

# Beaufort West Municipality

## Annual Report

2018/19



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# CHAPTER 1: EXECUTIVE SUMMARY

## CHAPTER 1

### COMPONENT A: MAYOR'S FOREWORD

It is my privilege and honour to submit the Annual Report for the 2018/19 financial year. Beaufort West Municipality has experienced several challenges in the year under review. The new strategic vision of the Municipality encapsulates a drive for excellence, alignment to the Provincial Growth and Development Strategy and the National Development Plan. It also 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. Water security has been identified as a key risk area by Council to ensure continuous economic development and growth in the town.



The Municipality has experienced its worst drought in a decade, and this has manifested in job shedding in the agriculture and tourism sector. The Municipality is particularly dependent on the economic performance of the agriculture and tourism sector. The weak economic outlook and related decline in economic activity has had a major impact on household income. Despite this decline in household income the municipality has increased its revenue collection to 88 percent in the year under review. Council has set a target for 95 percent for the 2019/20 financial year. Revenue collection can only improve if the Municipality role out services to all communities within the municipal area hence the renewed focus on enhanced service delivery.

The Council has prioritised the provision of basic services as a core strategy to improve the quality of lives of people in the town. Infrastructure led growth has been identified as a key catalyst in dealing with unemployment and poverty. Municipal services make a huge contribution in the improvement of the quality of life of residents. In order to enhance service delivery, the Municipality has reorganised the administration to achieve its constitutional obligations.

The Annual Report 2018/19 provides detail on various bulk infrastructure projects being undertaken to facilitate the envisioned accelerated growth. This includes the Freddie Max in Nelspoort, the upgrading of James Smith and Michael de Villiers Avenue in Beaufort West and the upgrade of Mark Street in Murraysburg. The Municipality has also erected new high mass lights in Beaufort West and Murraysburg.

These projects are only possible through strategic partnerships with other spheres of government, the private sector and the community of Beaufort West as we cannot meet the challenges that we face on our own.



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I remain grateful to Council, the Deputy Mayor, the Mayoral Committee and the Municipal Manager, all of whom continue to guide our staff, resources and operations to make Beaufort West the gateway to the Karoo.

**NOEL CONSTABLE**

**EXECUTIVE MAYOR**

BEAUFORT WEST



# CHAPTER 1: EXECUTIVE SUMMARY

## COMPONENT B: EXECUTIVE SUMMARY

I am pleased to submit my annual report for 2018/19, as we continue working and improving service delivery with a focus of meeting our resident's specific needs through ongoing program development and partnership building. The year 2018/19 was an exciting year for the Beaufort West Municipality. As an organisation, everything we do is and should be driven by the needs, goals and aspirations of our residents.



During this time, the Municipality has experienced many challenges, in particular with the provision of water to the residents of the town. The severe drought has had a tremendous impact on the agriculture sector, the tourism sector and general business in the town. The Municipality were supported by Gift of the Givers, Water Warriors, Geoscience, Toyota and the Provincial Government in dealing with the crisis. Our heartfelt thanks to all the organisations who assisted us during the crisis. New boreholes were developed with assistance from the Provincial Government. One of the biggest concerns though is the level of vandalism to municipal infrastructure. Boreholes are vandalised by people who have no regard for the residents of the town.

The Municipality has continued to deliver services to the residents of the town and has also rolled out services to the new housing development in Graceland. Nearly all of our households have access to basic water (98%), basic electricity (96%), refuse removal (94%) and sanitation (97%). The payment rate of the Municipality has also increased to 85% in the year under review and our goal for the new year is 95%. Unemployment is still a key impediment in the town, but we are working on several ideas to make the town more investment friendly. Crime is also a key problem and with the assistance of the private sector the Municipality is looking at a solution to this problem.

From the perspective of the responsibilities of the Municipality, I am especially pleased at the continued improvements in the governance of the Municipality. We have developed and implemented a new five-year strategic plan and have introduced improved financial, performance management and human resource management systems. There are however still gaps i.r.o governance that must be addressed to improve the governance outcomes in the Municipality. The Municipality will have to appoint people with the necessary skills and qualification who will strengthen the Municipality's capacity to carry on the process of continual improvement. Our audit processes and outcomes should be improved, and oversight and consequence management are critical to ensure good governance.

The Municipality has worked closely with the Provincial and National Departments to provide opportunities for young graduates through internship programme. More than 125 interns were accommodated in several programmes and many of them have been appointed in permanent positions in the Administration. The empowerment of our young people is critical to ensure improved service delivery and youth development.

On the operational side, in almost all areas, we have experienced growth which we expect to continue into the coming year. Our service delivery has improved even though there is still room for improvement, especially in respect of our response times to complaints receive from the public. A number of our officials don't understand the Batho

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Pele principles and must change their behaviour. The delivery of services is a core function of the Municipality and is constitutionally tasked with providing sustainable and effective services. In order to achieve optimal service delivery, the Municipality has identified key external stakeholders in improving service delivery. Partnerships with stakeholders can be very effective when dealing with service delivery challenges. The Municipal Administration is also aware of complaints from the general public about tariffs of basic services and is currently reviewing the tariffs of all services to make it more affordable for our residents to access services.

There have been several exciting successes over the past year, starting with the completion of the Sport Stadium in Merweville. In addition, several other infrastructure projects were completed in Nelspoort, Murraysburg and the greater Beaufort West area. Through our Municipal Infrastructure Grant (MIG) grant funding we are planning more infrastructure upgrades especially in Nelspoort, Murraysburg and Merweville.

We remain convinced that the overall image of the town should be restored. To this end, we are doing all in our power to make the town a safe town for tourist and residence. The integrity of the town is at stake and we need to work together to address the many ills in society.

We look forward to working with both the National and Provincial governments to continue to develop innovative solutions for the people of Beaufort West.

**K HAARHOFF**

**MUNICIPAL MANAGER**



# CHAPTER 1: EXECUTIVE SUMMARY

## 1.1 Municipal overview

This report addresses the performance of Beaufort West Municipality (BWM) in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the Municipality provides regular and predictable reporting on program performance and the general state of affairs in their locality.

The annual report reflects on the performance of the Municipality for the period 1 July 2018 to 30 June 2019. The report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), of which the Municipality must prepare an annual report for each financial year.

### 1.1.1 Vision and mission

The Municipality committed itself to the following vision and mission:

#### Vision:

“Beaufort West, economic gateway in the central Karoo, where people are developed and live in harmony together”

#### Mission:

To reflect the will of the South African people as reflected in the Constitution and by Parliament:

- 🏠 **Service Delivery:** To provide excellent services to the residents of Beaufort West Municipality
- 🏠 **Growing the Economy:** To implement infrastructure to grow the economy and create jobs
- 🏠 **Staff:** To have an equipped, skilled and motivated staff establishment
- 🏠 **Well-run Administration:** establish a sound, efficient and effective administration for the Municipality
- 🏠 **Financial Sustainability:** Collecting all debtors and paying creditors in time
- 🏠 **Sport Centre:** To become the sport and recreational mecca of the Karoo, creating harmony and unity
- 🏠 **Safe Place:** To create a crime-free, safe and healthy environment
- 🏠 **Reduce Poverty:** To reduce poverty and promote the empowerment of women, youth and people living with disabilities

#### Strategic Objectives:

- 🏠 To improve and maintain current basic service delivery through specific infrastructural development projects
- 🏠 Provision of basic services to all the people in the municipal area
- 🏠 Provide for the needs of indigent households through improved services
- 🏠 To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development
- 🏠 To enable education and skills development to equip people with economic skills



# CHAPTER 1: EXECUTIVE SUMMARY

- 🏠 Sustainability of the environment
- 🏠 Establishment of a well governed and accountable administration
- 🏠 Ensure liquidity of the administration
- 🏠 Transparency and participation

## 1.2 Municipal functions, population and environmental overview

### 1.2.1 Population

The table below illustrates the population in the municipal area as per census 2001 - 2011 and the Socio-economic profile 2017:

Population	2001	2011	2018
Number of people residing in the Beaufort West municipal area	43 284	49 586	53 168
Census 2001 and 2011			Socio-economic profile 2017

Table 1: Demographic information of the municipal area - Total population

### 1.2.2 Population by race

The table below reflects on the race classification of the population within the Beaufort West area:

Year	Black African	%	Coloured	%	Indian or Asian	%	White	%	Other	%	Total
2001	6 923	16	31 792	73.4	42	0.1	4 528	10.5	0	0	43 284
2011	8 103	16.3	36 433	73.5	241	0.5	4 539	9.2	270	0.5	49 586
Census 2001 and 2011											

Table 2: Population by race

### 1.2.3 Population by age

The table below includes data about the composition of the population per age category.

Year	0 - 18	19 - 30	31 - 40	41 - 50	51 - 65	66 - 120	Total
2001	17 938	7 848	6 048	4 896	4 321	2 233	43 284
2011	19 132	9 162	6 508	6 030	6 091	2 663	49 586
Census 2001 and 2011							

Table 3: Population by age

### 1.2.4 Households

The number of households within the municipal area increased from 14 964 households in the 2017/18 financial year to 15 442 households in the 2018/19 financial year. This indicates an increase of about 3.19% in the total number of households within the municipal area over the two-year period and represents a household size of about 5 people per household (as per Census 2011).

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The table below indicates the growth of households over the past 4 years:

Households	2015/16	2016/17	2017/18	2018/19
Number of households	14 107	14 168	14 964	15 442

Table 4: Total number of households

## 1.2.5 Demographic Information

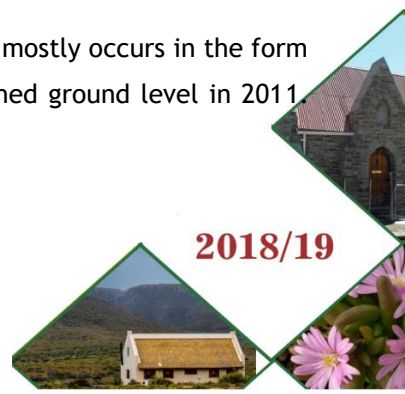
### a) Municipal Geographical Information

Towering mountains and rolling plains welcome you to the Beaufort West region. Beaufort West, the oldest and largest town in the Central Karoo, lies in an ancient area which once was a swamp, now a semi-desert area named “thirst land”, making it rich in history. This ancient area of the Karoo is considered one of the world’s most interesting arid zones and holds intrigue for scientist, historians and eco-tourists which is fondly referred to as place of the pioneers. In February 1837, BWM became South Africa’s first and therefore oldest municipality. It is the centre of an agricultural district based mainly on sheep farming and meat production. Strategically positioned on the N1 National Road, which links Cape Town with the interior and northern parts of South Africa, BWM maintains a minimal but steady amount of growth due to the high volume of passing road traffic.



The nearby Karoo National Park is a national asset which aims to reclaim the original flora of the Karoo and is one of the chief tourist attractions in the region, boasting a wide variety of endemic wildlife. The municipal area covers approximately 16 330 km<sup>2</sup> with the town situated 851 meters above sea level between the Gamka and Kuils Rivers. The town lies just south of a ridge of hills and north of the Nuweveld Mountains in the Central Karoo where rocks date back some 230 million years. Not only was the first reptile fossil discovered in the area, but Beaufort West has been described as the world’s richest collecting ground for fossils. The town’s historic centre displays an electric mix of historical architecture that makes a stop-over here essential.

Summer rains normally begin with light showers around October. Rain is very sporadic and mostly occurs in the form of thunderstorms. Snowfalls can occur as late as September and the first snowfalls reached ground level in 2011.



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Temperatures increase dramatically during November and remain high until February, reaching highs of between 38 and 48 degrees. The mid-winter months of June and July are cold and dry with temperatures falling well below zero.

In the year 2000, the smaller rural towns of Merweville and Nelspoort were incorporated into the BWM, and since June 2011 the town of Murraysburg has also been a DMA of the Municipality.

## b) Wards

The Municipality is structured into the following 7 wards:

Ward	Areas
1	Murraysburg and Murraysburg rural areas
2	Nelspoort, Nelspoort rural, Noord Einde, part of Hillside, central town, part of rural areas of Beaufort West and part of Hospital Hill
3	Part of Rustdene, Essopville and Nieuveld Park
4	Part of Kwa Mandlenkosi, De Lande, part of central town and southern part of Hospital Hill
5	Part of Kwa Mandlenkosi, part of Rustdene, Paddavlei, Hooyvlakte, New Lands and New Town
6	Part of Rustdene and Prince Valley
7	Part of rural Beaufort West, part of Hillside I and II, Toekomsrus, Merweville and rural parts of Merweville

Table 5: Municipal wards

Below is a map that indicates the municipal area and wards:

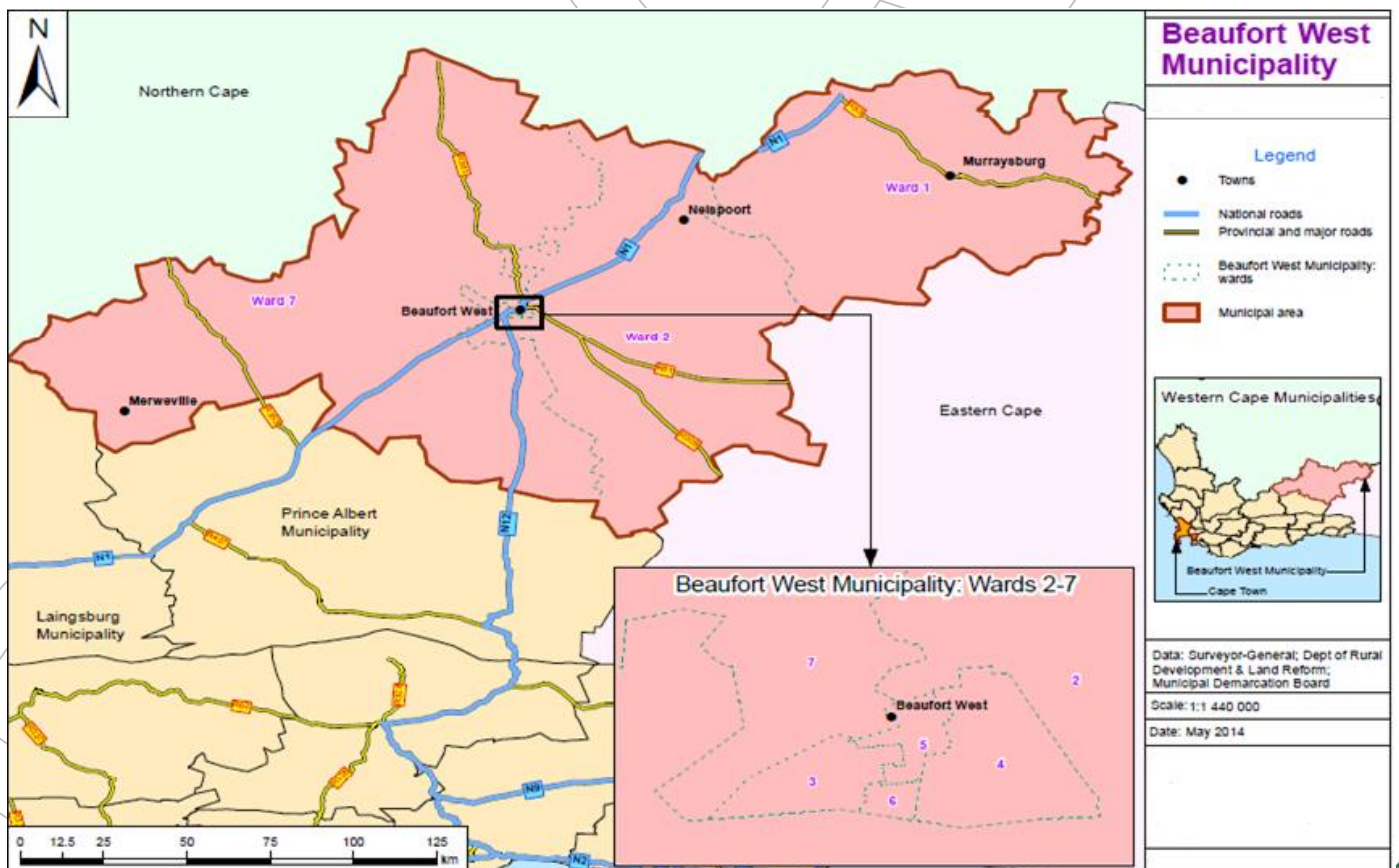


Figure 1.: Beaufort West municipal area and wards

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## Merweville

Merweville is a small town situated 160 km south-west of Beaufort West and 40 km from Prince Albert Road station. This Central Karoo town lies in a picturesque area of plains often linked to the Nevada Desert region of the United States. It was established around 1897 on the farm of Jacobus van der Bijl, a jack of many trades: farmer, shopkeeper, postmaster, magistrate and justice of the peace.



He built a church that was later used as a school. Merweville lies in the koup, which means "caul fat", and was so named by early indigenous inhabitants who felt that the patches of golden veld grass, interspersed by dark brown soil, resembled the fat and blood vessels surrounding a sheep's liver. The reason for this name is quite apparent at the onset of winter when the veld is less lush and the gold and brown patches become evident. Merweville maintains a great deal of the charm of earlier days and is an ideal spot to rest, relax and unwind from the pressures of modern-day city life.

## Murraysburg

Murraysburg, a typical old-world Great Karoo town that lies 160 km north-east of Beaufort West, became Ward 1 with the new demarcation and as a result became a DMA of the BWM, after it was previously a DMA of the Central Karoo District Municipality. Murraysburg, located at the foot of the Sneeuberg Mountains in a scenic mix of mountains and plains, offers tranquility for environmentalists and eco-watchers. In the late 18th century a bloody and vicious war of revenge and retaliation raged for many years between the San and farmers. Farms were attacked, houses set alight and herdsmen murdered. Farmers went out on punitive missions and killed many of the San, who hunted the livestock of the farmers.



The region was very unsettled by stock theft, murders and reprisal expeditions against the San. At the beginning of the 19th century, the San began to move towards the Kalahari and eventually the farm *Eenzaamheid* was bought from Mr. Kootjie Burger where after the farm became the town of Murraysburg. It was a "church town", meaning that the Dutch Reformed Church (DRC) exercised full control over the town and its inhabitants.

Below picture shows the beauty of Murraysburg during a snow filled winter season:



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The new town was named after Reverend Andrew Murray, minister of the DRC in Graaff-Reinet. The “burg” derives from the Dutch word meaning “place of safety”.

## Nelspoort

Nelspoort, situated 56 km north of Beaufort West, is a small community in the depths of the Central Karoo. The Bushmen and Khoi visited the surrounding heads and left their mark in rock engravings. Long since the Bushmen, the area became a haven for those with chest ailments.



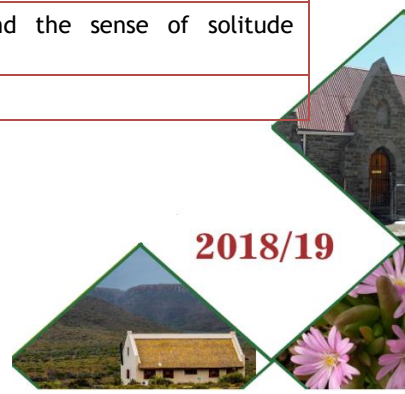
As early as 1836, Beaufort West’s dour but well-loved Dr. John Christie appealed to people to “breathe” the air of the Nuweveld Mountains. White farmers later established their homes here and for a while the sanatorium brought peace and healing to many tuberculosis (TB) sufferers. Established in 1924 through the efforts of Dr. Alfred Jasper Anderson and John Garlick, a philanthropist, the Nelspoort area was identified as an ideal location for “the first chest hospital on the African continent.” By 1969, the first psychiatric patients were admitted. The disastrous socio-economic effects of tuberculosis had decreased by then and the disease could be treated with drugs at home. The old magic mountain method of healing with good food and fresh air was a thing of the past and thus Nelspoort devoted itself to psychiatric patients, maintaining only one TB ward. Today, both roles have declined.

### c) Key economic activities

Agriculture forms the backbone of the Beaufort West economy and accounts for the largest labour to date. Despite the harsh climate and poor carrying capacity of the veldt, it still offers opportunities for growth and employment creation. The Municipality is dependent upon the following main economic activities:

Key economic activities	Description
Agriculture and agri-processing	Fresh meat (mutton, game, Karoo lamb, ostrich, goat, beef)
	Processed meat (biltong, cold meats, “droë wors”)
	Fresh fruit and vegetables (figs, olives, apricots, grapes, herbs)
	Processed fruit and vegetables (chutney, dried figs, olives, jams)
	Animal bi-products (skins, hides, wool, mohair, milk)
	Processed animal bi-products (leather products, dairy products, wool and mohair products)
	Other (traps for problem animals - manufacturing and servicing)
Transportation	The transportation sector in the Central Karoo is one of the strongest contributors to the regional economy and completely dominated by Beaufort West, which contributes 86.4% of the total gross domestic product in this sector
Tourism	Wide-open spaces, magnificent landscapes, panoramas and the sense of solitude attractions
	Historic and cultural attractions

Table 6: Key economic activities



# CHAPTER 1: EXECUTIVE SUMMARY

## 1.3 Service delivery overview

### 1.3.1 Highlights: Basic services delivery performance

The table below shows the Municipality's achievement with regards to service delivery:

Highlights	Description
Steenrotsfontein borehole scheme	5 new boreholes were added to the water supply system
Electrification of 551 sub-economic houses	Electrification of 551 sub-economic houses in Beaufort West took place during the financial year

Table 7: Basic services delivery highlights

### 1.3.2 Challenges: Basic services delivery

The Municipality faced the following challenges during the year:

Service area	Challenges	Action to address
Water	Steenrotsfontein borehole scheme	5 new boreholes were added to the water supply system
Sanitation	Pump stations are vandalized at the Beaufort West WWTW	Increase security measures
Electricity	In the sub-economic housing project, the phases identified by the Municipality to be electrified and the phases identified by the building contractor does not match. This caused a shortfall in the funding when the building contractor advanced to a next phase and the Municipality did not receive the funding for that specific phase	Apply for funding
Waste management	Vaalkoppies Waste Disposal Site (WDS) still not complying and Murraysburg WDS received directive in May 2019 for non-compliance	Murrays landfill project business plan was re-designed and will be tabled at the Council meeting for approval on 30 August 2019. Murraysburg WDS action plan was developed and submitted to Department of Environmental Affairs (DEA)

Table 8: Basic services delivery challenges

### 1.3.3 Proportion of households with access to basic services

The table below indicates the Municipality's performance related to basic services provided:

Description	2017/18	2018/19
Water - minimum service level and above percentage	98%	98%
Sanitation - minimum service level and above percentage	96%	96%
Electricity - minimum service level and above percentage	100%	100%
Waste collection - minimum service level and above percentage	100%	100%

Table 9: Households with minimum level of basic services

# CHAPTER 1: EXECUTIVE SUMMARY

## 1.4 Financial health overview

### 1.4.1 Challenges: Financial viability

The table below indicates the challenges faced during the financial year:

Challenge	Action to address
Municipal Standard Chart of Accounts (mSCOA)	Implement mSCOA on 1 July 2019
Cashflow constraints	Improve financial management and controls. Stricter credit control measures

Table 10: Financial viability challenges

### 1.4.2 National Key Performance Indicators - Municipal financial viability and management (Ratios)

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators (KPI) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Municipal Systems Act (MSA). These KPI's are linked to the National Key Performance Area (KPA) namely: Municipal financial viability and management.

KPA and Indicator	2017/18	2018/19
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2019 [(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant]x 100]	10.12%	9.52%
Financial viability measured in terms of the outstanding service debtors as at 30 June 2019 [(Total outstanding service debtors/ revenue received for services)x 100]	92.71%	75.38%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	1	0.8

Table 11: National KPI's for financial viability and management

# CHAPTER 1: EXECUTIVE SUMMARY

## 1.4.3 National KPI - Good governance and public participation

The following table indicates the Municipality's performance in terms of the National KPI's required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This KPI is linked to the National KPA - Good governance and public participation.

KPA and Indicators	Municipal achievement	Municipal achievement
	2017/18	2018/19
The percentage of the municipal capital budget spent by 30 June 2019 ((Actual amount spent /Total amount budgeted for capital projects)X100)	81.76%	81.45%

Table 12: National KPIs - Good governance and public participation performance

## 1.4.4 Financial overview

The table below indicates the Municipality's financial overview for the financial year:

Details	Original budget	Adjustment budget	Actual
<b>Income</b>			
Grants (transfer recognition)	125 980 000	191 880 567	107 633 014
Taxes, levies and tariffs (property and services)	159 321 306	152 661 950	135 559 984
Other (investments and own)	41 758 544	62 090 734	60 128 128
<b>Sub total</b>	<b>327 059 850</b>	<b>406 633 251</b>	<b>303 321 126</b>
Less expenditure	319 843 690	388 153 804	302 726 238
<b>Net surplus/(deficit)</b>	<b>7 216 160</b>	<b>18 479 447</b>	<b>594 888</b>

Table 13: Financial overview

## 1.4.5 Total capital expenditure

The table below indicates the Municipality's capital expenditure for the financial year:

Detail	2017/18	2018/19
	R'000	
Original budget	15 870	24 187
Adjustment budget	88 326	34 101
Actual	79 779	28 991
% Spent	90	85

Table 14: Total capital expenditure

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## 1.5 Auditor-General report

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our Country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters

There can be 5 different outcomes to an audit, once the municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follows:

- **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation
- **Unqualified audit with findings:** The financial statements contain material misstatements. Unless a clean audit outcome is expressed, findings will be raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects
- **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated
- **Adverse audit opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements
- **Disclaimer of audit opinion:** Insufficient evidence was provided in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements

BWM implemented MGRO as initiated by Provincial Treasury. MGRO is a Municipal Governance and Review Outlook plan to monitor the performance of municipalities within certain focus areas to ensure clean administration within the Western Cape.

### 1.5.1 Audited outcomes

The table below indicates the audit opinion received for the past 3 financial years:

Year	2016/17	2017/18	2018/19
Opinion received	Disclaimer	Qualified	Qualified

Table 15: Audit outcomes



# CHAPTER 2: GOOD GOVERNANCE

## CHAPTER 2

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimised, the views of minorities are considered and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 Governance structure

##### 2.1.1 Political governance structure

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programs in the municipal area.

#### Council

The Council comprises of 13 elected Councillors made up from 7 Ward Councillors and 6 Proportional Representation (PR) Councillors. The portfolio committees are made up of Councillors drawn from all political parties.

Below is a table that categorise the Councillors within their specific political parties and wards for 1 July 2018 to 30 June 2019:

Council members	Capacity	Political party	Ward representing or proportional	Number of meetings attended
L Basson	Councillor	DA	Ward Councillor 1	31
N Constable	Councillor	KDF	Proportional	55
L Deyce	Councillor	ANC	Proportional	51
O Haarvoor	Councillor	DA	Ward Councillor 2	44
J van der Linde	Alderman	DA	Ward Councillor 7	40
M Kilani	Councillor	ANC	Ward Councillor 5	60
Z Lambert	Councillor	ANC	Proportional	52
E Lawrence	Councillor	ANC	Proportional	45
Q Louw	Councillor	ANC	Proportional	5
S Motosoane	Alderman	ANC	Proportional	48
A Slabbert	Councillor	ANC	Proportional	33
D Welgemoed	Councillor	ANC	Ward Councillor 2	20
E Wentzel	Councillor	ANC	Ward Councillor 6	32
T Prince	Alderman	ANC	Proportional	44

Table 16: Council (from 1 July 2018 to 30 June 2019)

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The table below indicates the Council meeting attendance for the 2018/19 financial year:

Meeting dates	Council meetings attendance	Apologies for non-attendance
1-August-2018	13	0
14 August 2018	12	0
3 October 2018	11	0
11 October 2018	12	0
1 November 2018	11	0
13 November 2018	12	0
27 November 2018	13	0
4 December 2018	12	0
3 January 2019	9	0
29 January 2018	12	0
5 February 2019	13	0
18 February 2019	13	0
26 February 2019	13	0
28 February 2019	9	0
27 March 2019	13	0
9 April 2019	12	0
31 May 2019	13	0
3 June 2019	12	0
25 June 2019	10	0
27 June 2019	9	0

Table 17: Council meetings

### b) Executive Mayoral Committee

The Executive Mayor is at the centre of the system of governance, since executive powers are vested in the Executive Mayor to manage the day-to-day affairs. This means that the Executive Mayor 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, and as well as the powers assigned by legislation.

Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

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The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 1 July 2018 to 30 June 2019:

Name of member	Capacity
N Constable	Executive Mayor
Q Louw	Deputy Mayor
A Kilani	Fulltime Councillor
L Deyce	Fulltime Councillor

*Table 18: Mayoral Committee members (1 July 2018 to 30 June 2019)*

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2018/19 financial year:

Meeting date	Number of reports submitted to Council
2 July 2018	8
10 July 2018	
10 September 2018	
11 February 2019	
13 May 2019	
23 May 2019	
3 June 2019	
10 June 2019	

*Table 19: Executive Mayoral Committee meetings*

### c) Portfolio Committees

The MSA provides for the establishment of Section 79 and Section 80 Committees.

Section 79 Committees are Council committees, appointed by Council for a specific purpose and accounting to Council section 79 Committees must be composed to reflect the way in which parties and interest are reflected in Council.

Council has established the following Section 79 Committees:

- Financial and Development Committee
- Corporate Services and Social Development Committee
- Human Resource (HR) Development Committee
- Municipal Resource Development Committee

The portfolio committees and their chairpersons for the period 1 July 2018 to 30 June 2019 were as follows:

Chairperson	Other members	Number of minutes submitted to Council	Meeting dates
<b>Financial and Development Committee</b>			
N Constable	J van der Linde	2	1 October 2018 5 March 2019
	Q Louw		
	S Motsoane		

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Chairperson	Other members	Number of minutes submitted to Council	Meeting dates
<b>Corporate Services and Social Development Committee</b>			
S Motosoane	L Deyce	6	20 July 2018
	Z Lambert		17 July 2018
	E Wentzel		7 November 2018
			5 February 2019
			7 March 2019
			4 April 2019
<b>HR Development Committee</b>			
S Motosoane	M Kilani	0	N/A
	Z Lambert		
	L Deyce		
	E Lawrence		
	E Wentzel		
<b>Municipal Resource Development Committee</b>			
Z Lambert	E Lawrence	11	20 July 2018
	A Kilani		2 October 2018
	L Deyce		3 October 2018
			6 November 2018
			7 November 2018
			6 February 2019
			12 February 2019
			3 March 2019
			4 March 2019
			6 March 2019
			7 March 2019

Table 20: Portfolio Committees (1 July 2018 to 30 June 2019)

### d) Municipal Public Accounts Committee

The Municipal Public Accounts Committee (MPAC) is a committee of the Municipal Council, appointed in accordance with Section 80 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of Council as delegated and to ensure good governance in the Municipality.

Name of representative	Political Party	Meeting dates
Z Lambert	ANC	8 February 2019 15 March 2019
D Welgemoed	DA	
E Lawrence	ANC	

Table 21: MPAC

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## 2.1.2 Administrative governance structure

The Municipal Manager is the accounting officer of the Municipality. He is the head of the administration and primarily must serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of official	Department	Performance agreement signed
		Yes/No
K Haarhoff	Municipal Manager	Yes
A Makendlana	Corporate Services	Yes
C Kymdell	Financial Services	Yes
R van Staden	Electro Technical Services	Yes

Table 22: Administrative governance structure

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.2 Intergovernmental relations

In terms of the Constitution of South Africa, all spheres of government and all organs of state must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another, inform and consult one another on matters of common interest, coordinate their actions, adhere to agreed procedures and avoid legal proceedings against one another.

#### a) Intergovernmental structures

To adhere to the principles of the Constitution as mentioned above, the Municipality participates in the following intergovernmental structures:

Name of structure	Members	Outcomes of engagements/topics discussed
Municipal Managers Forum	South African Government Association (SALGA) neighbouring municipalities Municipal Managers	District base initiative
Premiers Coordinating	Municipal Managers and Executive Mayor	Responsive, effective and efficient local government system
SALGA Working Groups	All Councillors participates in the different SALGA working groups	Cooperative governance, consultation, coordinate by the on and participative decision-making
Integrated Development Plan (IDP) Managers Forum	IDP Manager	IDP process plans adopted, progress with regards to joint planning initiatives as agreed upon by the Municipality and sector departments
Local Economic Development (LED) Managers Forum	IDP Manager	Departments of Economics Development to assist in review of the LED strategy
Supply Chain Management (SCM) Forum	Manager: SCM	Enhance municipality financial and administrative capability
Integrated Waste Management Forum	Waste Management: Superintended	Waste minimisation and campaigns
IDP Indabas	IDP Manager and all Directors	Resources Agree on joint priorities and commit resources to implement these priorities

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Name of structure	Members	Outcomes of engagements/topics discussed
Provincial Public Participation and Commutation forum	Personal Assistant to the Speaker	Ensure the coordinated and Coherent implementation and establishment of the ward participatory process to encourage the involvement of communities and organisations ensure in matters of local government
Provincial Skills Development	Skills Development Facilitator	Ensure and improve training delivery system in the province
HR Practitioners Forum	Manager: HR	Educational attainment, skills development, science and innovation and labour, market/ employment policies
Chief Risk Officer (CRO) Forum	Chief Risk Officer	The objectives of the forums are to enhance the following: <ul style="list-style-type: none"> <li>• MFMA</li> <li>• internal audit framework</li> <li>• risk management framework</li> <li>• build capacity &amp; relationships</li> <li>• promote sound financial governance</li> </ul>
Chief Audit Executive Forum	Chief Audit Executive	

Table 23: Intergovernmental structures

### b) Joint projects and functions with sector departments

All the functions of government are divided between the different spheres of government. The Municipality therefore share their area and community with other spheres of government and their various sector departments and must work closely with national and provincial departments to ensure the effective implementation of various projects and functions.

The table below provides detail of such projects and functions:

Name of project/ function	Expected outcomes of the project	Sector departments involved	Contribution of sector department
Skills Treat Centre	Construction Centre for practical development	Cervices and construction seta's	Funding
Development of boreholes	Supply of water	Department of Mineral and resources	Funding
Water awareness campaign	Educate communities about the shortage of water, and how their will save waters	Department of water and sanitation GCIS Department of local government	Funding
Organisational/Maturity Time Engagement	<ul style="list-style-type: none"> <li>• To fulfil the Western Cape Government (WCG) mandate to monitor and support municipalities</li> <li>• To identify the governance challenges and risks that impede municipal performance and audit outcomes</li> <li>• To identify solutions, synergies and opportunities for partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Department of Local Government</li> <li>• Department of Provincial Treasury</li> </ul>	<ul style="list-style-type: none"> <li>• Funding</li> <li>• Human capital revenue</li> </ul>

Table 24: Joint projects and functions

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## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. It must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

### 2.3 Public meetings

#### 2.3.1 Mayoral Public Engagements

The table below indicates the public meetings arranged and dates that it took place on:

Date	Project Name	Venue
18 July 2018	Mandela Day Celebration	Murraysburg Primary and Murraysburg High School
18 July 2018	Mandela Day Celebration	Nelspoort Primary School
8 August 2018	Women's Day Celebration in Beaufort West	Rustdene Hall (Thusong Centre)
16 August 2018	Official Handover of Merweville Sports Complex	Merweville Sports Complex
24 August 2018	Women's Day Celebration	Nelspoort Community Hall
31 August 2018	Cheese and Wine Evening/ Cocktail Evening	Karoo National Park
24 September 2018	IDP Public Engagements: 2019/20 IDP Review and Budget Cycle	Murraysburg Town Hall, Beaufort Street, Murraysburg
25 September 2018	IDP Public Engagements: 2019/20 IDP Review and Budget Cycle	Beaufort West Primary School Hall, Pastorie Street
26 September 2018	IDP Public Engagements: 2019/20 IDP Review and Budget Cycle	Restvale Primary School Hall, Nelspoort
27 September 2018	IDP Public Engagements: 2019/20 IDP Review and Budget Cycle	Full Gospel Church, Booyesen Avenue, Nieuveld Park
1 October 2018	IDP Public Engagements: 2019/20 IDP Review and Budget Cycle	Kwa Mandlenkosi Hall, Kwa Mandlenkosi
2 October 2018	IDP Public Engagements: 2019/20 IDP Review and Budget Cycle	Rustdene Hall, Long Street
3 October 2018	IDP Public Engagements: 2019/20 IDP Review and Budget Cycle	Pinkster Eenheid Church, Ebenezer Avenue, Rustdene
4 October 2018	IDP Public Engagements: 2019/20 IDP Review and Budget Cycle	George Frederick School Hall, Merweville
8 October 2018	IDP Public Engagements: 2019/20 IDP Review and Budget Cycle	Beaufort West Primary, Pastorie Street
20 November 2018	Men's Conference	Rustdene Hall (Thusong Centre)

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Date	Project Name	Venue
25 November 2018	16 Days of Activism, Mayoral Official Opening Beaufort West Faith March Candlelight Memorial Service	March from Beaufort West Thusong Centre till Voeltjie Park
30 November 2018	World Aids Day Event, Open Day, Fun Walk, HIV and Aids Testing	Community Day Care, Newlands
6 December 2018	Lekgotla Summit	Disaster Management Auditorium, Weigh Bridge
8 December 2018	Christmas Party	Voeltjie Park
2 February 2019	State of the Nation Address (SONA)	Rustdene Hall (Thusong Centre)
12 June 2019	Youth Month Stakeholders Planning Meeting	Council Chambers
20 June 2019	SONA	Rustdene Hall (Thusong Centre)

Table 25: Public meetings

### 2.4 Ward committees

Ward committees supports the ward councillor who receives reports on development, participate in development planning processes and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees' function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

#### 2.4.1 Ward Committees (1 July 2018 - 30 June 2019)

The tables below indicate each ward with their associated members and dates of meetings:

##### a) Ward 1: Murraysburg and Murraysburg rural areas

Name of representative	Capacity representing	Dates of meetings held during the year
O Haarvoor	Councillor	9 July 2018
N Louw	Education	6 August 2018
V Miliwana	Unemployment	12 September 2018
J Martin	Welfare/Development	October 2018
N Fywers	Health	12 November 2018
G Zalela	Senior Citizens/Disabled	5 December 2018
S Tshikolo	Environmental Interest Group/Sport	11 January 2019
A Hoffman	Education	12 February 2019
J Jonas	Community/Safety	12 March 2019
D Oerson	Youth	9 April 2019
		7 May 2019
		7 June 2019

Table 26: Ward 1: Committee meetings



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### b) Ward 2: Nelspoort, Nelspoort Rural, Noord Einde, part of Hillside, central town, part of rural areas of Beaufort West and part of Hospital Hill

Name of representative	Capacity representing	Dates of meetings held during the year
D Welgemoed	Councillor	19 July 2018
A Peers	Community Based/Business	14 August 2018
A Jonkers	Youth Forum	19 September 2018
B Maxhegwana	N/A	9 October 2018
S November	CWP/Community	9 November 2018
J Lodewyk	Policing Safety & Security	December 2018
M Booyen	Health	January 2019
S Solomons	Education	February 2019
M Breda	Religion	14 March 2019
L Bosman	Church/Social Groups/Community	19 March 2019
		April 2019
		May 2019
		11 June 2019

Table 27: Ward 2: Committee meetings

### c) Ward 3: Part of Rustdene, Essopville and Nieuvelid Park

Name of representative	Capacity representing	Dates of meetings held during the year
L Bason	Councillor	10 July 2018
L Bosman	Welfare	7 August 2018
A Plaatjies	Labour	11 September 2018
J Wentzel	Youth	8 October 2018
E Jacobs	Sport	12 November 2018
J Pause	Unemployment	11 December 2018
G de Vos	Religion	January 2019
N Fortuin	Environment	5 February 2019
E Lottering	Health	March 2019
H Frazenburg	Youth	April 2019
E Arendse	People with Disabilities	14 May 2019
		12 June 2019

Table 28: Ward 3: Committee meetings

### d) Ward 4: Part of Kwa Mandlenkosi, De Lande, part of central town and southern part of Hospital Hill

Name of representative	Capacity representing	Dates of meetings held during the year
L Motsoane	Councillor	25 July 2018
N Noceszo	Youth	August 2018
M Mafrika	Sport	12 September 2018
E Molikiva	Religion	October 2018
S Banda	Business	1 November 2018
		5 December 2018

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Name of representative	Capacity representing	Dates of meetings held during the year
K Khedama	Health	9 January 2019
H Mau	Women	13 February 2019
N Kratshi	Unemployment	13 March 2019
S Ndyalivane	Church	10 April 2019
M Dikana	Crime	8 May 2019
A Swanepoel	Senior Citizens/Disabled	12 June 2019

Table 29: Ward 4: Committee meetings

e) **Ward 5: Part of Kwa Mandlenkosi, part of Rustdene, Paddavlei, Hooyvlakte, New Lands and New Town**

Name of representative	Capacity representing	Dates of meetings held during the year
M Kilani	Councillor	22 July 2018
S Dyson	Community Clinics	August 2018
S Louw	Clinics	September 2018
M de Boer	Youth and Disabilities	October 2018
E Grootboom	Community Clinics	29 November 2018
A Lottering	Governing Bodies	December 2018
J Ceaser	Business Sector	January 2019
J Johnson	Crime and Drugs	17 February 2019
G Louw	Women	March 2019
A Mdlkiva	Governing Bodies	24 April 2019
M Mapotolo	Community	May 2019
		13 June 2019

Table 30: Ward 5: Committee meetings

f) **Ward 6: Part of Rustdene and Prince Valley**

Name of representative	Capacity representing	Dates of meetings held during the year
E Wentzel	Councillor	July 2018
V Louw	Neighbourhood Watch	August 2018
L Links	Neighbourhood Watch	September 2018
J Esau	Women	October 2018
R Adonis	Religion	November 2018
A Daniels	Children	December 2018
L Beyers	Women	8 January 2019
E Mosterd	Sport	12 February 2019
F Martin	Religion	9 March 2019
M Kratchi	Municipal Queries	9 April 2019
M Mcdonald	Business	7 May 2019
		4 June 2019

Table 31: Ward 6: Committee meetings

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### g) Ward 7: Part of rural Beaufort West, part of Hillside I and II, Toekomsrus, Merweville and rural parts of Merweville

Name of representative	Capacity representing	Dates of meetings held during the year
J van der Linde	Councillor	25 July 2018
T Bostander	Transport	26 August 2018
J Spogter	Caring Hands	28 August 2018
M van der Horst	Women	25 September 2018
C van Zyl	Women and Safety	27 September 2018
E Daniels	Women	18 October 2018
F Everson	Business	18 November 2018
D Klein	Youth	25 November 2018
T Sam	Sport and Culture	4 December 2018
N Johnson	N/A	9 December 2018
E Baadjies	Sport	10 February 2019
		14 February 2019
		10 March 2019
		April 2019
		19 May 2019
		June 2019

Table 32: Ward 7: Committee meetings

### 2.5 Functionality of Ward Committees

The purpose of a ward committee is:

- to get better participation from the community to inform Council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councillor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the IDP of the area.

The table below provides information on the ward committees and their functionality for the 2018/19 financial year:

Ward number	Committee established Yes / No	Committee functioning effectively (Yes / No)
1	Yes	11
2	Yes	7
3	Yes	9
4	Yes	10
5	Yes	5

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Ward number	Committee established Yes / No	Committee functioning effectively (Yes / No)
6	Yes	6
7	Yes	9

Table 33: Functioning of ward committees

### 2.6 Representative forums

#### 2.6.1 Labour Forum

The table below specifies the members of the Labour Forum for the 2018/19 financial year:

Name of representative	Capacity	Meeting dates
Z Lambert	Chairperson	
N Constable	Employer Representative: Councillor	
M Kilani	Employer Representative: Councillor	
O Haarvoor	Employer Representative: Councillor	
K Haarhoff	Employer Representative: Municipal Manager	
A Makendlana	Employer Representative: Director: Corporate Services	13 September 2018
I Jacobs	South African Municipal Workers' Union (SAMWU)	18 October 2018
H Maans	SAMWU	19 November 2018
E Molowitz	SAMWU	3 December 2018
G Daniels	SAMWU	12 March 2019
W Magida	SAMWU	
W van der Horst	Independent Municipal & Allied Trade Union (IMATU)	
C Lottering	IMATU	
M Govender	IMATU	

Table 34: Labour Forum

### COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

#### 2.7 Risk management

To maintain an overall positive perception of the Municipality and confidence in the Municipality from the public and other stakeholders, well planned goals and objectives should be coordinated and achieved within the Municipality. Section 62(1) of the MFMA stipulates that the Accounting Officer must take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality. BWM has

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instituted a systematic and formalised process to identify, assess, manage and monitor risks which effectively ensures achievement of those planned goals and objectives. Thus, risk management is essentially a good governance measure instituted to ensure the municipality accomplish its vision, mission and strategic plans.

The Municipality has an approved Risk Management Policy, Framework and Implementation Plan as approved by Council on 23 January 2017 (resolution number 8.15 5/12/2/1). The policy is reviewed annually by the Risk Committee and submitted to the Municipal Manager for approval.

The risk management function is facilitated internally by the internal audit division and externally by a service provider to ensure the following functions are performed:

- Assisting management to develop and implement the Risk Management Policy, Strategy and Implementation Plan;
- Coordinating risk management activities;
- Facilitating identification and assessment of risks;
- Recommending risk responses to management; and
- Developing and disseminating risk reports.

### a) Risk assessment process

The risk assessment for the 2018/19 financial year was completed during November 2017 where risks were identified and categorised into the following groups:

- Operational risks
- Strategic risks

The risks identified were classified into high, medium and low risks to determine the inherent risk (impact risk has before taking controls into consideration). The risk rating is determined by a 10 X 10 risk matrix.

### b) Top strategic risks

As part of the risk assessment, management identifies current controls, which mitigates the inherent risks identified. After considering controls, the identified risks will receive a residual risk.

After the residual risks have been determined it will be categorised again according to high, medium and low risks, where after management determines which of the risks require further actions to mitigate the impact it may have.

The top ten risks of the Municipality for the financial year were as follow:

Risk level	Risk	Directorate	Impact	Likelihood	Risk rating
Low	Impact of Drought	Strategic	10	10	100
High	Lack of funding (need to expand the landfill site in the near future)	Strategic	10	10	100
High	Misuse and abuse of municipal vehicles	Engineers	10	10	100
High	Impact of loss of fines on short term financial feasibility	Strategic	10	10	100
Medium	Financial feasibility in the long term	Strategic	9.5	9.5	90.3
Medium	Ageing and deteriorating infrastructure	Strategic	9	10	90

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Risk level	Risk	Directorate	Impact	Likelihood	Risk rating
Medium	Excessive water losses	Strategic	9	10	90
Medium	Decentralised SCM unit resulting in corruption or bypassing SCM processes	Financial	9	10	90
Medium	Loss of key data (Data management outsources to service provider with no controls vested in the Municipality)	Community Services	9	10	90
Low	No fire safety officer in Central Karoo District	Strategic	8	9	72

Table 35: Strategic risks

### c) Organisational risk assessment

The table below reflects the annual risk assessments for the past two financial years, reflecting the change in the risk profile:

2017/18			2018/19		
Risk categories	Risks	% of all risk	Risk categories	Risks	% of all risks
High	72	28	High	72	30
Medium	166	66	Medium	157	65
Low	15	6	Low	14	5
<b>Total</b>	<b>253</b>	<b>100</b>	<b>Total</b>	<b>243</b>	<b>100</b>

Table 36: Risk profile

### d) Risk Committee

The role of the Risk Committee is to provide timely and useful enterprise risk management reports to the Audit Committee of the Municipality. The reports contain the current top risks of the Municipality, which includes:

- Key strategic and financial risks facing the Municipality (all extreme and high risk exposures)
- Key operational risks per strategic goal (top 5 risks per objective as per risk exposure from high to low)

The Risk Committee consists of the following members:

Name of Committee Member	Capacity	Meeting dates
K Haarhoff	Chairperson	4 October 2018 15 March 2019 26 June 2019
A Makendlana	Member	
R van Staden	Member	
C Kymdell	Member	
N Kotze	Member	
Y Duimpies	Member	
R Naidoo	CRO	
V Ruiters	Member	

Table 37: Members of the Risk Committee

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## 2.8 Anti-corruption and anti-fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the Accounting Officer must take steps to ensure mechanisms and separation of duties in a SCM system to minimize the likelihood of corruption and fraud.

### a) Developed strategies

Name of strategy	Developed Yes/No	Dates adopted
Anti-corruption Strategy and Response Plan	Yes	30 August 2016
Anti-corruption Strategy and Response Plan	Yes	24 April 2018

Table 38: Strategies and response plan

## 2.9 Audit and Performance Audit Committee

### a) Functions of the Audit Committee (AC)

The AC has the following main functions as prescribed in Section 166(2)(a-e) of the MFMA, and the Local Government Municipal and Performance Management Regulation:

- To advise Council on all matters related to compliance and effective governance
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, Division of Revenue Act (DoRA) and other applicable legislation
- Respond to Council on any issues raised by the Auditor-General in the audit report
- Carry out investigations into the financial affairs of the municipality as Council may request
- Review the quarterly reports submitted by internal audit
- Evaluate audit reports pertaining to financial, administrative and technical systems
- Evaluate the compliance to existing policies and relevant legislation
- Review the performance management system and make recommendations in this regard to Council
- Assess whether the performance indicators are sufficient
- Determine possible reasons for discrepancies between performance and targets
- Identify major risks to which Council is exposed and determine the extent to which risks have been minimised
- To review the annual report of the municipality
- Investigating cases of fraud, misbehaviour and conflict of interest involving employees
- Review the plans of internal audit and ensure that the plan addresses the high-risk areas and ensure that adequate resources are available
- Review audit results and action plans implemented by management
- Provide support to internal audit

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🏠 Ensure that no restrictions or limitations are placed on internal audit

### b) Functions of the Performance Audit Committee

The regulations require that the Performance Audit Committee (PAC) is comprised of a minimum of three members, the majority of whom are external (neither a Councillor nor an employee) of the municipality. Section 14(2)(b) of the Regulations further stipulates that the PAC must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the PAC who is neither a Councillor nor an employee of the municipality as the chairperson of the committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a PAC. While the regulations preclude the appointment of a Councillor as chairperson of the PAC, the MFMA excludes the involvement of a Councillor in the composition of a PAC entirely.

In accordance with the requirements of Section 14(2)(e) of the Regulations, if the chairperson is absent from a specific meeting of the committee, the members present must elect a chairperson from those present to act as chairperson for that meeting.

Further, Section 14(2)(f) of the Regulations provides that, in the event of a vacancy occurring amongst the members of the PAC, the municipality concerned must fill that vacancy for the unexpired portion of the vacating member's term of appointment.

Section 14(3)(a) of the Regulations requires that the PAC of a municipality must meet at least twice during each financial year. However, additional special meetings of the PAC may be called for by any member of the committee where sufficient justification exists in terms of Section 14(3)(b) of the Regulations.

In terms of Section 14(4)(a) of the Regulations the PAC has the responsibility to -

- 🏠 review the quarterly reports produced and submitted by the internal audit process;
- 🏠 review the municipality's performance management system and make recommendations in this regard to the Council of the municipality; and
- 🏠 at least twice during each financial year submit a performance audit report to the Council of the municipality.

### c) Members of the PAC

The table below indicates the names of the members of the AC and PAC:

Name of representative	Capacity	Meeting dates
K Mckay	Chairperson	30 August 2018
A Augustyn	Member	4 October 2018
Y Duimpies	Member	21 January 2019
N Gabada	Member	15 March 2019 26 June 2019

Table 39: Members of the AC and PAC



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## 2.10 Internal audit

Section 165(2)(a) and (b)(iv) of the MFMA requires that the internal audit unit of a municipality prepare a risk based audit plan and an internal audit program for each financial year; advise the accounting officer and report to the AC on the implementation on the internal audit plan and matters relating to:

- internal audit;
- internal controls;
- accounting procedures and practices;
- risk and risk management;
- performance management;
- loss control;
- compliance with this Act, the annual Division of Revenue Act and any other applicable legislation, and
- perform other duties as may be assigned to it by the accounting officer.

The Municipality has an in-house internal audit function.

### a) Annual audit plan

The table below provides detail on audits completed:

Description			Date completed
<b>Phase 1</b>			
Operational and Strategic Risk Assessment			January - February 2018
<b>Phase 2</b>			
Compilation of Risk Based Audit Plan			June 2017
<b>Phase 3</b>			
Type of audit engagement	Department	Detail	Date completed
Internal Audit Review - mSCOA Self - assessment 6	Strategic	The review of the validity of reported progress of the Self-Assessment 6	July 2019
Ad-hoc Assignment: The approval of certain cell phone contracts	Strategic	To ensure effective and efficient internal controls of certain cell phone contracts and the approval their off	June 2019
Quarterly audit of Performance Management	Strategic	Quarterly audit of the Performance management system	December 2018 February 2019 May 2019 November 2019
Ad-hoc Assignment: Spot Check: Traffic cashiers office.	Community Services	To provide an audit opinion on the daily cash receipts at the Traffic division.	December 2018
Supply Chain Management	Financial Services	To ensure the SCM processes comply with the SCM regulations and policy	August 2019
Municipal Stores	Financial Services	To ensure effective and efficient internal controls with	August 2019

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Description			Date completed
		regards to the Municipal stores processes	
Ad-hoc Assignment: Maintenance on proclaimed Main road	Engineering Services	To provide assurance regarding the effectiveness of internal controls for maintenance on proclaimed roads	April 2018
Ad-hoc Assignment: Observe Stock Take: Municipal Stores	Strategic	To ensure effective and efficient internal controls of the stocktake	January 2019
Ad-hoc Assignment: Spot Checks: Merweville, Murraysburg & Nelspoort cashiers office.	Financial Services	To provide an audit opinion on the daily cash receipts of the outside towns.	August 2018
Ad-hoc Assignment: Temporary workers of Beaufort West Municipality	Strategic	To provide and audit opinion on the internal controls of the payments of a sample of Temporary workers.	March 2019
Human Resource & Payroll Audit	Strategic	To ensure the leave and attendance comply with the applicable legislative requirements.	November 2018

Table 40: Internal audit plan

### 2.11 By-laws and policies

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of the by-laws developed and reviewed during the financial year:

By-law developed/revised	Date proclaimed	Public participation conducted prior to adoption of by-Law Yes/No
Municipal Land Use Planning By-Law for Beaufort West	22 February 2018	Yes
By-Law relating to Credit Control and Debt Collection	26 April 2019	Yes
Recruitment and selection policy	29 January 2019	Consulted with trade unions
Succession Policy	29 January 2019	Consulted with trade unions
Placement policy	11 July 2018	Consulted with trade unions

Table 41: By-laws developed and reviewed

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### 2.12 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication Strategy	Yes
Communication Policy	No
Functional Complaint Management Systems	No

Table 42: Communication activities

Additional communication channels utilised

Channel	Yes/No	Number of people reached
SMS system	Yes	1 000
Social Media	Yes	2 500 followers and 5 000 reached per week
Radio	Yes	51 000
Newspaper	Yes	30 000

Table 43: Additional communication channels

The Municipality also communicates to the community through the local radio station and has a permanent weekly spot. Local newspaper is also utilized as well as flyers and community meetings.

### 2.13 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The table below gives an indication about the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical and postal address of the Municipality	Yes
<b>Financial information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Tabled Budget 2018/19	Yes
Adjusted Budget 2018/19	Yes
Asset Management Policy	Yes
Customer Care, Credit Control and Debt Collection Policy	Yes
Indigent Policy - Part of Credit Control Debt Collection Policy	Yes

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Description of information and/or document	Yes/No and/or Date Published
Funds and Reserves Policy	Yes
Investment and Cash Management Policy	Yes
Rates Policy	Yes
SCM Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Petty Cash Policy - Part of SCM Policy	Yes
Travel and Subsistence Policy	Yes
Long Term Financial Policy	Yes
Borrowing Policy	Yes
SDBIP 2017/18	Yes
Budget and Treasury Office Structure	Yes
<b>IDP and public participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2018/19	Yes
IDP Process Plan for 2018/19	Yes
<b>SCM (Sections 14(2), 33, 37 and 75(1)(e) and (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)</b>	
List of capital assets that have been disposed	No
Long-term borrowing contracts	Yes
SCM contracts above R 30 000	Yes
Service delivery agreements	Yes
<b>Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)</b>	
Annual Report of 2017/18	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly reports	No
Monthly budget statement	No
<b>LED (Section 26(c) of the MSA)</b>	
LED Strategy	No
Economic profile	No
LED projects	No
<b>Performance management (Section 75(1)(d) of the MFMA)</b>	
Performance agreements for employees appointed as per S57 of MSA (Municipal Manager only)	Yes
<b>Assurance functions (Sections 62(1), 165 and 166 of the MFMA)</b>	
Internal Audit Charter	No
AC Charter	No
Risk Management Policy, Strategy and Implementation Plan	No

Table 44: Website checklist

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### 2.14 SCM

The SCM Policy of BWM is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

#### 2.14.1 Competitive bids in excess of R200 000

##### a) Bid committee meetings

The following table details the number of Bid Committee meetings held for the 2018/19 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
17	20	13

*Table 45: Bid committee meetings*

The members of the bid committees for the financial year were:

Bid Specifications Committee	Bid Evaluation Committee	Bid Adjudication Committee
S Pothberg	K Taute/Fortuin	C Kymdell
H Meintjies	H Meintjies	L Gouws
R Summers	C Wright	S Pothberg
J Abrahams	R van Staden	A Makendlana
K Taute/Fortuin	N Kotze	R van Staden
P Strumpher	R Summers	E Klink
C Wright	L Gouws	C Wright
E Klink	C Okkers	V Ruiters
V Ruiters	J Abrahams	N Kotze
D le Roux	E du Plessis	K Taute/Fortuin
B Hawker	P Strumpher	R Summers
A Jacobs		C Dekoker
G Vermaak		K Haarhoff
		I Bruwer
		D le Roux
		P Strumpher

*Table 46: Members of bid committees*

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b) Awards made by the Bid Adjudication Committee

The highest bids awarded by the Bid Adjudication Committee are as follows:

Bid number	Date of award	Title of bid	Successful bidder	Value of bid awarded (R)
SCM 07/2019	9 April 2019	Proposal for consideration of a business ready ("Turn Key") implementation agent to be appointed for housing projects of the Beaufort West Municipality	Re A Letamisa Trading E Projects	According to DHOS subsidy amount
SCM 23/2019	24 May 2019	Supply, maintenance, repair and calibration of digital speed cameras	Traffic Violation Solution (Pty) Ltd	Different tariffs per traffic fine
SCM 14/2019	12 December 2018	Tender for Support and Maintenance of Beaufort West Municipality and Central Karoo District Municipality IT Equipment and Systems For a 3-Year Period: 1 July 2019 - 30 June 2022	Ubertech	R 2 661 937.20
SCM 15/2019	15 February 2019	Upgrading of existing pavilion at Beaufort West Rugby Field	Dorha Construction Services (Pty) Ltd	R 1 888 083.80
SCM 17/2019	28 March 2019	Refurbishment of tennis courts-Beaufort West	Dorha Construction Services (Pty) Ltd JV Protea Sports Courts	R 635 543,00
SCM 08/2018	25 October 2018	Supply, Delivery, Installation, Maintenance and Financing of Office Automation Equipment for 3 years period	Ricoh Garden Route	R 2 857 844.52
SCM 18/2018	25 October 2018	Tender for the Electrification of Low Cost Houses for Beaufort West Municipality, Beaufort West, Nelspoort, Murraysburg, Merweville for the period ending 30 June 2021	VE Reticulation (Pty) Ltd	R 8 165 720.22
SCM 01/2019	18 December 2018	Maintenance, Service, Auto Electrical, Hydraulic and Engineering Repairs of Fleet for a period of 3 years	George Lawnmowers & Chainsaws; B.W Presisie Motor Ingeneursdienste; Beaufort West Auto Electrical; Karoo Motors Werkswinkel	Tariff tender

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Bid number	Date of award	Title of bid	Successful bidder	Value of bid awarded (R)
SCM 03/2019	15 November 2018	Supply and Delivery of Tyres, Tubes, Wheel Alignment and Tyre repair services for a 3 year period	Trentyre	Tariff tender
SCM 11/2019	12 November 2018	Supply and Delivery of Precast Concrete Products for period of three years.	Duneco	Tariff tender

**Table 47: Highest bids awarded by Bid Adjudication Committee**

c) Awards made by the accounting officer

The following award was made by the accounting officer of the Municipality:

Bid number	Date of award	Title of bid	Successful bidder	Value of bid awarded (R)
SCM 07/2019	9 April 2019	Proposal for consideration of a business ready ("Turn Key") implementation agent to be appointed for housing projects of the Beaufort West Municipality	Re A Letamisa Trading E Projects	According to DHOS subsidy amount

**Table 48: Awards made by the Accounting Officer**

d) Appeals lodged by aggrieved bidders

One appeal was received for the 2018/19 financial year for the bid number SCM 07/2019 by ASLA.

### 2.14.2 Deviation from normal procurement processes

The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	Percentage of total deviations number	Value of deviations (R)	Percentage of total deviations value
Emergency	8	4.94	71 514.40	2.60
Sole Supplier	3	1.85	39 488.95	1.44
Any other exceptional case where it is impossible or impractical to follow the official procurement process	23	14.20	1 066 037.77	38.75

**Table 49: Summary of deviations**

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Clause 36(1)(a)(v)- Deviations- impractical and or impossible:

Type of deviation	Number of deviations	Percentage of total deviations number	Value of deviations R	Percentage of total deviations value
Any contract relating to the publication of notices and advertisements by the Municipality	8	4.94	89 033.00	3.24
Any contract with an organ of state, a local authority or a public utility corporation or company	18	11.11	409 949.03	14.90
The appointment of any person to provide professional advice or services, where the value of such appointment is less than R200 000	35	21.60	575 273.92	20.91
Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required to call for bids	67	41.36	499 435.97	18.16

Table 50: Clause 36(1)(a)(v)- deviations- impractical and or impossible

### 2.14.3 Logistics management

The system of logistics management must ensure:

- 🏠 the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- 🏠 the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- 🏠 the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- 🏠 before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- 🏠 appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- 🏠 regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- 🏠 monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.



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Each stock item at the municipal stores are coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. If special projects are being launched by departments, such information must be communicated timely to the stores section for them to order stock more than the normal levels.

Internal controls are in place to ensure that goods and service that are received are certified by the responsible person.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

As at 30 June 2019, the value of stock at the municipal stores amounted to is R2 929 139.34 (R3 513 997.14 in 2017/18). For the 2018/19 financial year no surpluses, no deficits and no damaged stock items were reported

The system of disposal management must ensure the following:

- 🏠 Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise, as community value makes up for the lower market value
- 🏠 Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous
- 🏠 Firearms are not sold or donated to any person or institution within or outside the republic unless approved by the National Conventional Arms Control Committee
- 🏠 Immovable property is let at market related rates except when the public interest or plight of the poor demands otherwise
- 🏠 All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed
- 🏠 Where assets are traded in for other assets, the highest possible trade-in price is negotiated
- 🏠 In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment

Assets must be disposed of in terms of Council's Asset Management and Immoveable Property Management Policy

# CHAPTER 3: SERVICE DELIVERY PERFORMANCE

## CHAPTER 3

This chapter provides an overview of the key service achievements of the Municipality that came to fruition during 2018/19 in terms of the deliverables achieved compared to the KPI's and objectives in the IDP. It includes an overview on achievement in 2018/19 when compared to actual performance in 2017/18.

### 3.1 Overview of performance within the organisation

Performance management is a process which measures the implementation of the organisation's strategy. It is 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 on the performance management process for local government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195(1) are linked with the concept of performance management, regarding the principles of inter alia:

- the promotion of efficient, economic and effective use of resources;
- accountable public administration;
- to be transparent by providing information;
- to be responsive to the needs of the community; and
- to facilitate a culture of public service and accountability amongst staff.

The MSA, 2000 requires municipalities to establish a performance management system. Further, the MSA and the MFMA requires the IDP to be aligned to the municipal budget and to be monitored for the performance of the budget via the service delivery and the budget implementation plan (SDBIP).

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 but also to the individuals employed in the organisation and the external service providers and municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, budget, SDBIP and individual and service provider performance.

The Municipality adopted a performance management framework that was approved by Council on in 2009.



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.1.1 Legislative requirements

In terms of Section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the Municipality for the following financial year and measures that were or are to be taken to improve performance.

### 3.1.2 Organisational performance

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

This report highlights the strategic performance in terms of the Municipality's Top Layer SDBIP per strategic objective and the National KPI's prescribed in terms of Section 43 of the MSA.

### 3.1.3 The performance system followed for 2018/19

#### a) The IDP and the budget

The IDP and the budget for 2018/19 was reviewed and approved by Council on 29 May 2018. The IDP and performance management processes are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation, management, monitoring and evaluation of the IDP.

The SDBIP was prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on 15 June 2018.

### 3.1.4 Performance management

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- The Top Layer SDBIP was approved by the Mayor on 15 June 2018 and the information was loaded on an electronic web-based system
- The web-based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against KPI targets of every month for the previous month's performance
- The performance system administrator reminded all departments on a monthly basis to update their actual performance on the web-based system
- The Top Layer SDBIP was amended with the adjustment budget on 28 February 2019

# CHAPTER 3: SERVICE DELIVERY PERFORMANCE

## 3.2 Introduction to strategic and municipal performance for 2018/19

### 3.2.1 Strategic SDBIP

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents (IDP, budget and performance agreements).

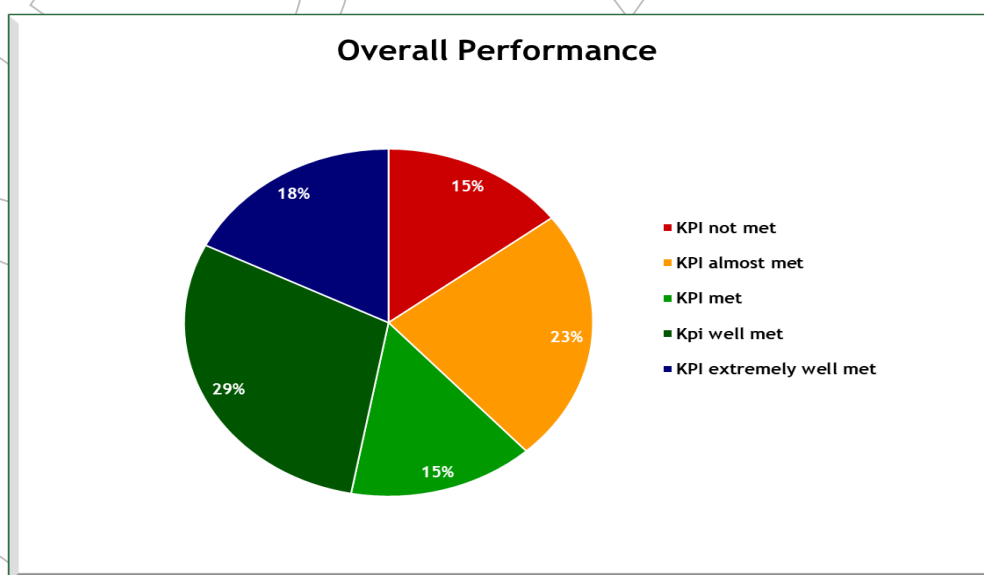
In the detail below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the KPI's of the SDBIP is measured:

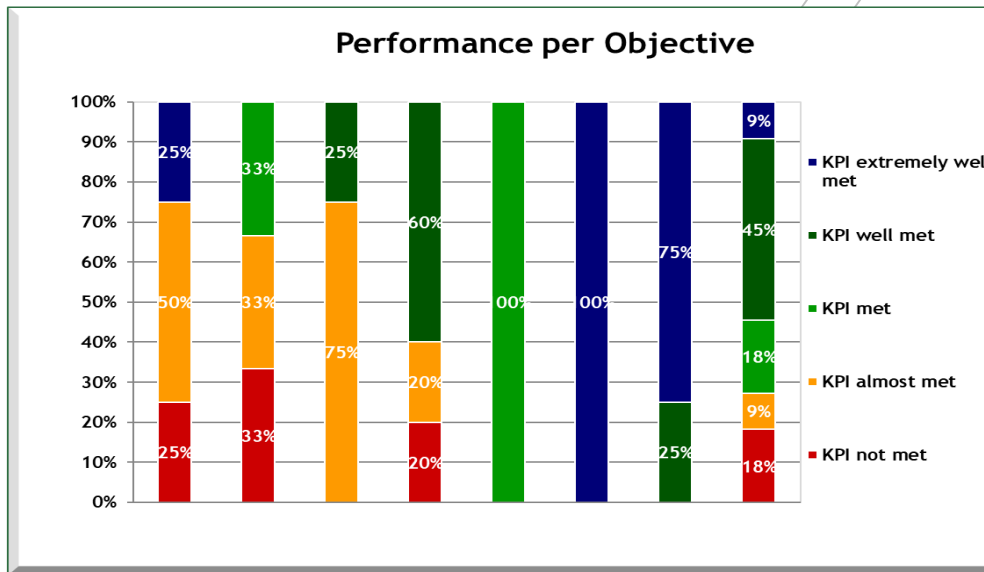
Category	Rating	Explanation
KPI Not Yet Measured	Not yet measured	KPI's with no targets or actuals in the selected period
KPI Not Met	KPI Not Met	0% > = Actual/Target < 75%
KPI Almost Met	KPI Almost Met	75% > = Actual/Target < 100%
KPI Met	KPI Met	Actual/Target = 100%
KPI Well Met	KPI Well Met	100% > Actual/Target < 150%
KPI Extremely Well Met	KPI Extremely Well Met	Actual/Target > = 150%

Figure 2.: SDBIP measurement categories

The graph below displays the overall performance in terms of the Top Layer SDBIP per strategic objectives for 2018/19:



# CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Objective 6	Objective 7	Objective 8
	Ensure liquidity of the administration	Establishment of a well governed and accountable administration	Provide for the needs of indigent households through improved services	Provision of basic services to all the people in the municipal area	Sustainability of the environment	To enable education and skills development to equip people with economic skills	To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development	To improve and maintain current basic service delivery through specific infrastructural development projects
KPI Not Met	1	1	0	1	0	0	0	2
KPI Almost Met	2	1	3	1	0	0	0	1
KPI Met	0	1	0	0	2	0	0	2
KPI Well Met	0	0	1	3	0	0	1	5
KPI Extremely Well Met	1	0	0	0	0	1	3	1
<b>Total</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>11</b>

Graph 1.: Overall performance per strategic objective

# CHAPTER 3: SERVICE DELIVERY PERFORMANCE

## 3.2.2 Detailed actual performance for 2018/19 KPI's per strategic objectives

### a) Ensure liquidity of the administration

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2019 [(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)x 100]	Debt to Revenue as at 30 June 2019	All	10.12%	0%	0%	0%	45%	45%	9.52%	B
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2019 [(Total outstanding service debtors/ revenue received for services)x 100]	Service debtors to revenue as at 30 June 2019	All	92.71%	0%	0%	0%	35%	35%	75.38%	R
<b>Corrective Measure</b>			<b>Stricter credit control measures</b>								
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment	Cost coverage as at 30 June 2019	All	1	0	0	0	1	1	0.8	O

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Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	and Loss on Disposal of Assets))										
<b>Corrective Measure</b>			Implement better financial control and management								
TL16	Achieve an payment percentage of 90% by 30 June 2019 [(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100]	Payment % achieved by 30 June 2019	All	86.99%	75%	80%	85%	90%	90%	88.20	O
<b>Corrective Measure</b>			Stricter credit control measures								

**Table 51: Ensure liquidity of the administration**

### b) Establishment of a well governed and accountable administration

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL11	Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people appointed in the three highest levels of management	All	1	0	0	0	1	1	1	G
TL20	Compile the Risk based audit plan for 2019/20 and submit to Audit committee for consideration by 30 June 2019	Risk based audit plan submitted to Audit committee by 30 June 2019	All	1	0	0	0	1	1	0	R
<b>Corrective Measure</b>			The risk based audit plan will be submitted to the Audit Committee in August 2019								
TL21	70% of the Risk based audit plan for 2018/19 implemented by 30 June 2019 [(Number of audits and tasks completed for the	% of the Risk Based Audit Plan implemented by 30 June 2019	All	57%	0%	20%	0%	70%	70%	57%	O

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Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	period/ Number of audits and tasks identified in the RBAP )x100]										
<b>Corrective Measure</b>			8 Audits completed out of 14 planned for 2018/19. The outstanding audits will be included in the 2019/20 risk based audit plan								

*Table 52: Establishment of a well governed and accountable administration*

**c) Provide for the needs of indigent households through improved services**

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL5	Provide free basic water to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2019	Number of indigent households receiving free basic water as at 30 June 2019	All	5 477	0	6 153	0	6 153	6 153	4 776	0
<b>Corrective Measure</b>			The achievement of the KPI is dependent on the applications received. We continuously do awareness to the community								
TL6	Provide free basic electricity to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2019	Number of indigent households receiving free basic electricity as at 30 June 2019	All	5 987	0	5 094	0	5 094	5 094	6 433	G 2
TL7	Provide free basic sanitation to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2019	Number of indigent households receiving free basic sanitation as at 30 June 2019	All	4 120	0	5 953	0	5 953	5 953	4 638	0





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
<b>Corrective Measure</b>			The achievement of the KPI is dependent on the applications received. We continuously do awareness to the community								
TL8	Provide free basic refuse removal to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2019	Number of indigent households receiving free basic refuse removal as at 30 June 2019	All	1 631	0	2 480	0	2 480	2 480	2 236	O
<b>Corrective Measure</b>			The achievement of the KPI is dependent on the applications received. We continuously do awareness to the community								

Table 53: Provide for the needs of indigent households through improved services

### d) Provision of basic services to all the people in the municipal area

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre paid meters as at 30 June 2019	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2019	All	10 216	0	13 500	0	13 500	13 500	14 594	G2
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and which are billed for electricity or have pre paid meters (Excluding Eskom	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2019	All	12 448	0	12 462	0	12 462	12 462	13 564	G2

2018/19



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	areas) as at 30 June 2019										
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2019	Number of residential properties which are billed for sewerage as at 30 June 2019	All	12 067	0	11 870	0	11 870	11 870	11 630	O
<b>Corrective Measure</b>			Target will be adjusted in future								
TL4	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2019	Number of residential properties which are billed for refuse removal as at 30 June 2019	All	11 799	0	11 346	0	11 346	11 346	11 716	G2
TL22	85% of the approved project budget spent on the upgrading of the Sport Stadium in Nelspoort by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2019	All	New key performance indicator for 2018/19. No audited comparative available	10%	20%	50%	85%	85%	0%	R
<b>Corrective Measure</b>			Funds for the project was relocated in the adjustment budget. The project will be implemented in the 2019/20 financial year								

Table 54: Provision of basic services to all the people in the municipal area

### e) Sustainability of the environment

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL18	95% of water samples in the Beaufort West jurisdiction area comply with SANS241 micro	% of water samples compliant to SANS 241	All	99%	95%	95%	95%	95%	95%	95%	G

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Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	biological indicators										
TL33	Submit a proposal to the Department of Environmental Affairs and Development Planning (DEADP) by 30 June 2019 to obtain funding for the compilation of an Air Quality Management Plan	Proposal submitted to DEADP by 30 June 2019	All	0	0	0	0	1	1	1	G

Table 55: Sustainability of the environment

f) To enable education and skills development to equip people with economic skills

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL12	0.10% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2019 ((Actual amount spent on training/total personnel budget)x100)	% of the municipality's personnel budget spent on implementing its workplace skills plan	All	0.07%	0%	0%	0%	0.10%	0.10%	0.73%	B

Table 56: To enable education and skills development to equip people with economic skills

g) To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL10	Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2019	Number of temporary jobs opportunities created by 30 June 2019	All	45	0	0	0	40	40	140	B
TL23	85% of the approved project budget spent on the upgrading of Freddy Max	% of budget spent by 30 June 2019	All	New key performance indicator for 2018/19. No audited	10%	20%	50%	85%	85%	197%	B

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## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Crescent in Nelspoort by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]			comparative available							
TL24	85% of the approved project budget spent on the upgrading of James Smith and Michael De Villers Avenues in Prince Valley by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2019	All	88%	10%	20%	50%	85%	85%	101%	G2
TL25	85% of the approved project budget spent on the rehabilitation of roads and stormwater in Murraysburg by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2019	All	New key performance indicator for 2018/19. No audited comparative available	10%	20%	50%	85%	85%	283%	B

Table 57: To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development

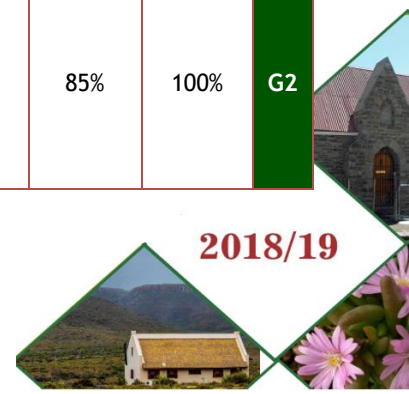
### h) To improve and maintain current basic service delivery through specific infrastructural development projects

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL9	The percentage of the municipal capital budget spent by 30 June 2019 ((Actual amount spent /Total amount budgeted for capital projects)X100)	% of capital budget spent by 30 June 2019	All	81.76%	0%	15%	50%	85%	85%	81.45%	O

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Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						Actual
					Target					Annual	
					Q1	Q2	Q3	Q4			
<b>Corrective Measure</b>			<b>Projects must be implemented early in the financial year</b>								
TL17	Limit unaccounted for water quarterly to less than 25% during 2018/19 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl free basic water) / Number of Kilolitres Water Purchased or Purified x 100]	% unaccounted water	All	50%	25%	25%	25%	25%	25%	40%	R
<b>Corrective Measures</b>			<b>Measures put in place, started with leak detection</b>								
TL19	Limit unaccounted for electricity to less than 12% quarterly {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchased and/or Generated} x 100]	% unaccounted electricity	All	13.49%	12%	12%	12%	12%	12%	8.31%	B
TL26	85% of the approved project budget spent on the New Bulk Sewer Pump Station & Rising Main in Prince Valley by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2019	All	New key performance indicator for 2018/19. No audited comparative available	10%	20%	50%	85%	85%	0%	R
<b>Corrective Measures</b>			<b>Funds relocated in the adjustment budget</b>								
TL27	85% of the approved project budget spent on the upgrading of the Low Smith Substation (Phase 2) by 30 June 2019	% of budget spent by 30 June 2019	All	New key performance indicator for 2018/19. No audited comparative available	10%	20%	50%	85%	85%	100%	G2

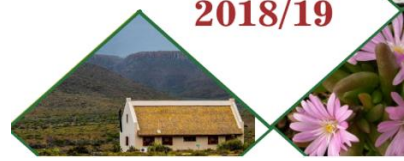
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Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	[(Actual expenditure divided by the total approved project budget)x100]										
TL28	85% of the approved project budget spent on the upgrading of the Beaufort West Substation - Katjieskop (Phase 3) by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2019	All	New key performance indicator for 2018/19. No audited comparative available	10%	20%	50%	85%	85%	100%	G2
TL29	85% of the approved project budget spent on the new S1 Development Substation by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2019	All	New key performance indicator for 2018/19. No audited comparative available	10%	20%	50%	85%	85%	100%	G2
TL30	85% of the approved project budget spent on New High Mast Lighting in the Greater Beaufort West Phase 2 by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2019	All	New key performance indicator for 2018/19. No audited comparative available	10%	20%	50%	85%	85%	100%	G2
TL31	85% of the approved project budget spent on New High Mast Lighting in Murraysburg by 30 June 2019 [(Actual expenditure divided by the total approved	% of budget spent by 30 June 2019	All	New key performance indicator for 2018/19. No audited comparative available	10%	20%	50%	85%	85%	100%	G2

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Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	project budget)x100]										
TL32	Compile an "Impounding of animals" by-law and submit draft to Council by 30 June 2019	Draft By-law submitted to Council by 30 June 2019	All	1	0	0	0	1	1	1	G
TL34	Review the Integrated Waste Management Plan and submit to Council by 30 June 2019	Plan reviewed and submitted to Council by 30 June 2019	All	0	0	0	0	1	1	1	G

Table 58: To improve and maintain current basic service delivery through specific infrastructural development projects

### 3.2.3 Municipal functions

The municipal functional areas are as indicated below:

Municipal function	Municipal function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
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 law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes

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Municipal function	Municipal function Yes / No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 59: Municipal functions

### 3.3 Component A: Basic Services

#### 3.3.1 Water Services

##### a) Introduction to Water Services

Beaufort West is dependent on three different water sources:

- Surface water (Gamka Dam, Springfontein Dam and Walker Dam)
- Boreholes (9 boreholes in 6 aquifers)
- Water reclamation plant (WRP)

The water sources mentioned above are used to adhere to the demand of the community. The demand is approximately 6.3 mega litres per day. This figure varies depending on the weather conditions. During summer the water consumption is much higher than during winter. The high summer consumption is balanced by abstracting water from the Gamka Dam, boreholes and water from the WRP. During winter, only boreholes and the WRP are used to



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adhere to the demand from the community. The water quality of Beaufort West, Nelspoort, Merweville and Murraysburg is of a good standard.

### b) Highlight: Water Services

The table below indicates the highlight during the financial year:

Highlight	Description
Steenrotsfontein borehole scheme	5 new boreholes were added to the water supply system

Table 60: Water Services highlights

### c) Challenges: Water Services

The table below indicate the challenges faced during the financial year:

Description	Actions to address
Drought	Apply for funding
Vandalism	

Table 61: Water Services challenges

### d) Total use of water by sector

The table below indicates the total use of water per sector:

Total use of water by sector (cubic meters)				
Financial year	Agriculture	Forestry	Industrial	Domestic
2017/18	0	0	51 305	2 052 175
2018/19	0	0	174 691	1 873 895

Table 62: Total use of water by sector (cubic meters)

### e) Water service delivery levels

The table below indicates the water service delivery levels:

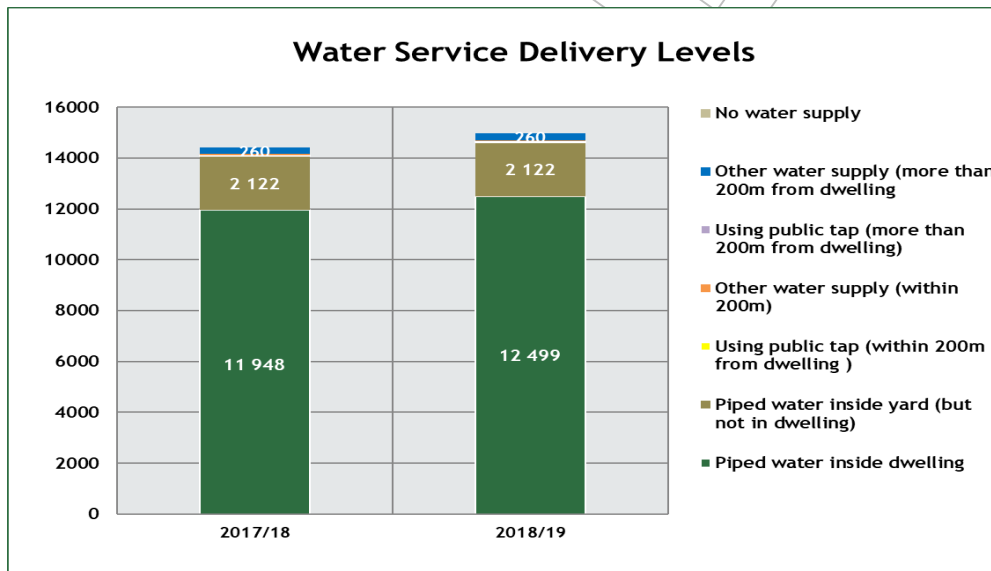
Households		
Description	2017/18	2018/19
	Actual	Actual
	No.	No.
<b><u>Water: (above min level)</u></b>		
Piped water inside dwelling	11 948	12 499
Piped water inside yard (but not in dwelling)	2 122	2 122
Using public tap (within 200m from dwelling )	49	49
Other water supply (within 200m)	31	31
Minimum service level and above sub-total	14 150	14 701
Minimum service level and above percentage	98	98
<b><u>Water: (below min level)</u></b>		
Using public tap (more than 200m from dwelling)	0	0

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Households		
Description	2017/18	2018/19
	Actual	Actual
	No.	No.
<i>Water: (above min level)</i>		
Other water supply (more than 200m from dwelling)	260	260
No water supply	0	0
Below minimum service level sub-total	260	260
Below minimum service level percentage	2	2
<b>Total number of households</b>	<b>14 410</b>	<b>14 961</b>
Include informal settlements		

Table 63: Water service delivery levels



Graph 2.: Water service delivery levels

### f) Access to water

The table below indicates the number of households that has access to water:

Financial year	Number of households with access to water points*	Proportion of households with access to piped water	Number of households receiving 6 kl free#
2017/18	14 410	98%	5 477
2018/19	14 961	98.1%	4 776

\* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute  
# 6 000 litres of potable water supplied per formal connection per month

Table 64: Access to water

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### g) Employees: Water Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	2	2	0	0
Skilled technical, superintendents, etc.	1	2	2	0	0
Semi-skilled	8	10	10	0	0
Unskilled	12	13	11	2	15.38
<b>Total</b>	<b>21</b>	<b>27</b>	<b>25</b>	<b>2</b>	<b>9.52</b>

Table 65: Employees: Water Services

### h) Capital expenditure: Water Services

The table below indicates the capital expenditure incurred:

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
828 Nelspoort : New Bulk Water Supply	0	810 961	0
Develop Renosterkop Borehole - Beaufort West	0	1 282 250	1 265 475
Equip and Commission 1 Borehole	0	2 259 290	2 255 335
Interconnect 3 Reservoirs - Beaufort West	0	171 350	171 000
New Water Supply Pipelines & Upgrade Boreholes & Pump Station - Beaufort West: Klein Hans River	0	620 000	620 000
Rehabilitate Borehole SRK 4 (Kuilspoort) - Beaufort West	0	460 000	459 428
<b>Total</b>	<b>0</b>	<b>5 603 851</b>	<b>4 771 238</b>

Table 66: Capital Expenditure: Water Services

### 3.3.2 Sanitation Services

#### a) Introduction to Sanitation Services

The Municipality has four Waste Water Treatment Works (WWTW) that are situated in Beaufort West, Nelspoort, Merweville and Murraysburg. The WWTW of Nelspoort, Murraysburg and Merweville has recently been upgraded and are operating within the design capacity and the final effluent is of good quality.

The WWTW of Nelspoort, Merweville and Murraysburg are evaporation ponds.

Studies are being done on the Beaufort West WWTW as the biological trickle filter system has been de-commissioned and this increases the load on the activated sludge process.

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The final effluent of the Beaufort West WWTW is reclaimed by the reclamation plant and treated to drinking water standards. The remaining effluent is used to irrigate the sport grounds.

### b) Challenges: Sanitation Services

The table below indicate the challenge faced during the financial year:

Description	Actions to address
Fencing is being stolen at the Beaufort West WWTW	Increase security measures
Pump stations are vandalized at the Beaufort West WWTW	

Table 67: Sanitation Services challenge

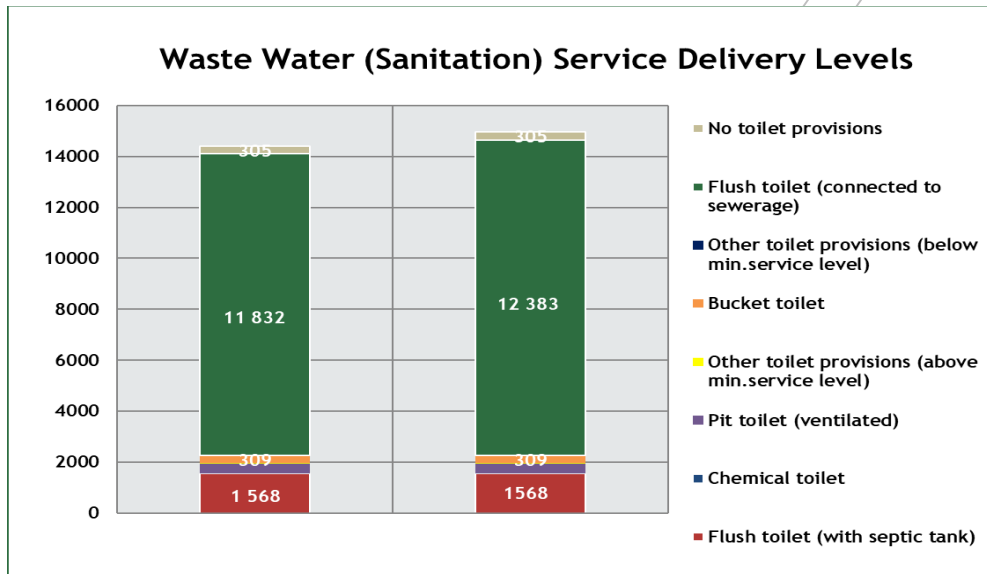
### c) Sanitation service delivery levels

The table below indicates the service delivery levels for sanitation:

Description	Households	
	2017/18	2018/19
	Actual	Actual
	No.	No.
<b><i>Sanitation/sewerage: (above minimum level)</i></b>		
Flush toilet (connected to sewerage)	11 832	12 383
Flush toilet (with septic tank)	1 568	1568
Chemical toilet	0	0
Pit toilet (ventilated)	355	355
Other toilet provisions (above min.service level)	31	31
Minimum service level and above sub-total	13 786	14 337
Minimum service level and above percentage	96	96%
<b><i>Sanitation/sewerage: (below minimum level)</i></b>		
Bucket toilet	309	309
Other toilet provisions (below min.service level)	0	0
No toilet provisions	305	305
Below Minimum Service Level sub-total	614	617
Below Minimum Service Level Percentage	4	4%
<b>Total households</b>	<b>14 400</b>	<b>14 951</b>
<b>Including informal settlements</b>		

Table 68: Sanitation service delivery levels

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Graph 3.: Sanitation service delivery levels

## d) Employees: Sanitation Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	0	0	0	0
Skilled technical, superintendents, etc.	1	0	0	0	0
Semi-skilled	9	2	2	0	
Unskilled	13	12	12	0	0
<b>Total</b>	<b>24</b>	<b>14</b>	<b>14</b>	<b>0</b>	<b>0</b>

Table 69: Employees: Sanitation Services

## e) Capital expenditure: Sanitation Services

The table below indicates the capital expenditure incurred:

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
1075 Nelspoort : Rehabilitate Sanitation: Oxidation Ponds	0	0	0
839 Nelspoort (Budget Maintenance) : Rehabilitate Sanitation: Oxidation Ponds Ph2	0	0	0
935 Price Valley, Area S8 : New Bulk Sewer Pump Station & Rising Main	317 205	0	0

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Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
Total	317 205	0	0

Table 70: Capital expenditure: Sanitation Services

### 3.3.3 Electricity Services

#### a) Introduction to Electricity Services

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

The distribution of electricity in Beaufort West started in 1919 when the railway supplied the Municipality with electricity. The cost was 4.5 pennies per unit. During 1924, the Municipality started building their own power station. On 1 November 1925 the power station was officially opened and ever since, electricity has grown to be a huge industry, supplying energy to businesses and the community. The department is licensed by the National Electricity Regulator (NER) to supply electricity within its approved area of supply. The department is responsible for the distribution and supply of electricity for Beaufort West, Nelspoort, Merweville and surrounding rural areas. Eskom is responsible for the distribution of electricity in Merweville and partially in Murraysburg.

The department takes supply from Eskom at 132 000 volt at Katjieskop substation and distribute 11 000 volt to the supply areas.

Electricity purchases for the 2018/19 financial year amounted to R56.6 million (Incl. VAT) for 552 654 726 kWh. The electricity is sold to industrial, commercial and domestic customers. Approximately 33,20% of the electricity is sold to industrial and commercial customers, 35.98% to domestic customers, 6.16% to indigents, 4.70% for street lighting and 1.03% for own use. Energy losses during the financial year amounted to 8.65 %.

There are no backlogs in the provision of service connections. Applications for connections are processed as they are received and the necessary connection fees collected. All electricity customers receive a full service but are differentiated in terms of connection size in relation to connection fees paid.

#### i) Service backlogs

Due to the lack of financial resources over the past number of years, a backlog in repair and maintenance, as well as refurbishment and network expansion has increased. This backlog can only be addressed by sufficient capital investment into the electricity infrastructure.

#### ii) Infrastructure

Although the Municipality has been able to assist all applicants by providing electricity, the low level of investment in the upgrade, refurbishment and expansion of the electricity infrastructure has led to a situation that new developments can no longer be accommodated without major capital investment. It is therefore absolutely essential

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that the Municipality direct more of the surplus generated by the sale of electricity to the capital requirements of the electrical department.

### b) Highlights: Electricity Services

The table below indicates the highlights of the financial year:

Highlight	Description
Installation of 11 high mast lights In Beaufort West and Murraysburg	8 x 30 meter high mast lights were installed in Beaufort West and 3 x 30 meter high mast lights in Murraysburg
Electrification of 551 sub economic houses	Electrification of 551 sub-economic houses in Beaufort West took place during the financial year

Table 71: Electricity Services highlights

### c) Challenges: Electricity Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
In the sub economic housing project, the phases identified by the Municipality to be electrified and the phases identified by the building contractor does not match. This caused a shortfall in the funding when the building contractor advanced to a next phase and the Municipality did not receive the funding for that specific phase	Apply for funding

Table 72: Electricity Services challenges

### d) Electricity service delivery levels

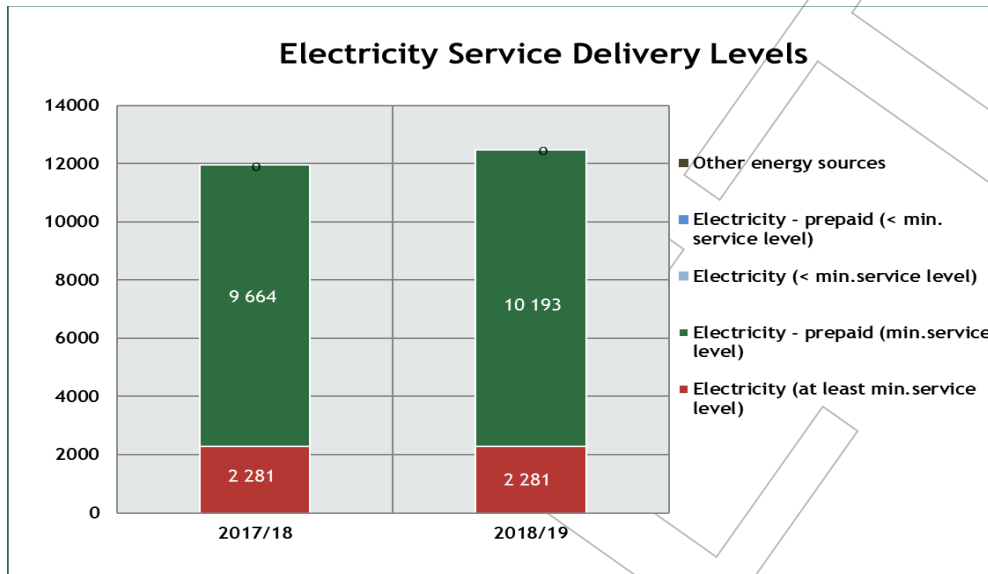
The table below indicates the service delivery levels for electricity:

Households		
Description	2017/18	2018/19
	Actual	Actual
	No.	No.
<b>Energy: (above minimum level)</b>		
Electricity (at least min.service level)	2 281	2 281
Electricity - prepaid (min.service level)	9 664	10 193
Minimum service level and above sub-total	11 945	12 474
Minimum service level and above percentage	100	100
<b>Energy: (below minimum level)</b>		
Electricity (<min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below minimum service level sub-total	0	0
Below minimum service level percentage	0	0
<b>Total number of households</b>	<b>11 945</b>	<b>12 474</b>

Table 73: Electricity service delivery levels

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Graph 4.: Electricity service delivery levels

### e) Employees: Electricity Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	6	6	6	0	0
Semi-skilled	11	13	11	5	38.46
Unskilled	7	9	7	2	22.22
<b>Total</b>	<b>24</b>	<b>28</b>	<b>24</b>	<b>7</b>	<b>25</b>

Table 74: Employees: Electricity Services

### f) Capital expenditure: Electricity Services

The table below indicates the capital expenditure incurred:

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
1012 Greater Beaufort West Ph2 : New High Mast Lighting	2 704 703	2 704 703	2 704 703
1040 Machinery and Equipment Electricity	200 000	100 000	35 301
575 New S1 Development Substation	2 500 000	1 624 250	1 624 250
643 Electrification of 257 Houses (S1 Development) Phase 1	3 983 500	5 735 000	5 735 000

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Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
656 Upgrading of Beaufort West Substation - Katjieskop (Phase 3)	716 500	716 500	716 500
676 Murraysburg : New High Mast Lighting	1 155 315	1 155 315	1 155 315
685 Upgrading of Low Smith Substation (Phase 2)	2 800 000	1 924 250	1 924 250
<b>Total</b>	<b>14 060 018</b>	<b>13 960 018</b>	<b>13 895 319</b>

Table 75: Capital expenditure: Electricity Services

### 3.3.4 Waste management (refuse collections, waste disposal, street cleaning and recycling)

#### a) Introduction: Waste management

##### i) Service delivery

The Unit provides a weekly door-to-door waste removal service to households and bi-weekly to businesses. Domestic and garden waste is removed on daily basis and placed either in the 85 litre refuse bins or bags. Medical waste generated from hospitals, clinics and general practitioners are collected by a private company. The private company is responsible for spillage removal along the N1-national road transversing the Beaufort West area. Builders rubble is removed by the community with their own transport, and the Municipality removes when dumped illegally on open spaces on upon request from households at minimal costs.

Expanded Public Works Programme (EPWP) beneficiaries clean open spaces, litter picking and streets sweeping to other residential areas where there are no permanent staff allocated.

##### ii) Landfill site disposal sites

The four waste management facilities within the Beaufort West municipal area are situated in:

-  Vaalkoppies
-  Merweville
-  Nelspoort
-  Murraysburg

In addition, Beaufort West has a recycling facility which requires upgrades. All landfill sites are operational of which one has a permit.

##### iii) Waste minimisation

The Municipality developed a Waste Minimisation Strategy in 2002 in partnership with Southern Cape Recycling which was made possible by contributions from the Department of Environmental Affairs. The initiative targeted the high income residential areas. Blue bags were supplied to all households to collect only cardboard boxes, cans, paper and newspapers. Recyclable waste is collected once a week and taken to the reclamation depot where it is sorted, baled and transported to Cape Town or Oudtshoorn. Some of the businesses, farmers and community drop the recyclables personally to the depot.

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### iv) Waste awareness and education

Waste awareness and education is currently done through the distribution of pamphlets on a quarterly basis. The target audience for these initiatives are schools and communities.

### b) Challenges: Waste management

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Vaalkoppies Waste Disposal Site (WDS) still not complying and Murraysburg WDS received directive in May 2019 for non-compliance	Murrays landfill project business plan was re-designed and will be tabled at the Council meeting for approval on 30 August 2019. Murraysburg WDS action plan was developed and submitted to Department of Environmental Affairs (DEA)
Insufficient/no refuse removal truck in Murraysburg and regular repairs of trucks in Beaufort West	Budget allocated to buy 1 refuse removal truck for Murraysburg. Refuse trucks to be properly monitored before and after repairs. Truck drivers to get proper training on use and operation of the trucks

Table 76: Waste management challenges

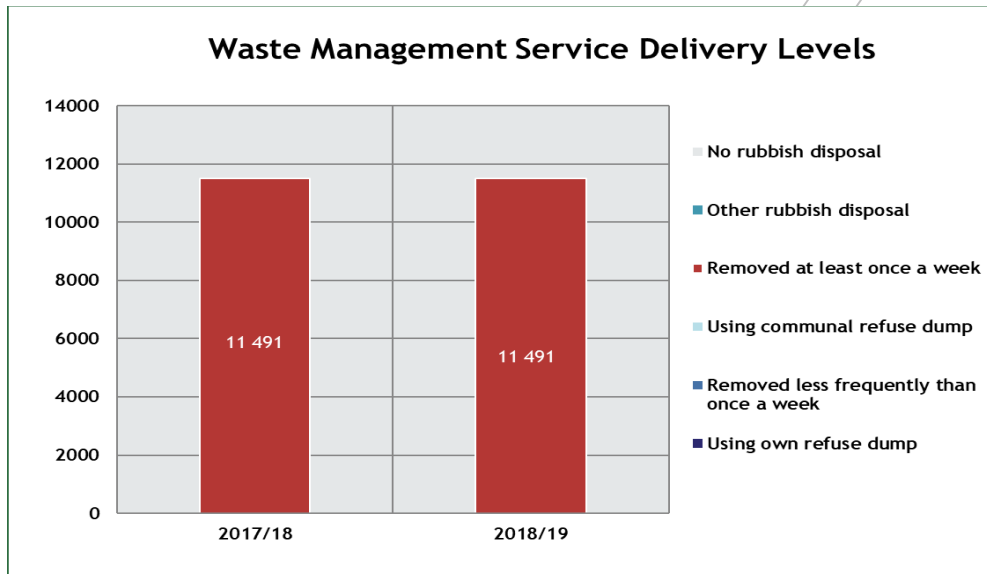
### c) Waste Management service delivery levels

The table below indicates the service delivery levels for waste management:

Description	Households	
	2017/18	2018/19
	Actual	Actual
	No.	No.
<b>Solid waste removal: (minimum level)</b>		
Removed at least once a week	11 491	12 182
Minimum service level and above sub-total	11 491	12 182
Minimum service level and above percentage	100	100
<b>Solid waste removal: (below minimum level)</b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below minimum service level sub-total	0	0
Below minimum service level percentage	0	0
<b>Total number of households</b>	<b>11 491</b>	<b>12 182</b>

Table 77: Waste Management service delivery levels

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Graph 5.: Waste management service delivery levels

### d) Employees: Waste management

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
Number					
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	1	1	1	0	0
Semi-skilled	10	13	12	1	7.69
Unskilled	21	22	21	1	4.55
<b>Total</b>	<b>32</b>	<b>36</b>	<b>34</b>	<b>2</b>	<b>5.56</b>

Table 78: Employees: Waste management

2018/19

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### 3.3.5 Employees: Basic Services: Merweville, Murraysburg and Nelspoort

The table below indicates the number of staff employed within the unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total Budgeted posts)
Number					
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	3	5	4	1	20
Semi-skilled	10	14	12	2	14.29
Unskilled	22	21	20	1	4.76
<b>Total</b>	<b>35</b>	<b>40</b>	<b>36</b>	<b>4</b>	<b>10</b>

Table 79: Employees: Basic Services: Merweville, Murraysburg and Nelspoort

### 3.3.6 Housing

#### a) Introduction to housing

The Municipality wishes to stimulate LED through the identification of land that would meet the strengths and anticipated future demands of the economy. A strong and vibrant economy is necessary in leading towns such as Beaufort West and in pursuit of this objective, a holistic perspective of development is required.

Against the background of the holistic perspective of integrated residential development approach, it was decided to primarily place strategic focus on two components of the land use spectrum namely:

- 🏠 Finance Linked Individual Subsidy Program (FLISP), also known as Gap Subsidy Housing
- 🏠 Integrated Residential Development Program (IRDP) - Project Linked Subsidy Housing

#### i) Housing need

The need for an integrated residential development approach that addresses the whole spectrum of residential needs has been identified and the following main income categories have been considered:

- 🏠 IRDP Subsidy Housing - R3 500 per month.
- 🏠 Gap Subsidy Housing - R3 501 - R15 000 per month

Given the strategic decision to focus first on IRDP and GAP housing, these housing needs can be summarized as follows:

Subsidy	5 387 - units according to recent estimates of the housing demand data base (includes towns Beaufort West, Murraysburg, Merweville and Nelspoort)
GAP	353 - potential applicants have registered on our data system

Table 80: Housing needs

2018/19

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### b) Prioritised IRDP housing sites

The prioritised IRDP housing site figures for the financial year is indicated in the table below:

Site	Units
<b>Subsidy: Priority 1</b>	
S1	619
<b>Subsidy Priority 2</b>	
S1	245

Table 81: Prioritised housing sites

### c) GAP housing sites

The table below indicates the GAP housing sites of the municipality and the amount of units built:

Site	Units
<b>GAP: Priority 1</b>	
Beaufort West G2	67

Table 82: GAP housing sites

### d) Highlights: Housing

The following table indicates the highlights of the financial year:

Highlight	Description
Housing Consumer Education (HCE)	HCE was done during the financial year

Table 83: Housing: highlights

### e) Challenges: Housing

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Water scarcity	Engineers to get their planning way ahead
Electricity	Submission of tenders to be sent out earlier

Table 84: Housing: challenges

### f) Households with access to basic housing

The table below indicates the statistics of households with access to basic housing:

Number of households with access to basic housing			
Financial Year	Total households (including formal and informal settlements)	Households in formal settlements	Percentage of households in formal settlements
2017/18	12 196 + 23	12 173	83
2018/19	12 196	12 173	84

Table 85: Households with access to basic housing

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### g) Housing waiting list

The following table shows the increase in the number of people on the housing waiting list.

Financial Year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2017/18	5 387	5
2018/19	5 387	5

Table 86: Housing waiting list

### h) Housing allocation

A total amount of R 22 915 750 was allocated to build houses during the 2018/19 financial year. A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2017/18	32 935	6 016	18.26	None	833
2018/19	22 916	22 916	100%	None	864

Table 87: Houses built in 2018/19

### i) Employees: Housing

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	1	0	1	0
Skilled technical, superintendents, etc.	1	1	1	0	0
Semi-skilled	2	3	2	1	33.33
Unskilled	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>40</b>

Table 88: Employees: Housing

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### 3.3.7 Free basic services and indigent support

#### a) Introduction

The Municipality is one of the first municipalities in the country to implement free basic services to its indigent households. A debtor is considered indigent if the total monthly household income equals two times the amount of state funded social pensions or less (currently R3 380 per month). All indigent households receives 6kl water and 50kWh electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications annually in order to qualify for the benefits.

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than R3 380 per month will receive the free basic services as prescribed by the national policy.

#### b) Households: Free basic services

The tables below indicate the number of households that received free basic services in the 2017/18 and 2018/19 financial years:

Financial Year	Number of households								
	Total no of HH	Free basic electricity		Free basic water		Free basic sanitation		Free basic refuse removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2017/18	14 433	6 473	44	6 665	46	4 304	30	1 708	12
2018/19	14 594	6 433	44	4 776	33	4 638	32	2 236	15

Table 89: Free basic services: Number of households

Financial Year	Electricity								
	Indigent households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000
2017/18	6 473	50	4 241	0	0	0	52	50	46
2018/19	6 453	50	5 832	0	0	0	52	50	46

Table 90: Free basic services: Electricity

Financial Year	Water					
	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value R'000	No. of HH	Unit per HH (kl)	Value R'000
2017/18	6 665	6	11 059	0	0	0
2018/19	4 776	6	10 831	0	0	0

Table 91: Free basic services: Water

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Sanitation						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value R'000	No. of HH	Unit per HH per month	Value R'000
2017/18	4 304	975	3 483	0	0	0
2018/19	4 638	835	3 874	0	0	0

Table 92: Free basic services: Sanitation

Refuse removal						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value R'000	No. of HH	Unit per HH per month	Value R'000
2017/18	1 708	1	1 075	0	0	0
2018/19	2 236	1	1 258	0	0	0

Table 93: Free basic services: Refuse removal

### 3.4 Component B: Road Transport

This component includes: Roads, Transport, and Waste Water (Stormwater Drainage).

#### 3.4.1 Roads

##### a) Introduction to Roads

The Municipality does pothole repairs, while contractors undertake the construction of new paved roads. These projects are done according to the EPWP standards to create job opportunities.

The paved road construction was done by Labour Intensive Methods as a pilot project.

Although 1.49m gravel roads were upgraded to paved roads in Beaufort West, the general maintenance of tarred and gravel roads were respectively neglected due to budget constraints and unreliable machinery.

The following road sections were resurfaced:

- Voortrekker Street (From Donkin - Jackson Street)

The general maintenance of tarred and gravel roads was delayed due to budget constraints and unreliable machinery.

##### b) Highlights: Roads

The following table indicates the highlights of the financial year:

Highlight	Description
Upgrading of James Smith/ Michael De Villiers Street	Upgraded 619m gravel road to paved standard
Upgrading of Mark Street-Murraysburg	Upgraded 484m gravel road to paved standard
Upgrading of Freddie Max Crescent, Nelspoort	Upgraded 387m gravel road to paved standard

Table 94: Roads highlight

##### c) Challenges: Roads

2018/19



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The table below indicates the challenges faced during the financial year:

Description	Actions to address
Unreliable machinery (grader)	Purchase new grader
Roads deteriorating	Apply for funding to reseal roads
Vacant post	Fill post

Table 95: Roads challenge

### d) Gravel roads infrastructure: Kilometres

The table below indicates the amount of gravel roads constructed, maintained and upgraded during the financial year:

Gravel roads infrastructure: Kilometres				
Financial year	Total km's gravel roads	New gravel roads constructed	Gravel roads upgraded to paved	Gravel roads graded/maintained (km)
2017/18	56	0	0	24.00
2018/19	75.90	0	1.49	0

Table 96: Gravel road infrastructure

### e) Tarred road infrastructure: Kilometres

The table below indicates the number of tarred/paved roads constructed, maintained and upgraded during the financial year:

Tarred/paved road infrastructure: Kilometres					
Financial year	Total tarred/paved roads	New paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar/paved roads maintained
2017/18	107.91	1.57	1.17	0	31.2
2018/19	109.40	1.49	0	0	9 13

Table 97: Tarred road infrastructure

### f) Cost of maintenance and construction of roads

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New and replacements	Resealed	Maintained
	R'000		
2017/18 (Main roads)	0	1 179	0
2017/18 (Other roads)	0	1 108	1 092
2018/19 (Main roads)	0	5 800	0
2018/19 (Other roads)	0	0	2 241

The cost for maintenance includes stormwater

Table 98: Cost of construction/maintenance of roads and stormwater

2018/19

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### g) Employees: Roads and Stormwater

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18 Number	2018/19			Vacancies (as a % of total budgeted posts)
		Budgeted posts	Employees	Vacancies	
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, Superintendents, etc.	1	0	1	0	0
Semi-skilled	14	17	14	3	17.65
Unskilled	28	35	33	3	8.57
<b>Total</b>	<b>44</b>	<b>54</b>	<b>49</b>	<b>6</b>	<b>11.11</b>

Table 99: Employees: Roads and stormwater

### h) Capital expenditure: Roads and Stormwater

The table below indicates the capital expenditure incurred:

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
1076 Merweville : Upgrade Roads	1 023 000	0	0
561 Murraysburg : Rehabilitate Roads & Stormwater	1 023 128	3 688 345	3 334 137
679 Nelspoort : Upgrade Roads - Freddie Max Crescent	1 300 000	2 738 544	2 904 213
854 Prince Valley (Ward 6) : Upgrade Streets - James Smith/Michael de Villiers Avenue	2 754 898	2 755 231	2 919 324
724 Rustdene, Kwa-Mandlenkosi & Hillside II - Rehabilitate Gravel Roads	0	1 945 200	1 008 017
<b>Total</b>	<b>6 101 026</b>	<b>9 182 120</b>	<b>10 165 691</b>

Table 100: Capital expenditure: Roads and stormwater

### 3.4.2 Waste Water (Stormwater Drainage)

#### a) Introduction to Waste Water (Stormwater Drainage)

Maintenance of the waste water/ stormwater drainage systems are done by a team employed under an EPWP project.

The project involves the following:

- 🛠 maintenance and cleaning of inlets, channels, culverts and earth drains
- 🛠 construction of minor stormwater systems/structures

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### b) Challenges: Waste water (stormwater drainage)

The tables below reflect the challenges experienced during the financial year:

Description	Actions to address
Insufficient personnel	Fill vacant post
No stormwater master plan	Apply for funding to update outdated plan
Existing storm water system in Hillside 1 not sufficient	Apply for funding to replace or upgrade stormwater system

Table 101: Waste water (stormwater drainage) challenges

### c) Stormwater infrastructure: kilometres

The table below shows the total kilometres of stormwater infrastructure maintained, upgraded and the kilometres of new stormwater pipes installed:

Stormwater infrastructure: Kilometres				
Financial year	Total stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2017/18	master plan outdated	0	0	15.74
2018/19	master plan outdated	0	0	15.74

Table 102: Stormwater infrastructure

### d) Cost of stormwater infrastructure

The table below indicates the amount of money spent on stormwater maintenance:

Financial year	Stormwater measures		
	New R'000	Upgraded R'000	Maintained R'000
2017/18	Part of new road construction and roads and stormwater maintenance budget	0	Part of Roads
2018/19	Part of new road construction and roads and stormwater maintenance budget	0	Part of Roads

Table 103: Cost of construction/maintenance of stormwater systems

## 3.5 Component C: Planning and LED

### 3.5.1 Planning and building control

Due to the growing beneficiary list for subsidised housing, planning for residential areas to accommodate IRDP and GAP housing, was performed by a turnkey contractor. The aforementioned planning was done in conjunction with the officials of the Municipality.

2018/19

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### a) Service statistics: Planning and Building Control

The table below indicates the performance statistics for planning and building control:

Type of service	2017/18	2018/19
Building plans application processed	112	125
Total surface (m <sup>2</sup> )	7 074	7000
Approximate value (Rand)	21 222 245	21 000 770
Residential extensions	103	122
Land use applications processed	7	16
Rural applications	0	0

Table 104: Service statistics: Planning and building control

### b) Employees: Planning and Building Control

The table below indicates the number of staff employed within the unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
Number					
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	2	4	2	2	50
Semi-skilled	5	6	4	1	16.67
Unskilled	1	1	1	0	0
<b>Total</b>	<b>8</b>	<b>11</b>	<b>7</b>	<b>3</b>	<b>27.27</b>

Table 105: Employees: Planning and building control

### c) Capital expenditure: Town planning

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
769 Machinery and Equipment Engineering Services Director	200 000	50 000	0
<b>Total</b>	<b>200 000</b>	<b>50 000</b>	<b>0</b>

Table 106: Capital expenditure: Town planning

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## 3.5.2 Local Economic Development (including market places)

### a) Introduction to LED

Local economic development (LED) strategies form a key part of a municipality's IDP. However, the Beaufort West Municipality expressed to the South African Local Government Association (SALGA) that the LED strategy for Beaufort West is not up to date with the current trends. Given the latter, SALGA provided guidelines for LED strategy development to the Municipality and hosted a workshop with all the municipalities in the Central Karoo to advise them on a step-by-step process for reviewing their strategies. This session took place in the first quarter of the 2018/19 financial year.

The review/development of the LED strategy shall address the issues as raised during the mini Participatory Appraisal of Competitive

Advantage (PACA) process in 2014 and the PACA process in 2012 and shall align the economic strategies with the Provincial Growth strategy and the economic strategy of Central Karoo District (CKD).

Whereas the Municipality currently does not have a dedicated LED official and needs to review the LED strategy, the Municipality is currently involved in some intersectoral job creation opportunities including the EPWP programme and the Community Work Programme (CWP). The CWP provided more than 1 200 temporary jobs in the 2018/19 financial year.

The Beaufort West Municipality's first LED workshop was held on the 10 December 2018 as a first phase of the process to adopt the new LED strategy.

An SMME development roadshow was also organised in collaboration with the National Department: Economic Development which took place on 8 March 2019 in order to further discuss small to medium macro enterprises (SMME) development in an effort to unlock local economic opportunities, both for the youth and the existing SMME's as well as for those aspiring to register a business. Part of the commitments made by the Department was the following:

- ongoing support;
- a dedicated official from the Department to work with the Municipality;
- support with the development of a new LED Strategy; and
- support with the establishment of a LED Forum for Beaufort West.

In 2016, the community services sector was the largest within Beaufort West Local Municipality, accounting for R 673 million or 28.5% of the total gross value added (GVA) in the local municipality's economy. The sector that contributes the second most to the GVA of the Municipality is the transport sector at 18.2%, followed by the trade sector with 15.7%. The sector that contributes the least to the economy of the Municipality is the mining sector with a contribution of R 300 000 or 0.01% of the total GVA.

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### b) Highlights: LED

The table below indicates the highlights of the financial year:

Highlight	Description
Development forum established	The Beaufort West Development Forum has been established during the month of July 2018 after a very thorough inclusive process
The Nelspoort Small Farmers Merino Cooperative established	The Coopertive was established to manage the farm Klipkraal where they will farm with merinos and the community is a beneficiary of the project
Small town regeneration summit	An integrated summit took place that looked at initiatives to address local economic development challenges in the Karoo towns in order to find common approaches
SMME roadshow	The Department of Economic Development held an SMME roadshow on 8 March 2019 with the objective to unlock LED opportunities for the youth

Table 107: LED highlights

### c) Challenges: LED

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Drought in Beaufort West causes economic decline, particularly in the agriculture sector	Drilling of more boreholes a necessity
Pick n Pay closed doors due to loss in profit	Discussions with other companies like OK, Shoprite and Checkers to open a shop in the Beaufort West Mall to recover the job losses

Table 108: LED challenges

### 3.5.2 Tourism

#### d) Introduction to Tourism

The primary purpose of the Tourism office is to actively introduce and market the tourism experiences and services of the town and the surrounding areas (smaller towns) within its frontier, throughout the Western Cape, the country as a whole and in foreign countries, where possible.

It is important to coordinate the marketing actions of local government, private sector and other institutions within the area, to optimally utilise the tourism potential. At the same time it is important to continually expand new tourism experiences and enhance current activities and experiences.

Tourism directly employs 382 full time positions and 60 casual employees in the town of Beaufort West alone. This does not include the knock-on effect from tourism suppliers and related industries, nor the surrounding small towns and farm stays.

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### b) Highlights: Tourism

Highlight	Description
Welcoming campaign	An annual event that aims at welcoming tourists in our town, also aimed at making them aware of tourist attractions in our region (1 500 welcome packs distributed)
N12 treasure route	The establishment of the N12 route seeks to integrate all aspects of tourism to benefit both established and upcoming tourism service providers along the route
Tourism plan challenge	Beaufort West Tourism attended the Tourism Plan Challenge in Cape Town on the 24 October & 27 November 2018. The workshop dealt with developing a tourism plan. The challenge which each participant was given was to develop a draft tourism plan for their area. On the 9 <sup>th</sup> of April 2019 it was announced by the National Department of Tourism that Beaufort West Tourism was one of 2 winners countrywide
World Tourism Market (WTM) Africa 2019	Successfully attended WTM Africa
Great Karoo Outdoor Cook Off	This event is held every September. It is a popular family friendly outdoor cooking competition

Table 109: Tourism highlights

### c) Challenges: Tourism

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Lack of transformation initiatives	The Municipality must assist local tourism offices with transformation initiatives/projects
Tourism development in several of the small towns which fall under the jurisdiction of the Municipality	The Municipality needs to budget for and actively build tourism in the smaller towns, such as Murraysburg, Merweville, Nelspoort, etc
Insufficient budget allocation	Apply for funding

Table 110: Tourism challenges

### d) Tourism initiatives

Initiative	Proposals
Tourism transformation	Integrated tourism routes, tourism conservancy adjacent to park, Beaufort West Empowerment Through Tourism (BWETT), upgrading of arts and crafts centre to serve as a hub for township tourism
Cycle tourism	Development of self-guided cycle routes throughout the area, linking smaller towns. Cycling is a proven tourism catalyst and builds new tourism initiatives
Self-drive routes	Development of self-drive routes throughout the area, linking the smaller towns in the area and highlighting the rich culture and heritage of our wonderful region. With small budgets these can be created

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Initiative	Proposals
Astro tourism	The area has excellent opportunities for astro tourism. Funding for training and development of astro tourism should be allocated
Dine with a local	This is an initiative that has a proven success in both Stellenbosch and George. Have 4 cultural food experiences showcasing Beaufort West's diverse cultural heritage by having group visitors enjoy a meal with a local.
Nelspoort rock engravings complex	Nelspoort has an incredible array of rock engravings on a farm belonging to Beaufort West Municipality. It is suggested that a small part of this farm should be set aside so that these engravings can be showcased in an appropriate manner, thus creating a tourism experience which would benefit the local community of Nelspoort.

Table 111: Tourism initiatives

### 3.6 Component D: Community and Social Services

#### 3.6.1 Libraries

##### a) Highlights: Libraries

The table below indicates the highlights of the financial year:

Highlight	Description
Extension of hours at Nelspoort library	From 1 August 2018 Nelspoort library opening hours has been extended from 10:00- 17: 00 to 10:00 - 18:00 and the library is now also open on Saturdays from 08:00 - 12:00
Book club formation at Church Street library	Church Street library and Hespros old age home formed a book club. The book club aims to uplift the spirit of reading amongst youth. Book clubs assist the library with storytelling and assist school children with reading exercises. This project is on-going
Reading club formation at Mimosa library	Mimosa library, in collaboration with retired schoolteachers and principals, formed a reading club. The purpose of the reading club is to assist school children who has reading difficulties. This reading club visits all schools and ask the schools to identify children who are struggling to read. After the children are identified, they are sent to the library every Tuesday afternoon, so that the reading club members can assist them. Some of the children are now able to read books on their own. This project is on-going
Mandela Day Festival	Nelspoort library organised a fun-run with a local primary school, where the Mayor was invited to hand over medals to the winners. Some libraries had different programmes in their communities. Some served soup and others donated clothes to the poor
Chess club at Church library	Church Street library received chess sets from the Minister of Cultural Affairs and Sport. After receiving the chess games, the library never looked back and they started to form a chess club. After school, the youth spend most of the time playing chess, competing against each other



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Highlight	Description
Mzansi online computers at Church Street library	The library received 14 additional internet computers with computer games from the Provincial Library Services. These computers were donated by the Bill Gates and Melinda Gates Foundation to Province and the Provincial Library Services identified Church Street library as one of the recipients of these computers. These computers are there to make sure that the public have access to the internet

Table 112: Libraries highlights

### b) Challenges: Libraries

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Non return of library material resulted in many library material declared lost and as a result other lenders are denied access to use that material	Libraries are on track to educate users so that they can develop a culture of returning library material back to the library. Library staff are also busy collecting all the non-return material from various households
The network at Mimosa Library is not working regularly. This problem has been reported to the Provincial Library Service	The Provincial Library Services promise to refresh all the internet computers at Mimosa library in the next financial year

Table 113: Libraries challenges

### c) Service statistics for libraries

The table below indicates the service statistics for library services:

Type of service	2017/18	2018/19
Library members	325 120	422 311
Books circulated	252 620	105 161
Exhibitions held	160	192
Internet users	95 000	142 000
New library service points or wheelie wagons	0	0
Visits by school groups	92	123

Table 114: Service statistics for libraries

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### d) Employees: Libraries

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, superintendents, etc.	2	2	2	0	0
Semi-skilled	18	19	18	1	5.26
Unskilled	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>22</b>	<b>21</b>	<b>2</b>	<b>9.09</b>

Table 115: Employees: Libraries

### e) Capital expenditure: Libraries

The table below indicates the capital expenditure incurred:

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
Furniture and Office Equipment	0	97 270	64 933
<b>Total</b>	<b>0</b>	<b>97 270</b>	<b>64 933</b>

Table 116: Capital expenditure: Libraries

### 3.6.2 Cemeteries

#### a) Introduction to Cemeteries

Currently, there are enough burial grounds in all the towns under the jurisdiction of the Municipality, but new cemeteries will have to be developed in the 2018/19 financial year.

#### a) Challenges: Cemeteries

Vandalism of graves and tombstones is a big concern for the Municipality at the cemeteries and requires the security controls to be upgraded.

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## 3.7 Component E: Security and safety

### 3.7.1 Traffic Services and Law Enforcement Services

#### a) Introduction to Traffic and Law Enforcement Services

Traffic Services is a sub directorate of the Department of Community Services. The office performs the following functions:

- Traffic Law Enforcement
- Vehicle Registration
- Vehicle Testing
- Driving Licenses
- Court functions of which we have our own court staff and prosecutor

Service is rendered in the towns of Beaufort West, Nelspoort, Merweville and Murraysburg.

#### b) Highlights: Traffic and Law Enforcement Services

The following table indicate the highlight of the financial year:

Highlight	Description
Opening of Murraysburg driving licence testing centre (DLTC)	Murraysburg DLTC opened and staff has been appointed to conduct learner licence applications and issuing thereof and driving licence card renewal applications

*Table 117: Traffic services and law enforcement highlight*

#### b) Challenges: Traffic Services and Law Enforcement

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Absenteeism	Apply disciplinary action
Unethical conduct	
Inconsistent application of Disciplinary Code	Disciplinary code must be applied consistently and fairly

*Table 118: Traffic and Law Enforcement Services challenges*

#### c) Service statistics for Traffic and Law Enforcement Services

The table below indicates performance statistics for Traffic and Law Enforcement Services:

Details	2017/18	2018/19
Motor vehicle licenses processed	12 074	11 704
Learner driver licenses processed	479	491
Driver licenses processed	550	522
Driver licenses issued	0	1 714
Fines issued for traffic offenses	1 735	201
R-value of fines collected	44 551	306 500
Roadblocks held	1 323 630	6

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Details	2017/18	2018/19
Complaints attended to by Traffic Officers	0	0
Awareness initiatives on public safety	0	0

Table 119: Service statistics for Traffic and Law Enforcement Services

### d) Employees: Traffic Services and Law Enforcement

The table below indicates the number of staff employed within the Unit:

Occupational Level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
		Number			
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, superintendents, etc.	10	18	18	0	0
Semi-skilled	9	11	11	0	0
Unskilled	2	2	2	0	0
<b>Total</b>	<b>22</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>0</b>

Table 120: Employees: Traffic and Law Enforcement Services

### e) Capital expenditure: Traffic and Law Enforcement

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
769 Machinery and Equipment Engineering Services Director	200 000	50 000	0
<b>Total</b>	<b>200 000</b>	<b>50 000</b>	<b>0</b>

Table 121: Capital expenditure: Traffic and Law Enforcement

## 3.7.2 Fire and Disaster Management Services

### a) Challenges: Fire and Disaster Management Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Outdated Personal Protective Equipment (PPE) and old building with open premises	Purchase proper PPE and renovate building with fencing
Poor quality uniform and no furniture in building	Apply for funding for new uniforms and furniture for daily use

Table 122: Fire and Disaster Management Services challenges

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### b) Service statistics for Fire and Disaster Management Services

The table below indicates performance statistics of fire services and disaster management services:

Details	2017/18	2018/19
Operational call-outs	48	154
Reservists and volunteers trained	0	4
Awareness initiatives on fire safety	8	7

Table 123: Service statistics for Fire and Disaster Management Services

### d) Employees: Fire and Disaster Management Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	5	5	5	1	20
Semi-skilled	9	11	10	1	9.09
Unskilled	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>16</b>	<b>15</b>	<b>2</b>	<b>12.50</b>

Table 124: Employees: Fire and Disaster Management Services

## 3.8 Component F: Sport and recreation

### 3.8.1 Sport and Recreation

The community loves their sport, but the main challenge is to raise enough funds to develop the different sport fields as only 15% of the Municipal Infrastructure Grant (MIG) funds are available for this purpose.

The MIG) allocation for 2018/19 was earmarked for the upgrade of Kwa-Mandlenkosi Sports Ground and the Beaufort West Rugby Field.

All sport and recreation areas are mowed and irrigated on a regular basis.

#### a) Highlights: Sport and recreation

The following table indicate the highlight of the financial year:

Highlight	Description
Upgrade of Beaufort West Sport Grounds	Upgraded the existing pavilion

Table 125: Sport and recreation highlight

#### b) Challenges: Sport and recreation

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Vandalism and theft is a big concern for the Municipality at the sport and recreation facilities. The Municipality will try to invest in upgrading security controls at each of these facilities.

### c) Service statistics for sport and recreation

The table below indicates performance statistics of sport and recreation services:

Type of service	2017/18	2018/19
<b>Community parks</b>		
Number of parks with play park equipment	8	8
Number of wards with community parks	7	7
<b>Swimming pools</b>		
Number of visitors per annum	0	0
R-value collected from entrance fees	0	0
<b>Sport fields</b>		
Number of wards with sport fields	7	7
<b>Sport halls</b>		
Number of wards with sport halls	7	7
Number of sport associations utilizing sport halls	5	5

Table 126: Service statistics for sport and recreation

### d) Employees: Sport and recreation

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
		Number			
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	0	0	0	0
Skilled technically, superintendents, etc.	1	1	1	0	0
Semi-skilled	18	18	16	3	16.67
Unskilled	19	22	22	0	0
<b>Total</b>	<b>39</b>	<b>41</b>	<b>39</b>	<b>3</b>	<b>7.32</b>

Table 127: Employees: Sport and recreation

### e) Capital expenditure: Sport and recreation

The table below indicates the capital expenditure incurred:

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Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
1038 Nelspoort : Upgrade Sport Stadium	500 000	0	0
788 Beaufort West Sports Stadium : Upgrade Rugby Field	902 000	1 150 315	796 276
811 Beaufort West: Voortrekker Street Sports Fields - Upgrade Tennis Courts	635 543	719 043	749 840
866 Rustdene : Upgrade Existing Regional Sport Stadium Ph2	135 865	0	0
929 Kwa-Mandlenkosi : Upgrade Sports Stadium	635 543	635 543	531 413
<b>Total</b>	<b>2 808 951</b>	<b>2 504 901</b>	<b>2 077 529</b>

Table 128: Capital expenditure: Sport and recreation

### 3.9 Component G: Corporate Policy Offices and Other Services

#### 3.9.1 Corporate Services

##### a) Introduction to Corporate Services

The purpose of the Corporate Service Department is to provide corporate support to the institution. Corporate Services support the efficient organizational and administrative processes of the Municipality and includes the following functions:

- provide legal and administrative support
- render HR management and support services to the Municipality that will sustain optimal utilization of municipal human capital
- coordinate and provide functional and administrative support to the political office bearers
- provide library information services to the community
- coordinate administrative processes and activities pertaining to the Thusong Centres
- provides ICT support to the Municipality

##### a) Highlights: Corporate Services

The following table indicate the highlight of the financial year:

Highlight	Description
Approval of the organisational structure	Council approved the organisational structure during the financial year
Construction of skills development centre	A skills centre was constructed to assist with apprenticeship and provide practical work to learners

Table 129: Corporate Services highlight

##### b) Challenges: Corporate Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
The vacant position of ICT manager	Budget for post
Minute capturing of council meetings	Training and capacity building of relevant personnel

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Description	Actions to address
Limited office space	Municipality needs to consider a one-stop centre to accommodate all departments

Table 130: Corporate Services challenges

### d) Employees: Corporate Services

The following tables represents the number of employees in administration, Council support, Thusong Service Centre and Municipal Management Services:

Occupational level	2017/18	2018/19			Vacancies (as a % of total budgeted posts)
		Budgeted posts	Employees	Vacancies	
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technically, superintendents etc	1	1	1	0	0
Semi-skilled	6	7	7	0	0
Unskilled	1	1	1	0	0
<b>Total</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>0</b>

Table 131: Employees: Administration

Occupational level	2017/18	2018/19			Vacancies (as a % of total budgeted posts)
		Budgeted posts	Employees	Vacancies	
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technically, superintendents etc	2	2	2	0	0
Semi-skilled	7	10	6	4	40
Unskilled	1	1	1	0	0
<b>Total</b>	<b>10</b>	<b>13</b>	<b>9</b>	<b>4</b>	<b>30.77</b>

Table 132: Employees: Councillor Support and Thusong Service Centres

Occupational level	2017/18	2018/19			Vacancies (as a % of total budgeted posts)
		Budgeted posts	Employees	Vacancies	
	Number				
Top management	1	1	1	0	0
Senior management	3	5	3	2	40

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Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Middle management and professionals	1	1	1	0	0
Skilled technically, superintendents etc	4	4	4	0	0
Semi-skilled	0	0	0	0	0
Unskilled	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>11</b>	<b>9</b>	<b>2</b>	<b>18.18</b>

Table 133: Employees: Municipal Management Services

### e) Capital expenditure: Corporate Services

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
651 Machinery and Equipment Corporate Services Administration	200 000	30 000	28 710
896 Furniture and Office Equipment Corporate Services Administration	50 000	20 000	8 356
<b>Total</b>	<b>250 000</b>	<b>50 000</b>	<b>37 066</b>

Table 134: Capital expenditure: Corporate Services

### 3.9.2 Financial Services

#### a) Challenges: Financial Services

The following table indicates the challenges faced during the financial year:

Description	Actions to address
Municipal Standard Chart of Accounts (mSCOA)	Implement mSCOA on 1 July 2019
Cashflow constraints	Improve financial management and controls. Stricter credit control measures

Table 135: Financial Services challenges

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### b) Debt recovery statistics

The table below indicates the debt recovery statistics for the financial year:

Details of the types of account raised and recovered	2017/18			2018/19			2019/20		
	Billed In Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected
	R'000		%	R'000		%	R'000		%
Property Rates	32 892	26 323	80	47 370	36 239	77	38 952	38 952	100
Electricity	42 908	42 602	99	65 740	59 907	91	82 928	82 928	100
Water	24 656	13 039	53	31 065	20 234	65	20 167	20 167	100
Sanitation	14 756	11 088	75	19 440	15 565	80	16 758	16 758	100
Refuse	7 535	4 911	65	9 254	7 997	86	9 660	9 660	100

Table 136: Debt recovery

### c) Employees: Financial Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	2	2	0	0
Skilled technically, superintendents etc	7	8	5	3	37.50
Semi-skilled	27	33	27	7	21.21
Unskilled	2	2	2	0	0
<b>Total</b>	<b>36</b>	<b>45</b>	<b>36</b>	<b>10</b>	<b>22.22</b>

Table 137: Employees: Financial Services

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### d) Capital expenditure: Financial Services

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
605 Furniture and Office Equipment Financial Administration	200 000	150 000	30 050
<b>Total</b>	<b>200 000</b>	<b>150 000</b>	<b>30 050</b>

Table 138: Capital expenditure: Financial services

### 3.9.3 HR

#### a) Highlights: HR

The following table indicates the highlights of the financial year:

Highlight	Description
53 vacancies filled during the financial year	15 vacancies filled between July and December 2018. 38 vacancies filled between January and June 2019
Approved organogram	Organogram was finally approved on 16 August 2018
Appointment of Director: Community Services and Director: Infrastructure Services	Director: Community Services started 1 June 2019 and Director: Infrastructure Services will start on 1 July 2019

Table 139: HR highlights

#### b) Challenges: HR

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Occupational Health & Safety (OHS) Officer	Appointments were finalised and incumbents will start on 1 July 2019
Skills Development Facilitator (SDF)	
Industrial Relations Officer (IRO)	The vacancy must be filled by 31 August 2019. The Municipality appointed a consultant until 30 September 2019 to mentor the candidate appointed as IRO
Leave & Employee Benefits Clerk	Appointment was finalised and incumbent will start on 1 July 2019
The day-to-day filing of employee related documents and correspondence, staff files and the open and closing of staff files for archive purposes	Appoint a clerk that will be responsible for filing, online registration/capturing of UI-19 forms and IOD's as well capturing of data of applications received, update of project employees' leave, assist with EPWP workers' contracts and to assist the OHS Officer & SDF with agendas & correspondence
The registration of employee's Unemployment Insurance Fund (UIF) on the Department of Labour online system and capturing of injuries on duty (IOD)'s & UI-19 forms	
Assistance to OHS Officer & SDF	
Due to lack of office space and equipment, Interns/Students did not receive quality training	Only if the necessary equipment such as laptops or furniture and office space are available, this issue can be addressed
Review of HR policies	The South African Local Government Authority (SALGA) agreed to arrange training/workshops for HR policies not yet approved
Constant employment of temporary staff longer than 3 months due to interference advertised positions cannot be filled timeously within 3 months.	BWM must avoid employing staff on a temporary basis i.e. month-to-month employment. Fixed terms contracts in

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Description	Actions to address
	terms of Section 198B for specific reasons should be terminated automatically
Employment Equity (EE) Committee	The SDF to revive committee and next 3/5 year plan be compiled and approved
OHS	The appointed OHS Officer to revive committee, appointment of representatives and training, assessments, etc
Attending training/workshops/etc.	Due to only two people currently employed in HR it is problematic if both employees have to attend training/workshops at the same time

Table 140: HR challenges

### c) Employees: HR Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technically, superintendents etc	0	0		0	0
Semi-skilled	1	1	1	0	0
Unskilled	0	0		0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

Table 141: Employees: HR

### 3.9.4 Information and Communication Technology (ICT) Services

#### a) Introduction to ICT services

The ICT services of the Municipality is outsourced to an external servicer provider.

#### b) Highlights: ICT services

The following table indicates the highlights of the financial year:

Highlight	Description
Internal fiber network	In order to address the challenges regarding limitation on the 5Ghz free range spectrum limiting communication over the wireless network, Beaufort West Municipality succeeded to install its own fiber network over a distance of 4 km linking the four main buildings of the municipality and the disaster recovery site.
Cooperation agreement	As a result of the installation of fiber infrastructure the municipality reached an agreement with a local private

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Highlight	Description
	communications service provider to share infrastructure with the benefit to the municipality to obtain fiber internet connectivity and with the benefit to the private service provider to obtain a fiber backbone thus enabling the municipality to provide a better service to the local market thus promoting local economic development as a spin-off.
Fibre internet connectivity	The Municipality reached an agreement with a second Internet Service Provider (ISP) for providing a fibre internet link of 50mb at a more affordable cost than was paid to previous service providers whilst the Municipality provide an installation facility with 24/7 backup power to the ISP
Roof top communication tower	In order to further streamline the congestion on the 5Ghz free range spectrum, the Municipality constructed a roof top communication tower away from the existing high site as a third high site in order re-route data over the wireless network and to serve as failover for the fibre network
Network connectivity: SCM Office	Due to the relocation of the SCM Section to the Corporate Department main building, it became possible to link the aforementioned office to the mainframe server via the LAN, thus addressing the inefficacy in the FMS-system that caused certain processes to be slow over the network
Shared service ICT service provider	As a result of an agreement of cooperation in terms of which the Municipality and the Central Karoo District Municipality agreed to share ICT infrastructure, both municipalities jointly called for bids for a ICT service provider and appointed the same service provider with separate service level agreements, thus enabling both municipalities to share hardware and manage their ICT in a more effective and efficient manner with regards to governance requirements and financially

Table 142: ICT Services highlights

### c) Challenges: ICT services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
ICT operation vs ICT governance	The AG places a high emphasis on ICT governance matters and requirements. With the limited resources and capacity available to the Municipality, an ongoing challenge exists to comply with the day to day operational requirements which is crucial for service delivery versus governance requirements that does not have a direct negative impact on day to day service delivery, resulting thereto that not all the governance requirements are met to the standard of the Auditor General ultimately resulting in audit findings on governance issues, but overlooking the high standard maintained on operations in order to enable the municipality to deliver basic services and so fulfilling its Constitutional mandate
Limited funding	Limited funding allocated for capital expenditure remains a constant challenge and makes it almost impossible to replace aging hardware and to keep up with the ever-growing development of technology

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Description	Actions to address
Wireless free range spectrum	The 5Ghz free range spectrum in Beaufort West, used by the municipality is currently over utilized due to private wireless service providers using the same frequency range. The municipality's wireless network is being used for communication in order to provide in basic service delivery and constant signal interference from private service providers are encountered. Due to the vast extent of the municipality's wireless network and budget restraints the municipality cannot afford the cost of licensed spectrum and the associated cost of upgrading the routers to communicate on a dedicated frequency

Table 143: ICT Services challenges

### d) Capital expenditure: ICT Services

Capital projects	2018/19		
	Budget	Adjustment budget	Actual expenditure
793 Computer Equipment	200 000	374 000	279 788
<b>Total</b>	<b>200 000</b>	<b>374 000</b>	<b>279 788</b>

Table 144: Capital expenditure: ICT services

### 3.9.5 Procurement Services

#### a) Service statistics for Procurement Services

The following table indicates the performance statistics of Procurement Services:

Description	Total No.	Monthly average	Daily average
Requests processed	2 604	87	8
Orders processed	2 574	86	8
Requests cancelled or referred back	4	1	0
Extensions	5	1	1
Bids received (number of documents)	128	4	1
Bids awarded	13	1	1
Bids awarded below R200 000	8	1	1
Appeals registered	1	0	0
Successful appeals	0	0	0

Table 145: Service statistics for Procurement Services

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### d) Details of deviations for Procurement Services

The following table indicates the detail of deviations incurred during the financial year:

Type of deviation	Number of deviations	Percentage of total deviations number	Value of deviations R	Percentage of total deviations value
Emergency	8	4.94	71 514.40	2.60
Sole supplier	3	1.85	39 488.95	1.44
Acquisition of special works of art or historical objects where specifications are difficult to compile	0	0	0	0
Any other exceptional case where it is impossible or impractical to follow the official procurement process	23	14.20	1 066 037.77	38.75
Any contract with an organ of state, a local authority or a public utility corporation or company	8	4.94	89 033.00	3.24
Any contract relating to the publication of notice and advertisements by the municipality	18	11.11	409 949.03	14.90
The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount	35	21.60	575 273.92	20.91
Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.	67	41.36	499 435.97	18.16

Table 146: Statistics of deviations: Procurement Services

### 3.9.6 Municipal Buildings

#### a) Introduction to Municipal Buildings

Maintenance on municipal buildings are done on an ad hoc basis due to financial constraints.

#### a) Highlights: Municipal Buildings

The following table indicates the highlights of the financial year:

Highlight	Description
Upgrade of Kwa Mandlenkosi Sportsgrounds	Built new ablution facilities
Upgrade of rugby field	Upgraded the pavilion
Upgrade of tennis courts	Upgraded 5 tennis courts
Upgrade Thusong Centre (Home Affairs Offices)	Replaced asbestos roof sheets and rainwater goods

Table 147: Municipal buildings highlights

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### b) Challenges: Municipal buildings

The table below indicate the challenge faced during the financial year:

Description	Actions to address
Vandalism	Better security, fencing etc.
Shortage of staff	Appoint an indigent household complaints team, resulting in current team focusing on assigned duties
Funding	Allocate more funds

Table 148: Municipal buildings challenge

### d) Cost of maintenance of Municipal Buildings

The table below shows the costs involved for the maintenance of buildings within the municipal area:

Maintenance details	2017/18	2018/19
Municipal	R496 130	R519 500
<b>Total</b>	<b>R496 130</b>	<b>R519 5000</b>

Table 149: Cost of maintenance of municipal buildings

### e) Employees: Municipal Buildings

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technically, superintendents, etc.	1	1	1	0	0
Semi-skilled	5	7	4	3	42.86
Unskilled	8	9	8	1	11.11
<b>Total</b>	<b>14</b>	<b>17</b>	<b>13</b>	<b>4</b>	<b>23.53</b>

Table 150: Employees: Municipal building

### 3.9.7 Fleet Management Services

#### a) Introduction to Fleet Management Services

##### i) The goal:

Provide a safe, reliable and cost effective fleet to different departments in a manner that the service to the community can be delivered in a timely manner.

The fleet consist of 80 vehicles, including:

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- Motor vehicles;
- Light duty vehicles;
- Trucks and tractors;
- Earth moving vehicle; and
- Compressors and small plants

### ii) Objective:

To achieve the aim of our Municipality's Fleet Management Plan, key objectives for fleet services have been set as follow:

- Maintain fleet costs effectively and in a timely manner
- Put internal control methods in place to prevent fraud and fruitless expenditures
- Implementing policies formulated by Council to delivered a efficient service to the community
- Share values, norms and expectations
- Provide a safe and reliable fleet by keeping fleet in a roadworthy condition
- Implementing replacement policies ensuring vehicles are always road and service ready
- Building team support, trust, cooperation and evaluate performance of all employees
- Keep a thorough record of statistics of vehicle history, logs, petrol usage, vehicles issued and availability
- Set up reports that is transparent and accessible to responsible people

The functions of the Fleet Management Section are as follow:

- Vehicle maintenance and repairs
- Driver management
- Vehicle financing
- Fuel management
- Monthly, quarterly and annually reports
- Licensing and road worthiness of fleet vehicles

### b) Employees: Fleet Management

The table below indicates the number of staff employed within the Unit:

Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	2	3	2	1	33.33
Semi-skilled	4	4	4	0	0

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Occupational level	2017/18	2018/19			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Unskilled	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>14.29</b>

Table 151: Employees: Fleet Management

### 3.10 Component H: Service Delivery Priorities for 2019/20

The main development and service delivery priorities for 2019/20 forms part of the Municipality's Top Layer SDBIP for 2019/20 and are indicated in the tables below:

#### 3.10.1 Ensure liquidity of the administration

Ref	KPI	Unit of measurement	Wards	Annual target
TL11	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2020 [(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Re	Debt to Revenue as at 30 June 2020	All	45%
TL12	Financial viability measured in terms of the outstanding service debtors as at 30 June 2020 [(Total outstanding service debtors / revenue received for services) x 100]	Service debtors to revenue as at 30 June 2020	All	35%
TL13	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2020 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excl	Cost coverage as at 30 June 2020	All	1
TL14	Achieve an payment percentage of 90% by 30 June 2020 [(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100]	Payment % achieved by 30 June 2020	All	90%

Table 152: Service delivery priority for 2018/19: Ensure liquidity of the administration

#### 3.10.2 Establishment of a well governed and accountable administration

Ref	KPI	Unit of measurement	Wards	Annual target
TL17	Compile an "Impounding of animals" by-law and submit draft to Council by 30 June 2020	Draft By-law submitted to Council by 30 June 2020	All	1
TL31	Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people appointed in the three highest levels of management	All	1
TL32	0.10% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2020	% of the municipality's personnel budget spent on implementing its workplace skills plan	All	0.10%

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Ref	KPI	Unit of measurement	Wards	Annual target
	((Actual amount spent on training/total personnel budget)x100)			
TL34	Compile the Risk based audit plan for 2020/21 and submit to Audit committee for consideration by 30 June 2020	Risk based audit plan submitted to Audit committee by 30 June 2020	All	1
TL35	70% of the Risk based audit plan for 2019/20 implemented by 30 June 2020 [(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP )x100]	% of the Risk Based Audit Plan implemented by 30 June 2020	All	70%
TL43	85% of the refuse removal maintenance budget spent by 30 June 2020 [(Actual expenditure on maintenance budget divided by the total approved maintenance budget)x100]	% of budget spent by 30 June 2020	All	85%

Table 153: Service delivery priority for 2018/19: Establishment of a well governed and accountable administration

### 3.10.3 Provide for the needs of indigent households through improved services

Ref	KPI	Unit of measurement	Wards	Annual target
TL5	Provide free basic water to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2020	Number of indigent households receiving free basic water as at 30 June 2020	All	6 153
TL6	Provide free basic electricity to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2020	Number of indigent households receiving free basic electricity as at 30 June 2020	All	5 094
TL7	Provide free basic sanitation to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2020	Number of indigent households receiving free basic sanitation as at 30 June 2020	All	5 953
TL8	Provide free basic refuse removal to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2020	Number of indigent households receiving free basic refuse removal as at 30 June 2020	All	2 480

Table 154: Service delivery priority for 2018/19: Provide for the needs of indigent households through improved services

### 3.10.4 Provision of basic services to all the people in the municipal area

Ref	KPI	Unit of measurement	Wards	Annual target
TL1	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre paid meters as at 30 June 2020	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2020	All	13 500
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2020	All	12 462

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Ref	KPI	Unit of measurement	Wards	Annual target
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2020	Number of residential properties which are billed for sewerage as at 30 June 2020	All	11 870
TL4	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2020	Number of residential properties which are billed for refuse removal as at 30 June 2020	All	11 346
TL21	85% of the approved project budget spent on the upgrading of cemeteries in Beaufort West, Nelspoort, Murraysburg and Merweville by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	1; 2; 7	85%
TL22	85% of the approved project budget spent on upgrading the sports stadium in Kwa-Mandlenkosi by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	4; 5	85%
TL23	85% of the approved project budget spent on upgrading the existing regional sport stadium (phase 2) in Rustdene by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	5; 6	85%

Table 155: Service delivery priority for 2018/19: Provision of basic services to all the people in the municipal area

### 3.10.5 Sustainability of the environment

Ref	KPI	Unit of measurement	Wards	Annual target
TL15	Limit unaccounted for water quarterly to less than 25% during 2019/20 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl free basic water) / Number of Kilolitres Water Purchased or Purified x 100]	% unaccounted water	All	25%
TL16	95% of water samples in the Beaufort West jurisdiction area comply with SANS241 micro biological indicators	% of water samples compliant to SANS 241	All	95%
TL18	Submit a proposal to the Department of Environmental Affairs and Development Planning (DEADP) by 30 June 2020 to obtain funding for the compilation of an Air Quality Management Plan	Proposal submitted to DEADP by 30 June 2020	All	1
TL19	Review the Integrated Waste Management Plan and submit to Council by 30 June 2020	Plan reviewed and submitted to Council by 30 June 2020	All	1
TL37	Limit unaccounted for electricity to less than 12% quarterly during the 2019/20 financial year {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchas	% unaccounted electricity	All	12%

Table 156: Service delivery priority for 2018/19: Sustainability of the environment

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### 3.10.6 To enable education and skills development to equip people with economic skills

Ref	KPI	Unit of measurement	Wards	Annual target
TL20	85% of the approved project budget spent on the upgrading of Kwa-Mandlenkosi Library by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	4; 5	85%
TL33	Spend 100% of the library grant by 30 June 2020 (Actual expenditure divided by the total grant received)	% of grant spent by 30 June 2020	All	100%

Table 157: Service delivery priority for 2018/19: To enable education and skills development to equip people with economic skills

### 3.10.7 To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development

Ref	KPI	Unit of measurement	Wards	Annual target
TL10	Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2020	Number of temporary jobs opportunities created by 30 June 2020	All	40
TL36	Review the LED strategy and submit to Council by 30 June 2020	Revised LED strategy submitted to Council by 30 June 2020	All	1

Table 158: Service delivery priority for 2018/19: To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development

### 3.10.7 To improve and maintain current basic service delivery through specific infrastructural development projects

Ref	KPI	Unit of measurement	Wards	Annual target
TL9	The percentage of the municipal capital budget spent by 30 June 2020 ( (Actual amount spent /Total amount budgeted for capital projects)x100)	% of capital budget spent by 30 June 2020	All	85%
TL24	85% of the approved project budget spent on upgrading of Nelspoort Sports ground by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	2	85%
TL25	85% of the approved project budget spent on upgrading Dliso Avenue & Matshaka Street in Kwa-Mandlenkosi by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	4; 5	85%
TL26	85% of the approved project budget spent on upgrading Freddie Max Crescent in Nelspoort by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	2	85%
TL27	85% of the approved project budget spent on upgrading James Smith/Michael de Villiers Avenue in Prince Valley by 30 June	% of budget spent by 30 June 2020	6	85%

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Ref	KPI	Unit of measurement	Wards	Annual target
	2020 [(Actual expenditure divided by the total approved project budget)x100]			
TL28	85% of the approved project budget spent on rehabilitating gravel roads in Rustdene, Kwa-Mandlenkosi & Hillside II by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	3; 4; 5; 6; 7	85%
TL29	85% of the approved project budget spent on upgrading Kamp Street in Merweville by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	7	85%
TL30	85% of the approved project budget spent on rehabilitating roads & stormwater in Murraysburg by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	1	85%
TL38	85% of the electricity maintenance budget spent by 30 June 2020 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of the electricity maintenance budget spent by 30 June 2020	All	85%
TL39	85% of the approved project budget spent on the electrification of 291 houses (S1 Phase 3) by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	All	85%
TL40	85% of the approved project budget spent on the extension of Beaufort West-Katjieskop sub-station (Phase 4) by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	All	85%
TL41	85% of the approved project budget spent on the Beaufort West main sub-station by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	All	85%
TL42	85% of the approved project budget spent on boreholes for the Beaufort West Municipal Area by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2020	All	85%
TL44	85% of the roads and stormwater assets maintenance budget spent by 30 June 2020 [(Actual expenditure on maintenance divided by the total approved budget for maintenance)x100]	% of budget spent by 30 June 2020	All	85%
TL45	85% of the sanitation assets maintenance budget spent by 30 June 2020 [(Actual expenditure on maintenance divided by the total approved budget for maintenance)x100]	% of budget spent by 30 June 2020	All	85%
TL46	85% of the parks and recreation maintenance budget spent by 30 June 2020 [(Actual expenditure on maintenance divided by the total approved budget for maintenance)x100]	% of budget spent by 30 June 2020	All	85%

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Ref	KPI	Unit of measurement	Wards	Annual target
TL47	85% of the water assets maintenance budget spent by 30 June 2020 [(Actual expenditure on maintenance divided by the total approved budget for maintenance)x100]	% of budget spent by 30 June 2020	All	85%

**Table 159: Service delivery priority for 2018/19: To improve and maintain current basic service delivery through specific infrastructural development projects**



# CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

## CHAPTER 4

### 4.1 National KPI - Municipal transformation and organisational development

The following table indicates the Municipality's performance in terms of the National KPI required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These KPI's are linked to the National KPA - Municipal transformation and organisational development.

KPA and Indicators	Municipal achievement	Municipal achievement
	2017/18	2018/19
Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	1	1
0.10% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2019 ((Actual amount spent on training/total personnel budget)x100)	0.07%	0.73%

Table 160: National KPIs- Municipal transformation and organisational development

### 4.2 Component A: Introduction to the municipal workforce

The Municipality currently employs **406** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of HR management is to render an innovative service that addresses both skills development and an administrative function.

#### 4.2.1 Employment equity

The Employment Equity Act (1998) Chapter 3, Section 15(1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The National KPA also refers to: "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"

##### a) Employment equity targets and actuals

African		Coloured		Indian		White	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
53	53	84	84	0	0	30	30

Table 161: 2018/19 Employment equity targets and actuals by racial classification

Males (including disability)		Females (including disability)	
Target	Actual	Target	Actual
5	5	5	1

Table 162: 2018/19 Employment equity targets and actuals by gender classification

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### b) Specific occupational categories - Race

The table below indicates the number of employees (excluding vacancies) by race within the specific occupational categories:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	1	0	0	0	0	0	0	1
Senior management	1	0	0	2	0	0	0	0	3
Professionally qualified and experienced specialists and mid- management	1	3	0	2	0	3	0	1	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	29	0	6	5	14	0	0	58
Semi-skilled and discretionary decision making	34	73	0	2	15	52	0	5	181
Unskilled and defined decision making	32	87	0	0	12	22	0	0	153
<b>Total permanent</b>	<b>72</b>	<b>193</b>	<b>0</b>	<b>12</b>	<b>32</b>	<b>91</b>	<b>0</b>	<b>6</b>	<b>406</b>

Table 163: Occupational categories

### 4.2.2 Vacancy rate

The approved organogram of the Municipality had 462 posts for the 2018/19 financial year. The actual positions filled are indicated in the tables below by post and by functional level. 56 posts were vacant at the end of 2018/19, resulting in a vacancy rate of 12.12%. The table below indicates a breakdown of vacancies within the Municipality:

Per post level		
Post level	Filled	Vacant
Municipal Manager and MSA Section 57 and 56 employees	4	2
Middle management (T14-T19)	10	1
Admin officers (T4-T13)	239	42
General workers (T3)	153	11
<b>Total</b>	<b>406</b>	<b>56</b>
Per functional level		
Functional area	Filled	Vacant
Municipal Manager	9	2
Corporate Services	42	6
Financial Services	36	10
Community Services	98	6
Engineering Services	175	21
Electro Technical Services	24	7
Murraysburg	22	4
<b>Total</b>	<b>406</b>	<b>56</b>

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Table 164: Vacancy rate per post and functional level

### 4.2.3 Staff turnover rate

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional knowledge. The staff turnover rate shows a decrease from 5.43% in 2017/18 to 4.43% in 2018/19.

Below is a table that shows the staff turnover rate within the Municipality:

Financial year	Appointments at the end of each Financial Year	New appointments	Terminations during the year	Turn-over Rate
2017/18	386	28	24	5.43%
2018/19	406	56	18	4.43%

Table 165: Staff turnover rate

## 4.3 Component B: Managing the municipal workforce

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

### 4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injuries will influence the loss of man hours and therefore financial and productivity performance. The number of injuries decreased from 38 for 2017/18 to 13 for the 2018/19 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2017/18	2018/19
Municipal Manager	1	0
Corporate Services	1	0
Financial Services	0	0
Community Services	9	5
Engineering Services	25	8
Electro Technical Services	2	0
<b>Total</b>	<b>38</b>	<b>13</b>

Table 166: Injuries

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### 4.3.2 Sick leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2018/19 financial year shows a decrease when compared with the 2017/18 financial year.

The table below indicates the total number of sick leave days taken within the different directorates:

Department	2017/18	2018/19
Municipal Manager	15	23
Corporate Services	403	408
Financial Services	554	454
Community Services	1 476	1 175
Engineering Services	1 768	1 768
Electro Technical Services	12	72
<b>Total</b>	<b>4 228</b>	<b>3 900</b>

Table 167: Sick Leave

### 4.3.3 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and still needs to be approved:

HR policies categories supplied to Municipality		
Category	Policy	Date
<b>Category A: Organisation management</b>		
A1	Organisational Management Policy	26 June 2017
A2	Individual Performance Management Policy	26 June 2017
A3	Telecoms and Cellular Phone Allowances Policy	26 June 2017
A4	Fixed Transport Allowances Policy	26 June 2017
A5	Essential Transport Allowances Policy	26 June 2017
A6	Removal Expenses Policy	26 June 2017
<b>Category B: HR provisioning and maintenance</b>		
B1	Recruitment and Selection Policy	29 January 2019
B2	Internal and Functional Transfers Policy	26 June 2017
B3	Remuneration Policy	26 June 2017
B4	Non-Pensionable Accommodation Allowances Policy	26 June 2017
B5	Working Hours Policy	26 June 2017

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HR policies categories supplied to Municipality		
Category	Policy	Date
B6	Termination of Services Policy	26 June 2017
B7	Leave of Absence Policy	26 June 2017
B8	HR Records Systems Policy	26 June 2017
B9	Official Vehicles and Fleet Management Policy	26 June 2017
B10	Gifts Policy	26 June 2017
B11	Office Ethics Policy	26 June 2017
B12	Acting Arrangements Policy	26 June 2017
B13	Private Work Policy	26 June 2017
B14	External Communication Policy	26 June 2017
B15	Confidentiality Policy	26 June 2017
B16	Legal Aid Policy	26 June 2017
Category C: Human Capital Development		
C1	Education, Training and Development Policy	26 June 2017
C2	Induction Policy	26 June 2017
C3	Mentoring and Coaching Policy	26 June 2017
C4	Employee Study Aid and Leave Policy	26 June 2017
C5	Succession Planning and Career Pathing Policy	29 January 2019
C6	MFMP Internship Policy	26 June 2017
C7	Learnership Policy	26 June 2017
C8	Experiential Training Policy	26 June 2017
C9	Employee Driving Licence Assistance Policy	26 June 2017
C10	Fire and Rescue Training Academy Policy	26 June 2017
Category D: Employee Wellness		
D1	Employee Assistance Programme (EAP) Policy	26 June 2017
D2	Substance Abuse Policy	26 June 2017
D3	Incapacity Policy	26 June 2017
D4	Occupational Health and Safety (OHS) Policy	26 June 2017
D5	HIV/AIDS Policy	26 June 2017
D6	Smoking Policy	26 June 2017
D7	Bereavement Policy	26 June 2017
Category E: Employment Equity		
E1	Employment Equity Policy Framework	26 June 2017
E2	Gender Policy	26 June 2017

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HR policies categories supplied to Municipality		
Category	Policy	Date
E3	Sexual Harassment Policy	26 June 2017
E4	Disability Policy	26 June 2017

Table 168: HR Policy list in categories

### 4.4 Component C: Capacitating the municipal workforce

Section 68(1) of the MSA states that a municipality must develop its HR capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the HR capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

#### 4.4.1 Skills matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2018/19)	Number of employees that received training (2018/19)
Municipal Manager and Section 57 employees	Female	0	0
	Male	0	0
Legislators, senior officials and managers	Female	0	0
	Male	0	0
Associate professionals and technicians	Female	0	0
	Male	0	0
Professionals	Female	0	0
	Male	0	0
Clerks	Female	40	13
	Male	30	5
Service and sales workers	Female	2	0
	Male	3	0
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	10	0
Elementary occupations	Female	0	0
	Male	8	0
Sub-total	Female	42	13
	Male	51	5
Total		93	18

Table 169: Skills matrix

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### 4.4.2 Skills development - Training provided

The SDA and the MSA requires employers to supply employees with the necessary training in order to develop its HR capacity. Section 55(1)(f) states that the Municipal Manager is responsible for the management, utilisation and training of staff.

The table below gives an indication of the training provided to employees for the financial year:

Occupational categories	Gender	Training provided within the reporting period (2018/19)	
		Learnerships	
		Target	Actual
Municipal Manager and Section 57 employees	Female	0	0
	Male	0	0
Legislators, senior officials and managers	Female	0	0
	Male	0	0
Professionals	Female	0	0
	Male	0	0
Technicians and associate professionals	Female	0	0
	Male	0	0
Clerks	Female	40	13
	Male	30	5
Service and sales workers	Female	2	0
	Male	3	0
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	10	0
Elementary occupations	Female	0	0
	Male	8	0
Sub-total	Female	42	13
	Male	51	5
Total		93	18

Table 170: Skills development

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### 4.4.3 Skills development - Budget allocation

The table below indicates the budget allocated towards the workplace skills plan:

Financial year	Total personnel budget	Total allocated	Total spent	% Spent
	R'000			
2017/18	91 292	315	67	21.27
2018/19	89 437	4 264	0	0

Table 171: Budget allocated and spent for skills development

### 4.4.4 MFMA competencies

In terms of Section 83(1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial officials</b>				
Accounting Officer	1	0	1	1
Chief Financial Officer	1	1	1	1
Senior managers	4	4	2	4
Any other financial officials	1	1	0	1
<b>SCM officials</b>				
Heads of SCM Units	1	1	0	1
SCM senior managers	1	1	0	1
<b>Total</b>	<b>9</b>	<b>8</b>	<b>4</b>	<b>9</b>

Table 172: MFMA competencies

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## 4.5 Component D: Managing the Municipal workforce expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

### 4.5.1 Personnel expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the Municipality is within the national norm of between 35% to 40%:

Financial year	Total expenditure salary and allowances	Total operating expenditure	Percentage
	R'000		
2017/18	103 811	319 844	32.45
2018/19	112 600	388 154	29.01

Table 173: Personnel expenditure

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

Financial year	2017/18		2018/19	
	Actual	Original budget	Adjusted budget	Actual
Description	R'000			
<b>Councillors (political office bearers plus other)</b>				
Salary	4 865	5 040	4 402	4 354
Pension contributions	209	168	361	384
Medical-aid contributions	9	0	44	37
Motor vehicle allowance	555	440	683	656
Cell phone allowance	404	530	577	530
Housing allowance	0	0	0	0
Other benefits or allowances	23	47	0	47
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>6 068</b>	<b>6 225</b>	<b>6 067</b>	<b>6 008</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>2.59</b>	<b>(2.54)</b>	<b>(0.97)</b>
<b>Senior managers of the Municipality</b>				
Salary	4 375	6 141	4 101	5205
Pension contributions	374	314	572	546
Medical-aid contributions	59	32	31	0
Motor vehicle allowance	370	348	348	430
Cell phone allowance	36	66	48	68

2018/19



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Financial year	2017/18	2018/19		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
Housing allowance	0	0	0	0
Performance Bonus	0	820	299	619
Other benefits or allowances	113	0	0	0
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>5 327</b>	<b>7 721</b>	<b>5 546</b>	<b>6 868</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>44.94</b>	<b>(28.17)</b>	<b>23.84</b>
<b>Other municipal staff</b>				
Basic salaries and wages	66 929	73 087	76 559	75174
Pension contributions	10 187	12 466	11 569	11111
Medical-aid contributions	1 111	1 502	1 731	1662
Motor vehicle allowance	1 403	2 172	2 315	2190
Cell phone allowance	0	0	21	143
Housing allowance	915	899	1 009	924
Overtime	3 282	1 912	3 681	4919
Other benefits or allowances	4 023	2 847	3 211	2538
Long service awards	355	189	303	375
Post retirement benefit obligations	893	1 016	331	688
<b>Sub-total</b>	<b>89 098</b>	<b>96 090</b>	<b>101 934</b>	<b>99 724</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>7.85</b>	<b>6.08</b>	<b>(2.17)</b>
<b>Total Municipality</b>	<b>94 425</b>	<b>102 606</b>	<b>113 547</b>	<b>112 600</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>8.66</b>	<b>10.66</b>	<b>(0.83)</b>

Table 174: Councillor and staff benefits

# CHAPTER 5: FINANCIAL PERFORMANCE

## CHAPTER 5

This chapter provides details regarding the financial performance of the Municipality for the 2018/19 financial year.

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The statement of financial performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

#### 5.1 Financial summary

The table below indicates the summary of the financial performance for the 2018/19 financial year:

Financial summary						
R'000						
Description	2017/18	2018/19			2018/19 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
<b>Financial performance</b>						
Property rates	33 876	37 156	37 243	36 239	(2.53)	(2.77)
Service charges	107 422	122 165	115 419	99 321	(23.00)	(16.21)
Investment revenue	851	1 260	415	616	(104.55)	32.63
Transfers recognised - operational	76 284	102 893	158 917	77 530	(32.71)	(104.97)
Other own revenue	55 701	40 499	61 676	59 476	31.91	(3.70)
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>274 134</b>	<b>303 973</b>	<b>373 669</b>	<b>273 182</b>	<b>(11.27)</b>	<b>(36.78)</b>
Employee costs	94 428	103 811	107 480	106 439	2.47	(0.98)
Remuneration of Councillors	6 068	6 225	6 067	6 008	(3.62)	(0.98)
Depreciation and asset impairment	25 202	19 222	19 222	19 526	1.56	1.56
Finance charges	6 266	2 308	1 719	5 887	60.78	70.79
Materials and bulk purchases	62 579	90 220	76 434	69 829	(29.20)	(9.46)
Transfers and grants	223	650	610	671	3.15	9.11
Other expenditure	98 519	97 408	176 623	94 367	(3.22)	(87.16)
<b>Total expenditure</b>	<b>293 286</b>	<b>319 844</b>	<b>388 154</b>	<b>302 726</b>	<b>(5.65)</b>	<b>(28.22)</b>
<b>Surplus/(deficit)</b>	<b>(19 152)</b>	<b>(15 871)</b>	<b>(14 484)</b>	<b>(29 544)</b>	<b>46.28</b>	<b>50.97</b>
Transfers recognised - capital	77 717	23 087	32 964	30 103	23.31	(9.50)
Contributions recognised - capital and contributed assets	155	0	0	36	100.00	100.00

2018/19

# CHAPTER 5: FINANCIAL PERFORMANCE

Financial summary						
R'000						
Description	2017/18	2018/19			2018/19 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Surplus/(deficit) after capital transfers and contributions	58 720	7 216	18 479	595	(1 113.03)	(3 006.37)
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised - capital	72 067	23 087	9 914	26 664	13.41	62.82
Public contributions and donations	0	0	0	36	100.00	100.00
Borrowing	549	0	0	439	100.00	100.00
Internally generated funds	6 859	1 100	38	651	(69.08)	94.24
<b>Total sources of capital funds</b>	<b>79 475</b>	<b>24 187</b>	<b>9 952</b>	<b>27 789</b>	<b>12.96</b>	<b>64.19</b>
Financial position						
Total current assets	76 002	51 766	68 536	59 517	13.02	(15.15)
Total non-current assets	530 360	551 085	539 588	539 648	(2.12)	0.01
Total current liabilities	83 775	44 988	65 733	73 987	39.20	11.16
Total non-current liabilities	60 199	65 186	65 186	62 196	(4.81)	(4.81)
Community wealth/equity	462 388	492 677	477 204	462 983	(6.41)	(3.07)
Cash flows						
Net cash from (used) operating	81 579	30 799	41 403	14 243	(116.24)	(190.69)
Net cash from (used) investing	(79 311)	(24 187)	(34 101)	(27 328)	11.49	(24.78)
Net cash from (used) financing	(3 962)	(4 226)	(4 194)	(4 280)	1.28	2.01
<b>Cash/cash equivalents at the year end</b>	<b>(1 693)</b>	<b>2 386</b>	<b>3 108</b>	<b>(17 366)</b>	<b>113.74</b>	<b>117.90</b>
Cash backing/surplus reconciliation						
Cash and investments available	12 373	7 585	7 962	386	(1 865.22)	(1 962.83)
Application of cash and investments	(430)	7 955	9 514	(19 785)	140.21	148.09
<b>Balance - surplus (shortfall)</b>	<b>11 944</b>	<b>15 540</b>	<b>17 476</b>	<b>(19 399)</b>	<b>180.11</b>	<b>190.08</b>
Asset management						
Asset register summary (WDV)	527 665	549 225	536 893	537 127	(2.25)	0.04

2018/19



# CHAPTER 5: FINANCIAL PERFORMANCE

Financial summary						
R'000						
Description	2017/18	2018/19			2018/19 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Depreciation and asset impairment	17 196	19 222	19 222	19 177	(0.23)	(0.23)
Renewal of existing assets	0	8 910	15 546	0	N/A	N/A
Repairs and maintenance	15 151	7 620	8 223	6 861	(11.06)	(19.85)
Free services						
Cost of Free Basic Services provided	0	19 169	22 376	0	N/A	N/A
Revenue cost of free services provided	20 365	6 338	11 134	21 796	70.92	48.91

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual

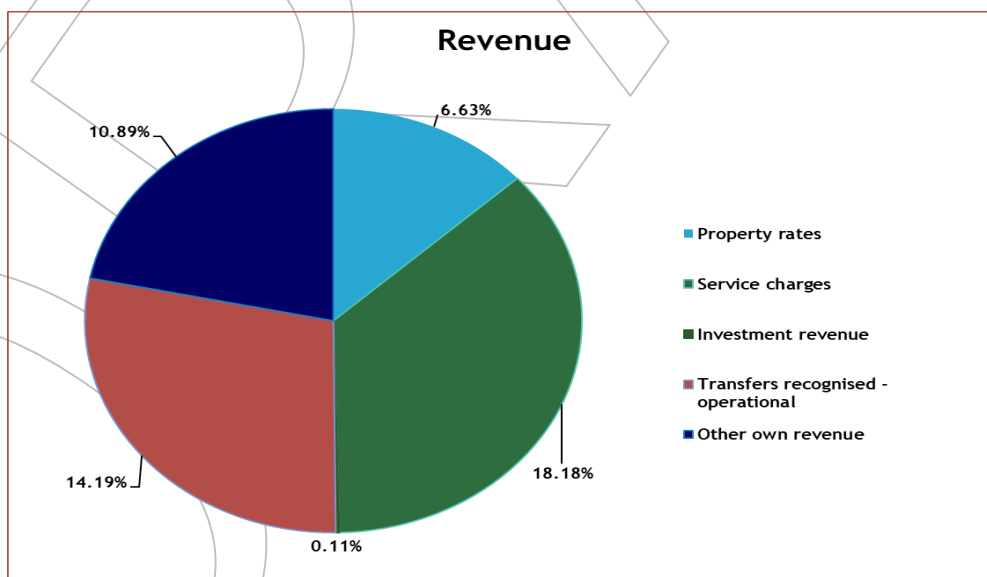
Table 175: Financial performance 2018/19

The table below shows a summary of performance against budgets:

Financial year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2017/18	351 162	352 006	844	0	289 535	293 286	(3 751)	(1)
2018/19	406 633	303 321	(103 312)	(25)	388 154	302 726	85 428	22

Table 176: Performance against budgets

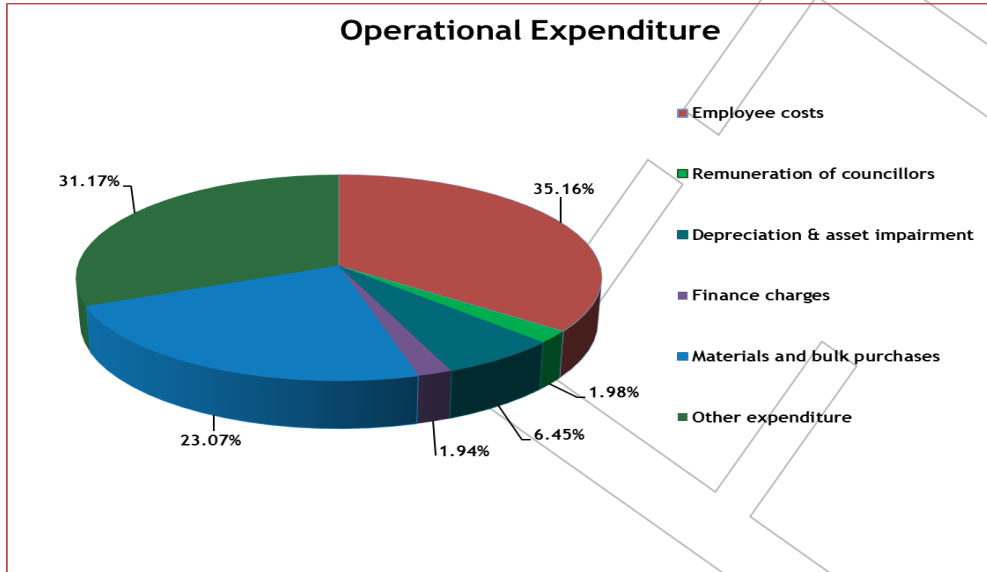
The following graph indicates the various types of revenue items in the municipal budget for 2018/19



Graph 6.: Revenue

# CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the various types of expenditure items in the municipal budget for 2018/19



Graph 7.: Operating expenditure

## 5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2017/18		2018/19		2018/19 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Vote 1 - Municipal Manager	36 616	0	470	38 042	100.00	98.76
Vote 2 - Director: Corporate Services	37 329	41 720	48 781	40 797	(2.26)	(19.57)
Vote 3 - Director: Financial Services	365	46 037	42 800	683	(6 643.22)	(6 168.98)
Vote 4 - Director: Engineering Services	59 591	75 064	139 229	66 324	(13.18)	(109.92)
Vote 5 - Director: Community Services	135 975	65 890	82 510	78 748	16.33	(4.78)
Vote 6 - Director: Electrical Services	94 613	98 349	92 844	88 073	(11.67)	(5.42)
<b>Total revenue by vote</b>	<b>364 490</b>	<b>327 060</b>	<b>406 633</b>	<b>312 666</b>	<b>(4.60)</b>	<b>(30.05)</b>

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 177: Revenue by vote

# CHAPTER 5: FINANCIAL PERFORMANCE

## 5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2018/19 financial year:

Description	2017/18	2018/19			2018/19 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Property rates	33 876	37 156	37 243	36 239	(2.53)	(2.77)
Service charges - electricity revenue	67 071	78 474	72 934	58 032	(35.23)	(25.68)
Service charges - water revenue	18 788	20 008	18 771	17 727	(12.87)	(5.89)
Service charges - sanitation revenue	14 151	15 517	15 657	15 565	0.31	(0.59)
Service charges - refuse revenue	7 413	8 166	8 057	7 997	(2.11)	(0.76)
Rentals of facilities and equipment	1 135	1 376	1 242	1 076	(27.85)	(15.43)
Interest earned - external investments	851	1 260	415	616	(104.55)	32.63
Interest earned - outstanding debtors	3 648	2 940	3 022	3 716	20.89	18.68
Fines	44 642	30 429	50 483	50 449	39.68	(0.07)
Licences and permits	330	629	621	337	(86.39)	(84.16)
Agency services	741	750	750	852	11.93	(11.93)
Transfers recognised - operational	76 284	102 893	158 917	77 530	(32.71)	(104.97)
Other revenue	5 205	4 375	5 558	3 046	(43.64)	(82.48)
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>274 134</b>	<b>303 973</b>	<b>373 669</b>	<b>273 182</b>	<b>(11.27)</b>	<b>(36.78)</b>

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 178: Revenue by source

# CHAPTER 5: FINANCIAL PERFORMANCE

## 5.1.3 Operational services performance

The table below indicates the operational services performance for the 2018/19 financial year:

Description	2017/18	2018/19			2018/19 variance	
	Actual (audited outcome)	Original budget	Adjusted budget	Actual	Original budget	9Adjustments budget
	R'000				%	
<b>Operating cost</b>						
<b>Governance and administration</b>	74 139	67 854	75 113	70 215	3.36	(6.98)
Budget and Treasury Office	28 593	23 989	30 326	30 541	21.45	0.70
Executive and Council	21 353	18 161	20 104	20 358	10.79	1.25
Corporate Services	24 193	25 704	24 683	19 316	(33.07)	(27.79)
<b>Road transport</b>	26 267	23 882	22 501	23 953	0.30	6.06
Roads and Stormwater	18 456	23 882	22 501	19 146	(24.74)	(17.52)
Transport	7 811	0	0	4 807	100.00	100.00
<b>Housing</b>	3 504	34 123	78 650	2 338	(1 359.67)	(3 264.38)
Housing	3 504	34 123	78 650	2 338	(1 359.67)	(3 264.38)
<b>Public safety</b>	43 496	25 421	43 969	55 661	54.33	21.01
Traffic & licensing	39 833	21 439	40 106	51 910	58.70	22.74
Fire Services and Disaster Management	3 663	3 983	3 863	3 751	(6.18)	(3.00)
<b>Community</b>	17 168	18 208	18 099	18 780	3.05	3.63
Sport and Recreation	7 443	8 778	8 135	7 769	(12.99)	(4.70)
Cemeteries	407	582	677	438	(32.78)	(54.35)
Libraries	4 755	5 827	6 056	5 208	(11.88)	(16.28)
Community halls, facilities, Thusong centres	4 563	3 020	3 231	5 364	43.69	39.77
<b>Planning and LED</b>	5 086	6 693	6 289	6 488	(3.15)	3.08
Planning	4 711	5 805	5 701	6 065	4.28	6.00
Local Economic Development	374	888	588	423	(109.63)	(38.85)
<b>Trading services</b>	123 627	143 662	143 533	123 036	(16.76)	(16.66)
Water	24 144	26 934	27 833	22 828	(17.99)	(21.92)
Waste water management	9 825	16 444	15 736	10 656	(54.32)	(47.67)
Electricity	74 546	82 687	81 704	75 962	(8.85)	(7.56)
Waste management	15 112	17 597	18 260	13 590	(29.48)	(34.36)
<b>Other</b>						
<b>Total expenditure</b>	293 286	319 844	388 154	300 471	(6.45)	(29.18)

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 179: Operational services performance

# CHAPTER 5: FINANCIAL PERFORMANCE

## 5.2 Financial performance per municipal function

The tables below indicate the Municipality's performance with regards to each municipal function:

### 5.2.1 Water services

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	72 707	30 146	39 224	34 992	13.85
<b>Expenditure:</b>					
Employees	5 976	5 866	6 530	6 696	12.41
Repairs and maintenance	2 606	1 430	1 263	354	(303.52)
Other	15 563	19 639	20 040	15 777	(24.47)
Total operational expenditure	24 144	26 934	27 833	22 828	(17.99)
Net operational (service)	48 563	3 212	11 391	12 164	73.59

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 180: Financial performance: Water services

### 5.2.2 Waste water (sanitation) services

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	40 268	20 791	20 821	20 920	0.62
<b>Expenditure:</b>					
Employees	4 255	5 623	5 206	5 015	(12.12)
Repairs and maintenance	587	1 178	623	522	(125.50)
Other	4 982	9 643	9 907	5 119	(88.40)
Total operational expenditure	9 825	16 444	15 736	10 656	(54.32)
Net operational (service)	30 443	4 347	5 086	10 265	57.65

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 181: Financial performance: Waste water (sanitation) services



# CHAPTER 5: FINANCIAL PERFORMANCE

## 5.2.3 Electricity

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	94 613	98 349	92 844	88 073	(11.67)
<b>Expenditure:</b>					
Employees	8 212	9 783	10 074	9 350	(4.63)
Repairs and maintenance	1 309	611	737	668	8.49
Other	65 025	72 293	70 893	65 944	(9.63)
Total operational expenditure	74 546	82 687	81 704	75 962	(8.85)
Net operational (service)	20 068	15 662	11 140	12 111	(29.32)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 182: Financial performance: Electricity

## 5.2.4 Waste management

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	10 475	9 936	9 964	10 015	0.79
<b>Expenditure:</b>					
Employees	8 010	8 248	8 540	8 471	2.64
Repairs and maintenance	697	755	775	487	(54.89)
Other	6 405	8 594	8 944	4 631	(85.56)
Total operational expenditure	15 112	17 597	18 260	13 590	(29.48)
Net operational (service)	(4 637)	(7 661)	(8 296)	(3 575)	(114.32)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 183: Financial performance: Waste management

# CHAPTER 5: FINANCIAL PERFORMANCE

## 5.2.5 Housing

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	2 212	32 623	76 577	406	(7 929.62)
<b>Expenditure:</b>					
Employees	2 491	1 206	1 557	1 338	9.88
Repairs and maintenance	124	30	15	381	92.12
Other	888	32 708	68 296	619	(5 180.68)
Total operational expenditure	3 504	33 943	69 868	2 338	(1 351.97)
Net operational (service)	(1 292)	(1 321)	6 709	(1 931)	31.62
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 184: Financial performance: Housing

## 5.2.6 Road transport

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	12 121	38 892	63 883	12 049	(222.80)
<b>Expenditure:</b>					
Employees	11 613	20 276	20 779	13 599	(49.10)
Repairs and maintenance	7 164	1 642	3 061	2 261	27.39
Other	7 490	23 333	38 730	8 093	(188.29)
Total operational expenditure	26 267	45 251	62 571	23 953	(88.91)
Net operational (service)	(14 146)	(6 358)	1 312	(11 905)	46.59
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 185: Financial performance: Road transport

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.7 Local economic development (LED)

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	404	0	0	771	100
<b>Expenditure:</b>					
Employees	4 128	5 007	5 062	5 040	0.67
Repairs and maintenance	26	62	54	28	(116.52)
Other	931	1 624	1 173	1 419	(14.43)
<b>Total operational expenditure</b>	<b>5 086</b>	<b>6 693</b>	<b>6 289</b>	<b>6 488</b>	<b>(3.15)</b>
<b>Net operational (service)</b>	<b>(4 681)</b>	<b>(6 693)</b>	<b>(6 289)</b>	<b>(5 717)</b>	<b>(17.06)</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 186: Financial performance: LED

### 5.2.8 Libraries

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	5 226	5 565	5 814	5 490	(1.38)
<b>Expenditure:</b>					
Employees	4 098	4 512	4 556	4 358	(3.55)
Repairs and maintenance	145	89	285	41	(115.87)
Other	511	1 261	1 215	809	(55.77)
<b>Total operational expenditure</b>	<b>4 755</b>	<b>5 862</b>	<b>6 056</b>	<b>5 208</b>	<b>(12.55)</b>
<b>Net operational (service)</b>	<b>472</b>	<b>(297)</b>	<b>(242)</b>	<b>281</b>	<b>205.54</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 187: Financial performance: Libraries

# CHAPTER 5: FINANCIAL PERFORMANCE

## 5.2.9 Community facilities

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	1 176	1 065	1 311	1 814	41.26
<b>Expenditure:</b>					
Employees	3 032	1 220	1 368	3 599	66.09
Repairs and maintenance	331	232	224	562	58.73
Other	1 607	2 150	2 315	1 641	(30.99)
Total operational expenditure	4 970	3 602	3 907	5 802	37.91
Net operational (service)	(3 795)	(2 537)	(2 597)	(3 989)	36.39
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 188: Financial performance: Community facilities

## 5.2.10 Traffic and law enforcement

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	45 176	1	157	50 311	100
<b>Expenditure:</b>					
Employees	10 719	3 453	3 455	12 918	73.27
Repairs and maintenance	150	105	105	90	(17.17)
Other	32 626	495	340	42 653	98.84
Total operational expenditure	43 496	4 053	3 900	55 661	92.72
Net operational (service)	1 680	(4 051)	(3 743)	(5 349)	24.26
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 189: Financial performance: Sport and recreation

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.11 Parks and recreation

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	5 801	3 034	8 519	8 303	63.46
<b>Expenditure:</b>					
Employees	5 593	6 495	6 214	5 797	(12.04)
Repairs and maintenance	912	887	372	342	(158.99)
Other	938	1 397	1 549	1 630	14.32
Total operational expenditure	7 443	8 778	8 135	7 769	(12.99)
Net operational (service)	(1 642)	(5 744)	384	534	1 175.69
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 190: Financial performance: Parks and recreation

### 5.2.12 Office of the MM

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	36 616	39 989	35 912	38 042	(5.12)
<b>Expenditure:</b>					
Employees	5 527	3 061	4 234	5 400	43.31
Repairs and maintenance	2	0	0	10	100
Other	15 824	13 673	14 059	14 948	8.53
Total operational expenditure	21 353	16 735	18 294	20 358	17.80
Net operational (service)	15 263	23 254	17 618	17 684	(31.50)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 191: Financial performance: Office of the MM

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.13 Corporate services

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	365	4 205	1 615	683	(515.85)
<b>Expenditure:</b>					
Employees	8 574	15 493	14 873	10 270	(50.86)
Repairs and maintenance	870	492	392	881	44.14
Other	14 749	7 950	7 851	8 165	2.63
Total operational expenditure	24 193	23 935	23 117	19 316	(23.92)
Net operational (service)	(23 828)	(19 731)	(21 502)	(18 633)	(5.89)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 192: Financial performance: Corporate services

### 5.2.14 HR

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	0	0	0	0	N/A
<b>Expenditure:</b>					
Employees	0	2 231	461	0	N/A
Repairs and maintenance	0	0	0	0	N/A
Other	0	37	286	0	N/A
Total operational expenditure	0	2 268	746	0	N/A
Net operational (service)	0	(2 268)	(746)	0	N/A
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 193: Financial performance: HR

# CHAPTER 5: FINANCIAL PERFORMANCE

## 5.2.15 Financial services

Description	2017/18	2018/19			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	37 329	41 667	48 728	40 797	(2.13)
<b>Expenditure:</b>					
Employees	13 226	14 537	14 504	14 589	0.35
Repairs and maintenance	187	108	317	243	55.65
Other	15 180	11 113	19 071	15 710	29.26
<b>Total operational expenditure</b>	<b>28 593</b>	<b>25 757</b>	<b>33 893</b>	<b>30 541</b>	<b>15.66</b>
<b>Net operational (service)</b>	<b>8 736</b>	<b>15 910</b>	<b>14 836</b>	<b>10 255</b>	<b>(55.14)</b>

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 194: Financial performance: Financial services

## 5.3 Grants

### 5.3.1 Grant performance

The Municipality spent an amount of **R110 million** on infrastructure and other projects available which was received in the form of grants from National and provincial governments during the 2018/19 financial year. The performance in the spending of these grants is summarised as follows:

Description	2017/18	2018/19			2018/19 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjustments budget
	R'000				%	
<b>Operating transfers and grants</b>						
<b>National government:</b>	<b>104 145</b>	<b>83 416</b>	<b>97 510</b>	<b>97 394</b>	<b>14.35</b>	<b>(0.12)</b>
Equitable Share	51 060	56 655	56 655	56 543	(0.20)	(0.20)
Local Government Financial Management Grant	1 700	1 700	1 700	1 700	0	0
Energy Efficiency and Demand Side Management (EEDSM) Grant	6 000	0	0	0	N/A	N/A
Municipal Infrastructure Grant (MIG) - Project Management Unit	14 140	13 776	25 611	25 611	46.21	0
Integrated National Electrification Grant (INEP)	6 600	10 000	10 000	10 000	0	0
Expanded Public Works Programme (EPWP) Integrated Grant	1 659	1 285	1 285	1 285	0	0
Department Rural Development and Land Reform	22 986	0	2 259	2 255	100	(0.18)

2018/19

## CHAPTER 5: FINANCIAL PERFORMANCE

Description	2017/18	2018/19			2018/19 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjust- ments budget
	R'000				%	
<b>Operating transfers and grants</b>						
<b>Provincial government:</b>	<b>50 170</b>	<b>42 564</b>	<b>89 426</b>	<b>13 336</b>	<b>(219.18)</b>	<b>(570.59)</b>
Human Settlements Development Grant (Beneficiaries)	23 346	35 160	76 038	0	N/A	N/A
Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)	1	0	0	0	N/A	N/A
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	6 300	0	0	0	N/A	N/A
Human Settlements Development Grant - Tile Deeds Restoration	696	0	0	0	N/A	N/A
Human Settlements - Municipal Accreditation and Capacity Building Grant	0	0	224	224	100	0
Provincial Treasury: Financial Management Capacity Building Grant	0	360	360	360	0	0
Provincial Treasury: Financial Management Support Grant	2 770	330	2 500	2 500	86.80	0
Department of Transport and Public Works: Maintenance and Construction of Transport Infrastructure	4 834	850	841	841	(1.12)	0
Department of Cultural Affairs and Sport: Library Service: Replacement Funding	5 110	5 550	5 550	5 550	0	0
Department of Local Government: Fire Service Capacity Building Grant	800	0	0	0	N/A	N/A
Fire and Drought Relief Grant	0	0	1 914	1 913	100.00	(0.03)
Department of Local Government: Community Development Workers (CDW) Operational Support Grant	204	204	0	0	N/A	N/A
Department of Local Government: Thusong Services Centres Grant (Sustainability: Operational Support Grant)	330	110	0	0	N/A	N/A
Department of Local Government: Municipal Drought Relief Grant	5 300	0	1 750	1 698	100.00	(3.07)
Department of Local Government: Municipal Service Delivery and Capacity Building Grant	480	0	250	250	100.00	0.00
<b>Other grant providers</b>	<b>0</b>	<b>0</b>	<b>3 750</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>

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## CHAPTER 5: FINANCIAL PERFORMANCE

Description	2017/18	2018/19			2018/19 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjust- ments budget
	R'000				%	
<b>Operating transfers and grants</b>						
Development Bank of South Africa (DBSA)	0	0	3 750	0	N/A	N/A
<b>Total operating transfers and grants</b>	<b>154 315</b>	<b>125 980</b>	<b>190 686</b>	<b>110 730</b>	<b>(13.77)</b>	<b>(72.21)</b>

Table 195: Operating grant performance

### 5.3.2 Conditional grants

The performance in the spending of the conditional grants is summarised as follows:

Details	2017/18	2018/19			2018/19 Variance	
	Actual	Budget	Adjust- ments Budget	Actual	Variance	
	Actual (Audited Outcome)				Budget	Adjust- ments Budget
R'000				%		
Local Government Finance Management Grant	1 700	1 700	1 700	1 700	0.00	0.00
EEDSM Grant	6 000	0	0	0	N/A	N/A
MIG - Project Management Unit	14 140	13 776	25 611	25 611	46.21	0.00
INEP	6 600	10 000	10 000	10 000	0.00	0.00
EPWP	1 659	1 285	1 285	1 285	0.00	0.00
Department Rural Development and Land Reform	22 986	0	2 259	2 255	100.00	-0.18
Human Settlements Development Grant (Beneficiaries)	23 346	35 160	76 038	0	N/A	N/A
Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)	1 015	0	0	0	N/A	N/A
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	6 300	0	0	0	N/A	N/A
Human Settlements Development Grant - Tile Deeds Restoration	696	0	0	0	N/A	N/A
Human Settlements - Municipal Accreditation and Capacity Building Grant	0	0	224	224	100.00	0.00
Provincial Treasury: Financial Management Capacity Building Grant	0	360	360	360	0.00	0.00
Provincial Treasury: Financial Management Support Grant	2 770	330	2 500	2 500	86.80	0.00

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## CHAPTER 5: FINANCIAL PERFORMANCE

Details	2017/18	2018/19			2018/19 Variance	
	Actual	Budget	Adjustments Budget	Actual	Variance	
	Actual (Audited Outcome)				Budget	Adjustments Budget
	R'000				%	
Department of Transport and Public Works: Maintenance and Construction of Transport Infrastructure	4 834	850	841	841	-1.12	0.00
Department of Cultural Affairs and Sport: Library Service: Replacement Funding	5 110	5 550	5 550	5 550	0.00	0.00
Department of Local Government: Fire Service Capacity Building Grant	800	0	0	0	N/A	N/A
Fire and Drought Relief Grant	0	0	1 914	1 913	100.00	-0.03
Department of Local Government: CDW Operational Support Grant	204	204	0	0	N/A	N/A
Department of Local Government: Thusong Services Centres Grant (Sustainability: Operational Support Grant)	330	110	0	0	N/A	N/A
Department of Local Government: Municipal Drought Relief Grant	5 300	0	1 750	1 698	100	(3.07)
Department of Local Government: Municipal Service Delivery and Capacity Building Grant	480	0	250	250	100	0
<b>Total</b>	<b>104 269</b>	<b>69 325</b>	<b>130 281</b>	<b>54 187</b>	<b>(27.94)</b>	<b>(140.43)</b>

*\* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in par 5.9.2. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

Table 196: Conditional grants

### 5.3.3 Level of reliance on grants and subsidies

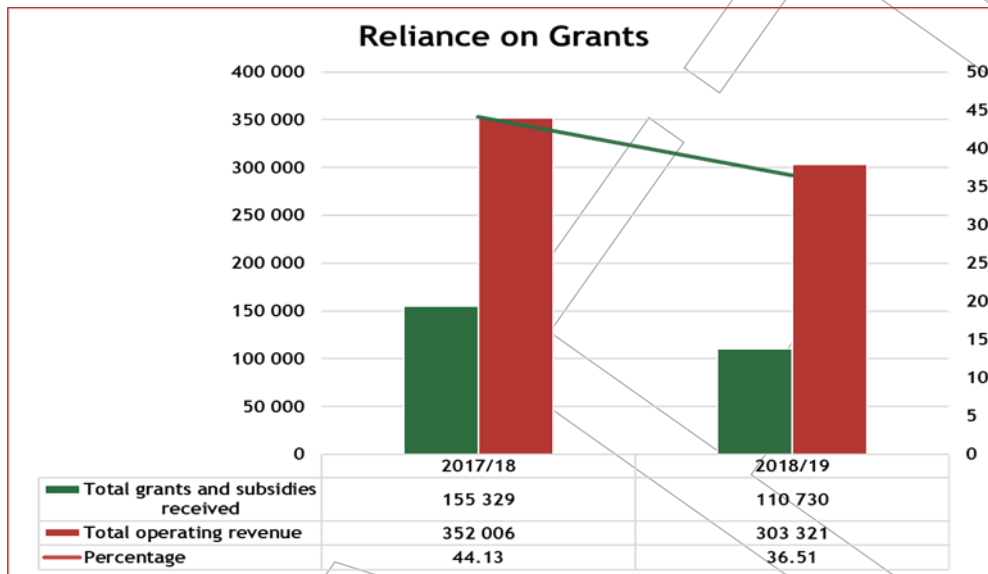
The table below reflects the level of reliance on grants and subsidies

Financial year	Total grants and subsidies received	Total operating revenue	Percentage
	R'000		%
2017/18	155 329	352 006	44.13
2018/19	110 730	303 321	36.51

Table 197: Reliance on grants

# CHAPTER 5: FINANCIAL PERFORMANCE

The following graph gives a visual relationship between the two financial years and the trend based on grant received and operating revenue



Graph 8.: Reliance on grants

## 5.4 Financial ratios based on KPIs

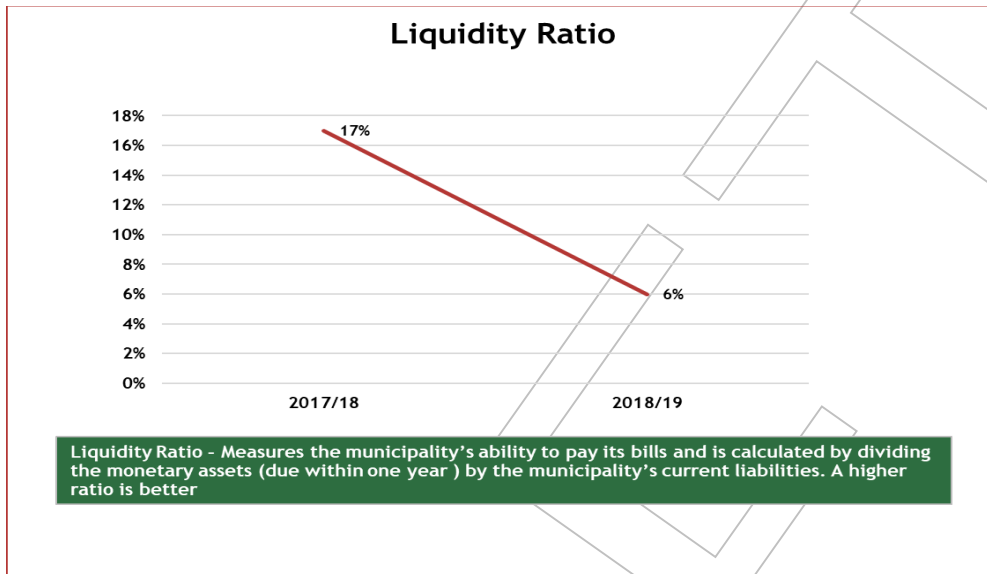
The graphs and tables below indicate the Municipality's performance in relation to the financial ratios:

### 5.4.1 Liquidity ratio

Description	Basis of calculation	2017/18	2018/19
		Audited outcome	Audited outcome
Current ratio	Current assets/current liabilities	91%	80%
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	90%	75%
Liquidity ratio	Cash and equivalents/Trade creditors and short-term borrowings	17%	6%

Table 198: Liquidity financial ratio

# CHAPTER 5: FINANCIAL PERFORMANCE



Graph 9.: Liquidity ratio

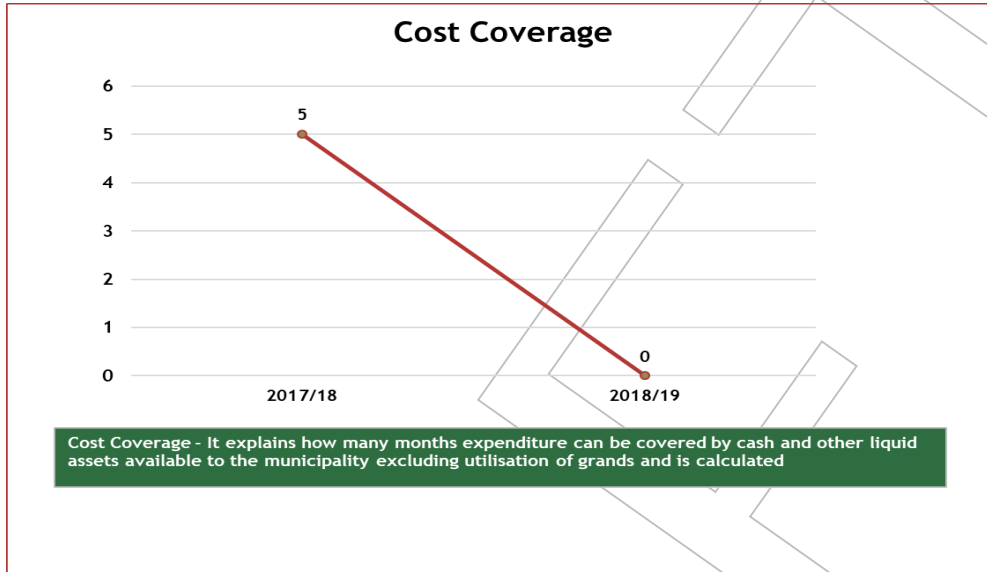
## 5.4.2 IDP regulation financial viability indicators

Description	Basis of calculation	2017/18	2018/19
		Audited outcome	Audited outcome
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	5	0
Total outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services	13%	15%
Debt coverage	(Total operating revenue - operating grants)/Debt service payments due within financial year)	4.43	4.44

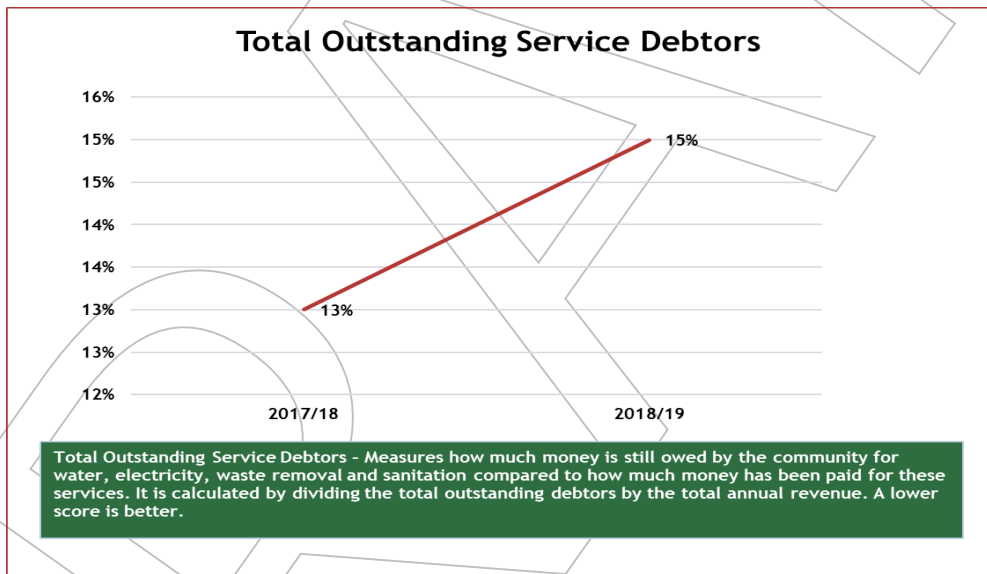
Table 199: Financial viability national KPAs

# CHAPTER 5: FINANCIAL PERFORMANCE

The following graphs illustrates the compared financial viability indicators for the past two financial years:

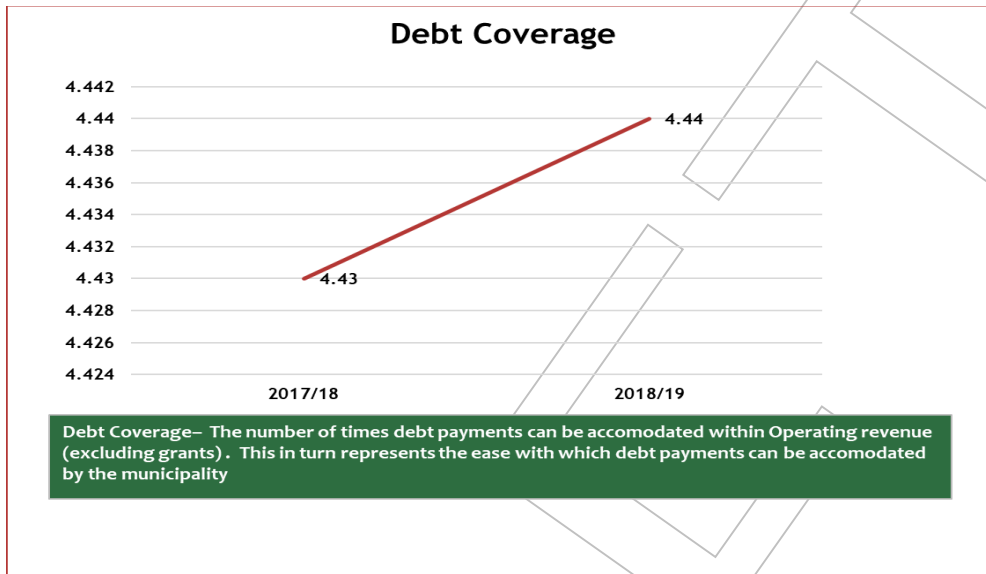


Graph 10.: Cost coverage



Graph 11.: Outstanding service debtors to revenue

# CHAPTER 5: FINANCIAL PERFORMANCE



Graph 12.: Debt coverage

## 5.4.3 Repairs and maintenance

The following table illustrates the Municipality’s proportion of operating expenditure in relation to repairs and maintenance:

Description	Basis of calculation	2017/18	2018/19
		Audited outcome	Audited outcome
Repairs and maintenance	R and M/(Total revenue excluding capital revenue)	6%	3%

Table 200: Repairs and maintenance

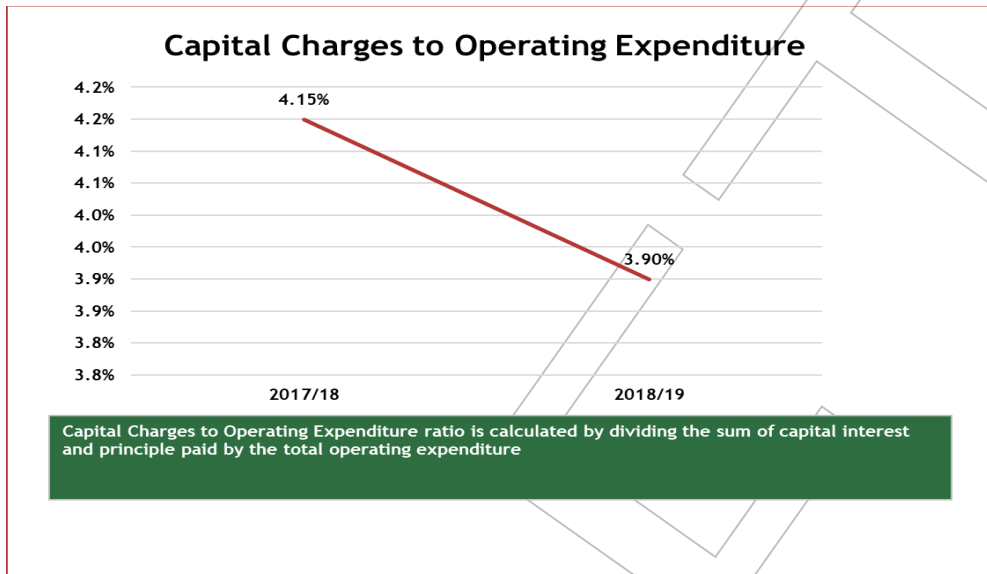
## 5.4.4 Borrowing management

The following table and graph illustrate the Municipality’s proportion of capital charges in relation to operating expenditure:

Description	Basis of calculation	2017/18	2018/19
		Audited outcome	Audited outcome
Capital charges to operating expenditure	Interest and principal paid/ Operating expenditure	4.15%	3.90%

Table 201: Borrowing management

# CHAPTER 5: FINANCIAL PERFORMANCE



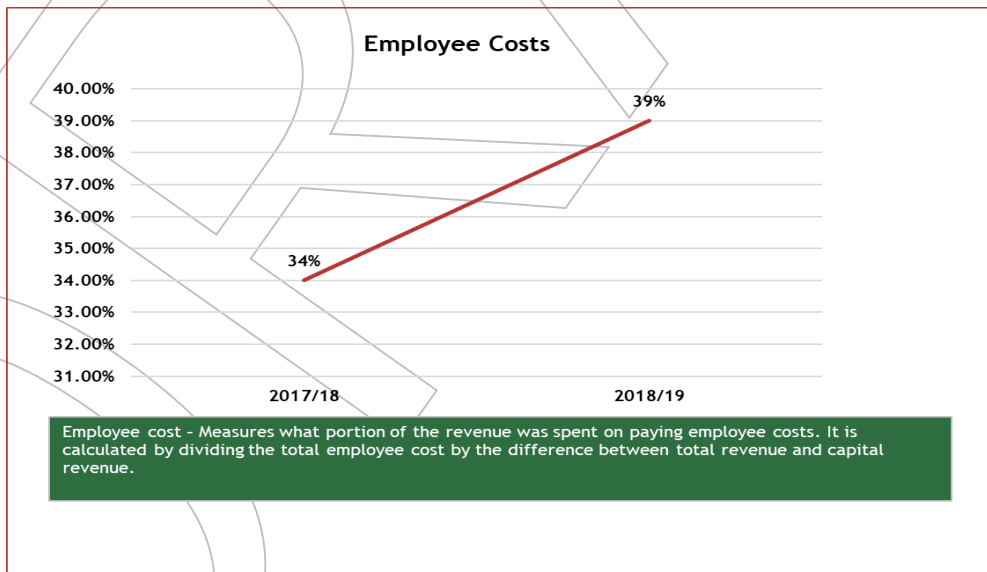
Graph 13.: Capital charges to operating expenditure

## 5.4.5 Employee costs

The table and graph below illustrate the Municipality’s portion of revenue spent on employee costs for the past two financial years:

Description	Basis of calculation	2017/18	2018/19
		Audited outcome	Audited outcome
Employee costs	Employee costs/(Total revenue - capital revenue)	34%	39%

Table 202: Employee costs



Graph 14.: Employee costs

2018/19

# CHAPTER 5: FINANCIAL PERFORMANCE

## COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the Council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

### 5.5 Cash flow

The table below reflects the Municipality's cash flow for the financial year:

Cash flow outcomes				
R'000				
Description	2017/18	2018/19		
	Audited outcome	Original budget	Adjusted budget	Actual
<b>Cash flow from operating activities</b>				
Receipts				
Rate-payers and other	138 839	177 158	172 185	140 762
Government -operating	65 931	102 893	158 917	78 781
Government -capital	77 717	23 087	32 964	31 962
Interest	4 499	4 200	3 437	4 332
Payments				
Suppliers and employees	(203 632)	(274 531)	(323 771)	(240 212)
Finance charges	(1 775)	(1 358)	(1 719)	(1 382)
Transfers and grants	0	(650)	(610)	0
<b>Net cash from/(used) operating activities</b>	<b>81 579</b>	<b>30 799</b>	<b>41 403</b>	<b>14 243</b>
<b>Cash flows from investing activities</b>				
Receipts				
Proceeds on disposal of fixed assets	0	0	0	(188)
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	(377)	0	0	173
Payments				
Capital assets	(78 934)	(24 187)	(34 101)	(27 314)
<b>Net cash from/(used) investing activities</b>	<b>(79 311)</b>	<b>(24 187)</b>	<b>(34 101)</b>	<b>(27 328)</b>
<b>Cash flows from financing activities</b>				
Receipts				
Increase (decrease) in consumer deposits	0	103	0	0
Payments				
Repayment of borrowing	(3 964)	(4 329)	(4 194)	(4 280)
<b>Net cash from/(used) financing activities</b>	<b>(3 964)</b>	<b>(4 329)</b>	<b>(4 194)</b>	<b>(4 280)</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(1 693)</b>	<b>2 386</b>	<b>3 108</b>	<b>(17 366)</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>6 637</b>	<b>5 199</b>	<b>4 854</b>	<b>4 945</b>

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# CHAPTER 5: FINANCIAL PERFORMANCE

Cash flow outcomes				
R'000				
Description	2017/18	2018/19		
	Audited outcome	Original budget	Adjusted budget	Actual
Cash/cash equivalents at the yearend:	4 945	7 585	7 962	(12 421)

Table 203: Cash flow

## 5.6 Gross outstanding debtors per service

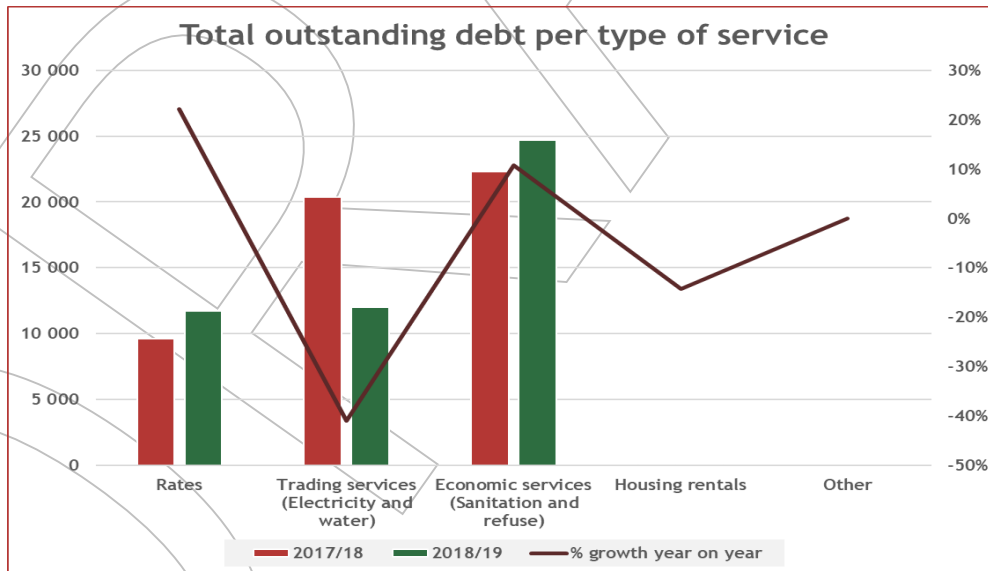
The table below reflects the debtor's analysis per service for the previous financial years:

Financial year	Rates	Trading services (Electricity and water)	Economic services (Sanitation and refuse)	Housing rentals	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000
	2017/18	9 606	20 356	22 307	63	0
2018/19	11 738	11 998	24 721	54	0	48 511
Difference	2 132	(8 358)	2 414	(9)	0	(3 821)
% growth year on year	22	(41)	11	(15)	N/A	(7)

Note: Figures exclude provision for bad debt

Table 204: Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2018/19:



Graph 15.: Debt per type of service

# CHAPTER 5: FINANCIAL PERFORMANCE

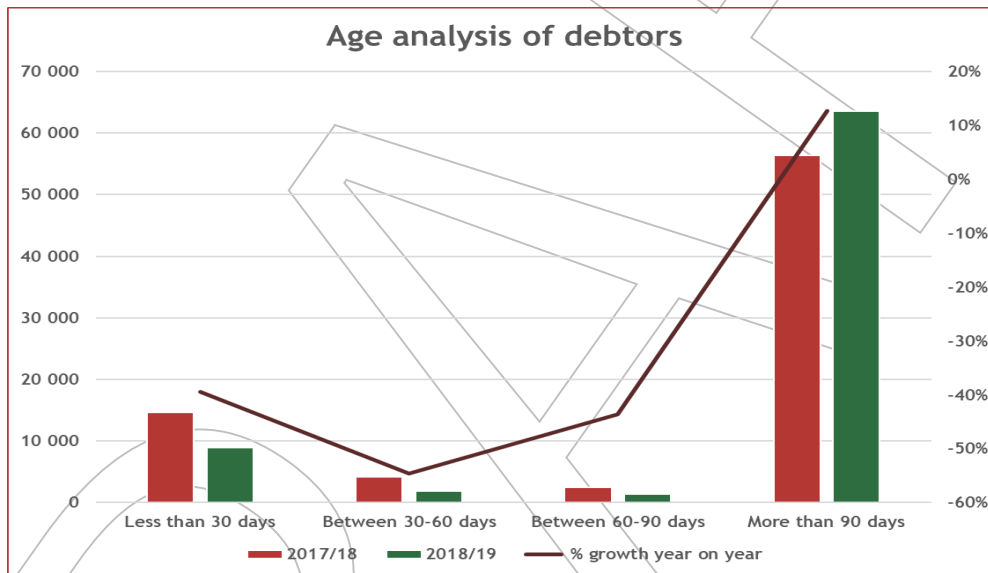
## 5.7 Total debtors age analysis

The table below reflects the Municipality's debtors age analysis for the past two financial years

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2017/18	14 633	4 146	2 436	56 353	77 568
2018/19	8 853	1 882	1 372	63 517	75 623
Difference	(5 781)	(2 264)	(1 064)	7 164	(1 945)
% growth year on year	(40)	(55)	(44)	13	(3)

Note: Figures exclude provision for bad debt.

Table 205: Service debtor age analysis



Graph 16.: Age analysis of debtors

# CHAPTER 5: FINANCIAL PERFORMANCE

## 5.8 Borrowing and investments

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

### 5.8.1 Actual borrowings

The table below reflects the municipality's financial positions relating to borrowings:

Actual borrowings		
R' 000		
Instrument	2017/18	2018/19
Long-term loans (annuity/reducing balance)	9 416	7 891
Financial leases	3 795	1 479
<b>Total</b>	<b>13 211</b>	<b>9 370</b>

Table 206: Actual borrowings

### 5.8.2 Municipal investments

Actual investments		
R'000		
Investment type	2017/18	2018/19
	Actual	Actual
Deposits - bank	12 373	386
<b>Total</b>	<b>12 373</b>	<b>386</b>

Table 207: Municipal investments

# CHAPTER 6: AUDITOR-GENERAL REPORT

## CHAPTER 6

### COMPONENT A: AUDITOR-GENERAL OPINION 2017/18

#### 6.1 Auditor-General report 2017/18

##### 6.1.1 Audit report status: Disclaimer

Main issues raised	Corrective steps implemented / to be implemented
<b>Corresponding figures for 30 June 2018</b>	
<p><b>Fines, penalties and forfeits:</b></p> <p>During 2017, The AG was unable to obtain sufficient appropriate audit evidence for provincial and weighbridge fines and confirm the revenue by alternative means. Consequently, the AG was unable to determine whether any adjustment was necessary to provincial and weighbridge fines stated at R8 139 073 in the corresponding figures for 30 June 2017</p>	<ol style="list-style-type: none"> <li>1. Monthly listings of all fine types maintain, based on reports from service provider.</li> <li>2. Update listings with payments received and allocated on financial system.</li> <li>3. Monthly reconciliations between listings and financial system</li> <li>4. Monthly listings utilise in preparation of AFS.</li> <li>5. Management will ensure that a designated official is assigned to prepare an audit file on a timely basis together with the financial statements and to ensure that the information contained in the audit file is reconciled and referenced to the information disclosed in the AFS.</li> <li>6. Timely, rigorous review of the draft AFS prior to submission to the AG</li> </ol>
<p><b>Financial instruments:</b></p> <p>During 2017, the AG was unable to obtain sufficient appropriate audit evidence for bad debts written off per debtor class and confirm the disclosure by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the disclosure of bad debts written off per debtor class stated at R4 331 728 in the corresponding figures for 30 June 2017</p>	<p>Bad Debts written off during 2017 was adjust within the final audited AFS.</p>
<p><b>Current assets:</b></p> <p>The total current assets in the corresponding figures for 30 June 2017 were overstated by R3 939 534 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:</p> <ul style="list-style-type: none"> <li>• Receivables from exchange transactions stated at R17 263 873 was overstated by R2 374 958.</li> <li>• Receivables from non-exchange transactions stated at R20 382 218 was overstated by R1 260 868.</li> <li>• Taxes stated at R6 065 549 was overstated by R204 847.</li> <li>• Inventory stated at R3 329 622 was overstated by R98 861</li> </ul>	<p>Management will ensure that a designated official is assigned to ensure that the information contained into Receivables, Taxes and inventory are reconciled and referenced to the information disclosed in the AFS.</p>
<b>Material uncertainty relating to going concern</b>	
<p>The AG draws attention to the statement of financial position, which indicates that the municipality's current liabilities exceeded its current assets by R11 million as at 30 June 2018. This event or condition, along with other matters as stated in note 62 to the financial statements, indicates that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern</p>	<p>Management must implement controls to improve the liquidity ratio of the Municipality</p>
<b>Emphasis of matters</b>	

## CHAPTER 6: AUDITOR-GENERAL REPORT

Main issues raised	Corrective steps implemented / to be implemented
<b>Corresponding figures for 30 June 2018</b>	
<p><b>Material impairments/losses:</b> As disclosed in note 11 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R61,2 million (2016: R51,5 million).</p>	Management must implement controls to improve debt collection of debtors
<p><b>Material impairments/losses:</b> As disclosed in note 12 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R121,7 million (2016: R92,7 million)</p>	Management must implement controls to improve debt collection of debtors and to collect outstanding traffic fines
<p><b>Material impairments/losses:</b> As disclosed in the statement of financial performance, the municipality wrote off bad debts amounting to R5,6 million (2016: R4,3 million).</p>	Management must implement controls to improve debt collection of debtors
<p><b>Material impairments/losses:</b> As disclosed in note 46 to the financial statements, material electricity losses of 7 779 399 Kwh (2016-17: 4 906 432 Kwh) were incurred, which represented 13,49% (2016: 9,02%) of total electricity purchased.</p>	Management must implement controls to decrease electricity losses
<p><b>Material impairments/losses:</b> As disclosed in note 46 to the financial statements, material water losses of 1 118 151 kilolitres (2016-17: 1 153 505 kilolitres) were incurred, which represented 42,24% (2016: 43,57%) of total water purchased</p>	Management must implement controls to decrease water losses and a watermeter audit must be done

**Table 208: Auditor-General report 2017/18**

# CHAPTER 6: AUDITOR-GENERAL REPORT

## COMPONENT B: AUDITOR-GENERAL OPINION 2018/19

### 6.2 Auditor-General report 2018/19

#### 6.2.1 Audit report status: Qualified

The table above below reflects only the main issues raised during the audit performed by the Auditor-General. For the detailed audit findings and action plans, please refer to Annexure C of this report.

Main issues raised	Corrective steps implemented / to be implemented
<b>Corresponding figures for 30 June 2019</b>	
<p><b>Property, plant and equipment - Infrastructure:</b> The AG was unable to obtain sufficient appropriate audit evidence that the Municipality recognise all items of property, plant and equipment in accordance with GRAP 17, Property, plant and equipment, as the AG was unable to confirm that all items of property, plant and equipment were recorded due to status of accounting records. The AG was unable to confirm the completeness of property, plant and equipment by alternative means. Consequently, The AG was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R524 583 688 in note 2 to the financial statements</p>	<p>Audit Action Plan will be prepared to address inconsistency to infrastructure assets. Funds was also received from PT to address the asset register</p>
<p><b>Irregular expenditure:</b> Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The Municipality made payments of R58 754 110 in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. As the Municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure as disclosed in note 51.3 to the consolidated and separate financial statements</p>	<p>Audit Action Plan will be prepared. Sec 32 report will be prepared, and all irregular expenditure will be investigated. SCM Manager will be appointed</p>
<b>Material uncertainty relating to going concern</b>	
<p>The AG draws attention to the statement of financial position, which indicates that the Municipality's current liabilities exceeded its current assets by R14.5 million as at 30 June 2019. This event or condition, along with other matters as stated in note 60 to the financial statements, indicates that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern</p>	<p>Revenue enhancement project was implemented, which consist of a water meter audit and a company was appointed to assist with credit control and debt collection. A traffic court will be established to assist with the collection of traffic fines</p>
<b>Emphasis of matters</b>	
<p><b>Material impairments:</b> As disclosed in note 10 to the financial statements, the Municipality provided for the impairment of receivables from exchange transactions amounting to R29,4 million (2017 18: R26,4 million)</p>	<p>Revenue enhancement project was implemented to increase the revenue income</p>
<p><b>Material impairments:</b> As disclosed in note 11 to the financial statements, the Municipality provided for the impairment of receivables from non-exchange transactions amounting to R160,5 million (2017-18: R121,7 million)</p>	<p>A traffic court will be established to assist with the collection of traffic fines</p>
<p><b>Material impairments:</b></p>	<p>A company was appointed to assist with credit control and debt collection</p>

2018/19

# CHAPTER 6: AUDITOR-GENERAL REPORT

Main issues raised	Corrective steps implemented / to be implemented
<b>Corresponding figures for 30 June 2019</b>	
As disclosed in the statement of financial performance, the Municipality wrote off bad debts amounting to R9 million (2017-18: R5,6 million)	
Material losses: As disclosed in note 52.8 to the financial statements, material electricity losses of 9 110 067 Kwh (2017-18: 7 779 399 Kwh) was incurred, which represents distribution losses of 16,04% (2017 18: 13,49%)	Controls will be implemented to mitigate distribution losses
Material losses: As disclosed in note 52.8 to the financial statements, material water losses of 1 131 809 kilolitres (2017-18: 1 118 151 kilolitres) were incurred, which represents distribution losses of 45% (2017 18: 42,24%)	Revenue enhancement project was implemented, which consist of a water meter audit

Table 209: Auditor-General report 2018/19

## 6.2.2 Auditor-General Report on the Financial Statements 2018/19

The report of the Auditor-General is attached as Annexure B to this report and the Annual Financial Statements attached as Annexure A

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# ABBREVIATIONS

## LIST OF ABBREVIATIONS

<b>AG</b>	Auditor-General	<b>SAMDI</b>	South African Management Development Institute
<b>CAPEX</b>	Capital Expenditure	<b>SCM</b>	Supply Chain Management
<b>CBP</b>	Community Based Planning	<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>CFO</b>	Chief Financial Officer	<b>SDF</b>	Spatial Development Framework
<b>DPLG</b>	Department of Provincial and Local Government	<b>WWTW</b>	Waste Water Treatment Works
<b>DWAF</b>	Department of Water Affairs and Forestry		
<b>EE</b>	Employment Equity		
<b>GRAP</b>	Generally Recognised Accounting Practice		
<b>HR</b>	Human Resources		
<b>IDP</b>	Integrated Development Plan		
<b>IFRS</b>	International Financial Reporting Standards		
<b>IMFO</b>	Institute for Municipal Finance Officers		
<b>KPA</b>	Key Performance Area		
<b>KPI</b>	Key Performance Indicator		
<b>LED</b>	Local Economic Development		
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)		
<b>MIG</b>	Municipal Infrastructure Grant		
<b>MM</b>	Municipal Manager		
<b>MSA</b>	Municipal Systems Act No. 32 of 2000		
<b>MTECH</b>	Medium Term Expenditure Committee		
<b>NGO</b>	Non-governmental organisation		
<b>NT</b>	National Treasury		
<b>OPEX</b>	Operating expenditure		
<b>PMS</b>	Performance Management System		
<b>PT</b>	Provincial Treasury		
<b>SALGA</b>	South African Local Government Organisation		

**ANNEXURE A:  
ANNUAL  
FINANCIAL  
STATEMENTS**

# Beaufort West

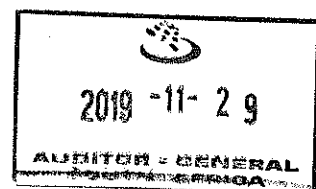
MUNICIPALITY



## ANNUAL FINANCIAL STATEMENTS

30 JUNE 2019

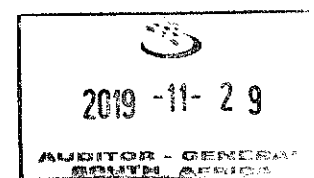
[These financial statements have not been audited]



# BEAUFORT WEST LOCAL MUNICIPALITY

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# BEAUFORT WES LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## GENERAL INFORMATION

### NATURE OF BUSINESS

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

### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

### JURISDICTION

The Beaufort West Municipality includes the following areas:

Beaufort West  
Nelspoort  
Merweville  
Murraysburg

### EXECUTIVE MAYOR

N. Constable

### DEPUTY EXECUTIVE MAYOR

Q.Louw

### SPEAKER

S.M. Mofsoane

### CHIEF WHIP

A.M. Kilani

### MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	N. Constable	1 July 2018 - 31 May 2019
Deputy Executive Mayor	H.T. Prince	1 June - 30 June 2019
Speaker	Q.Louw	
Chief Whip	S.M. Mofsoane	
	A.M. Kilani	

### MUNICIPAL MANAGER

Mr. K. Hearhoff

### CHIEF FINANCIAL OFFICER

Mr. C.J. Kymdell

### REGISTERED OFFICE

112 Donkin Street  
BEAUFORT WEST  
6970

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

Nedbank, Beaufort West

### ATTORNEYS

Crawford Attorneys, Beaufort West  
Van Niekerk Attorneys, Beaufort West

### RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)  
Collective Agreements  
Division of Revenue Act  
Electricity Act (Act no 41 of 1987)  
Employment Equity Act (Act no 55 of 1998)  
Housing Act (Act no 107 of 1997)  
Infrastructure Grants  
Municipal Budget and Reporting Regulations  
Municipal Finance Management Act (Act no 56 of 2003)  
Municipal Planning and Performance Management Regulations  
Municipal Property Rates Act (Act no 6 of 2004)  
Municipal Regulations on Standard Chart of Accounts  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
Remuneration of Public Office Bearers Act (Act no 20 of 1996)  
SALBC Leave Regulations  
Skills Development Levies Act (Act no 9 of 1996)  
Supply Chain Management Regulations, 2005  
The Income Tax Act  
Unemployment Insurance Act (Act no 30 of 1966)  
Value Added Tax Act  
Water Services Act (Act no 108 of 1997)

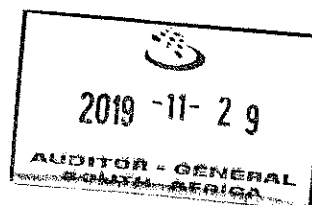
### MEMBERS OF THE BEAUFORT WES LOCAL MUNICIPALITY

#### WARD

1  
2  
3  
4  
5  
6  
7  
Proportional  
Proportional  
Proportional  
Proportional  
Proportional  
Proportional

#### COUNCILLOR

D.E. Welgemoed  
O. Haarvoor  
L. Basson  
S.M. Mofsoane  
A.M. Kilani  
E. Wentzel  
J.J. van Linde  
L. Deyce  
H.T. Prince  
Q.Louw  
E. Lawrence  
N. Constable  
A.M. Slabbert  
Z.J.D. Lambert



# BEAUFORT WES LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 1 to 111 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

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

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

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

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

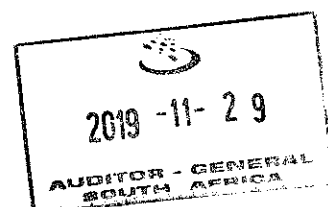
The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.



Mr. K. Haarhoff  
Municipal Manager

29/11/2019

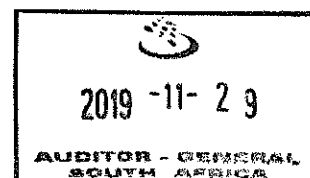
Date



**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019**

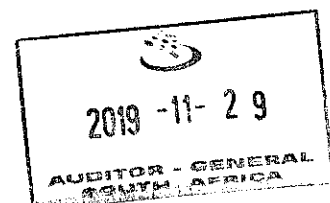
	Notes	2019 R	2018 Restated R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>539,648,336</b>	<b>530,360,167</b>
Property, Plant and Equipment	2	524,583,688	514,792,897
Investment Property	3	7,033,226	7,247,207
Intangible Assets	4	284,715	400,060
Heritage Assets	5	5,225,000	5,225,000
Non-Current Receivables from Exchange Transactions	6	1,859,861	1,861,932
Non-Current Receivables from Non-Exchange Transactions	7	661,847	833,071
<b>Current Assets</b>		<b>59,517,152</b>	<b>76,002,090</b>
Inventory	9	2,997,854	3,571,385
Receivables from Exchange Transactions	10	9,938,349	16,359,643
Receivables from Non-exchange Transactions	11	34,093,645	28,342,381
Unpaid Transfers and Subsidies	20	-	12,935
Operating Lease Asset	8	40,363	25,161
Taxes	21.3	11,130,489	14,169,334
Current Portion of Non-Current Receivables	6&7	807,873	784,696
Cash and Cash Equivalents	12.1	508,579	12,736,555
<b>Total Assets</b>		<b>599,165,488</b>	<b>606,362,257</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>62,195,531</b>	<b>60,199,178</b>
Long-term Borrowings	13	6,992,620	9,016,518
Non-current Provisions	14	24,467,353	22,062,433
Non-current Employee Benefits	15	30,735,558	29,016,143
Non-current Trade and Other Payables from Exchange Transactions	19	-	104,084
<b>Current Liabilities</b>		<b>73,987,216</b>	<b>83,775,266</b>
Consumer Deposits	16	1,830,542	1,537,467
Provisions	17	6,170,078	5,714,119
Current Employee Benefits	18	11,978,921	9,725,180
Trade and Other Payables from Exchange Transactions	19	32,223,829	51,432,244
Unspent Transfers and Subsidies	20	6,476,812	3,379,953
Cash and Cash Equivalents	12.2	12,929,852	7,792,004
Current Portion of Long-term Borrowings	13	2,377,182	4,194,300
<b>Total Liabilities</b>		<b>136,182,747</b>	<b>143,974,444</b>
<b>Net Assets</b>		<b>462,982,740</b>	<b>462,387,812</b>
Capital Replacement Reserve	23	-	-
Housing Development Fund	23	3,789,477	3,789,477
Self Insurance Reserve	23	511,578	699,275
Accumulated Surplus		458,681,685	457,899,060
<b>Total Net Assets and Liabilities</b>		<b>599,165,488</b>	<b>606,362,256</b>



**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

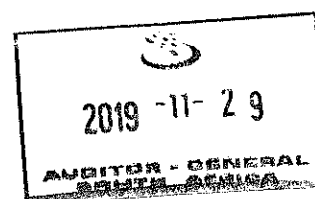
	Notes	2019 R	2018 Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>196,200,426</b>	<b>236,015,808</b>
<b>Taxation Revenue</b>		<b>36,239,032</b>	<b>33,875,648</b>
Property Rates	24	36,239,032	33,875,648
<b>Transfer Revenue</b>		<b>107,669,014</b>	<b>154,156,237</b>
Government Grants and Subsidies - Capital	25	30,103,158	77,717,306
Government Grants and Subsidies - Operating	25	77,529,856	76,283,699
Contributed Property, Plant and Equipment	26	36,000	155,232
<b>Other Revenue</b>		<b>52,292,381</b>	<b>47,983,924</b>
Actuarial Gains	15	823,726	2,474,041
Fines, Penalties and Forfeits		50,449,294	44,641,921
Interest Earned - Non-exchange Transactions		983,978	825,998
Licences and Permits	27	35,383	41,964
<b>Revenue from Exchange Transactions</b>		<b>107,120,698</b>	<b>115,990,352</b>
Service Charges	28	99,320,952	107,422,169
Sales of Goods and Rendering of Services	29	585,044	694,306
Rental from Fixed Assets	30	1,076,121	1,135,400
Interest Earned - External Investments	31	615,980	851,203
Interest Earned - Exchange Transactions	32	2,732,321	2,821,683
Licences and Permits	27	301,827	287,763
Agency Services		851,625	741,417
Operational Revenue	33	1,636,828	2,036,412
<b>Total Revenue</b>		<b>303,321,125</b>	<b>352,006,161</b>
<b>EXPENDITURE</b>			
Employee related costs	34	106,439,030	94,428,040
Remuneration of Councillors	35	6,007,500	6,068,438
Bad Debts Written Off		9,007,067	5,632,236
Contracted Services	36	28,730,767	39,623,486
Depreciation and Amortisation	37	19,522,886	17,576,966
Actuarial Losses	15	402,552	209,326
Finance Costs	38	5,886,608	6,265,736
Bulk Purchases	39	63,088,212	59,256,654
Inventory Consumed	9	6,740,819	3,322,108
Operating Leases		12,999	244,479
Transfers and Subsidies	40	671,122	223,335
Operational Costs	41	14,419,204	13,552,944
<b>Total Expenditure</b>		<b>260,928,765</b>	<b>246,403,747</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>42,392,359</b>	<b>105,602,414</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	10	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	42	(41,590,149)	(37,655,717)
Gains/(Loss) on Sale of Fixed Assets	43	(204,671)	(1,601,147)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	44	(2,652)	(7,625,144)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>594,887</b>	<b>58,720,406</b>



**BEAUFORT WES LOCAL MUNICIPALITY**

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

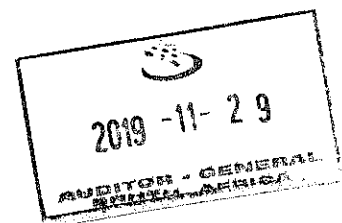
	<b>Capital Replacement Reserve</b>	<b>Housing Development Fund</b>	<b>Self Insurance Reserve</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 July 2017</b>	<b>3,245,451</b>	<b>3,781,402</b>	<b>626,624</b>	<b>395,486,141</b>	<b>403,139,618</b>
Net Surplus/(Deficit) for the year	-	-	-	55,585,276	55,585,276
Net Surplus/(Deficit) previously reported	-	-	-	55,585,276	55,585,276
Transfer to/from CRR	3,539,867	-	-	(3,539,867)	-
Property, Plant and Equipment purchased	(6,863,352)	-	-	6,863,352	-
Contribution to insurance reserve	-	-	709,551	(709,551)	-
Insurance claim processed	-	-	(646,846)	646,846	-
Rounding	(3)	-	-	4	1
Interest re-allocated to funds	78,036	8,079	9,945	(96,060)	-
<b>Balance at 30 June 2018</b>	<b>-</b>	<b>3,789,481</b>	<b>699,274</b>	<b>454,236,140</b>	<b>458,724,895</b>
Correction of Error - 47	-	-	-	3,662,917	3,662,917
<b>Restated balance</b>	<b>-</b>	<b>3,789,481</b>	<b>699,274</b>	<b>457,899,058</b>	<b>462,387,812</b>
Net Surplus/(Deficit) for the year	-	-	-	594,887	594,887
Insurance claim processed	-	-	(187,695)	187,695	-
Rounding	-	(4)	-	45	-
<b>Balance at 30 June 2019</b>	<b>-</b>	<b>3,789,477</b>	<b>511,578</b>	<b>458,681,685</b>	<b>462,982,699</b>



**BEAUFORT WES LOCAL MUNICIPALITY**

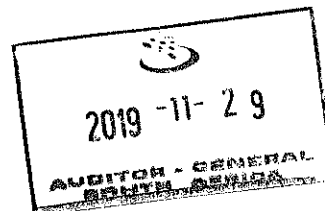
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 R	2018 Restated R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Ratepayers and others		140,761,722	138,839,372
Government		110,742,808	143,647,592
Interest		4,332,279	4,498,883
Cash payments			
Suppliers and Employees		(240,211,528)	(203,631,365)
Finance Charges		(1,382,227)	(1,775,306)
<b>Net Cash from Operating Activities</b>	<b>47</b>	<b>14,243,053</b>	<b>81,579,177</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(27,301,007)	(78,921,817)
Proceeds on Disposal of Fixed Assets		(187,695)	-
Purchase of Intangible Assets		(13,081)	(11,930)
Decrease/(Increase) in Other Non-Current Receivables		173,296	(376,771)
<b>Net Cash from Investing Activities</b>		<b>(27,328,487)</b>	<b>(79,310,518)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(4,280,391)	(3,961,595)
<b>Net Cash from Financing Activities</b>		<b>(4,280,391)</b>	<b>(3,961,595)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(17,365,825)</b>	<b>(1,692,936)</b>
Cash and Cash Equivalents at the beginning of the year		4,944,551	6,637,487
Cash and Cash Equivalents at the end of the year	<b>48</b>	<b>(12,421,274)</b>	<b>4,944,551</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(17,365,825)</b>	<b>(1,692,936)</b>



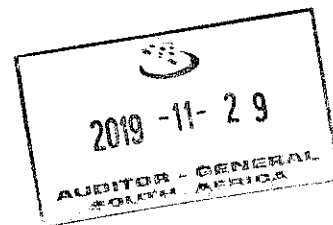
**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019**

	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	(i.t.o. s28 and s31 of the MFMA) R	R	(i.t.o. s31 of the MFMA) R	(i.t.o. Council approved by-law) R	R	2019 R	%	
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash	2,161,675	4,783,325	6,945,000			6,945,000	122,612	-98.23%	Cashflow constraints
Call Investment Deposits	5,423,397	(4,406,583)	1,016,834			1,016,834	385,966	-82.04%	Cashflow constraints
Consumer Debtors	20,067,404	-	20,067,404			20,067,404	9,938,349	-50.48%	Decrease in electricity sales and increase in indigent support/increase in provision for impairment
Other Debtors	20,161,019	15,810,866	35,971,885			35,971,885	46,264,497	25.83%	Increase in fines notices
Current Portion of long-term receivables	-	784,697	784,697			784,697	807,873	2.95%	
Inventory	3,952,339	(202,385)	3,749,954			3,749,954	2,997,854	-20.06%	Cashflow constraints
<b>Total Current Assets</b>	<b>51,705,834</b>	<b>16,769,940</b>	<b>68,535,774</b>	-	-	<b>68,535,774</b>	<b>59,517,152</b>	<b>-13.18%</b>	
<b>Non-Current Assets</b>									
Long-term Receivables	1,859,485	835,517	2,695,002			2,695,002	2,521,708	-6.43%	
Investment Property	7,551,849	(548,497)	7,003,352			7,003,352	7,033,226	0.43%	
Property, Plant and Equipment	536,862,912	(11,684,120)	524,218,792			524,218,792	524,583,688	0.07%	
Intangible Assets	394,649	(1,241)	393,408			393,408	284,715	-27.83%	Incorrect classification
Other Non-Current Assets	5,395,735	(118,766)	5,276,969			5,276,969	5,225,000	-0.98%	Increase in capitalised restoration cost
<b>Total Non-Current Assets</b>	<b>551,084,630</b>	<b>(11,497,107)</b>	<b>539,587,523</b>	-	-	<b>539,587,523</b>	<b>539,648,338</b>	<b>0.01%</b>	
<b>TOTAL ASSETS</b>	<b>602,850,464</b>	<b>5,272,833</b>	<b>608,123,297</b>	-	-	<b>608,123,207</b>	<b>599,165,488</b>	<b>-1.47%</b>	
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Bank Overdraft	-	-	-			-	12,929,852	0.00%	Cashflow constraints
Borrowing	3,206,150	-	3,206,150			3,206,150	2,377,182	-25.86%	Decrease in loans (period complete)
Consumer Deposits	1,456,196	-	1,456,196			1,456,196	1,830,542	25.71%	More deposit received than expected
Trade and Other Payables	31,521,622	14,109,880	45,631,502			45,631,502	38,700,641	-15.19%	Cashflow constraints
Provisions	8,803,681	6,636,618	15,439,299			15,439,299	18,148,999	17.55%	Increase in landfill site provision and employee benefit
<b>Total Current Liabilities</b>	<b>44,987,649</b>	<b>20,745,498</b>	<b>65,733,147</b>	-	-	<b>65,733,147</b>	<b>73,987,216</b>	<b>12.56%</b>	
<b>Non-Current Liabilities</b>									
Borrowing	9,590,604	-	9,590,604			9,590,604	8,992,620	-27.09%	Decrease in loans (period complete)
Provisions	55,595,204	-	55,595,204			55,595,204	55,202,910	-0.71%	
<b>Total Non-Current Liabilities</b>	<b>65,185,808</b>	<b>-</b>	<b>65,185,808</b>	-	-	<b>65,185,808</b>	<b>62,195,531</b>	<b>-4.59%</b>	
<b>TOTAL LIABILITIES</b>	<b>110,173,457</b>	<b>20,745,498</b>	<b>130,918,955</b>	-	-	<b>130,918,955</b>	<b>136,182,747</b>	<b>4.02%</b>	
<b>NET ASSETS</b>									
Accumulated Surplus/(Deficit)	487,253,610	(14,598,023)	472,655,587			472,655,587	458,681,685	-2.96%	Net effect of reasons above
Reserves	5,423,397	(874,642)	4,548,755			4,548,755	4,301,055	-5.45%	
<b>TOTAL NET ASSETS</b>	<b>492,677,007</b>	<b>(16,472,665)</b>	<b>477,204,342</b>	-	-	<b>477,204,342</b>	<b>462,982,740</b>	<b>-2.98%</b>	



**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

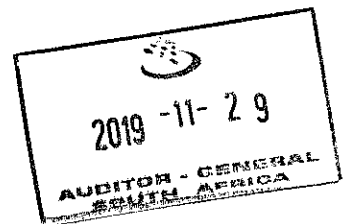
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2019 R	%	
<b>REVENUE</b>									
Property Rates	37,156,436	86,164	37,242,600			37,242,600	36,230,032	-2.69%	Increase in indigent support and discounts provided
Service Charges - Electricity Revenue	78,474,400	(5,540,700)	72,933,700			72,933,700	58,032,167	-20.43%	Decrease in electricity sales and increase in indigent support
Service Charges - Water Revenue	20,008,320	(1,237,520)	18,770,800			18,770,800	17,726,518	-5.50%	Increase in water sales
Service Charges - Sanitation Revenue	15,516,500	140,900	15,657,400			15,657,400	15,565,458	-0.59%	
Service Charges - Refuse Revenue	8,165,650	(108,200)	8,057,450			8,057,450	7,996,809	-0.76%	
Rental of Facilities and Equipment	1,375,816	(133,701)	1,242,115			1,242,115	1,076,121	-13.36%	Less of municipal properties rented out
Interest Earned - External Investments	1,260,000	(845,000)	415,000			415,000	615,000	48.43%	Favorable interest rate on investments
Interest Earned - Outstanding Debtors	2,940,000	82,220	3,022,220			3,022,220	3,716,299	22.97%	Increase in debtors from the prior year
Fines	30,429,365	20,053,365	50,482,750			50,482,750	50,449,294	-0.07%	
Licenses and Permits	628,515	(7,515)	621,000			621,000	337,210	-45.70%	Overbudget on driver licence certificates
Agency Services	750,000	-	750,000			750,000	851,625	13.55%	More commission received than expected
Transfers Recognised - Operational	102,892,800	56,023,833	158,916,633			158,916,633	77,529,856	-51.21%	Grant received for top structures - municipality is the agent
Other Revenue	4,374,848	1,182,801	5,557,649			5,557,649	3,045,599	-45.20%	mSCOA reclassifications
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>303,972,650</b>	<b>69,696,667</b>	<b>373,669,317</b>	<b>-</b>	<b>-</b>	<b>373,669,317</b>	<b>273,181,967</b>	<b>-26.89%</b>	
<b>EXPENDITURE</b>									
Employee Related Costs	103,811,052	3,668,481	107,479,533			107,479,533	106,439,030	-0.97%	
Remuneration of Councillors	6,224,943	(159,352)	6,065,591			6,065,591	6,007,500	-0.97%	
Debt Impairment	22,832,248	20,000,000	42,832,248			42,832,248	41,590,149	-2.90%	
Depreciation and Asset Impairment	19,221,748	-	19,221,748			19,221,748	19,625,538	1.58%	
Finance Charges	2,308,490	(589,278)	1,719,212			1,719,212	5,888,608	242.40%	Interest on employee benefits and landfill site
Bulk Purchases	70,500,000	(3,250,000)	67,250,000			67,250,000	63,088,212	-6.19%	Overbudget on bulk purchases electricity
Other Materials	10,719,570	(10,535,564)	9,184,006			9,184,006	6,740,819	-26.60%	mSCOA reclassifications
Contracted Services	8,639,250	102,029,455	110,668,705			110,668,705	28,730,767	-74.04%	mSCOA reclassifications
Transfers and Grants	660,000	(40,000)	610,000			610,000	671,122	10.02%	Transfer to Tourism office
Other Expenditure	65,936,389	(42,814,628)	23,121,761			23,121,761	23,841,823	3.11%	mSCOA reclassifications
Loss on Disposal of PPE	-	-	-			-	204,671	#DIV/0!	Not budgeted
<b>Total Expenditure</b>	<b>319,843,690</b>	<b>66,310,114</b>	<b>386,153,804</b>	<b>-</b>	<b>-</b>	<b>386,153,804</b>	<b>302,726,238</b>	<b>-22.01%</b>	
<b>Surplus(Deficit)</b>	<b>(15,871,040)</b>	<b>1,386,553</b>	<b>(14,484,487)</b>	<b>-</b>	<b>-</b>	<b>(14,484,487)</b>	<b>(29,544,271)</b>	<b>103.97%</b>	
Transfers Recognised - Capital	23,087,200	9,876,734	32,963,934			32,963,934	30,103,158	-8.68%	MIG grant not fully spent
Contributed Assets	-	-	-			-	36,000	#DIV/0!	Not budgeted
<b>Surplus(Deficit) for the year</b>	<b>7,216,160</b>	<b>11,263,287</b>	<b>18,479,447</b>	<b>-</b>	<b>-</b>	<b>18,479,447</b>	<b>594,887</b>	<b>-6.78%</b>	





**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

Notes	Original Budget	Budget Adjustments (i.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.o. s31 of the MFMA)	Virement (i.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2019 R	%	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Taxation	32,629,347	2,751,123	35,380,470			35,380,470	140,761,722	-18.25%	Increase in indigent support and discounts provided/increase in water sales
Service Charges	113,783,038	(3,132,387)	110,650,651			110,650,651	-	-100.00%	Included in ratepayers and other on actual cashflow
Other Revenue	30,745,963	(4,591,680)	26,154,303			26,154,303	-	-100.00%	mSCOA reclassifications
Government - Operating	102,892,800	56,023,833	158,916,633			158,916,633	110,742,808	-42.29%	Grant received for top structures - municipality is the agent
Government - Capital	23,087,200	9,876,734	32,963,934			32,963,934	-	-100.00%	MIG grant not fully spent
Interest	4,200,000	(762,780)	3,437,220			3,437,220	4,332,270	26.04%	Favorable interest rate on investments/increase in debtors from prior year
<b>Payments</b>									
Suppliers and Employees	(274,531,204)	(49,239,362)	(323,770,566)			(323,770,566)	(240,211,528)	-25.81%	Grant received for top structures - municipality is the agent (expenditure)
Finance costs	(1,352,067)	(361,145)	(1,718,212)			(1,718,212)	(1,382,227)	-19.60%	Interest on employee benefits and landfill site
Transfers and Grants	(650,000)	40,000	(610,000)			(610,000)	-	-100.00%	Transfer to Tourism office
<b>Net Cash from/(used) Operating Activities</b>	<b>30,769,077</b>	<b>10,804,326</b>	<b>41,403,403</b>	<b>-</b>	<b>-</b>	<b>41,403,403</b>	<b>14,243,053</b>	<b>-65.60%</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	-	-	-			-	(187,665)	0.00%	Not budgeted for disposals
Decrease/(increase) in Other Non-Current Receivables	-	-	-			-	173,296	0.00%	Not budgeted
<b>Payments</b>									
Capital Assets	(24,187,200)	(9,914,234)	(34,101,434)			(34,101,434)	(27,314,088)	-19.90%	VAT included in budget. MIG not fully spent
<b>Net Cash from/(used) Investing Activities</b>	<b>(24,187,200)</b>	<b>(9,914,234)</b>	<b>(34,101,434)</b>	<b>-</b>	<b>-</b>	<b>(34,101,434)</b>	<b>(27,328,487)</b>	<b>-19.86%</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>									
<b>Payments</b>									
Repayment of Borrowing	(4,328,959)	134,659	(4,194,300)			(4,194,300)	(4,280,391)	2.05%	
<b>Net Cash from/(used) Financing Activities</b>	<b>(4,225,690)</b>	<b>31,369</b>	<b>(4,194,300)</b>	<b>-</b>	<b>-</b>	<b>(4,194,300)</b>	<b>(4,280,391)</b>	<b>2.05%</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>2,886,217</b>	<b>721,452</b>	<b>3,107,669</b>	<b>-</b>	<b>-</b>	<b>3,107,669</b>	<b>(17,365,825)</b>	<b>-658.81%</b>	Net of reasons listed above
Cash and Cash Equivalents at the year begin:	5,198,655	(344,690)	4,854,165			4,854,165	4,944,551	1.86%	
Cash and Cash Equivalents at the year end:	<b>7,585,072</b>	<b>376,762</b>	<b>7,961,834</b>	<b>-</b>	<b>-</b>	<b>7,961,834</b>	<b>(12,421,274)</b>	<b>-256.01%</b>	



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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

**1.1. BASIS OF PREPARATION**

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

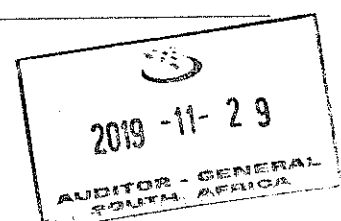
The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality elected to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

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

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transacted for periods after 1 July 2018. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2018 audited amounts are set out in note 45 of the annual financial statements.

**1.5. AMENDED DISCLOSURE POLICY**

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

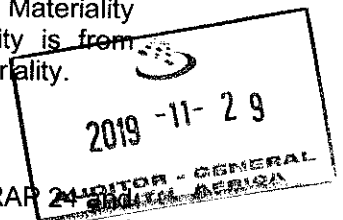
**1.6. MATERIALITY**

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

**1.7. PRESENTATION OF BUDGET INFORMATION**

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

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.



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The comparable information includes the following:

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

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

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

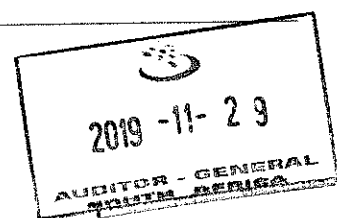
The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

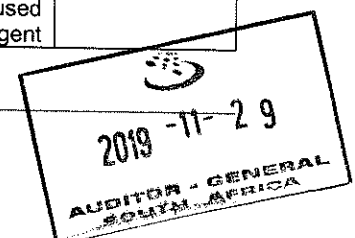
The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	<p><b><u>Related Party Disclosure</u></b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	1 April 2019
GRAP 32 (Original – Aug 2013)	<p><b><u>Service Concession Arrangements: Grantor</u></b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2019
GRAP 34 (Revised – April 2019)	<p><b><u>Separate Financial Statements</u></b></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures</p>	Unknown



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

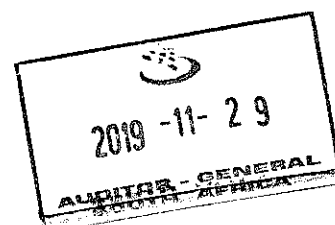
	<p>and associates when an entity prepares separate financial statements.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	
<b>GRAP 35 (Revised – April 2019)</b>	<p><b><u>Consolidated Financial Statements</u></b></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<b>GRAP 36 (Revised – April 2019)</b>	<p><b><u>Investments in Associates and Joint Ventures</u></b></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<b>GRAP 38 (Revised - April 2019)</b>	<p><b><u>Disclosure of Interest in Other Entities</u></b></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<b>GRAP 104 (Revised – April 2019)</b>	<p><b><u>Financial Instruments</u></b></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
<b>GRAP 108 (Original – Sept 2013)</b>	<p><b><u>Statutory Receivables</u></b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	1 April 2019
<b>GRAP 109</b>	<p><b><u>Accounting by Principles and Agents</u></b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent</p>	1 April 2019



**BEAUFORT WEST MUNICIPALITY**  
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	<p>arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	
<b>GRAP 110</b>	<p><b><u>Living and non-living resources</u></b></p> <p>The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020
<b>IGRAP 17</b>	<p><b><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></b></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	1 April 2019
<b>IGRAP 18</b>	<p><b><u>Recognition and Derecognition of Land</u></b></p> <p>The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>The municipality needs to assess whether there are any changes to binding agreements that may impact its assessment of control.</p>	1 April 2019
<b>IGRAP 19</b>	<p><b><u>Liabilities to Pay Levies</u></b></p> <p>The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	1 April 2019

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.



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**1.9. HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**1.10. RESERVES**

**1.10.1. Capital Replacement Reserve (CRR)**

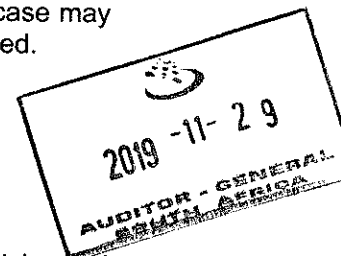
In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited or debited, as the case may be, by a corresponding amount when the amounts in the CRR are utilized.

**1.11. LEASES**

**1.11.1. Municipality as Lessee**

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance



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cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.11.2. Municipality as Lessor**

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

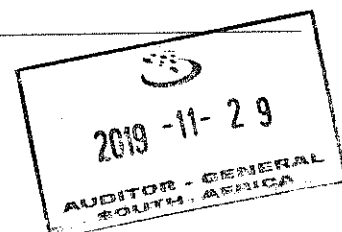
Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset.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

**1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

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

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





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- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

**1.14. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

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

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

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the

**BEAUFORT WEST MUNICIPALITY**  
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creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.15. PROVISIONS**

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

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

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

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

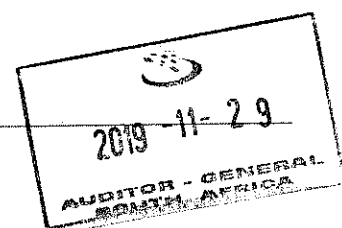
If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

**1.16. EMPLOYEE BENEFITS**

**(a) Pension and Retirement Fund Obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

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



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The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

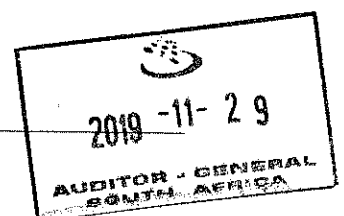
The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, 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.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.



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**(b) Post-Retirement Medical Obligations**

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

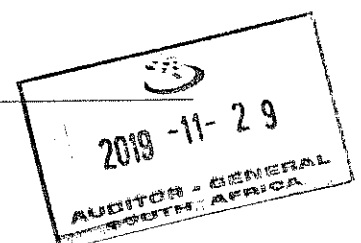
These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as employee related cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. 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, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**(c) Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**(d) Ex-Gratia Pension Benefits**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**(e) Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end, to a maximum of 48 days, and also on the total 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, to a maximum of 48 days, will be paid out to the specific employee at the end of that employee's employment term.

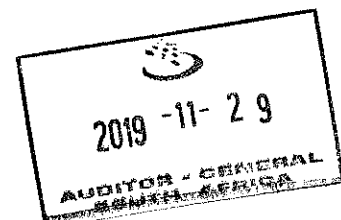
Accumulated leave is vesting.

**(f) Staff Bonuses**

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

**(g) Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees.



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**1.17. PROPERTY, PLANT AND EQUIPMENT**

**1.17.1. Initial Recognition**

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

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

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

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

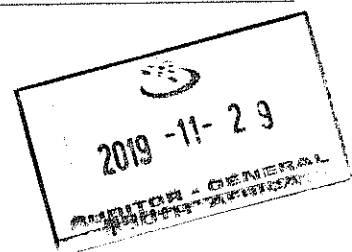
Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

**1.17.2. Subsequent Measurement – Cost Model**

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

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent



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expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.17.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives in years:

**Infrastructure**

Roads	9-102
Electricity	12-68
Water	8-106
Refuse	18-30
Sewerage	10-106

**Community**

Cemeteries	105
Recreation sites	8-105
Community Centurms	20-105
Libraries	20-105

**Other**

Buildings	17-105
Machinery & Equipment	2-45
Furniture and Office equipment	3-34
Computer Equipment	2-29
Transport Assets	4-72

**Finance lease assets**

Office equipment	2-13
Vehicles	3-8

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

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



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

**1.17.4. De-recognition**

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

**1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

**1.18. INTANGIBLE ASSETS**

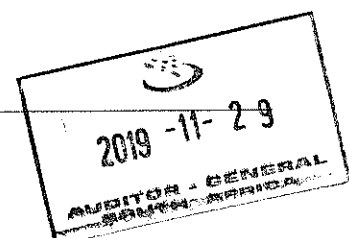
**1.18.1. Initial Recognition**

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

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

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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





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Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

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

Intangible assets are initially recognised at cost.

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

**1.18.2. Subsequent Measurement – Cost Model**

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

**1.18.3. Amortisation and Impairment**

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5-7

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.



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**1.18.4. De-recognition**

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

**1.18.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

**1.19. INVESTMENT PROPERTY**

**1.19.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

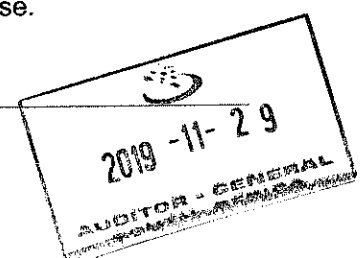
- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

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

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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

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



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**1.19.2. Subsequent Measurement – Cost Model**

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

**1.19.3. Depreciation and Impairment – Cost Model**

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

<u>Investment Property</u>	<u>Years</u>
Buildings	30-33

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

**1.19.4. De-recognition**

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

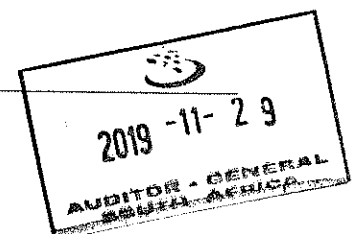
**1.19.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

**1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.20.1. Cash generating assets**

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



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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

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

(a) External sources of information

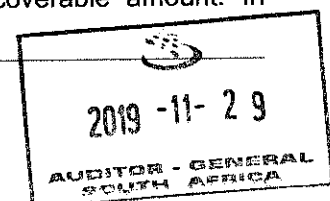
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In



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assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

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

**1.20.2. Non-cash-generating assets**

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

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

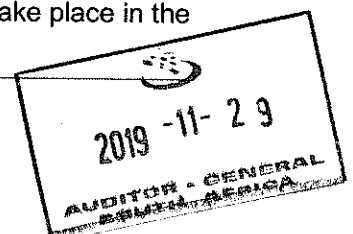
In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

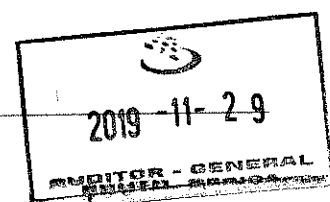
near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;

- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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

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

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.



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

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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

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

## **1.21. INVENTORIES**

### **1.21.1. Initial Recognition**

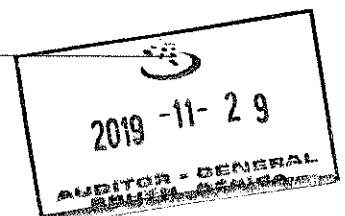
Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and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

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

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

### **1.21.2. Subsequent Measurement**

Inventories, consisting of consumable stores, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value



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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

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

Cost of land held for sale is assigned by using specific identification of their individual costs.

## **1.22. FINANCIAL INSTRUMENTS**

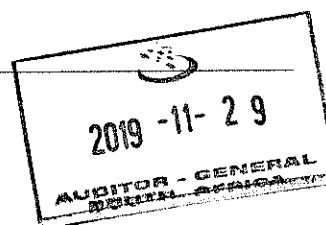
Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional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

### **1.22.1. Initial Recognition**

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

### **1.22.2. Subsequent Measurement**

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





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**1.22.2.1. Receivables**

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

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

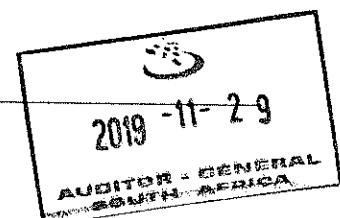
If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying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

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

**1.22.2.2. Payables and Annuity Loans**

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

**1.22.2.3. Cash and Cash Equivalents**



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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

**1.22.3. De-recognition**

**1.22.3.1. Financial Assets**

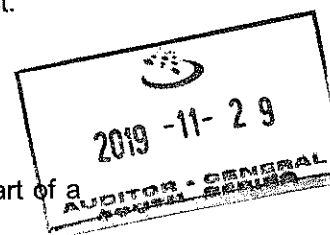
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

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

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



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**1.22.3.2. Financial Liabilities**

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

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

**1.22.4. Offsetting of Financial Instruments**

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

**1.23. STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

**1.23.1. Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

**1.23.2. Subsequent Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement



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of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

**1.23.3. Derecognition**

The Municipality derecognises a statutory receivable when:

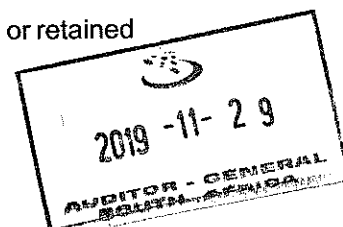
- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards 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 Municipality:
  - i. derecognise the receivable; and
  - ii. recognise separately any rights and obligations created or retained in the transfer.

**1.24. REVENUE**

**1.24.1. Revenue from Non-Exchange Transactions**

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

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



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Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

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

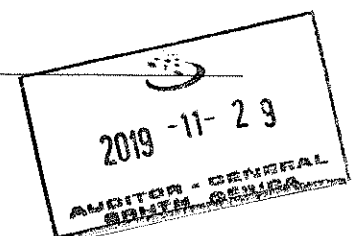
Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

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

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



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

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue 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.

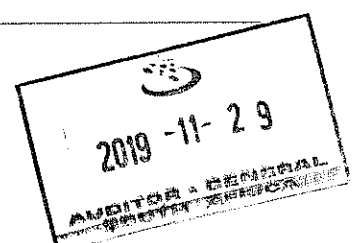
If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

**1.24.2. Revenue from Exchange Transactions**

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

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

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



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- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

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 recorded number of refuse points per property.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

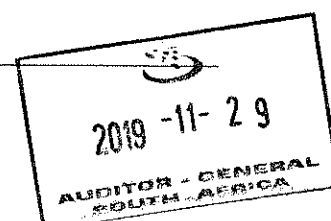
Interest revenue is recognised using the effective interest rate method.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

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

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.



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

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

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

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

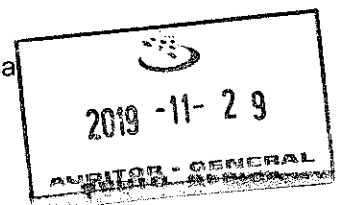
**1.25. RELATED PARTIES**

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:





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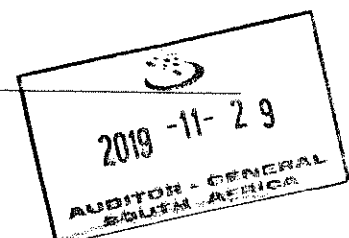
- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

- (a) all members of the governing body of the Municipality;  
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;  
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and



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- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

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

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

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

#### **1.26. UNAUTHORISED EXPENDITURE**

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

#### **1.27. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



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**1.28. FRUITLESS AND WASTEFUL EXPENDITURE**

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

**1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

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

Management judgement is required when recognising and measuring contingent liabilities.

**1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

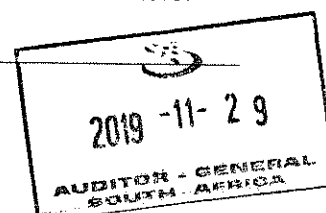
In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

***Post-retirement medical obligations, Long service awards and Ex gratia gratuities***

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 16 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

***Impairment of Receivables***

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



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***Property, Plant and Equipment***

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

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

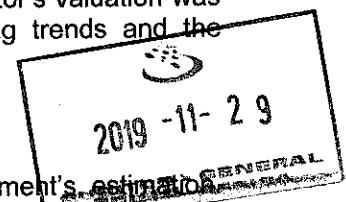
The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding,



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service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

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

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

***Investment Property***

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

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

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

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

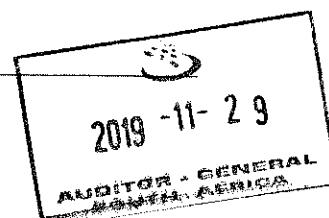
***Provisions and Contingent Liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

***Provision for Landfill Sites***

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:



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- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

***Provision for Performance bonuses***

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

***Componentisation of Infrastructure assets***

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

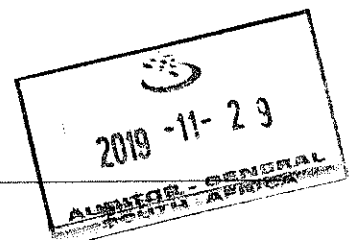
***Revenue Recognition***

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

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

**1.31. TAXES – VALUE ADDED TAX**

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



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**1.32. CAPITAL COMMITMENTS**

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

**1.33. EVENTS AFTER REPORTING DATE**

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

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

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

**1.34. VALUE ADDED TAX (VAT)**

**1.33.1 Current VAT assets and liabilities**

Current VAT for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

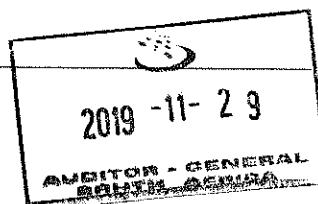
Current VAT liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the VAT authorities, using the tax rates and VAT laws that have been enacted or substantively enacted by the reporting date.

**1.33.2 Deferred VAT assets and liabilities**

Deferred VAT liability is recognised for all taxable temporary differences, except to the extent that the deferred VAT liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (VAT loss).

A deferred VAT asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred VAT asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused VAT to the extent that it is probable that future taxable profit will be available against which the



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unused VAT losses.

Deferred VAT assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and VAT laws) that have been enacted or substantively enacted by the reporting date.

### **1.34 HERITAGE ASSETS**

#### **1.34.1 Initial Recognition**

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.

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

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

#### **1.34.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

#### **1.34.3 Depreciation and Impairment**

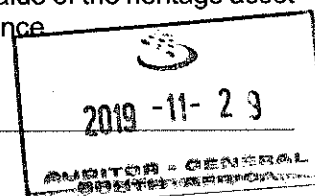
Heritage assets are not depreciated

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

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

#### **1.34.4 De-recognition**

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

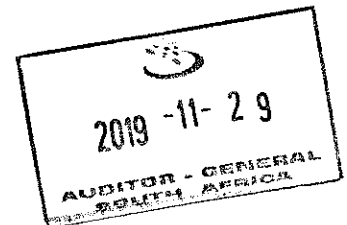




**BEAUFORT WEST MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**1.34.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.




BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

	Cost/Revaluation						Accumulated Impairment				Accumulated Depreciation				Carrying Value		
	Opening Balance	Correction of Error	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Depreciation		Disposals	Closing Balance
<b>Infrastructure</b>																	
Electricity Network	95,563,882	-	12,052,189	-	-	-	107,616,071	-	-	-	-	15,393,903	-	2,854,212	-	18,248,116	89,367,955
Refuse Network	6,344,903	-	-	-	-	-	6,144,903	-	-	-	-	2,353,663	-	312,159	-	2,665,822	3,479,081
Road Network	183,620,151	-	8,639,731	-	-	-	192,259,882	-	-	-	-	46,984,487	-	5,737,783	-	52,722,270	139,537,612
Sanitation Network	99,649,311	-	-	-	-	-	99,649,311	-	-	-	-	12,074,228	-	3,929,777	-	16,003,995	84,475,316
Water Network	91,121,921	-	4,148,902	-	-	-	95,270,823	-	-	-	-	21,272,906	-	3,056,911	53,431	24,228,388	76,970,430
Capitalized restoration cost	4,042,046	-	1,214,517	-	-	70,406	5,266,969	271,779	2,652	-	274,431	3,719,297	-	3,027	-	3,721,324	1,290,776
	<b>488,141,811</b>		<b>26,226,340</b>			<b>70,406</b>	<b>512,329,949</b>	<b>271,779</b>	<b>2,652</b>		<b>274,431</b>	<b>191,777,495</b>		<b>15,904,689</b>	<b>53,431</b>	<b>116,779,894</b>	<b>395,321,160</b>
<b>Community Assets</b>																	
Cemeteries	17,200	-	-	-	-	-	17,200	-	-	-	-	1,856	-	165	-	2,032	15,168
Community centres	8,347,783	-	-	-	-	-	8,347,783	670,476	-	-	670,476	2,068,740	-	114,032	-	2,172,712	5,904,933
Libraries	553,477	-	-	-	-	-	553,477	21,470	-	-	21,470	63,656	-	5,562	-	69,431	486,576
Recreation sites	17,078,116	-	1,866,546	-	-	-	18,944,663	186,621	-	-	186,621	1,233,335	-	396,631	-	1,630,185	17,007,857
	<b>26,096,976</b>		<b>1,866,546</b>				<b>27,961,124</b>	<b>878,570</b>			<b>878,570</b>	<b>3,258,620</b>		<b>679,390</b>		<b>3,937,960</b>	<b>23,023,164</b>
<b>Land and Buildings</b>																	
Land	112,611,833	-	-	-	-	-	112,611,833	16,877,185	-	-	16,877,185	3,712,694	-	806,095	-	4,515,888	92,414,780
Buildings	43,362,280	-	-	-	-	-	43,362,280	15,146,105	-	-	15,146,105	-	-	-	-	4,519,888	64,168,580
	<b>70,279,553</b>						<b>155,974,113</b>	<b>31,023,290</b>			<b>31,023,290</b>	<b>3,712,694</b>		<b>806,095</b>		<b>9,035,776</b>	<b>156,583,363</b>
<b>Other Assets</b>																	
Riparian and Equipment	3,556,383	-	66,621	-	-	-	3,623,004	-	-	-	-	1,027,582	-	393,875	-	2,231,857	1,400,347
Furniture and Office Equipment	3,353,310	-	120,107	-	-	-	3,473,417	-	-	-	-	1,841,969	-	276,888	-	2,117,854	1,355,564
Computer Equipment	4,017,999	-	392,707	-	-	-	4,390,803	-	-	-	-	2,098,502	-	478,867	-	2,577,469	1,743,114
Transport Assets	10,613,995	-	-	-	-	-	10,613,995	-	-	-	-	4,975,978	-	448,992	-	5,425,000	5,188,837
	<b>21,546,398</b>		<b>469,835</b>				<b>22,029,039</b>					<b>16,844,527</b>		<b>1,598,642</b>		<b>12,353,188</b>	<b>9,685,851</b>
<b>Leases</b>																	
Leased office equipment	540,493	-	-	-	-	474,421	75,072	-	-	-	-	384,120	-	120,505	474,421	30,204	44,867
Leased office vehicle	7,441,321	-	439,376	-	-	114,261	7,764,405	-	-	-	-	2,396,732	-	1,223,048	114,261	3,795,489	4,068,916
	<b>7,981,814</b>		<b>439,376</b>			<b>588,713</b>	<b>7,841,476</b>					<b>2,880,852</b>		<b>1,343,264</b>	<b>588,713</b>	<b>3,735,683</b>	<b>4,105,743</b>
<b>Total</b>	<b>655,294,228</b>		<b>28,906,939</b>			<b>659,110</b>	<b>683,826,087</b>	<b>17,827,534</b>	<b>2,652</b>		<b>17,830,186</b>	<b>122,873,768</b>		<b>19,150,479</b>	<b>642,143</b>	<b>141,213,133</b>	<b>524,583,688</b>


  
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**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**2. PROPERTY, PLANT AND EQUIPMENT**

2.2 30 JUNE 2019

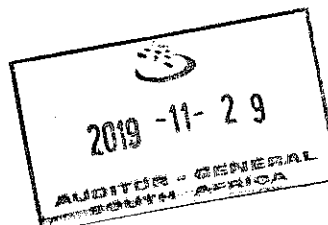
	Cost/Revaluation							Accumulated Impairment				Accumulated Depreciation				Carrying Value		
	Opening Balance	Correction of Error	Additions	Change in Estimate	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals		Closing Balance	
<b>Infrastructure</b>																		
Electricity Network	69,824,751	-	5,739,130	-	-	-	66,563,882	-	-	-	-	13,035,500	-	2,938,504	-	15,393,603	80,169,676	
Railway Network	6,144,300	-	-	-	-	-	6,144,300	-	-	-	-	2,047,696	-	302,907	-	2,350,603	3,793,240	
Road Network	167,325,578	-	16,284,173	-	-	-	183,609,751	-	-	-	-	41,827,037	-	6,437,436	-	48,264,473	135,345,278	
Sanitation Network	90,655,868	-	8,267,443	-	-	-	99,643,311	-	-	-	-	10,132,761	-	1,941,488	-	12,074,229	87,569,082	
Water Network	61,450,304	-	35,637,016	-	-	-	97,127,321	-	-	-	-	16,969,551	-	2,303,556	-	21,272,806	75,854,415	
Capitalised restoration cost	2,291,754	-	-	(156,769)	-	-	4,645,045	256,368	15,411	-	271,779	3,659,970	-	22,327	-	3,718,297	51,669	
	<b>419,653,554</b>	-	<b>66,647,762</b>	<b>(156,769)</b>	-	-	<b>486,144,811</b>	<b>256,368</b>	<b>15,411</b>	-	<b>271,779</b>	<b>89,466,425</b>	-	<b>12,386,071</b>	-	<b>101,777,463</b>	<b>384,692,317</b>	
<b>Community Assets</b>																		
Cemeteries	17,200	-	-	-	-	-	17,200	-	-	-	-	1,701	-	167	-	1,868	16,332	
Community centres	9,156,783	-	-	-	-	849,050	8,347,783	346,709	320,766	-	670,478	1,620,902	-	269,959	92,161	2,038,740	5,618,265	
Libraries	857,477	-	-	-	-	-	857,477	21,475	-	-	21,470	83,972	-	3,867	-	93,869	472,137	
Recreation sites	6,724,308	-	16,255,808	-	-	-	17,078,116	186,621	-	-	186,621	1,053,956	-	176,603	-	1,233,580	15,657,841	
	<b>18,485,768</b>	-	<b>16,255,808</b>	-	-	<b>849,050</b>	<b>26,050,578</b>	<b>557,801</b>	<b>320,766</b>	-	<b>878,570</b>	<b>3,004,585</b>	-	<b>445,625</b>	<b>92,161</b>	<b>3,388,932</b>	<b>21,783,676</b>	
<b>Other Assets</b>																		
Land	112,961,340	-	839,343	-	-	-	218,780	113,611,833	6,727,785	-	6,945,480	16,677,185	-	2,809,453	-	227,285	23,874	93,221,756
Buildings	43,392,280	-	639,245	-	-	-	43,392,280	8,190,620	6,945,480	-	15,146,100	-	-	827,866	23,674	3,712,884	26,246,180	
	<b>65,556,050</b>	-	<b>639,245</b>	-	-	<b>218,780</b>	<b>72,710,653</b>	<b>1,501,085</b>	<b>13,091,265</b>	-	<b>15,211,680</b>	<b>2,509,485</b>	-	<b>827,866</b>	<b>23,674</b>	<b>3,712,884</b>	<b>54,975,575</b>	
<b>Machinery and Equipment</b>																		
Furniture and Office Equipment	4,162,406	230,367	144,255	-	-	1,001,447	3,565,983	-	-	-	1,866,420	128,201	392,193	571,833	1,627,662	1,637,421	1,637,421	
Computer Equipment	3,648,006	161,837	220,046	-	-	677,408	3,350,310	-	-	-	1,828,530	71,016	334,097	487,689	1,841,866	1,511,344	1,511,344	
Transport Equipment	4,101,412	248,263	304,656	-	-	643,638	4,017,899	-	-	-	1,853,659	136,615	434,436	456,451	2,096,802	1,519,254	1,519,254	
Transport Assets	10,331,378	262,461	566,566	-	-	239,625	10,612,805	-	-	-	4,226,331	146,925	785,190	1,074,278	4,075,070	5,636,520	5,636,520	
	<b>21,645,083</b>	<b>903,128</b>	<b>1,238,526</b>	-	-	<b>2,543,113</b>	<b>21,546,394</b>	-	-	-	<b>10,665,980</b>	<b>406,060</b>	<b>1,445,928</b>	<b>1,693,441</b>	<b>10,844,927</b>	<b>10,704,808</b>		
<b>Leases</b>																		
Leased office equipment	830,808	-	-	-	-	281,313	549,495	-	-	-	-	516,792	-	145,641	281,313	384,120	165,373	
Leased office vehicles	2,921,057	-	548,509	-	-	528,260	2,441,321	-	-	-	-	4,636,395	-	1,389,447	598,280	2,996,732	1,844,589	
	<b>3,751,865</b>	-	<b>548,509</b>	-	-	<b>789,573</b>	<b>2,990,616</b>	-	-	-	-	<b>5,152,187</b>	-	<b>1,514,088</b>	<b>789,593</b>	<b>2,981,512</b>	<b>3,689,172</b>	
<b>Total</b>	<b>678,832,623</b>	<b>903,128</b>	<b>78,617,840</b>	<b>(156,769)</b>	-	<b>4,410,605</b>	<b>835,264,228</b>	<b>10,341,873</b>	<b>7,265,666</b>	-	<b>17,827,534</b>	<b>107,964,830</b>	<b>486,060</b>	<b>17,201,907</b>	<b>2,589,020</b>	<b>122,673,786</b>	<b>614,702,827</b>	

  
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BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>2.3 Property, Plant and Equipment which is in the process of being constructed or developed:</b>		
Infrastructure Assets	15,954,717	5,900,275
Roads	9,000,876	161,145
Storm Water	-	-
Electricity	6,414,710	5,739,130
Water Supply	539,131	-
Sanitation	-	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	1,154,613	-
Other Assets	-	-
<b>Total Property, Plant and Equipment under construction</b>	<b>17,109,230</b>	<b>5,900,275</b>
	2019 R	2018 R
The movements for the year can be reconciled as follows:		
Balance at beginning of year	5,900,275	14,164,640
Expenditure during the year	26,847,371	77,840,813
Assets unbundled during the year	(15,638,416)	(86,105,178)
<b>Balance at end of year</b>	<b>17,109,230</b>	<b>5,900,275</b>
	2019 R	2018 R
<b>2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:</b>		
Infrastructure Assets	-	-
Roads	-	-
Storm Water	-	-
Electricity	-	-
Water Supply	-	-
Sanitation	-	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	-	-
Other Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
	2019 R	2018 R
<b>2.5 Property, Plant and Equipment where construction or development has been halted:</b>		
Infrastructure Assets	-	-
Roads	-	-
Storm Water	-	-
Electricity	-	-
Water Supply	-	-
Sanitation	-	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	-	-
Other Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
	2019 R	2018 R
<b>2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Employee related costs	-	-
Other materials	0	-
Contracted Services	6,833,850	15,124,402
Other Expenditure	-	-
<b>Total Repairs and Maintenance</b>	<b>6,833,850</b>	<b>15,124,402</b>
	2019 R	2018 R
<b>2.7 Assets pledged as security:</b>		
Leased Property, Plant and Equipment of R4255 532 is secured for leases as set out in Note 2.		
	2019 R	2018 R
<b>2.8 Third party payments received for losses Incurred:</b>		
Payments received (Excluding VAT)	17,635	609,541
	2019 R	2018 R
<b>2.9 Impairment losses of Property, Plant and Equipment</b>		
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:		
Infrastructure		
Community Assets		
Other	2652,225,964	7,285,660
<b>Total Impairment Losses</b>	<b>2,652</b>	<b>7,285,660</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2.10 Effect of changes in accounting estimates

	2019 R	2019 R	2020 R
Effect on Property, plant and equipment	(5,563,239)	(5,183,255)	(5,135,677)

2.11 Contractual commitments for acquisition of Property, Plant and Equipment:

	2019 R	2018 R
Approved and contracted for:	32,606,501	37,568,340
Infrastructure	32,606,501	37,568,340
<b>Total</b>	<b>32,606,501</b>	<b>37,568,340</b>

	2019 R	2018 R
This expenditure will be financed from:		
Government Grants	29,873,587	40,721,644
<b>Total</b>	<b>29,873,587</b>	<b>40,721,644</b>

3. INVESTMENT PROPERTY

3.1 Net Carrying amount at 1 July

	2019 R	2018 R
Net Carrying amount at 1 July	7,247,207	7,818,934
Cost/Valuation	11,075,824	11,075,824
Accumulated Depreciation	(3,047,917)	(2,815,674)
Accumulated Impairment Loss	(780,700)	(441,216)
Transfers	-	-
Additions	-	-
Disposals - Cost	-	-
Disposals - Accumulated depreciation	-	-
Disposals - Accumulated impairment	-	-
Depreciation for the year	(213,981)	(232,243)
Impairment loss	-	(397,184)
Reversal of Impairment loss	-	57,700
<b>Net Carrying amount at 30 June</b>	<b>7,033,226</b>	<b>7,247,207</b>
Cost/Valuation	11,075,824	11,075,824
Accumulated Depreciation	(3,261,898)	(3,047,917)
Accumulated Impairment Loss	(780,700)	(780,700)

3.2 Revenue from Investment Property

	2019 R	2018 R
Revenue derived from the rental of Investment Property		
Sanlam Building	(139,642)	(101,428)

3.3 Operating Expenditure incurred on properties:

	2019 R	2018 R
<b>Repairs and Maintenance</b>		
Revenue Generating	25,051	26,748
Improved Property	25,051	26,748
Unimproved Property	-	-
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
<b>Total Repairs and Maintenance</b>	<b>25,051</b>	<b>26,748</b>

	2019 R	2018 R
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There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

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

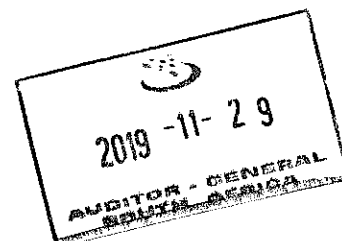
The cost model in terms of GRAP 16 is being applied on Investment Property.

There are no assets pledged as security for liabilities.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2018.

Estimate Fair Value of Investment Property at 30 June	13,280,000	13,262,000
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Fair value was determined by using the valuation roll of 1 July 2017.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>4. INTANGIBLE ASSETS</b>		
<b>Computer System &amp; Software</b>		
<b>4.1 Net Carrying amount at 1 July</b>	<b>400,060</b>	<b>103,306</b>
Cost	938,414	926,484
Correction of Error - Note	-	1,724,419
Balance previously reported	-	(797,935)
Correction of error - Note	-	-
Accumulated Amortisation	(538,355)	(411,589)
Balance previously reported	-	(1,209,524)
Correction of error - Note	-	797,935
Accumulated Impairment Loss	-	-
Additions	13,081	11,930
Amortisation	(128,426)	(126,766)
Disposals	-	-
Transfers	-	-
Amortisation written back on disposal	-	-
Impairment Loss/ Reversal of Impairment Loss	-	-
<b>Net Carrying amount at 30 June</b>	<b>284,715</b>	<b>400,060</b>
Cost	951,495	938,414
Accumulated Amortisation	(666,780)	(538,355)
Accumulated Impairment Loss	-	-
	<b>2019 R</b>	<b>2018 R</b>

**4.6 Material Intangible Assets included in the carrying value:**

Description	Remaining Amortisation Period	Carrying Value
Fleet Management Program	2	38,000
MS Office	1 - 5	47,453
IMG'S Software	2 - 3	150,574
Other Software	1 - 4	48,687

No intangible asset were asessed having an indefinite useful life.

No expenditure were incurred with regards to research or development cost.

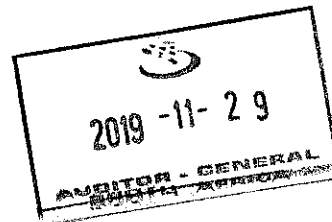
There are no internally generated intangible assets at reporting date.

There are no intangible assets in process of being constructed or developed.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>5. HERITAGE ASSETS</b>		
Net Carrying amount at 1 July	5,225,000	5,225,000
Cost	5,225,000	5,225,000
Net Carrying amount at 30 June	5,225,000	5,225,000
Cost	5,225,000	5,225,000

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities.

There are no Heritage Assets that are used by the municipality for more than one purpose.

No expenditure were incurred to repair and maintain heritage assets.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

	2019 R	2018 R
<b>6. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Receivables with repay arrangements - At amortised cost	2,480,243	2,480,243
<b>Less:</b> Current portion transferred to Receivables from Exchange Transactions	(620,383)	(618,311)
<b>Total Non-Current Receivables from Exchange Transactions</b>	<b>1,859,861</b>	<b>1,861,932</b>

**ARRANGEMENTS**

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.

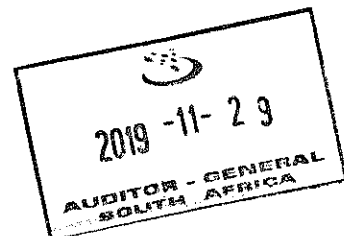
	2019 R	2018 R
<b>7. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Housing Selling Schemes - At amortised cost	290,001	461,643
Receivables with repay arrangements - At amortised cost	559,336	537,813
<b>Less:</b> Current portion transferred to Receivables from Non-Exchange Transactions	(849,337)	(999,456)
<b>Total Non-Current Receivables from Non-Exchange Transactions</b>	<b>661,847</b>	<b>833,071</b>

**HOUSING SELLING SCHEME**

The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13.5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.

**ARRANGEMENTS**

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>8. OPERATING LEASE ARRANGEMENTS</b>		
<b>8.1 The Municipality as Lessor</b>		
Operating Lease Asset	40,363	25,161
	<u>2019</u> R	<u>2018</u> R
<u>Disclosed as follows:</u>		
Non-Current Operating Lease Asset	-	-
Current Operating Lease Asset	40,363	25,161
	<u>40,363</u>	<u>25,161</u>
	<u>2019</u> R	<u>2018</u> R
<u>Reconciliation</u>		
Balance at the beginning of the year	25,161	58,746
Correction of Error - Note 48.2	-	-
Movement during the year	15,202	(33,585)
Balance at the end of the year	<u>40,363</u>	<u>25,161</u>

Beaufort West Municipality is leasing land to rate payers for periods of 2 to 99 years with various escalations per year. The leases are in respect of land being leased out for a period until 2030.

	2019 R	2018 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease income as follows:		
Up to 1 Year	281,695	635,568
1 to 5 Years	733,062	846,471
More than 5 Years	878,993	1,047,279
<b>Total Operating Lease Arrangements</b>	<u>1,893,751</u>	<u>2,529,318</u>

The lease income was determined from contracts that have a specific conditional income and does not included lease income which has a undetermined conditional income.

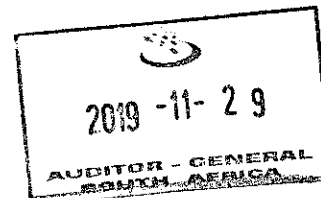
	2019 R	2018 R
<b>9. INVENTORY</b>		
Consumables - Stationary and material - At cost	2,875,398	3,513,997
Water - at cost	122,456	57,388
<b>Total Inventory</b>	<u>2,997,854</u>	<u>3,571,385</u>

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

	2019 R	2018 R
<b>9.1 Inventories recognise as an expense during the year:</b>		
Consumables - Stationary and material - At cost	1,623,901	1,279,439
Materials and Supplies	5,116,918	2,042,669
<b>Total</b>	<u>6,740,819</u>	<u>3,322,108</u>
Balance previously reported		3,337,835
Correction of error - note 46.10		(15,727)
<b>Restated balance</b>		<u>3,322,108</u>

	2019 R	2018 R
<b>9.2 Inventories written down due to losses as identified during the annual stores counts:</b>		
Consumable stores materials surpluses identified during the annual stores counts.	96,754	28,073

No inventories were pledged as security for liabilities.





BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>10. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Service Receivables</b>		
Electricity	2,780,129	11,298,291
Water	9,218,157	9,057,566
Property Rentals	53,883	63,322
Waste Management	9,305,998	8,216,936
Waste Water Management	15,414,852	14,089,888
<b>Total Service Receivables</b>	<b>36,773,018</b>	<b>42,726,002</b>
Less: Provision for Debt Impairment	(29,377,816)	(26,427,348)
<b>Net Service Receivables</b>	<b>7,395,202</b>	<b>16,298,654</b>
Other Arrears	38,850,067	34,841,747
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>38,850,067</b>	<b>34,841,747</b>
<b>Less:</b> Provision for Debt Impairment	(36,306,920)	(34,780,757)
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>2,543,147</b>	<b>60,990</b>
<b>Total Net Receivables from Exchange Transactions</b>	<b>9,938,349</b>	<b>16,359,643</b>
Balance previously reported		16,362,348
Correction of error - note 46.4		(5,052)
<b>Restated balance</b>		<b>16,357,296</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

	2019 R	2018 R
<b>(Electricity): Ageing</b>		
Current (0 - 30 days)	1,439,508	8,621,954
31 - 60 Days	228,882	321,074
61 - 90 Days	119,734	106,868
+ 90 Days	992,005	2,248,395
<b>Total</b>	<b>2,780,129</b>	<b>11,298,291</b>

	2019 R	2018 R
<b>(Water): Ageing</b>		
Current (0 - 30 days)	2,653,458	3,278,524
31 - 60 Days	478,760	377,539
61 - 90 Days	281,004	208,347
+ 90 Days	5,804,936	5,193,156
<b>Total</b>	<b>9,218,157</b>	<b>9,057,566</b>

	2019 R	2018 R
<b>(Property Rentals): Ageing</b>		
Current (0 - 30 days)	2,950	4,009
31 - 60 Days	1,903	1,350
61 - 90 Days	1,903	1,126
+ 90 Days	47,128	56,837
<b>Total</b>	<b>53,883</b>	<b>63,322</b>

	2019 R	2018 R
<b>(Waste Management): Ageing</b>		
Current (0 - 30 days)	665,624	667,971
31 - 60 Days	351,869	308,611
61 - 90 Days	321,818	281,197
+ 90 Days	7,966,686	6,961,157
<b>Total</b>	<b>9,305,998</b>	<b>8,216,936</b>

	2019 R	2018 R
<b>(Waste Water Management): Ageing</b>		
Current (0 - 30 days)	1,292,864	1,222,222
31 - 60 Days	574,710	534,550
61 - 90 Days	521,839	468,526
+ 90 Days	13,025,439	11,866,590
<b>Total</b>	<b>15,414,852</b>	<b>14,089,888</b>

	2019 R	2018 R
<b>(Other): Ageing</b>		
Current (0 - 30 days)	942,778	838,709
31 - 60 Days	245,555	2,604,381
61 - 90 Days	125,920	1,372,034
+ 90 Days	37,535,814	30,026,623
<b>Total</b>	<b>38,850,067</b>	<b>34,841,747</b>

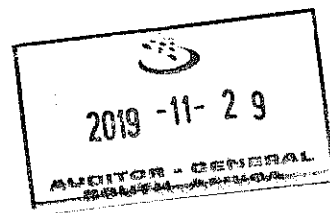
	2019 R	2018 R
<b>(Total): Ageing</b>		



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Current (0 - 30 days)	6,997,181	14,633,388
31 - 60 Days	1,881,678	4,145,504
61 - 90 Days	1,372,218	2,436,098
+ 90 Days	65,372,008	56,352,758
<b>Total</b>	<b>75,623,085</b>	<b>77,567,749</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
<b>30 June 2019</b>				
Current (0 - 30 days)				
31 - 60 Days	150,392	4,145,425	2,251,747	2,305,020
61 - 90 Days	32,509	1,420,237	294,345	134,588
+ 90 Days	17,217	1,126,411	175,354	53,236
Sub-total	<u>1,661,767</u>	<u>54,371,772</u>	<u>5,604,700</u>	<u>1,878,366</u>
<b>Less:</b> Provision for Debt Impairment	1,861,885	61,063,845	8,326,146	4,371,209
	<u>(1,739,507)</u>	<u>(58,867,161)</u>	<u>(5,078,068)</u>	<u>-</u>
<b>Total debtors by customer classification</b>	<b><u>122,378</u></b>	<b><u>2,196,684</u></b>	<b><u>3,248,078</u></b>	<b><u>4,371,209</u></b>

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
<b>30 June 2018</b>				
Current (0 - 30 days)				
31 - 60 Days	145,886	10,311,389	2,947,492	1,228,621
61 - 90 Days	37,713	1,744,514	2,148,677	213,600
+ 90 Days	26,808	2,213,492	105,500	90,298
Sub-total	<u>780,551</u>	<u>50,603,453</u>	<u>3,423,530</u>	<u>1,545,224</u>
<b>Less:</b> Provision for Debt Impairment	990,958	64,872,848	8,626,199	3,077,744
	<u>(805,337)</u>	<u>(54,780,415)</u>	<u>(5,622,353)</u>	<u>-</u>
<b>Total debtors by customer classification</b>	<b><u>185,621</u></b>	<b><u>10,092,433</u></b>	<b><u>3,003,846</u></b>	<b><u>3,077,744</u></b>

Reconciliation of Provision for Debt Impairment

	<u>2019 R</u>	<u>2018 R</u>
Balance at beginning of year		61,208,105
Contribution to provision		(11,980,617)
VAT on provision		16,457,248
Reversal of provision		-
Balance at end of year	<u>65,684,736</u>	<u>61,208,106</u>

The total amount of this provision is R67 221 830 and consist of:

	<u>2019 R</u>	<u>2018 R</u>
Services		29,377,816
Other Debtors		36,306,920
<b>Total Provision for Debt Impairment on Receivables from exchange transactions</b>	<b><u>65,684,736</u></b>	<b><u>61,208,106</u></b>

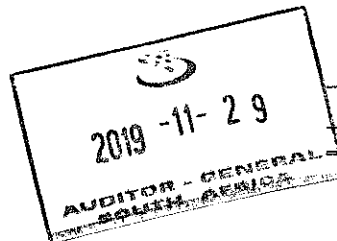
Ageing of amounts past due but not impaired:

	<u>2019 R</u>	<u>2018 R</u>
1 month past due		2,305,020
2+ months past due		2,066,190
	<u>4,371,209</u>	<u>1,945,211</u>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	<u>2019 R</u>	<u>2018 R</u>
<b>11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Taxes - Rates		9,605,865
Fines	11,738,323	172,746,695
Other Receivables	10,077,480	11,623,881
<b>Less:</b> Provision for Debt Impairment	194,562,499	150,012,373
	<u>(160,468,854)</u>	<u>(121,669,991)</u>
<b>Total Receivables from non-exchange transactions</b>	<b><u>34,093,645</u></b>	<b><u>28,342,381</u></b>
Balance previously reported		29,180,386
Correction of error - note 46.5		(838,005)
<b>Restated balance</b>		<b><u>28,342,381</u></b>



The fair value of other receivables approximate their carrying value.

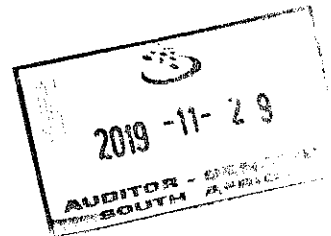
Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

<u>(Rates): Ageing</u>	<u>2019 R</u>	<u>2018 R</u>
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BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Current (0 - 30 days)	1,816,010	2,017,712
31 - 60 Days	463,670	721,334
61 - 90 Days	394,517	590,229
+ 90 Days	9,064,127	6,276,590
<b>Total</b>	<b>11,738,323</b>	<b>9,605,865</b>
<b><u>(Other Receivables): Ageing</u></b>		
Current (0 - 30 days)	153,015	237,066
31 - 60 Days	205,159	172,750
61 - 90 Days	14,212	248,757
+ 90 Days	182,451,790	139,747,946
<b>Total</b>	<b>182,824,176</b>	<b>140,406,508</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
<b>30 June 2019</b>				
Current (0 - 30 days)				
31 - 60 Days	50,922	1,331,995	536,340	58,770
61 - 90 Days	121,188	385,159	112,637	49,844
+ 90 Days	14,666	256,892	87,590	49,582
	177,527,805	8,952,159	2,245,395	2,781,555
Sub-total	177,714,581	10,926,205	2,981,962	2,939,751
<b>Less:</b> Provision for Debt Impairment	(148,352,070)	(9,750,788)	(2,365,996)	-
<b>Total debtors by customer classification</b>	<b>29,362,511</b>	<b>1,175,417</b>	<b>616,967</b>	<b>2,939,751</b>

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
<b>30 June 2018</b>				
Current (0 - 30 days)				
31 - 60 Days	43,645	1,406,300	500,105	67,661
61 - 90 Days	19,613	442,177	198,455	61,089
+ 90 Days	16,809	390,778	123,936	58,706
	129,890,036	12,996,399	1,894,575	1,902,088
Sub-total	129,970,102	15,235,655	2,717,071	2,089,545
<b>Less:</b> Provision for Debt Impairment	(110,196,676)	(9,338,175)	(2,135,140)	-
<b>Total debtors by customer classification</b>	<b>19,773,426</b>	<b>5,897,479</b>	<b>581,931</b>	<b>2,089,545</b>
			<b>2019</b>	<b>2018</b>
			<b>R</b>	<b>R</b>

Reconciliation of Provision for Debt Impairment

Balance at beginning of year		121,669,991	92,717,956
Contribution to provision		38,798,864	28,952,035
Balance at end of year		<b>160,468,855</b>	<b>121,669,991</b>
		<b>2019</b>	<b>2018</b>
		<b>R</b>	<b>R</b>

The total amount of this provision (Trade Receivables from non-exchange transactions) consist of:

Taxes	12,899,554	12,831,055
Fines	147,569,300	108,838,937
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<b>160,468,854</b>	<b>121,669,991</b>
	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>

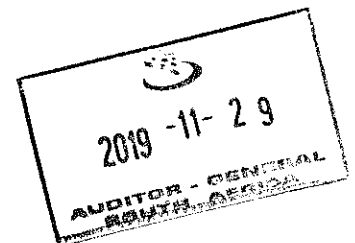
Ageing of amounts past due but not impaired

1 month past due	58,770	67,661
2+ months past due	2,880,981	2,021,883
	<b>2,939,751</b>	<b>2,089,545</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>12. BANK ACCOUNTS</b>		
<b>12.1 <u>Cash and Cash Equivalents</u></b>		
Current Accounts	115,942	356,816
Call Deposits and Investments	385,966	12,373,469
Cash On-hand	6,670	6,270
<b>Total Cash and Cash Equivalents - Assets</b>	<b>508,579</b>	<b>12,736,555</b>
	2019 R	2018 R
<b>12.2 <u>Liabilities</u></b>		
Current Accounts	(12,929,852)	(7,792,004)
<b>Total Cash and Cash Equivalents - Liabilities</b>	<b>(12,929,852)</b>	<b>(7,792,004)</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R6 476 812 are held to fund the Unspent Conditional Grants (2018: R3 367 018).

Bank overdraft of R8 000 000 exists at Nedbank and the Municipality has a facility of R 854 000 for Fleet Cards at Nedbank.

The municipality has the following bank accounts:

**Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):**

	2019 R	2018 R
Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):	(12,929,852)	(7,792,004)
Bank statement balance ABSA-Account Number 409 410 8341	115,942	356,816
	<b>(12,813,910)</b>	<b>(7,435,188)</b>

**Call Deposits and Investments**

	2019 R	2018 R
Investec	135,532	817,322
ABSA	43,465	878,486
Standard Bank	17,804	2,655,530
Nedbank	189,166	8,022,131
	<b>385,966</b>	<b>12,373,469</b>

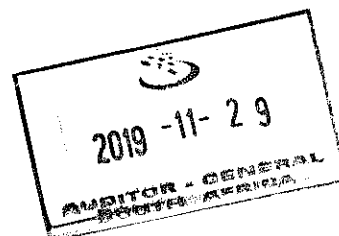
Details of current accounts are as follow:

**Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):**

	2019 R	2018 R
Cash book balance at beginning of year	(7,792,004)	(288,119)
Cash book balance at end of year	<b>(12,929,852)</b>	<b>(7,792,004)</b>
Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318	(7,504,267)	(1,001,975)
Bank statement balance at beginning of year ABSA-Account Number 409 410 8341	-	-
Bank Accounts balance at beginning of year	<b>(7,504,267)</b>	<b>(1,001,975)</b>
Bank statement balance at end of year Nedbank-Account Number 10 7428 0318	(8,546,856)	(7,504,267)
Bank statement balance at end of year ABSA-Account Number 409 410 8341	115,942	356,816
Bank Accounts balance at end of year	<b>(8,430,914)</b>	<b>(7,147,451)</b>

**Bank statement balance ABSA-Account Number 409 410 8341**

	2019 R	2018 R
Cash book balance at beginning of year	356,816	-
Cash book balance at end of year	<b>115,942</b>	<b>356,816</b>
Bank statement balance at beginning of year ABSA-Account Number 409 410 8341	356,816	-
Bank statement balance at end of year ABSA-Account Number 409 410 8341	<b>115,942</b>	<b>356,816</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

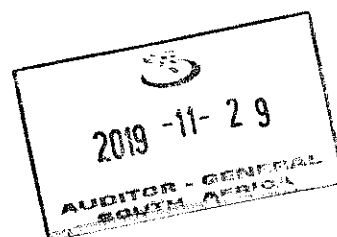
Details of call investment accounts are as follow:

	2019 R	2018 R
<b>Investec</b>		
Cash book balance at beginning of year	817,322	80,683
Cash book balance at end of year	135,532	817,322
Bank statement balance at beginning of year	817,322	80,683
Bank statement balance at end of year	13,923	817,322
<b>Absa</b>		
Cash book balance at beginning of year	878,486	1,813,450
Cash book balance at end of year	43,465	878,486
Bank statement balance at beginning of year	878,486	1,813,450
Bank statement balance at end of year	180,163	878,486
<b>Standard bank</b>		
Cash book balance at beginning of year	2,655,530	976,014
Cash book balance at end of year	17,604	2,655,530
Bank statement balance at beginning of year	2,655,530	976,014
Bank statement balance at end of year	59,841	2,655,530
<b>Nedbank</b>		
Cash book balance at beginning of year	8,022,131	4,049,190
Cash book balance at end of year	189,166	8,022,131
Bank statement balance at beginning of year	8,027,822	4,049,190
Bank statement balance at end of year	132,039	8,027,822
<b>13. LONG-TERM BORROWINGS</b>		
Annuity Loans - At amortised cost	7,890,922	9,415,979
Capitalised Lease Liability - At amortised cost	1,478,882	3,794,836
	<b>9,369,804</b>	<b>13,210,815</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>(2,377,182)</b>	<b>(4,194,300)</b>
Annuity Loans - At amortised cost	(1,203,759)	(1,525,057)
Capitalised Lease Liability - At amortised cost	(1,173,423)	(2,669,243)
	<b>6,992,622</b>	<b>9,016,515</b>
<b>Total Long-term Borrowings</b>	<b>6,992,622</b>	<b>9,016,515</b>

Annuity loans at amortised cost is calculated at 6.75%-14.00% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The DBSA loans are secured by purchase of office space (R2800 000) and Mortgage Bond (R1600 000).

Finance lease loans at amortised cost is calculated at 9.25%-10.5% interest rate, with the last maturity date of 30th of October 2020. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

	2019 R	2018 R
<b>13.1 The obligations under annuity loans are scheduled below:</b>		
	<b>Minimum annuity payments</b>	
Amounts payable under annuity loans:		
Payable within one year	1,946,557	2,422,439
Payable within two to five years	5,715,451	5,853,581
Payable after five years	5,240,732	6,287,707
	12,902,740	14,563,727
<b>Less:</b> Future finance obligations	<b>(5,011,818)</b>	<b>(5,147,748)</b>
<b>Present value of annuity loans obligations</b>	<b>7,890,922</b>	<b>9,415,979</b>







BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14. NON-CURRENT PROVISIONS	2019 R	2018 R
Provision for Rehabilitation of Landfill-sites	24,467,353	22,062,433
<b>Total Non-current Provisions</b>	<b>24,467,353</b>	<b>22,062,433</b>

The rehabilitation cost provision is for the rehabilitation of four landfill sites in the Beaufort West region. It is required from the municipality to execute an environmental management program to restore the landfill sites after its useful life. Provision has been made for this cost based on the estimated present value of future cash flows arising from the rehabilitation cost expected as at the estimated decommission dates listed below.

14.1 Landfill Sites	2019 R	2018 R
Balance 1 July	27,776,551	26,986,726
Increase in estimate	1,152,621	(883,722)
Unwinding of discounted interest	1,708,258	1,673,547
<b>Total provision 30 June</b>	<b>30,637,431</b>	<b>27,776,551</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18	<b>(6,170,078)</b>	<b>(5,714,119)</b>
<b>Balance 30 June</b>	<b>24,467,353</b>	<b>22,062,433</b>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Preliminary and General (Rand)	1,627,237	340,153	573,751	248,393
Site Clearance and Preparation (R2.95/m <sup>2</sup> )	135,412	17,698	37,333	14,775
Storm Water Control Measures (Rand)	1,682,508	889,863	1,114,690	546,073
Capping (Rand)	9,365,572	1,256,086	2,617,175	1,038,847
Leachate Management (Rand)	429,299	255,682	318,688	164,206
Fencing (Rand)	10,333	10,333	10,333	10,333

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

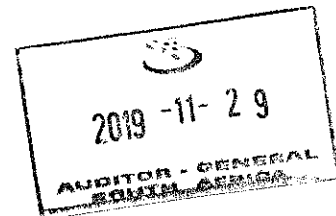
Discount Rate used	2019 %	2018 %
Discount Rate used	5.21%	5.56%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

Other assumptions:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Area (m <sup>2</sup> )	43,965	5,746	12,121	4,797
Environmental Authorisation (Closure Licence) (Rand)	438,691	438,691	-	438,691
Technical ROD (Rand)	92,644	92,644	92,644	92,644
install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	182,374	153,824	167,366	138,815
Landscape Architects (Rand)	123,111	123,111	123,111	123,111
Water use licence (Rand)	18,212	18,212	18,212	18,212
Topographical Survey (Rand)	12,436	5,575	5,575	5,575
Contingencies (Rand)	1,325,036	276,981	467,197	202,263
Engineering Professional Fees (Rand)	1,093,155	228,510	385,436	166,867
Site Supervision (Engineer's Representative) (Rand)	335,136	82,716	180,313	102,518
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	22,360	24,069	58,252	47,690

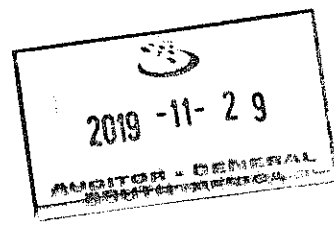
Location	Estimated	2019 R	2018 R
Beaufort West	2025	22,912,604	21,757,056
Murraysburg	2019	6,170,078	5,714,119
Nelspoort	2035	9,497,779	9,891,095
Merweville	2029	5,582,228	5,844,386
		<b>44,162,689</b>	<b>43,206,656</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>15. NON-CURRENT EMPLOYEE BENEFITS</b>		
Post Retirement Benefits	25,974,934	24,953,802
Long Service Awards	4,733,313	4,035,030
Pension Murraysburg	27,311	27,311
<b>Total Non-current Employee Benefits</b>	<b>30,735,558</b>	<b>29,016,143</b>
	2019 R	2018 R
<b><u>Post Retirement Health Care Benefits</u></b>		
Balance 1 July	26,077,829	26,068,660
Contribution for the year	3,407,346	3,375,629
Expenditure for the year	(1,490,636)	(892,419)
Actuarial Loss/(Gain)	(823,726)	(2,474,041)
<b>Total provision 30 June</b>	<b>27,170,813</b>	<b>26,077,829</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18	(1,195,879)	(1,124,027)
<b>Balance 30 June</b>	<b>25,974,934</b>	<b>24,953,802</b>
	2019 R	2018 R
<b><u>Pension Murraysburg</u></b>		
Balance 1 July	27,311	25,879
Expenditure for the year	-	1,432
<b>Total provision 30 June</b>	<b>27,311</b>	<b>27,311</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18		
<b>Balance 30 June</b>	<b>27,311</b>	<b>27,311</b>
	2019 R	2018 R
<b><u>Long Service Awards</u></b>		
Balance 1 July	4,423,987	4,273,463
Contribution for the year	735,728	675,145
Expenditure for the year	(355,613)	(733,947)
Actuarial Loss/(Gain)	402,552	209,326
<b>Total provision 30 June</b>	<b>5,206,654</b>	<b>4,423,987</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18	(473,341)	(388,957)
<b>Balance 30 June</b>	<b>4,733,313</b>	<b>4,035,030</b>
<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
Balance 1 July	30,529,127	30,368,002
Contribution for the year	4,143,074	4,050,774
Expenditure for the year	(1,846,249)	(1,624,934)
Actuarial Loss/(Gain)	(421,174)	(2,264,715)
<b>Total employee benefits 30 June</b>	<b>32,404,778</b>	<b>30,529,127</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18	(1,669,220)	(1,512,984)
<b>Balance 30 June</b>	<b>30,735,558</b>	<b>29,016,143</b>
	2019 R	2018 R
<b>15.1 Provision for Post Retirement Health Care Benefits</b>		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	53	54
In-service (employee) non-members	348	324
Continuation members (e.g. Retirees, widows, orphans)	32	32
<b>Total Members</b>	<b>433</b>	<b>410</b>
	2019 R	2018 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	6,819,796	8,681,567
In-service non-members	4,959,847	3,168,082
Continuation members (e.g. Retirees, widows, orphans)	15,391,170	14,228,180
<b>Total Liability</b>	<b>27,170,813</b>	<b>26,077,829</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
In-service members	10,352,558	11,420,656	10,307,427
In-service non-members	3,028,138	3,040,795	2,809,035
Continuation members	12,687,964	12,493,657	12,030,875
<b>Total Liability</b>	<b>26,068,660</b>	<b>26,955,108</b>	<b>25,147,337</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas  
Hosmed  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R998,295 whereas the Interest Cost for the next year is estimated to be R2,483,153.

Key actuarial assumptions used:	2019 %	2018 %
<b>i) Rate of interest</b>		
Discount rate	9.34%	9.54%
Health Care Cost Inflation Rate	6.81%	7.34%
Net Effective Discount Rate	2.37%	2.05%

ii) **Mortality during employment**  
SA65-90 table, adjusted for female lives.

iii) **Mortality rates post employment**

The PA 90 ultimate table, rated down by 1 year of age, with a mortality improvement p.a from 2010.

iv) **Normal retirement age**

The normal retirement age is 65 for males and 60 for females.

v) **Average retirement age**

It has been assumed that in-service members will retire at age 62 for males and 59 for females, which then implicitly allows for expected rates of early and ill-health retirement.

vi) **Continuation of membership**

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

vii) **Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement**

It has been assumed that 15% of eligible in-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.

viii) **Proportion with a spouse dependant at retirement**

It has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid.

ix) **Withdrawal from Service**

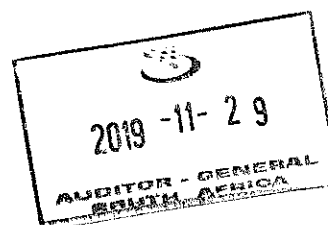
Valuation: 30 June 2019

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%
>55	0%	0%

iv) **Expected rate of salary increases**

2019/2020 - CPI + 1.5%  
2020/2021 - CPI + 1.25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	27,170,813	26,077,829
<b>Net liability/(asset)</b>	<b>27,170,813</b>	<b>26,077,829</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	26,077,829	26,068,660
Total expenses	1,916,710	2,483,210
Current service cost	971,916	893,091
Interest Cost	2,435,430	2,462,538
Benefits Paid	(1,490,636)	(892,419)
Actuarial (gains)/losses	(823,726)	(2,474,041)
Present value of fund obligation at the end of the year	27,170,813	26,077,829
<b>Less:</b> Transfer of Current Portion - Note 18	<b>(1,195,879)</b>	<b>(1,124,027)</b>
<b>Balance 30 June</b>	<b>25,974,934</b>	<b>24,953,802</b>

**Sensitivity Analysis on the Accrued Liability on 30 June 2019**

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	11,760	15,391	27,171

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	14,333	17,024	31,356	15%
Health care inflation	-1%	9,775	13,993	23,768	-13%
Discount rate	1%	9,832	14,035	23,867	-12%
Discount rate	-1%	14,292	16,999	31,291	15%
Post-retirement mortality	-1 year	12,117	15,941	28,058	3%
Average retirement age	-1 year	12,831	15,391	28,223	4%
Continuation of membership at retirement	-10%	7,618	15,391	23,009	-15%

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020**

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	998,300	2,483,200	3,481,500

The effect of movements in the assumptions are as follows:

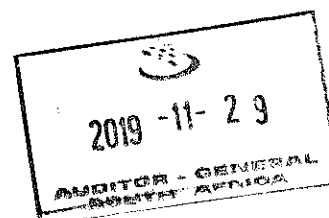
Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	1,245,900	2,873,800	4,119,700	18%
Health care inflation	-1%	807,500	2,165,600	2,973,100	-15%
Discount rate	1%	820,300	2,407,500	3,227,800	-7%
Discount rate	-1%	1,230,600	2,560,800	3,791,400	9%
Post-retirement mortality	-1 year	1,026,700	2,566,000	3,592,700	3%
Average retirement age	-1 year	1,080,000	2,581,400	3,661,400	5%
Continuation of membership at retirement	-10%	585,400	2,094,500	2,679,900	-23%

Experience adjustments were calculated as follows:

	2019 Rm	2018 Rm
Liabilities: (Gain) / loss	(0,353)	(0,698)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	(0,018)	(0,427)	(0,104)
Assets: Gain / (loss)	-	-	-



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>15.2 Provision for Long Service Bonuses</b>		<b>2019</b>	<b>2018</b>
		<b>R</b>	<b>R</b>
The Long Service Bonus plans are defined benefit plans. As at year end the following number of employees were eligible for Long Service Bonuses.		401	378

The Current-service Cost for the ensuing year is estimated to be R471,316 whereas the Interest Cost for the next year is estimated to be R405,929.

Key actuarial assumptions used:		<b>2019</b>	<b>2018</b>
		<b>%</b>	<b>%</b>
<b>i) Rate of interest</b>			
Discount rate		8.16%	8.52%
General Salary Inflation (long-term)		5.56%	6.14%
Net Effective Discount Rate applied to salary-related Long Service Bonuses		2.46%	2.24%

**ii) Mortality during employment**  
SA85-90 ultimate table, adjusted down for female lives.

**iii) Withdrawal rates**

Valuation: 30 June 2019		
<b>Age</b>	<b>Females</b>	<b>Males</b>
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%
>55	0%	0%

<b>The amounts recognised in the Statement of Financial Position are as follows:</b>	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
Present value of fund obligations	5,206,654	4,423,987
Fair value of plan assets	-	-
	<hr/>	<hr/>
	5,206,654	4,423,987
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<hr/> <b>5,206,654</b>	<hr/> <b>4,423,987</b>
	<hr/>	<hr/>
	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	4,423,987	4,273,463
Total expenses	380,115	(58,802)
Current service cost	375,035	340,800
Interest Cost	360,693	334,345
Benefits Paid	(355,613)	(733,947)
Actuarial (gains)/losses	402,552	209,326
Present value of fund obligation at the end of the year	<hr/> <b>5,206,654</b>	<hr/> <b>4,423,987</b>
<b>Less:</b> Transfer of Current Portion - Note 18	(473,341)	(388,957)
<b>Balance 30 June</b>	<hr/> <b>4,733,313</b>	<hr/> <b>4,035,030</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

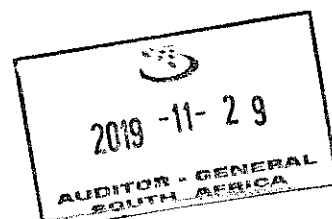
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Present value of fund obligations	4,423,987	4,044,630	3,826,752
<b>Total Liability</b>			

**Sensitivity Analysis on the Accrued Liability on 30 June 2019**

<b>Assumption</b>	<b>Change</b>	<b>Liability (Rm)</b>	<b>% change</b>
Central assumptions		5,207	
General earnings inflation	1%	5,545	7%
General earnings inflation	-1%	4,901	-6%
Discount rate	1%	4,892	-6%
Discount rate	-1%	5,561	7%
Average retirement age	-2 yrs	4,485	-14%
Average retirement age	2 yrs	6,029	16%
Withdrawal rates	-50%	5,934	14%

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020**

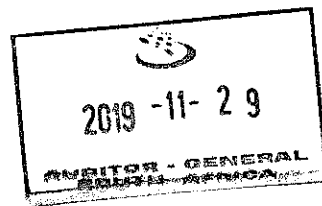
<b>Assumption</b>	<b>Change</b>	<b>Current Service Cost (R)</b>	<b>Interest Cost (R)</b>	<b>Total (R)</b>	<b>% change</b>
Central Assumptions		471,300	405,900	877,200	
General earnings inflation	1%	511,800	433,500	945,300	7%
General earnings inflation	-1%	435,400	381,000	816,400	-7%
Discount rate	1%	438,700	426,900	865,600	-1%
Discount rate	-1%	508,600	381,500	890,100	1%
Average retirement age	-2 yrs	417,600	347,100	764,700	-14%
Average retirement age	2 yrs	532,200	472,400	1,004,600	17%



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Withdrawal Rate	-50%	572,400	465,300	1,037,700	22%
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BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	-	-
Assets: Gain / (loss)	267,841	263,943

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	-	-	-
Assets: Gain / (loss)	540,601	33,820	133,705

15.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund has a funding level of 103.7% (30 June 2017 - 102.6%).

Contributions paid recognised in the Statement of Financial Performance

	2019 R	2018 R
	9,699,629	8,132,640
	2019 R	2018 R

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100,3% (30 June 2016 - 100,5%).

Contributions paid recognised in the Statement of Financial Performance

	75,707	69,412
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SALA PENSION FUND

The contribution rate payable is 8.60% by members and 20.78% by Council.

The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

Contributions paid recognised in the Statement of Financial Performance

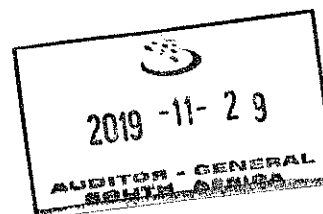
	1,022,874	1,037,037
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SAMWU PROVIDENT FUND

Council contribute to the SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

	539,280	500,465
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BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. CONSUMER DEPOSITS

	2019 R	2018 R
Electricity	1,461,879	1,161,819
Rental Properties	96,392	115,408
Water	262,696	252,190
Posters	9,575	8,050
<b>Total Consumer Deposits</b>	<b>1,830,542</b>	<b>1,537,467</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

For guarantees held in lieu of electricity and water deposits refer to note 56

17. PROVISIONS

	2019 R	2018 R
Current Portion of Rehabilitation of Landfill Sites - Note 14	6,170,078	5,714,119
<b>Total Provisions</b>	<b>6,170,078</b>	<b>5,714,119</b>

The movement in current provisions are reconciled as follows:

17.1 Rehabilitation of Landfill Sites

	2019 R	2018 R
Balance at beginning of year	5,714,119	5,608,863
Contribution to provision	455,959	105,256
<b>Balance at end of year</b>	<b>6,170,078</b>	<b>5,714,119</b>

18. CURRENT EMPLOYEE BENEFITS

	2019 R	2018 R
Performance Bonuses	639,425	631,866
Staff Bonuses	3,039,026	2,598,110
Staff Leave	6,631,250	4,982,220
Current Portion of Non-Current Provisions	1,669,220	1,512,984
Current Portion of Post Retirement Benefits - Note 15	1,195,879	1,124,027
Current Portion of Long-Service Provisions - Note 15	473,341	388,957
<b>Total Provisions</b>	<b>11,978,921</b>	<b>9,725,180</b>

The movement in current provisions are reconciled as follows:

18.1 Performance Bonuses

	2019 R	2018 R
Balance at beginning of year	631,866	614,337
Transfer from non-current	-	-
Contribution to current portion	675,144	17,528
Expenditure incurred	(667,585)	-
<b>Balance at end of year</b>	<b>639,425</b>	<b>631,866</b>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

18.2 Staff Bonuses

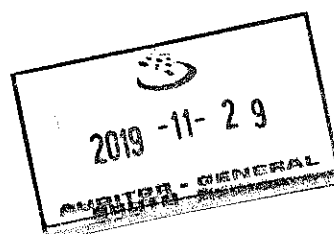
	2019 R	2018 R
Balance at beginning of year	2,598,110	2,251,875
Contribution to current portion	440,916	4,654,936
Expenditure incurred	-	(4,308,701)
<b>Balance at end of year</b>	<b>3,039,026</b>	<b>2,598,110</b>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

18.3 Staff Leave

	2019 R	2018 R
Balance at beginning of year	4,982,220	5,097,439
Contribution to current portion	2,204,932	328,262
Expenditure incurred	(555,903)	(443,481)
<b>Balance at end of year</b>	<b>6,631,250</b>	<b>4,982,220</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.





BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Payments received in advance	7,572	511,072
Pension fund SALA	104,084	420,000
Receivable accounts with credit balances	(2,606,633)	669,524
Retentions	2,264,837	2,193,279
Sundry creditors	2,033,552	3,975,685
Sundry deposits	1,977,290	1,724,897
Trade Payables	28,443,126	41,937,788
<b>Total Trade Payables</b>	<b>32,223,829</b>	<b>51,432,244</b>
<b>Less:</b> Transfer to Non-current Trade and Other Payables from Exchange Transactions	-	(104,084)
<b>Balance 30 June - Current Trade and Other Payables from Exchange Transactions</b>	<b>32,223,829</b>	<b>51,328,160</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

Balance previously reported

Correction of error - note 46.8

**Restated balance**

53,535,180  
(2,102,936)  
**51,432,244**

**20. UNSPENT TRANSFERS AND SUBSIDIES**

	2019 R	2018 R
Unspent Transfers and Subsidies	6,476,812	3,379,953
National Government Grants	2,652,713	111,542
Provincial Government Grants	3,824,099	3,268,411
<b>Less:</b> Unpaid Transfers and Subsidies	(0)	(12,935)
Provincial Government Grants	(0)	(12,935)
<b>Total Unspent Transfers and Subsidies</b>	<b>6,476,812</b>	<b>3,367,018</b>

The Unspent Grants are cash-backed by term deposits or kept in the primary bank account of the municipality. Please note that the primary bank account of the municipality has a R8 million overdraft facility. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Amount available in short term investment deposits

385,966

3,367,018

**Available Cash for Unspent Conditional Grants and Receipts**

**385,966**

**3,367,018**

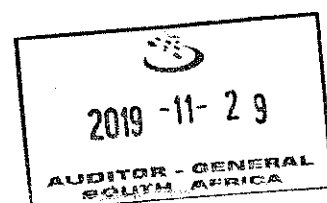
See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

	2019 R	2018 R
<b>21. TAXES</b>		
21.1 VAT Payable	(11,312)	(827,179)
VAT Output in Suspense	(875,756)	(942,259)
<b>Less:</b> Contribution to Provision for Doubtful Debt Impairment	8,882,048	7,196,703
<b>Total VAT Payable</b>	<b>7,994,980</b>	<b>5,427,265</b>
21.2 VAT Receivable	3,135,509	8,742,069
VAT Input in Suspense	-	-
<b>Total VAT Receivable</b>	<b>3,135,509</b>	<b>8,742,069</b>
21.3 <b>Net VAT (Payable)/Receivable</b>	<b>11,130,489</b>	<b>14,169,334</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

	2019 R	2018 R
<b>22. SHORT-TERM BORROWINGS</b>		
The Municipality has no short term borrowings.		
	2019	2018



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	R	R
<b>23. NET ASSET RESERVES</b>		
<b>RESERVES</b>	4,301,055	4,488,754
24.1 Capital Replacement Reserve	-	-
24.2 Housing Development Fund	3,789,477	3,789,481
24.3 Self Insurance Reserve	511,578	699,274
<b>Total Net Asset Reserve and Liabilities</b>	<b>4,301,055</b>	<b>4,488,754</b>

23.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

23.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

23.3 The Self Insurance Reserve is used to finance future insurance claims.

The above balances are represented by cash of R3 866.93 for the current year and R1 487 147 (2018) and is invested together with the other investments of the municipality (See Note 49)

	2019 R	2018 R
<b>24. PROPERTY RATES</b>		
<b>Valuations - 1 July 2018</b>		
<b>Rateable Land and Buildings</b>	5,025,378,500	4,829,994,868
Business and Commercial Property	389,689,000	391,219,000
Municipal Properties	192,170,000	210,811,268
National Monument Properties	5,870,000	5,870,000
Public Benefit Organisations	2,520,000	2,520,000
Public Service Infrastructure Properties	2,375,000	1,661,100
Residential Properties	1,242,710,000	1,031,122,000
State-owned Properties	261,085,000	259,705,000
Agricultural Property	2,775,913,500	2,778,213,500
Other Categories	153,036,000	148,873,000
<b>Total Property Rates</b>	<b>5,025,378,500</b>	<b>4,829,994,868</b>

	2019 R	2018 R
<b>Actual</b>		
<b>Rateable Land and Buildings</b>	47,370,149	44,019,944
Business and Commercial Property	9,246,488	8,763,306
National Monument Properties	139,706	131,488
Public Benefit Organisations	42,840	-
Public Service Infrastructure Properties	4,034	2,658
Residential Properties	21,117,807	20,414,817
State-owned Properties	6,196,606	4,952,954
Agricultural Property	9,438,106	8,890,283
Other Categories - church & nature reserve	993,752	864,438
Other Categories - building clause	190,811	-
<b>Less: Revenue Forgone</b>	<b>(11,131,117)</b>	<b>(10,144,296)</b>
<b>Total Assessment Rates</b>	<b>36,239,032</b>	<b>33,875,648</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

**Basic Rate**

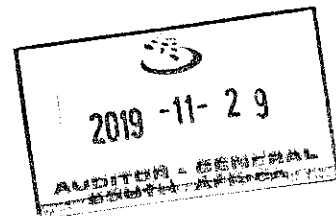
Residential	0.017c/R	0.016c/R
Commercial	0.0238c/R	0.0224c/R
Agricultural	0.0034c/R	0.0032c/R
PSI	0.0017c/R	0.0016c/R

Rates are levied annually and monthly. Monthly rates are payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R19 000 on the valuation is exempted.


Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

25. GOVERNMENT GRANTS AND SUBSIDIES	2019 R	2018 R
Government Grants and Subsidies - Operating	77,529,856	76,283,700
Equitable Share	56,654,542	51,060,000
Energy Efficiency and Demand Side Management	-	5,973,273
Expanded Public Works Programme Integrated Grant	1,285,000	1,574,186
Local Government Financial Management Grant	1,700,000	1,700,000
Provincial Treasury : Financial Management Support Grant	2,159,116	2,330,000
Department of Transport and Public Works : Maintenance and Construction of Transport Infrastructure	840,590	4,834,053
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	264,671	-
Department of Local Government : Municipal Service Delivery and Capacity Building Grant	162,422	400,000
Provincial Treasury : Financial Management Capacity Building Grant	-	65,827
Municipal Infrastructure Grant	7,071,300	448,151
Libraries, Archives and Museums	5,373,416	5,014,421
Department of Local Government : Municipal Drought Relief Grant	1,697,948	507,566
Community Development Workers (CDW) operational support grant	-	228,420
Human settlements development grant (Beneficiaries) - Housing	-	429,155
Human Settlements - Municipal Accreditation and Capacity Building Grant	93,367	-
Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)	227,484	1,718,649
Government Grants and Subsidies - Capital	30,103,158	77,717,305
Integrated National Electrification Programme Grant	10,000,000	6,800,000
Municipal Infrastructure Grant	15,886,987	13,691,848
Department of Local Government : Municipal Drought Relief Grant	-	4,627,312
Department Rural Development and Land Reform	2,255,335	22,985,715
Human settlements development grant (Beneficiaries) - Housing	-	22,915,750
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	-	6,141,040
Department of Local Government : Fire Service Capacity Building Grant	-	674,966
Fire and Drought Relief	1,695,903	-
Libraries, Archives and Museums	64,933	25,350
Community Development Workers (CDW) support grant	-	55,323
<b>Total Government Grants and Subsidies</b>	<b>107,633,014</b>	<b>154,001,006</b>
	2019 R	2018 R
Included in above are the following grants and subsidies received:		
<b>Unconditional</b>	56,543,000	51,060,000
Equitable Share	56,543,000	51,060,000
<b>Conditional</b>	54,186,873	104,269,001
Energy Efficiency and Demand Side Management	-	6,000,000
Expanded Public Works Programme Integrated Grant	1,285,000	1,659,000
Local Government Financial Management Grant	1,700,000	1,700,000
Provincial Treasury : Financial Management Support Grant	2,500,000	2,770,000
Provincial Treasury : Financial Management Capacity Building Grant	360,000	-
Department of Transport and Public Works : Maintenance and Construction of Transport Infrastructure	840,590	4,834,053
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	-	330,000
Department of Local Government : Municipal Service Delivery and Capacity Building Grant	250,000	480,000
Libraries, Archives and Museums	5,550,000	5,109,619
Community Development Workers (CDW) operational support grant	-	204,000
Human Settlements Development Grant - Tile Deeds Restoration	-	696,000
Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)	-	1,015,000
Integrated National Electrification Programme Grant	10,000,000	6,600,000
Municipal Infrastructure Grant	25,611,000	14,139,999
Department of Local Government : Municipal Drought Relief Grant	1,697,948	5,300,000
Department Rural Development and Land Reform	2,255,335	22,985,715
Department Local Government : Internship Programme	-	-
Human Settlements Development Grant (Beneficiaries) - Housing	-	23,345,615
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	-	6,300,000
Human Settlements - Municipal Accreditation and Capacity Building Grant	224,000	-
Department of Local Government : Fire Service Capacity Building Grant	-	800,000
Fire and Drought Relief	1,913,000	-
<b>Total Government Grants and Subsidies</b>	<b>110,729,873</b>	<b>155,329,001</b>
Government Grants and Subsidies - Capital	30,103,158	77,717,305
Government Grants and Subsidies - Operating	77,529,856	76,283,700
	<b>107,633,014</b>	<b>154,001,006</b>

  
**2019 -11- 29**  
**AUDITOR - GENERAL**  
**SOUTH AFRICA**

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	56,543,000	51,060,000
Executive and Council	35,120,556	31,621,588
Corporate services	200,000	-
Community and social services	6,435,221	5,372,926
Finance and administration	3,189,116	2,532,126
Planning and development	688,800	300,000
Road transport	10,963,843	11,098,069
Sport and recreation	8,151,341	5,597,171
Waste water management	3,874,232	24,549,819
Housing	76,358,851	2,147,803
Waste management	1,257,553	1,713,485
Public safety	67,674	674,966
Energy sources	20,063,090	16,861,633
Water management	17,300,736	51,532,019
<b>Total Government Grants and Subsidies</b>	<b>183,671,014</b>	<b>154,001,006</b>

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

	2019 R	2018 R
<b>25.1 National Grants</b>		
Opening balance	111,542	11,835,155
Grants received	97,394,335	104,144,714
Repaid to National Revenue Fund	-	(11,635,165)
Conditions met - Own Income	(3,342,279)	(6,350,049)
Conditions met - Operating	(66,560,924)	(59,838,043)
Conditions met - Capital	(24,949,960)	(37,845,061)
Conditions still to be met	<b>2,652,713</b>	<b>111,542</b>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

	2019 R	2018 R
<b>25.2 Provincial Grants</b>		
Opening balance	3,255,476	1,891,283
Grants received	13,335,538	51,184,287
Interest received	-	305,188
Repaid to National Revenue Fund	-	(157,450)
Conditions met - Own Income	(799,566)	(462,292)
Conditions met - Operating	(10,266,740)	(15,283,903)
Conditions met - Capital	(1,713,544)	(34,221,637)
Conditions still to be met	<b>3,811,164</b>	<b>3,255,476</b>

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

	2019 R	2018 R
<b>25.3 Equitable Share</b>		
Grants received	56,543,000	51,060,000
Transfer from Municipal Infrastructure Grant and EPWP	111,542	-
Conditions met - Operating	(56,654,542)	(51,060,000)
Conditions still to be met	<b>0</b>	<b>-</b>

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

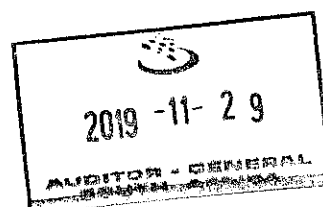
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned

See Appendix E & note 20 for a reconciliation of all grants.

	2019 R	2018 R
<b>25.4 Local Government Financial Management Grant</b>		
Grants received	1,700,000	1,700,000
Conditions met - Own Income	(142,867)	(200,373)
Conditions met - Operating	(1,557,133)	(1,499,627)
Conditions still to be met	<b>0</b>	<b>-</b>

To promote and support reforms in financial management of the fiscal and financial affairs of the municipality



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>25.5 <u>Energy Efficiency and Demand Side Management Grant</u></b>		
Opening balance	26,727	-
Grants received	-	6,000,000
Transfer to equitable share	(26,727)	-
Conditions met - Own Income	-	(711,055)
Conditions met - Operating	-	(5,262,218)
Conditions met - Capital	-	-
Conditions still to be met	(0)	26,727

To provide subsidies to municipalities to implement energy efficiency and demand side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

	2019 R	2018 R
<b>25.6 <u>Municipal Infrastructure Grant (MIG)</u></b>		
Opening balance	-	11,835,155
Grants received	25,611,000	14,139,999
Repaid to National Revenue Fund	-	(11,835,155)
Conditions met - Own Income	(1,599,187)	(1,737,688)
Conditions met - Operating	(7,065,952)	(446,333)
Conditions met - Capital	(14,293,147)	(11,955,978)
Conditions still to be met	2,652,713	-

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

	2019 R	2018 R
<b>25.7 <u>Integrated National Electrification Grant</u></b>		
Opening balance	-	-
Grants received	10,000,000	6,600,000
Conditions met - Own Income	(1,304,348)	(860,870)
Conditions met - Operating	-	0
Conditions met - Capital	(8,695,652)	(5,739,130)
Conditions still to be met	-	-

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

	2019 R	2018 R
<b>25.8 <u>Expanded Public Works Programme Integrated Grant</u></b>		
Opening balance	84,814	-
Correction of Error	-	-
Grants received	1,285,000	1,659,000
Transfer to equitable share	(84,814)	-
Conditions met - Own Income	(1,702)	(4,321)
Conditions met - Operating	(1,283,298)	(1,569,865)
Conditions still to be met	-	84,814

To provide funding for job creation in specific focus areas.

	2019 R	2018 R
<b>25.9 <u>Department Rural Development and Land Reform</u></b>		
Opening balance	-	-
Grants received	2,255,335	22,985,715
Conditions met - Own Income	(294,174)	(2,835,743)
Conditions met - Capital	(1,961,160)	(20,149,973)
Conditions still to be met	-	-

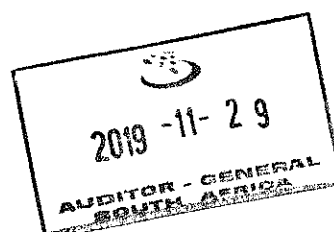
For the construction of five boreholes and build a pipeline from the town's reclamation plant

	2019 R	2018 R
<b>25.10 <u>Human settlements development grant (Beneficiaries) - Housing</u></b>		
Opening balance	710	-
Grants received	-	23,345,615
Conditions met - Operating	-	(429,155)
Conditions met - Capital	-	(22,915,750)
Conditions still to be met	710	710

The Housing grant was utilised for the development of erven and the erection of top structures.

	2019 R	2018 R
<b>25.11 <u>Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)</u></b>		
Opening balance	227,484	906,341
Grants received	-	1,015,000
Interest received	-	24,791
Conditions met - own income	(4,430)	(24,802)
Conditions met - Operating	(223,054)	(1,693,846)
Conditions still to be met	(0)	227,484

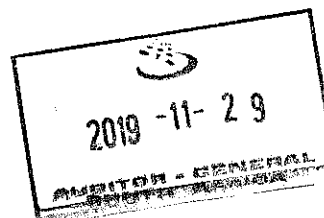
To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly, with emphasis on rural areas.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

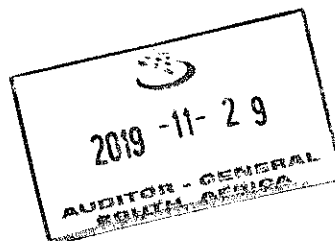
	2019 R	2018 R
<b>25.12 <u>Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)</u></b>		
Opening balance	203,871	-
Grants received	-	6,300,000
Interest received	-	44,911
Conditions met - Capital	-	(6,141,040)
Conditions still to be met	<u>203,871</u>	<u>203,871</u>
<i>To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly, with emphasis on rural areas.</i>		
	2019 R	2018 R
<b>25.13 <u>Human Settlements Development Grant - Title Deeds Restoration</u></b>		
Opening balance	705,775	-
Grants received	-	696,000
Interest received	-	9,775
Conditions still to be met	<u>705,775</u>	<u>705,775</u>
<i>To assist with the registration backlog in terms of housing provided.</i>		
	2019 R	2018 R
<b>25.14 <u>Human Settlements - Municipal Accreditation and Capacity Building Grant</u></b>		
Opening balance	-	-
Grants received	224,000	-
Conditions met - Operating	(93,367)	-
Conditions still to be met	<u>130,633</u>	<u>-</u>
<i>The purpose of grant is to fund salary of the capacity building clerk for a period of twelve months.</i>		
	2019 R	2018 R
<b>25.15 <u>Provincial Treasury - Financial Management Capacity Building Grant</u></b>		
Opening balance	372,357	61,080
Grants received	360,000	-
Interest received	-	6,801
Transfer from Financial Management Support Grant	-	370,304
Conditions met - Operating	-	(65,827)
Conditions still to be met	<u>732,357</u>	<u>372,357</u>
<i>To develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to the municipalities requirement to enable sound and sustainable financial management and good financial governance.</i>		
	2019 R	2018 R
<b>25.16 <u>Provincial Treasury - Financial Management Support Grant</u></b>		
Opening balance	233,471	279,610
Grants received	2,500,000	2,770,000
Interest received	-	41,615
Transfer to Financial Management Capacity Building Grant	-	(370,304)
Repaid to National Revenue Fund	-	(157,450)
Conditions met - own income	(300,226)	(210,680)
Conditions met - Operating	(1,858,690)	(2,119,320)
Conditions still to be met	<u>574,355</u>	<u>233,471</u>
<i>To provide financial assistance to the municipality to improve overall financial governance. The grant was used for revenue enhancement, asset verifications, monitoring of performance, compilation of GRAP AFS, internal audits and implementation of mSCOA.</i>		
	2019 R	2018 R
<b>25.17 <u>Department of Transport and Public Works - Maintenance and Construction of Transport Infrastructure</u></b>		
Opening balance	-	-
Grants received	840,590	4,834,053
Conditions met - Operating	(840,590)	(4,834,053)
Conditions still to be met	<u>-</u>	<u>-</u>
<i>To financial assist the municipality with maintenance and construction of municipal main roads, where the municipality is the road authority.</i>		
	2019 R	2018 R
<b>25.18 <u>Department of Cultural Affairs and Sport - Library Service: Replacement Funding</u></b>		
Opening balance	234,342	63,534
Grants received	5,550,000	5,109,619
Interest received	-	100,961
Conditions met - Operating	(5,373,416)	(5,014,421)
Conditions met - Capital	(64,933)	(25,350)
Conditions still to be met	<u>345,993</u>	<u>234,342</u>
<i>To support municipal investment in library services and sustain the future professional delivery and development of library services.</i>		



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

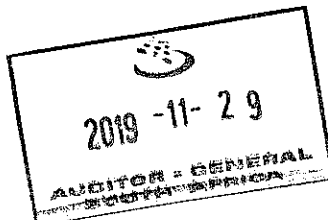
	2019 R	2018 R
<b>25.19 Department of Cultural Affairs and Sport : Development of Sport and Recreation</b>		
Opening balance	550,866	522,254
Interest received	-	28,611
Conditions still to be met	-	-
	<u>550,866</u>	<u>550,866</u>
<i>Provision of Sport and Recreation facilities in especially previously disadvantage areas.</i>		
<b>25.20 Department of Local Government : Fire Service Capacity Building Grant</b>		
Opening balance	154,074	-
Grants received	-	800,000
Interest received	-	29,040
Conditions met - own income	-	(84,048)
Conditions met - Capital	-	(590,918)
Conditions still to be met	-	-
	<u>154,074</u>	<u>154,074</u>
<i>To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.</i>		
<b>25.21 Department of Local Government : Community Development Workers (CDW) Operational Support Grant</b>		
Opening balance	(12,935)	58,465
Grants received	-	204,000
Interest received	-	8,343
Transfer	12,935	-
Conditions met - own income	-	(17,300)
Conditions met - Operating	-	(219,714)
Conditions met - Capital	-	(46,728)
Conditions still to be met	(0)	(12,935)
	<u>(0)</u>	<u>(12,935)</u>
<i>To provide financial assistance to the municipality to cover operational and capital costs pertaining to line functions of community development workers including supervisors and regional coordinators.</i>		
<b>25.22 Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)</b>		
Opening balance	338,187	-
Grants received	-	330,000
Interest received	-	8,187
Conditions met - own income	(26,146)	-
Conditions met - Operating	(238,524)	-
Conditions still to be met	-	-
	<u>73,517</u>	<u>338,187</u>
<i>To provide financial assistance to the municipality, ensuring the financial sustainability to the Thusong Service Centre.</i>		
<b>25.23 Department of Local Government : Municipal Drought Relief Grant</b>		
Opening balance	165,122	-
Grants received	1,697,948	5,300,000
Conditions met - own income	(221,471)	(125,462)
Conditions met - Operating	(1,476,477)	(507,566)
Conditions met - Capital	-	(4,501,850)
Conditions still to be met	-	-
	<u>165,122</u>	<u>165,122</u>
<i>Drought relief financial assistance to the municipality to augment water supply and bulk infrastructure capacity.</i>		
<b>25.24 Department of Local Government : Municipal Service Delivery and Capacity Building Grant</b>		
Opening balance	82,152	-
Grants received	250,000	480,000
Interest received	-	2,152
Conditions met - Operating	(162,422)	(400,000)
Conditions still to be met	-	-
	<u>169,730</u>	<u>82,152</u>
<i>To provide financial assistance to the municipalities to improve infrastructure, systems, structures, corporate governance and service delivery.</i>		
<b>25.25 Fire and Drought Relief</b>		
Opening balance	-	-
Grants received	1,913,000	-
Conditions met - own income	(247,292)	-
Conditions met - Capital	(1,648,611)	-
Conditions still to be met	-	-
	<u>17,097</u>	<u>-</u>
<i>To assist with the impact of climate change in the province.</i>		



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>25.26 Total Grants</b>		
Opening balance	3,367,018	13,726,439
Grants received	110,729,873	155,329,001
Interest received	-	305,188
Transfer	12,935	-
Repaid to National Revenue Fund	-	(11,992,605)
Conditions met - own income	(4,141,844)	(6,812,341)
Conditions met - Operating	(76,827,665)	(75,121,945)
Conditions met - Capital	(26,663,504)	(72,066,718)
Conditions still to be met/(Grant expenditure to be recovered)	<u>6,476,812</u>	<u>3,367,018</u>
	2019 R	2018 R
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	6,476,812	3,379,953
Unpaid Conditional Government Grants and Receipts	(0)	(12,935)
<b>Total</b>	<u>6,476,812</u>	<u>3,367,018</u>
	2019 R	2018 R
<b>26. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT</b>		
Department Information Technology	36,000	-
Department of Libraries	-	155,232
<b>Total Contributed Property, Plant and Equipment</b>	<u>36,000</u>	<u>155,232</u>
	2019 R	2018 R
<b>27. LICENCES AND PERMITS</b>		
Road and Transport	337,210	329,726
<b>Total Licences and Permits</b>	<u>337,210</u>	<u>329,726</u>
	2019 R	2018 R
<u>Disclosed as follows:</u>		
Revenue from Non-Exchange Transactions	35,383	41,964
Revenue from Exchange Transactions	301,827	287,763
<b>Total Licences and Permits</b>	<u>337,210</u>	<u>329,726</u>
	2019 R	2018 R
<b>28. SERVICE CHARGES</b>		
<b>Electricity</b>	58,032,167	67,070,824
Service Charges	63,864,591	71,035,350
<u>Less:</u> Revenue Forgone	(5,832,425)	(3,964,526)
	<u>17,726,518</u>	<u>18,787,685</u>
<b>Water</b>	28,558,068	30,629,110
Service Charges	28,558,068	30,629,110
<u>Less:</u> Revenue Forgone	(10,831,550)	(11,841,425)
	<u>7,996,809</u>	<u>7,412,818</u>
<b>Waste Management</b>	9,254,362	8,488,301
Service Charges	9,254,362	8,488,301
<u>Less:</u> Revenue Forgone	(1,257,553)	(1,075,483)
	<u>15,565,468</u>	<u>14,150,841</u>
<b>Waste Water Management</b>	19,439,690	17,634,155
Service Charges	19,439,690	17,634,155
<u>Less:</u> Revenue Forgone	(3,874,232)	(3,463,314)
<b>Total Service Charges</b>	<u>99,320,952</u>	<u>107,422,169</u>
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
	2019 R	2018 R
<b>29. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Building Plan Approval	137,642	141,819
Cemetery and Burial	288,341	299,894
Cleaning and Removal	1,640	2,974
Drainage Fees	24,907	36,261
Encroachment Fees	797	803
Entrance Fees	31,056	83,223
Immunisation Fees	30	5,756
Photocopies and Faxes	25,798	28,654
Sale of Goods	24,070	43,770
Valuation Services	50,764	51,153
<b>Total Sales of Goods and Rendering of Services</b>	<u>585,044</u>	<u>694,306</u>






BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>30. RENTAL FROM FIXED ASSETS</b>		
Investment Property	745,235	641,247
Property, Plant and Equipment	330,866	494,153
<b>Total Rental from Fixed Assets</b>	<b>1,076,121</b>	<b>1,135,400</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>31. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	615,980	851,203
<b>Total Interest Earned - External Investments</b>	<b>615,980</b>	<b>851,203</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>32. INTEREST EARNED - EXCHANGE TRANSACTIONS</b>		
Trade Receivables	2,732,321	2,821,683
<b>Total Interest Earned - Outstanding Receivables</b>	<b>2,732,321</b>	<b>2,821,683</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>33. OPERATIONAL REVENUE</b>		
Administrative Handling Fees and Photocopies	963,186	412,904
Breakages and Losses Recovered	180,839	-
Commission of insurances	109,322	98,550
Discounts and Early Settlements	48,136	1,105
Incidental Cash Surpluses	25,555	15,923
Inspection Fees	5,264	5,497
Insurance Refund	15,335	609,541
Registration Fees	182,114	173,912
Request for Information	359	19
Landfill site adjustment	61,895	724,012
Sale of Property	44,823	(6,052)
<b>Total Operational Revenue</b>	<b>1,636,828</b>	<b>2,036,412</b>
Balance previously reported		904,547
Correction of error - note 46.10		407,852
Reclassification - note 45		724,012
<b>Restated balance</b>		<b>2,036,412</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>34. EMPLOYEE RELATED COSTS</b>		
Acting Allowance	1,563,651	1,455,249
Basic Salaries and Wages	71,421,216	66,780,643
Bargaining council	18,813	-
Bonuses	5,169,428	4,654,937
Cell Phone Allowance	210,924	-
Essential users	2,272,243	1,772,595
Group Insurance	43,227	44,061
Housing Allowances	924,112	915,055
Medical Aid Contributions	1,662,241	1,544,490
Overtime	4,919,343	3,282,592
Payments in lieu of leave	2,204,932	326,262
Pension and UIF Contributions	11,656,648	10,187,237
Performance bonus	675,144	17,528
Scarcity allowance	228,408	231,219
Standby Allowances	1,958,409	1,525,878
Transport Allowances	347,500	359,316
Uniform Allowance	100,035	80,087
Post retirement obligations	1,062,755	1,248,891
Current Service Cost - Long Service Awards - Note 15.2	375,035	355,800
Current Service Cost - Medical - Note 15.1	667,720	893,091
Interest Cost	-	-
<b>Total Employee Related Costs</b>	<b>106,439,030</b>	<b>94,428,040</b>
Balance previously reported		94,429,157
Correction of error note - 46.6		(1,116)
<b>Restated balance</b>		<b>94,428,041</b>

  
**2019 - 11 - 29**  
**AUDITOR - GENERAL**  
**SOUTH AFRICA**

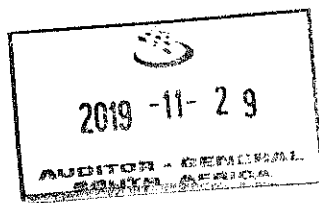
BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

KEY MANAGEMENT PERSONNEL

The Municipal Manager and the CFO are appointed on 5-year fixed contracts and the Directors Electrical Services and Corporate Services are permanently employed. There are no post-employment or termination benefits payable to them at the end of the contract periods.

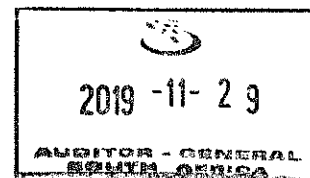
	2019 R	2018 R
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager - K.Haarhoff</i>		
Basic Salary	1,005,905	668,488
Cell Phone Allowance	30,000	20,000
Contributions, Medical and Pension Funds	195,594	46,522
Motor Vehicle Allowance	111,500	90,000
Performance Bonus	116,785	-
<b>Total</b>	<b>1,459,784</b>	<b>825,010</b>
<i>Remuneration of Director : Financial Services: CJ Kyndell</i>		
Basic Salary	963,714	853,740
Cell Phone Allowance	14,000	9,000
Motor Vehicle Allowance	96,000	89,000
Performance Bonus	107,691	-
<b>Total</b>	<b>1,181,605</b>	<b>950,740</b>
Acting period		
<i>Remuneration of Director : Electrical Services: RE van Staden</i>		
Acting Allowance	-	38,254
Basic Salary	843,444	812,608
Cell Phone Allowance	6,000	-
Contributions Medical and Pension Funds	167,310	142,745
Motor Vehicle Allowance	72,000	72,000
Payments in lieu of leave	143,641	-
Performance Bonus	250,555	-
<b>Total</b>	<b>1,482,950</b>	<b>1,065,607</b>
<i>Remuneration of the Acting Director Community Services: RE Klink</i>		
Acting Allowance	122,226	-
Basic Salary	-	541,540
Contributions, Medical and Pension Funds	-	95,588
Motor Vehicle Allowance	-	49,316
<b>Total</b>	<b>122,226</b>	<b>686,444</b>
R.E Klink acted as Director Community services for the period February 2019 to April 2019.		
<i>Remuneration of the Acting Director Community Services: V Ruiters</i>		
Acting Allowance	110,712	10,158
Basic Salary	162,859	-
<b>Total</b>	<b>273,571</b>	<b>10,158</b>
V.Ruiters acted as Director Community services for the period July 2018 to November 2018.		
<i>Remuneration of the Acting Director Community Services: H.T Prince</i>		
Basic Salary	60,038	-
Cell Phone Allowance	1,500	-
Contributions, Medical and Pension Funds	13,255	-
Motor Vehicle Allowance	8,000	-
<b>Total</b>	<b>82,794</b>	<b>-</b>
H.T Prince acted as Director Community services for the period 1 to 30 June 2019.		
<i>Remuneration of the Director Engineering Services: NL Kotze</i>		
Basic Salary	925,924	679,587
Cell Phone Allowance	6,000	1,500
Motor Vehicle Allowance	82,425	10,284
Payments in lieu of leave	12,781	16,888
<b>Total</b>	<b>1,027,129</b>	<b>708,260</b>
<i>Remuneration of the Acting Director Engineering Services: CB Wright</i>		
Acting Allowance	-	48,033
<b>Total</b>	<b>-</b>	<b>48,033</b>
<i>Remuneration of the Director Corporate Services: AC Makendiana</i>		
Acting Allowance	853,263	819,090
Basic Salary	10,000	6,000
Cell Phone Allowance	169,491	148,263
Contributions, Medical and Pension Funds	60,000	60,000
Motor Vehicle Allowance	143,855	-
Performance Bonus	-	-
<b>Total</b>	<b>1,236,609</b>	<b>1,033,353</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

35. REMUNERATION OF COUNCILLORS	2019 R	2018 R
<b>Total Remuneration of Councillors</b>		
Annual Remuneration	4,353,764	4,865,896
Telephone Allowance	530,400	404,700
Travelling	655,841	555,297
Tools of trade	46,800	23,221
Pension	383,757	209,485
Medical	36,938	9,840
<b>Total</b>	<b>6,007,500</b>	<b>6,068,438</b>
<b>Remuneration of Councillor: H.T. Prince</b>		
Annual Remuneration	387,701	277,249
Telephone Allowance	37,400	31,800
Travelling	148,570	93,258
Tools of trade	3,300	1,621
Pension	57,094	20,763
Medical	7,994	-
<b>Total</b>	<b>642,060</b>	<b>424,691</b>
H.T Prince was Deputy Mayor for the period 1 July 2018 to 31 May 2019.		
<b>Remuneration of Councillor: Q.Louw</b>		
Annual Remuneration	55,183	-
Telephone Allowance	3,400	-
Tools of trade	300	-
<b>Total</b>	<b>58,883</b>	<b>-</b>
Q.Louw was Deputy Mayor for the period 1 June 2019 to 30 June 2019.		
<b>Remuneration of Councillor: S.M. Motsoane</b>		
Annual Remuneration	420,357	261,520
Telephone Allowance	40,800	31,800
Travelling	162,366	93,258
Tools of trade	3,600	1,875
Pension	63,535	36,492
<b>Total</b>	<b>690,658</b>	<b>424,945</b>
<b>Remuneration of Councillor: A.M. Siabbert</b>		
Annual Remuneration	200,887	522,409
Telephone Allowance	40,800	31,800
Travelling	64,229	123,322
Tools of trade	3,600	1,875
<b>Total</b>	<b>309,515</b>	<b>679,406</b>
<b>Remuneration of Councillor: D.E. Welgemoed</b>		
Annual Remuneration	147,642	52,693
Telephone Allowance	40,800	13,600
Travelling	64,229	20,990
Tools of trade	3,600	1,200
Pension	21,137	6,930
Medical	28,944	9,840
<b>Total</b>	<b>306,352</b>	<b>105,253</b>
<b>Remuneration of Councillor: E Wentzel</b>		
Annual Remuneration	231,605	581,389
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Pension	33,511	64,342
<b>Total</b>	<b>309,515</b>	<b>679,406</b>
<b>Remuneration of Councillor: E Lawrence</b>		
Annual Remuneration	228,441	228,953
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Pension	33,511	31,924
<b>Total</b>	<b>306,352</b>	<b>294,552</b>



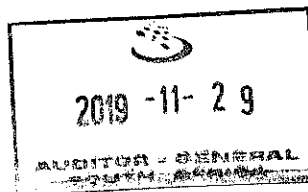
BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>Remuneration of Councillor: O Haarvoor</b>		
Annual Remuneration	264,788	605,936
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
<b>Total</b>	<b>309,188</b>	<b>639,611</b>
<b>Remuneration of Councillor: ZJD Lambert</b>		
Annual Remuneration	261,952	260,877
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
<b>Total</b>	<b>306,352</b>	<b>294,552</b>
<b>Remuneration of Councillor: K Alexander</b>		
Annual Remuneration	-	112,449
Telephone Allowance	-	9,500
Tools of trade	-	(225)
<b>Total</b>	<b>-</b>	<b>121,724</b>
<b>Remuneration of Councillor: MA Kilani</b>		
Annual Remuneration	384,737	242,008
Telephone Allowance	40,800	31,800
Travelling	152,219	75,565
Tools of trade	3,600	1,875
Pension	59,563	29,569
<b>Total</b>	<b>650,919</b>	<b>380,817</b>
<b>Remuneration of Councillor: N Constable</b>		
Annual Remuneration	769,223	445,203
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Pension	35,989	-
<b>Total</b>	<b>849,612</b>	<b>478,878</b>
<b>Remuneration of Councillor: JJ van der Linde</b>		
Annual Remuneration	202,195	656,009
Telephone Allowance	40,800	31,800
Travelling	64,228	148,904
Tools of trade	3,600	1,875
<b>Total</b>	<b>310,824</b>	<b>838,588</b>
<b>Remuneration of Councillor: L. Deyce</b>		
Annual Remuneration	527,101	358,322
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Pension	79,418	19,465
<b>Total</b>	<b>650,919</b>	<b>411,462</b>
<b>Remuneration of Councillor: L. Basson</b>		
Annual Remuneration	261,952	260,877
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
<b>Total</b>	<b>306,352</b>	<b>294,552</b>

**In-kind Benefits**

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council transportation when engaged in official duties.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

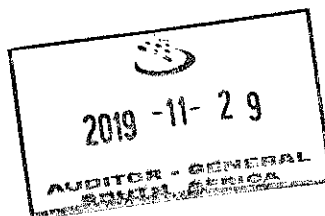
	2019 R	2018 R
<b>36. CONTRACTED SERVICES</b>		
<b>Consultants and Professional Services</b>	<b>11,378,857</b>	<b>9,276,713</b>
Consultants and Professional Services: Business and Advisory: Accounting and Auditing	5,650,099	7,254,509
Consultants and Professional Services: Business and Advisory: Audit Committee	46,500	22,000
Consultants and Professional Services: Business and Advisory: Business and Financial Management	2,615,473	114,654
Consultants and Professional Services: Business and Advisory: Human Resources	1,576,376	98,902
Consultants and Professional Services: Business and Advisory: Occupational Health and Safety	145,153	-
Consultants and Professional Services: Business and Advisory: Organisational	429,999	591,849
Consultants and Professional Services: Business and Advisory: Quality Control	2,608	-
Consultants and Professional Services: Business and Advisory: Research and Advisory	159,448	156,295
Consultants and Professional Services: Business and Advisory: Valuer and Assessors	9,835	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Civil	15,452	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Geoinformatic Services	26,087	-
Consultants and Professional Services: Infrastructure and Planning: Land and Quantity Surveyors	32,213	-
Consultants and Professional Services: Infrastructure and Planning: Town Planner	260	5,517
Consultants and Professional Services: Laboratory Services: Water	119,010	130,338
Consultants and Professional Services: Legal Cost: Collection	29,314	86,376
Consultants and Professional Services: Legal Cost: Issue of Summons	41,343	-
Consultants and Professional Services: Legal Cost: Legal Advice and Litigation	479,686	816,273
<b>Contractors</b>	<b>8,050,607</b>	<b>20,836,492</b>
Contractors: Building	-	427,256
Contractors: Catering Services	80,633	20,321
Contractors: Electrical	-	4,962,218
Contractors: Fire Protection	-	-
Contractors: Interior Decorator	8,115	-
Contractors: Maintenance of Buildings and Facilities	5,223	-
Contractors: Maintenance of Equipment	765,373	886,840
Contractors: Maintenance of Unspecified Assets	2,659,128	3,542,017
Contractors: Management of Informal Settlements	3,409,350	10,695,545
Contractors: Plants, Flowers and Other Decorations	97,764	-
Contractors: Prepaid Electricity Vendors	3,350	1,020
Contractors: Removal of Hazardous Waste	814,312	291,195
Contractors: Safeguard and Security	5,040	-
Contractors: Sewerage Services	102,593	-
Contractors: Tracing Agents and Debt Collectors	85,000	-
Contractors: Transportation	14,726	-
<b>Outsourced Services</b>	<b>9,301,303</b>	<b>9,510,280</b>
Outsourced Services: Burial Services	-	406,666
Outsourced Services: Business and Advisory: Occupational Health and Safety	-	118,246
Outsourced Services: Business and Advisory: Valuer	36,924	761,987
Outsourced Services: Business and Advisory: Human Resources	8,454	-
Outsourced Services: Business and Advisory: Communications	138,049	-
Outsourced Services: Catering Services	1,849	16,602
Outsourced Services: Driver Licence Cards	-	-
Outsourced Services: Internal Auditors	622,373	-
Outsourced Services: Meter Management	1,813,144	-
Outsourced Services: Personnel and Labor	-	1,017,647
Outsourced Services: Refuse Removal	7,636	-
Outsourced Services: Security Services	3,971,702	3,661,774
Outsourced Services: Sewerage Services	5,901	-
Outsourced Services: Traffic Fines Management	2,695,269	3,527,358
<b>Total Contracted Services</b>	<b>28,730,767</b>	<b>39,623,486</b>
Balance previously reported	-	38,897,166
Correction of error - note 46.10	-	726,320
<b>Restated balance</b>		<b>39,623,486</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>37. DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	19,180,479	17,217,957
Investment Property carried at cost	213,981	232,243
Capitalised Restoration Cost	-	-
Intangible Assets	128,426	126,766
<b>Total Depreciation and Amortisation</b>	<b>19,522,886</b>	<b>17,576,966</b>
Balance previously reported	-	24,463,203
Correction of error - 46.1	-	14,895
Reclassification - note 47	-	(6,901,132)
<b>Restated balance</b>		<b>17,576,966</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>38. FINANCE COSTS</b>		
Long-term Borrowings	1,212,190	1,589,967
Non-current Provisions	1,708,258	1,673,547
Non-current Employee Benefits	2,796,123	2,816,883
Overdraft Facilities	170,037	185,339
<b>Total Finance Costs</b>	<b>5,886,608</b>	<b>6,265,736</b>

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	2019 R	2018 R
<b>39. BULK PURCHASES</b>		
Electricity	56,354,856	52,862,992
Water	6,733,355	6,393,662
<b>Total Bulk Purchases</b>	<b>63,088,212</b>	<b>59,256,654</b>
Stock adjustments	(12,069,329)	(9,735,398)
<b>Total Bulk Purchases</b>	<b>51,018,883</b>	<b>49,521,255</b>
Balance previously reported		59,022,547
Correction of error - note 46.10		234,107
<b>Restated balance</b>		<b>59,256,654</b>
	2019 R	2018 R
<b>40. TRANSFERS AND SUBSIDIES</b>		
Monetary Allocations		
Households	593,600	96,244
Non-profit Institutions	77,522	127,092
<b>Total Transfers and Subsidies</b>	<b>671,122</b>	<b>223,335</b>
Balance previously reported		223,385
Correction of error - note 46.10		(49)
<b>Restated balance</b>		<b>223,335</b>
	2019 R	2018 R
<b>41. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	529,918	417,776
Audit Fees	5,489,208	3,111,275
Bank Charges, Facility and Card Fees	663,651	588,372
Bursaries (Employees)	95,653	213,265
Communication	1,854,035	1,737,527
Deeds	23,241	21,603
Entertainment	25,873	81,623
External Computer Service	2,489,149	1,817,439
Hire Charges	-	316,967
Indigent Relief	370,648	323,235
Insurance excess	973,101	1,231,675
Licences	247,489	208,215
Management Fee	326,495	324,599
Printing, Publications and Books	44,645	32,207
Professional Bodies, Membership and Subscription	1,511,545	1,708,561
Registration Fees	36,786	7,739
Remuneration to Ward Committees	506,116	513,031
Rewards Incentives	8,400	12,000
Travel and Subsistence	864,861	1,021,125
Uniform and Protective Clothing	221,970	408,474
Vehicle Tracking	94,945	101,879
Electricity	(5,140,230)	(3,375,196)
Wet Fuel	3,181,707	2,729,532
<b>Total Operational Costs</b>	<b>14,419,204</b>	<b>13,552,944</b>
Balance previously reported		16,927,075
Correction of error - note 46.10		(3,374,132)
<b>Restated balance</b>		<b>13,552,944</b>
	2019 R	2018 R
<b>42. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 10	(2,889,519)	(6,611,243)
Receivables from Non-exchange Revenue - Note 11	(38,700,629)	(31,044,474)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>(41,590,149)</b>	<b>(37,655,717)</b>
	2019 R	2018 R
<b>43. GAINS/ (LOSS) ON SALE OF FIXED ASSETS</b>		
Property, Plant and Equipment	204,671	1,601,147
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>204,671</b>	<b>1,601,147</b>
	2019 R	2018 R
<b>44. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS</b>		
Investment Property	-	(339,484)
Impairment test against current valuation roll		
Capitalised Restoration Cost	-	-
Change in interest rate of provision	2,652	(7,285,660)
Property, Plant and Equipment		
Impairment test against current valuation roll	2,652	(7,625,144)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets</b>	<b>2,652</b>	<b>(7,625,144)</b>
Balance previously reported		-
Reclassification - note 45		(7,625,144)
<b>Restated balance</b>		<b>(7,625,144)</b>



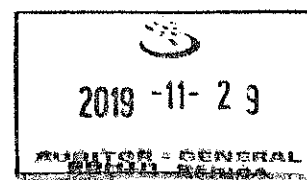
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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

45. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. The reclassification of 2018 audited amounts can be summarised as follows:

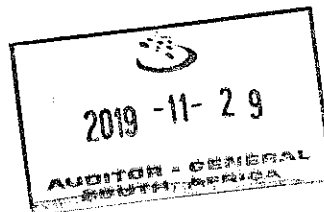
Statement of Financial Position	Balance previously reported	Adjustments	Restated Balance
Capital Replacement Reserve	-	-	-
Housing Development Fund	3,789,477	0	3,789,477
Self Insurance Reserve	699,275	0	699,275
Accumulated Surplus/(Deficit)	454,236,143	(0)	454,236,143
Long-term Borrowings	9,016,518	-	9,016,518
Non-current Provisions	22,062,433	-	22,062,433
Non-current Employee Benefits	29,016,143	-	29,016,143
Non-current Trade and Other Payables from Exchange Transactions	104,084	-	104,084
Consumer Deposits	1,537,467	-	1,537,467
Provisions	5,714,119	-	5,714,119
Current Employee Benefits	9,725,180	-	9,725,180
Trade and Other Payables from Exchange Transactions	53,535,180	-	53,535,180
Unspent Transfers and Subsidies	3,379,953	-	3,379,953
Cash and Cash Equivalents	7,792,004	-	7,792,004
Current Portion of Long-term Borrowings	4,194,300	-	4,194,300
Property, Plant and Equipment	514,339,138	-	514,339,138
Investment Property	7,247,207	(0)	7,247,207
Intangible Assets	400,060	-	400,060
Capitalised Restoration Cost	51,969	-	51,969
Heritage Assets	5,225,000	-	5,225,000
Non-Current Receivables from Exchange Transactions	1,861,932	(0)	1,861,932
Non-Current Receivables from Non-Exchange Transactions	833,070	1	833,071
Inventory	3,571,385	-	3,571,385
Receivables from exchange transactions	16,362,348	-	16,362,348
Receivables from non-exchange transactions	29,180,386	(0)	29,180,386
Unpaid Transfers and Subsidies	12,935	-	12,935
Operating Lease Asset	25,439	-	25,439
Taxes	12,260,539	-	12,260,539
Current Portion of Non-Current Receivables	784,697	(1)	784,696
Cash and Cash Equivalents	12,646,169	-	12,646,169
	(0)	0	-
<b>Statement of Financial Performance</b>	<b>Balance previously reported</b>	<b>Adjustments</b>	<b>Restated Balance</b>
Property Rates	33,875,648	-	33,875,648
Surcharges and Taxes	-	-	-
Government Grants and Subsidies - Capital	77,717,305	1	77,717,306
Government Grants and Subsidies - Operating	76,283,700	(1)	76,283,699
Contributed Property, Plant and Equipment	155,232	-	155,232
Actuarial Gains	2,474,041	-	2,474,041
Fines, Penalties and Forfeits	44,641,921	-	44,641,921
Interest Earned - Non-exchange Transactions	825,998	-	825,998
Licences and Permits	41,964	-	41,964
Service Charges	107,422,169	-	107,422,169
Sales of Goods and Rendering of Services	694,306	-	694,306
Rental from Fixed Assets	1,135,436	-	1,135,436
Interest Earned - External Investments	760,817	-	760,817
Interest Earned - Exchange Transactions	2,821,683	-	2,821,683
Licences and Permits	287,763	-	287,763
Agency Services	741,417	-	741,417
Operational Revenue	904,547	724,012	1,628,560
Employee related costs	94,429,157	-	94,429,157
Remuneration of Councillors	6,068,438	-	6,068,438
Bad Debts Written Off	5,632,236	(0)	5,632,236
Contracted Services	38,897,166	-	38,897,166
Depreciation and Amortisation	24,463,203	6,901,132	17,562,071
Actuarial Losses	209,326	-	209,326
Finance Costs	6,265,751	-	6,265,751
Bulk Purchases	59,022,547	-	59,022,547
Inventory Consumed	3,337,835	-	3,337,835
Operating Leases	236,230	-	236,230
Transfers and Subsidies	223,385	-	223,385
Operational Costs	16,927,075	-	16,927,075
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	37,655,717	-	37,655,717
Gains/(Loss) on Sale of Fixed Assets	1,830,605	0	1,830,605
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	(7,625,144)	(7,625,144)
<b>Net Surplus/(Deficit) for the year</b>	<b>55,585,276</b>	<b>(0)</b>	<b>55,585,276</b>



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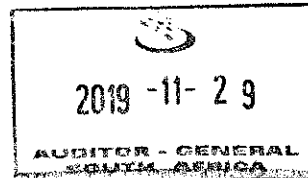
	2019 R	2018 R
<b>46. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
	2019 R	2018 R
<b>46.1 Property, Plant and Equipment</b>		
<b>Balance previously reported</b>		514,339,139
Cost	-	895,719
Correction of PPE additions 30 June 2018	-	7,709
Reversal of incorrect disposal for 30 June 2018	-	708,494
First time recognition Property, Plant and Equipment 30 June 2017	-	179,516
Accumulated Depreciation	-	(493,930)
Reversal of incorrect disposal for 30 June 2018	-	(479,035)
First time recognition Property, Plant and Equipment 30 June 2017	-	(14,895)
<b>Restated Balance</b>		<b>514,740,927</b>
	2019 R	2018 R
<b>46.2 Intangible Assets</b>		
<b>Balance previously reported</b>		400,060
Cost - Derecognition of intangible asset 30 June 2018	-	797,935
Accumulated Amortisation - Derecognition of intangible asset 30 June 2018	-	(797,935)
<b>Restated Balance</b>		<b>400,060</b>
	2019 R	2018 R
<b>46.3 Operating Lease Asset</b>		
<b>Balance previously reported</b>	-	25,439
Correction on movement on operating lease asset till 30 June 2017	-	(242)
Correction on movement on operating lease asset for the year ended 30 June 2018	-	(36)
<b>Restated Balance</b>		<b>25,161</b>
	2019 R	2018 R
<b>46.4 Receivables from Exchange Transactions</b>		
<b>Balance previously reported</b>		16,362,348
Correction of sale of land - 30 June 2018		(5,052)
<b>Restated Balance</b>		<b>16,357,296</b>
	2019 R	2018 R
<b>46.5 Receivables from Non-Exchange Transactions</b>		
<b>Balance previously reported</b>		29,180,386
Reallocation of expenditure incorrectly posted to debtor vote - 30 June 2017		(36,357)
Reallocation of expenditure incorrectly posted to debtor vote - 30 June 2018		(801,647)
<b>Restated Balance</b>		<b>28,342,381</b>
	2019 R	2018 R
<b>46.6 Taxes</b>		
<b>Balance previously reported</b>		12,260,539
Correction of VAT incorrectly included in expenditure - 30 June 2018		758,633
Correction of VAT incorrectly included in expenditure - 30 June 2017		1,150,161
<b>Restated Balance</b>		<b>14,169,334</b>
	2019 R	2018 R
<b>46.7 Cash and Cash Equivalents</b>		
<b>Balance previously reported</b>		12,646,169
Interest not capitalised to investment - 30 June 2018		90,386
<b>Restated Balance</b>		<b>12,736,555</b>
	2019 R	2018 R
<b>46.8 Trade and Other Payables from Exchange Transactions</b>		
<b>Balance previously reported</b>	-	53,535,180
Recognition of Bulk Purchases accrual - 30 June 2018	-	321,333
Recognition of Rent paid accrual - 30 June 2018	-	9,250
Recognition of advertisement cost accrual - 30 June 2018	-	46,671
Recognition of year-end accrual - 30 June 2018	-	893,570
Correction of debtor with credit balances - 30 June 2018	-	(3,373,760)
<b>Restated Balance</b>		<b>51,432,244</b>
	2019 R	2018 R
<b>46.9 Accumulated Surplus/(Deficit) - 1 July 2017</b>		454,236,143
First time recognition Property, Plant and Equipment 30 June 2017	-	179,516
Correction on movement on operating lease asset till 30 June 2017 - note 46.3	-	(242)
Correction of VAT incorrectly included in expenditure - 30 June 2017	-	1,150,161
Reallocation of expenditure incorrectly posted to debtor vote - 30 June 2017	-	(801,647)
<b>Total</b>		<b>454,763,930</b>





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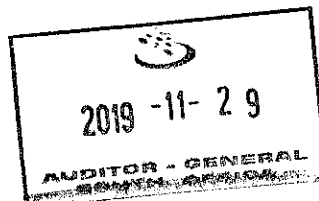
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

46.10 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>				
Property Rates		33,875,648	-	33,875,648
Government Grants and Subsidies - Capital		77,717,306	-	77,717,306
Government Grants and Subsidies - Operating		76,283,699	-	76,283,699
Contributed Property, Plant and Equipment		155,232	-	155,232
Actuarial Gains		2,474,041	-	2,474,041
Fines, Penalties and Forfeits		44,641,921	-	44,641,921
Interest Earned - Non-exchange Transactions		825,998	-	825,998
Licences and Permits from Non-Exchange Transactions		41,964	-	41,964
Service Charges		107,422,169	-	107,422,169
Sales of Goods and Rendering of Services		694,306	-	694,306
Rental from Fixed Assets	46.3	1,135,436	(36)	1,135,400
Interest Earned - External Investments	46.7	760,817	90,386	851,203
Interest Earned - Exchange Transactions		2,821,683	-	2,821,683
Licences and Permits from Exchange Transactions		287,763	-	287,763
Agency Services		741,417	-	741,417
Operational Revenue	46.4 & 46.6	1,628,560	407,852	2,036,412
<b>Total</b>		<b>351,507,958</b>	<b>498,202</b>	<b>352,006,161</b>
<b>Expenditure</b>				
Employee related costs	46.6	94,429,157	(1,116)	94,428,040
Remuneration of Councillors		6,068,438	-	6,068,438
Bad Debts Written Off		5,632,236	-	5,632,236
	46.1 & 46.5 & 46.6 &			
Contracted Services	46.8	38,897,166	726,320	39,623,486
Depreciation and Amortisation		17,562,071	14,895	17,576,966
Actuarial Losses		209,326	-	209,326
Finance Costs	46.6	6,265,751	(16)	6,265,736
Bulk Purchases	46.8	59,022,547	234,107	59,256,654
Inventory Consumed	46.5 & 46.6 & 46.8	3,337,835	(15,727)	3,322,108
Operating Leases	46.6 & 46.8	236,230	8,249	244,479
Transfers and Subsidies	46.6	223,385	(49)	223,336
Operational Costs	46.5 & 46.6 & 46.8	16,927,075	(3,374,132)	13,552,944
<b>Total</b>		<b>248,811,216</b>	<b>(2,407,469)</b>	<b>246,403,747</b>
<b>Gains and Losses</b>				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(37,655,717)	-	(37,655,717)
Gains/(Loss) on Sale of Fixed Assets	46.1	(1,830,605)	229,459	(1,601,147)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(7,625,144)	-	(7,625,144)
<b>Total</b>		<b>(47,111,467)</b>	<b>229,459</b>	<b>(46,882,008)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>55,585,276</b>	<b>3,135,130</b>	<b>58,720,406</b>

	2019 R	2018 R
<b>47. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	594,887	58,720,406
<b>Adjustments for:</b>		
Depreciation	19,394,460	17,450,200
Amortisation	128,426	126,766
Loss/(Gain) on Sale of Fixed Assets	204,671	1,601,147
Impairment Loss/(Reversal of Impairment Loss) - Receivables	41,580,149	37,655,717
Impairment Loss/(Reversal of Impairment Loss) - Fixed assets	2,652	7,625,144
Landfill site adjustments	(61,895)	(724,012)
Contributed Property, Plant and Equipment	(36,000)	(155,232)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	402,552	209,326
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(823,726)	(2,474,041)
Movement in employee benefits	1,598,207	(142,498)
Bad Debts written off	9,007,067	5,632,236
Interest on provisions	4,504,381	4,490,430
Operating lease income accrued	(15,202)	33,827
Operating Surplus/(Deficit) before changes in working capital	76,490,629	130,049,415
Changes in working capital	(62,247,576)	(48,470,238)
Increase/(Decrease) in Trade and Other Payables	(19,312,458)	20,426,004
Increase/(Decrease) in Taxes	3,038,844	(6,953,624)
(Increase)/Decrease in Inventory	573,531	(241,763)
Increase/(Decrease) in Consumer Deposits	293,075	(70,765)
Increase/(Decrease) in Current portion of Long-term Receivables	(23,177)	(131,143)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(44,175,922)	(43,819,958)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(5,751,264)	(7,325,576)
(Increase)/Decrease Unpaid Transfers and Subsidies	12,935	(6,927)
Increase/(Decrease) in Unspent Transfers and Subsidies	3,096,859	(10,346,486)
<b>Cash generated/(absorbed) by operations</b>	<b>14,243,053</b>	<b>81,579,178</b>


  
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<b>48. CASH AND CASH EQUIVALENTS</b>		<b>2019</b>	<b>2018</b>
		R	R
Cash and cash equivalents included in the cash flow statement comprise the following:			
Current Accounts - Note 12		115,942	356,816
Call Deposits and Investments - Note 12		385,966	12,373,469
Cash Floats - Note 12		6,670	6,270
Bank Overdraft - Note 12		(12,929,852)	(7,792,004)
<b>Total cash and cash equivalents</b>		<b>(12,421,274)</b>	<b>4,944,551</b>

<b>49. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		<b>2019</b>	<b>2018</b>
		R	R
Cash and Cash Equivalents - Note 48			
		(12,421,274)	4,944,551
<b>Less:</b>		7,363,980	5,374,311
Unspent Transfers and Subsidies - Note 20		6,476,812	3,379,953
VAT - Note 21		887,068	1,769,438
Cash Portion of Housing Development Fund - Note 23			224,920
Net cash resources available for internal distribution		(19,785,154)	(429,760)
<b>Resources available for working capital requirements</b>		<b>(19,785,154)</b>	<b>(429,760)</b>

<b>50. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		<b>2019</b>	<b>2018</b>
		R	R
Long-term Liabilities - Note 13			
Used to finance property, plant and equipment - at cost		9,369,804	13,210,815
		(9,369,804)	(13,210,815)
Cash set aside for the repayment of long-term liabilities		-	-
<b>Cash invested for repayment of long-term liabilities</b>		<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

Annuity loans at amortised cost is calculated at 6.75%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

<b>51. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		<b>2019</b>	<b>2018</b>
<b>51.1 Unauthorised expenditure</b>		R	R
Reconciliation of unauthorised expenditure:			
Opening balance			
Unauthorised expenditure current year - operational		102,103,718	81,643,533
Unauthorised expenditure current year - capital		1,880,599	20,157,188
Unauthorised expenditure awaiting authorisation		-	302,996
		<b>103,984,317</b>	<b>102,103,718</b>

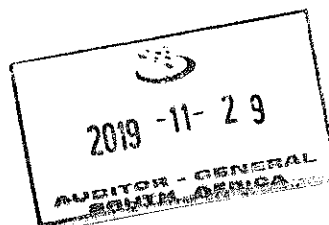
Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings
Actual vs Budgeted spending	None
	1,880,599
	20,157,188
	<b>1,880,599</b>
	<b>20,157,188</b>

The overspending of the Budget per municipal vote can be summarised as follows:

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - Municipal Manager	6,784,711	5,958,503	826,208	826,208
Vote 2 - Director: Corporate Service	36,003,726	34,949,334	1,054,392	1,054,392
Vote 3 - Director: Financial Services	30,722,519	32,103,871	(1,381,352)	-
Vote 4 - Director: Engineering Services	75,415,485	88,331,346	(12,915,861)	-
Vote 5 - Director: Community Services	75,582,325	145,106,255	(69,523,930)	-
Vote 6 - Director: Electrical Services	75,962,138	81,704,495	(5,742,357)	-
	<b>300,470,903</b>	<b>388,153,804</b>	<b>(87,682,901)</b>	<b>1,880,599</b>

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
<b>Unauthorised expenditure current year - capital</b>				
Vote 1 - Municipal Manager	16,769	30,000	(13,231)	-
Vote 2 - Director: Corporate Service	389,077	491,270	(102,193)	-
Vote 3 - Director: Financial Services	30,050	150,000	(119,950)	-
Vote 4 - Director: Engineering Services	14,823,891	19,286,072	(4,462,181)	-
Vote 5 - Director: Community Services	570	184,074	(183,504)	-
Vote 6 - Director: Electrical Services	12,529,106	13,960,018	(1,430,912)	-
	<b>27,789,463</b>	<b>34,101,434</b>	<b>(6,311,971)</b>	<b>-</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>51.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	1,782,655	1,220,631
Fruitless and wasteful expenditure current year	-	562,024
Fruitless and wasteful expenditure awaiting condonement	<u>1,782,655</u>	<u>1,782,655</u>
	2019 R	2018 R

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2019 R	2018 R
Backpay to council.	None	-	562,024
		-	<u>562,024</u>

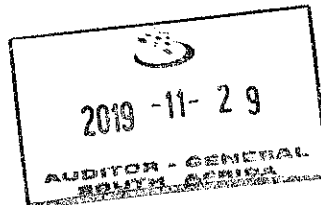
	2019 R	2018 R
<b>51.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure:		
Opening balance	105,158,118	52,932,427
Irregular expenditure current year	68,472,722	52,225,691
Irregular expenditure awaiting further action	<u>173,630,840</u>	<u>105,158,118</u>
	2019 R	2018 R

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2019 R	2018 R
2014 - Open tender request sent after event	None	35,000	35,000
2015 - SCM procedures not followed 2014/2015	None	550,134	550,134
Irregular Expenditure incurred to Contracting for Traffic Services: 2011/2012 Financial Year - R3 025 588.67 2012/2013 Financial Year - R5 725 559.70 2013/2014 Financial Year - R6 570 444.36	None	15,321,593	15,321,593
2016 - SCM procedures not followed 2015/2016	None	1,046,113	1,046,113
2017 - SCM procedures not followed with regards to housing	None	32,105,315	32,105,315
2017 - SCM procedures not followed 2016/2017	None	3,874,272	3,874,272
2018 - SCM procedures not followed with regards to housing	None	31,509,034	31,509,034
2018 - SCM procedures not followed 2017/2018	None	19,979,711	19,979,711
2018 - SCM procedures not followed 2017/2018	None	736,947	736,947
2019 - SCM procedures not followed 2018/2019	None	439,130	-
2019 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	1,639,310	-
2019 - SCM procedures not followed with regards to competitive bid process	Expenditure will be investigated in the next financial year	21,554,945	-
2019 - SCM procedures not followed	Expenditure will be investigated in the next financial year	24,170,199	-
2019 - SCM procedures not with regards to regulation 32. The total expenditure since inception could not be determined as it was impractical.	Expenditure will be investigated in the next financial year	20,669,138	-
		<u>173,630,840</u>	<u>105,158,118</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

	2019 R	2018 R
<b>52. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>52.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</b>		
Opening balance	(30)	(30)
Council subscriptions	1,038,111	949,899
Amount paid - current year	(1,038,111)	(949,899)
Balance unpaid (included in creditors)	<u>(30)</u>	<u>(30)</u>
	2019 R	2018 R
<b>52.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Current year audit fee	6,277,098	3,123,614
Amount paid - current year	(5,628,729)	(3,123,614)
Balance unpaid (included in creditors)	<u>648,369</u>	-
	2019 R	2018 R
<b>52.3 VAT - [MFMA 125 (1)(c)]</b>		
VAT	11,130,489	14,169,334
Closing balance	<u>11,130,489</u>	<u>14,169,334</u>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>52.4 PAYE and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance	1,625,085	800,172
Current year payroll deductions	12,945,124	11,806,846
Amount paid - current year	11,899,976	(10,981,933)
Amount paid - previous year	(824,913)	-
<b>Balance unpaid (included in creditors)</b>	<b>26,470,185</b>	<b>1,625,085</b>
	2019 R	2018 R
<b>52.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	19,703,521	17,021,786
Amount paid - current year	(19,703,521)	(17,021,786)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
	2019 R	2018 R
<b>52.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:		
	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
Councillor N Constable (010679/032084)	-	-
Councillor N Constable (014506/014507)	-	-
Councillor HT Prince (012338/010957)	-	-
Councillor L Deyce (510271/000768)	-	14,702
Councillor SM Mokoane (022661/022662)	-	-
Councillor MA Kilani (020440/020441)	-	765
Councillor MA Kilani (006482/020441)	-	-
Councillor DE Welgemoed (012158/012159)	-	-
Councillor SM Mokoane (022661/022662)	-	-
Councillor Q Louw (019740/030610)	-	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>15,467</b>

**52.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

**30 JUNE 2019**

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
Jul-18	6,801	6,801	-	-	-
Aug-18	36,950	4,232	-	32,718	-
Sep-18	439,299	224,110	8,479	186,260	20,450
Oct-18	364,930	293,144	2,500	69,286	-
Nov-18	24,711	-	12,887	11,824	-
Dec-18	312,463	119,910	5,471	184,764	2,318
Jan-19	-	-	-	-	-
Feb-19	-	-	-	-	-
Mar-19	161,342	9,393	2,950	87,799	61,200
Apr-19	43,156	40,163	-	2,993	-
May-19	74,489	44,449	4,289	25,751	-
Jun-19	795,780	53,724	12,075	711,331	18,650
	58,444	-	-	58,444	-
	<b>2,318,364</b>	<b>795,925</b>	<b>48,651</b>	<b>1,371,170</b>	<b>102,618</b>

**30 JUNE 2018**

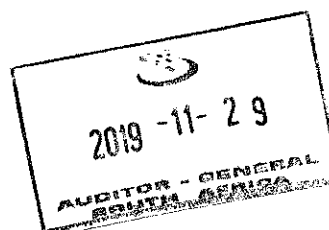
	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
Jul-17	97,883	-	65,000	32,883	-
Aug-17	771,598	559,804	48,244	49,894	113,657
Sep-17	252,636	16,256	180,036	24,766	31,578
Oct-17	171,103	18,245	152,858	-	-
Nov-17	62,496	-	17,434	45,062	-
Dec-17	336,116	326,723	-	9,393	-
Jan-18	15,394,826	157,616	15,226,410	-	10,800
Feb-18	416,028	4,883	139,567	26,775	244,604
Mar-18	58,977	-	19,859	28,318	10,800
Apr-18	219,571	46,349	140,155	33,067	-
May-18	54,803	29,600	20,203	5,000	-
Jun-18	25,276	5,340	8,774	11,164	-
	<b>17,861,316</b>	<b>1,164,815</b>	<b>16,018,539</b>	<b>266,322</b>	<b>411,638</b>

**Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.

**Range of Deviations approved by Municipal Manager**

	Total Deviations	2018/19 Amounts
Deviations between 0 - 10 000	72	388,641
Deviations between 10 001 - 30 000	38	603,431
Deviations between 30 001 - 200 000	8	379,582
Deviations greater than 200 001	3	946,710
	<b>121</b>	<b>2,318,364</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

52.8 Material losses

<b>Electricity distribution losses</b>		
Units purchased (Kwh)	56,809,015	57,649,424
Units lost during distribution (Kwh)	9,110,067	7,779,399
Percentage lost during distribution	16.04%	13.49%
Distribution loss (Rand Value)		

The reason for the increase in electricity losses is due to electricity theft on pre-paid meters. Fines were issued for first time offenders.

	2019	2018
	R	R
<b>Water distribution losses</b>		
Units purchased (ml)	2,521,800	2,647,036
Units lost during distribution (ml)	1,131,809	1,118,151
Percentage lost during distribution	45.00%	42.24%
Distribution loss (Rand Value)		

Normal pipe bursts and field leakages are responsible for water losses.

The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 6kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers.

52.9 Other non-compliance

**Supply Chain Management Implementation Report**

The Supply Chain Management Implementation Report must be submitted to Council within 30 days after the end of the year in accordance with the Supply Chain Management Regulations. The report for 2009/10 was submitted to Council only on 11 August 2010.

**Section 11(4) - Withdrawals from municipal bank accounts**

The accounting officer must within 30 days after the end of each quarter submit to Council a report of all withdrawals made in terms of subsection (1)(b) to (j). The said report for the second and last quarter was tabled in Council on 9 February 2010 and 11 August 2010 respectively.

**MFMA Section 65(2)(b)**

Adequate management, accounting and information system was not in place which accounted for creditors.

**MFMA Section 65(2)(e)**

The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.

**MFMA Section 15**

Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.

**MFMA Section 32(4)**

Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.

53. **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.

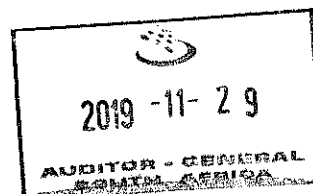
**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2019	2018
	R	R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
0.5% (2018: 0.5%) Increase in interest rates	20,310	(27,094)
0.5% (2018: 0.5%) Decrease in interest rates	(20,310)	27,094



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 10 and 11 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 6 and 7 for balances included in receivables that were re-negotiated for the period under review.

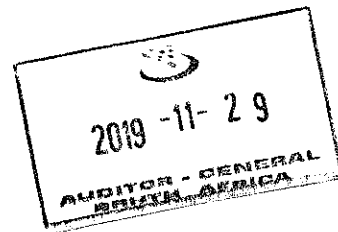
	2019 %	2019 R	2018 %	2018 R
<u>Non-exchange Receivables</u>				
Rates				
Fines	6.03%	11,736,323	6.40%	9,605,865
Other	88.79%	172,746,695	85.85%	128,782,626
	5.18%	10,077,480	7.75%	11,623,881
	<u>100.00%</u>	<u>194,562,499</u>	<u>100.00%</u>	<u>150,012,373</u>
<u>Non-Current Receivables</u>				
Repayment arrangement	100.00%	3,329,580	100.00%	3,479,700
<u>Exchange Receivables</u>				
Electricity				
Water	3.68%	2,780,129	14.57%	11,298,291
Property Rentals	12.19%	9,218,157	11.68%	9,057,566
Waste Management (refuse)	0.07%	53,883	0.08%	63,322
Waste Water Management (Sewerage)	12.31%	9,305,998	10.59%	8,216,936
Other	20.38%	15,414,852	18.16%	14,089,888
	51.37%	38,850,067	44.92%	34,841,747
	<u>100.00%</u>	<u>75,623,085</u>	<u>100.00%</u>	<u>77,567,749</u>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
<u>Non-exchange Receivables</u>				
Rates	8.04%	-12,899,554	10.55%	12,831,055
Fines	91.96%	-147,569,300	89.45%	108,838,937
	<u>100.00%</u>	<u>-160,468,854</u>	<u>100.00%</u>	<u>121,669,991</u>
<u>Exchange Receivables</u>				
Electricity	2.19%	1,137,597	0.57%	351,180
Water	12.44%	6,466,187	8.83%	5,403,556
Waste Management (refuse)	2.19%	1,137,597	12.58%	7,700,122
Waste Water Management (Sewerage)	12.44%	6,466,187	21.19%	12,972,491
Housing Selling Scheme	0.90%	-	0.10%	60,948
Other	70.74%	36,759,302	56.72%	34,719,809
	<u>100.00%</u>	<u>51,966,870</u>	<u>100.00%</u>	<u>61,208,106</u>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The provision for bad debts could be allocated between the different categories of receivables (excl. fines) as follow:

	2019 %	2019 R	2018 %	2018 R
Other	5.10%	4,090,118	2.92%	2,163,076
Industrial	9.29%	7,444,064	10.48%	7,757,493
Residential	85.61%	68,616,951	86.60%	64,118,591
	<b>100.00%</b>	<b>80,151,132</b>	<b>100.00%</b>	<b>74,039,160</b>

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>		7,667,518	100%	665,171
Rates and Other Receivables				
<u>Exchange Receivables</u>		1,339,362	100%	4,967,065
Services				

Ageing of amounts past due but not impaired are as follow:

	Exchange Receivables	Non-exchange Receivables
<b>2019</b>		
1 month past due	2,305,020	58,770
2+ months past due	2,066,190	2,880,981
	<b>4,371,209</b>	<b>2,939,751</b>
<b>2018</b>		
1 month past due	292,802	67,661
2+ months past due	1,652,409	2,021,883
	<b>1,945,211</b>	<b>2,089,545</b>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2019 R	2018 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	2,480,243	2,480,243
Trade receivables and other receivables	849,337	999,456
Receivables from exchange transactions	38,850,067	34,841,747
Receivables from non-exchange transactions	194,562,499	150,012,373
Cash and Cash Equivalents	501,909	12,730,285
	<b>237,244,055</b>	<b>201,064,104</b>

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2019</b>				
Long-term Liabilities	3,196,466	6,040,136	5,240,732	-
Trade and Other Payables	32,223,829	-	-	-
	<b>35,420,295</b>	<b>6,040,136</b>	<b>5,240,732</b>	<b>-</b>
<b>2018</b>				
Long-term Liabilities	5,362,471	7,028,313	6,287,707	-
Trade and Other Payables	53,535,180	-	-	-
	<b>58,897,651</b>	<b>7,028,313</b>	<b>6,287,707</b>	<b>-</b>



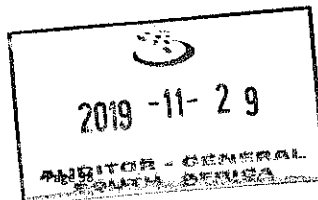
BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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AUDITOR - GENERAL  
SOUTH AFRICA

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
<b>54. FINANCIAL INSTRUMENTS</b>			
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
<b>54.1 Financial Assets</b>	<b>Classification</b>	<b>2019 R</b>	<b>2018 R</b>
<b>Non-Current Receivables</b>			
Receivables with repay arrangements	Financial Instruments at amortised cost	1,859,861	1,861,932
Housing Loans	Financial Instruments at amortised cost	290,001	461,643
		<b>2019 R</b>	<b>2018 R</b>
<b>Receivables from Exchange Transactions</b>			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	7,395,202	16,298,654
Other receivables from exchange transactions	Financial Instruments at amortised cost	2,543,147	60,990
		<b>2019 R</b>	<b>2018 R</b>
<b>Cash and Cash Equivalents</b>			
Bank Balances	Financial Instruments at amortised cost	122,612	363,086
Call Deposits	Financial Instruments at amortised cost	385,966	12,373,469
<b>Total Financial Assets</b>		<b>12,596,789</b>	<b>31,419,773</b>
		<b>2019 R</b>	<b>2018 R</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial Instruments at amortised cost:</b>			
Long-term Receivables	Receivables with repay arrangements	1,859,861	1,861,932
Long-term Receivables	Housing Loans	290,001	461,643
Trade receivables from exchange transactions	Trade receivables from exchange transactions	7,395,202	16,298,654
Other receivables from exchange transactions	Other receivables from exchange transactions	2,543,147	60,990
Cash and Cash Equivalents	Bank Balances	122,612	363,086
Cash and Cash Equivalents	Call Deposits	385,966	12,373,469
<b>Total Financial Assets</b>		<b>12,596,789</b>	<b>31,419,773</b>
		<b>2019 R</b>	<b>2018 R</b>
<b>54.2 Financial Liabilities</b>	<b>Classification</b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Financial Instruments at amortised cost	7,890,922	9,415,979
Capitalised Lease Liability	Financial Instruments at amortised cost	1,479,882	3,794,839
		<b>2019 R</b>	<b>2018 R</b>
<b>Trade and Other Payables</b>			
Payments received in advance	Financial Instruments at amortised cost	7,572	511,072
Retentions	Financial Instruments at amortised cost	2,264,837	2,193,279
Sundry creditors	Financial Instruments at amortised cost	2,033,552	3,975,685
Trade Payables	Financial Instruments at amortised cost	28,443,126	41,937,788
SALA Pensionfund	Financial Instruments at amortised cost	104,084	420,000
		<b>2019 R</b>	<b>2018 R</b>
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Financial Instruments at amortised cost	1,203,759	1,525,057
Capitalised Lease Liability	Financial Instruments at amortised cost	1,173,423	2,669,243
		<b>2019 R</b>	<b>2018 R</b>
<b>Cash and Cash Equivalents</b>			
Bank Overdraft	Financial Instruments at amortised cost	12,929,852	7,792,004
		<b>57,425,926</b>	<b>73,814,945</b>
		<b>2019 R</b>	<b>2018 R</b>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
<b>Financial Instruments at amortised cost:</b>			
Long-term Liabilities	Annuity Loans	9,094,681	10,941,036
Long-term Liabilities	Capitalised Lease Liability	2,652,305	6,464,082
Trade and Other Payables	Payments received in advance	7,572	511,072
Trade and Other Payables	Retentions	2,264,837	2,193,279
Trade and Other Payables	Sundry creditors	2,033,552	3,975,685
Trade and Other Payables	Trade Payables	28,443,126	41,937,788
Cash and Cash Equivalents	Bank Overdraft	12,929,852	7,792,004
		<b>57,425,926</b>	<b>73,814,945</b>
		<b>2019 R</b>	<b>2018 R</b>
<b>55. STATUTORY RECEIVABLES</b>			
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
<b>Taxes</b>			
VAT Receivable		3,135,509	8,742,069
		184,485,019	138,388,491
<b>Receivables from Non-Exchange Transactions</b>			
Rates		11,738,323	9,605,865
Fines		172,746,695	126,782,626
<b>Total Statutory Receivables (before provision)</b>		<b>187,620,528</b>	<b>147,130,560</b>



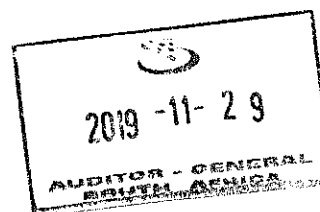
BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>Less:</b>	Provision for Debt Impairment	(160,468,854)	(121,669,991)
	<b>Total Statutory Receivables (after provision)</b>	<b>27,151,674</b>	<b>25,460,569</b>

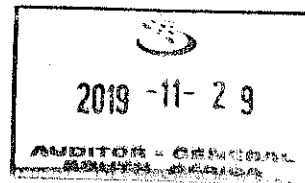
Statutory Receivables arises from the following legislation:

Taxes	- Value Added Tax Act (No 89 of 1991)
Rates	- Municipal Properties Rates Act (No 6 of 2004)
Fines	- Criminal Procedures Act



**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
<b><u>(Rates): Ageing</u></b>		
Current (0 - 30 days)	1,816,010	2,017,712
31 - 60 Days	463,670	721,334
61 - 90 Days	394,517	590,229
+ 90 Days	9,064,127	6,276,590
<b>Total</b>	<b>11,738,323</b>	<b>9,605,865</b>
	<b>2019 R</b>	<b>2018 R</b>
<b><u>Reconciliation of Provision for Debt Impairment</u></b>		
Balance at beginning of year	121,669,991	92,717,956
Contribution to provision	38,798,864	28,952,035
Balance at end of year	<b>160,468,855</b>	<b>121,669,991</b>
	<b>2019 R</b>	<b>2018 R</b>
<b><u>Ageing of amounts past due and impaired:</u></b>		
1 month past due	292,802	152,248
2+ months past due	1,652,409	1,960,794
	<b>1,945,211</b>	<b>2,113,043</b>
	<b>2019 R</b>	<b>2018 R</b>
<b><u>Ageing of amounts past due but not impaired:</u></b>		
1 month past due	58,770	67,661
2+ months past due	2,880,981	2,021,883
	<b>2,939,751</b>	<b>2,089,545</b>
	<b>2019 R</b>	<b>2018 R</b>
<b><u>Interest Received from Statutory Receivables</u></b>		
Taxes	983,978	825,998
Interest is levied at a rate determined by the council on outstanding rates amounts.		
	<b>2019 R</b>	<b>2018 R</b>
<b>56. IN-KIND DONATIONS AND ASSISTANCE</b>		
The municipality did not receive any in-kind donations or assistance during the year under review.		
	<b>2019 R</b>	<b>2018 R</b>
<b>57. PRIVATE PUBLIC PARTNERSHIPS</b>		
Council has not entered into any private public partnerships during the financial year.		
	<b>2019 R</b>	<b>2018 R</b>
<b>58. CONTINGENCIES</b>		
The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.		
The following guarantees qualify as contingent liabilities:		
<b>NAME / REG NO</b>	<b>GUARANTEE ISSUED TO</b>	
Nedbank	Performance guarantee no: 285/32883307: Post office	50,000
Nedbank	Electricity guarantee: 285/32883218: Eskom	34,700
Nedbank	Electricity guarantee: 285/32883005:	41,000
	Eskom - Nelspoort	<b>125,700</b>
		<b>125,700</b>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Claims against the municipality

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

Beaufort West Municipality/E. Franse

The municipality has a claim against them whereby a child was injured in a playing park due to the negligence of the municipality. An indication of the possible claim and legal fees was received from Crawford attorney's.

235,055 235,055

Beaufort West Municipality/A Damon & SS Damon

The plaintiffs issued a summons against the Municipality and Crawford Attorneys have defended the summons. Since then there was no movement on the matter and at this stage it is unclear if the plaintiffs intends to pursue the claim further. It is in process to determine a court date. The court will determine the outcome of the matter.

Beaufort West Municipality/Minister of Water and Sanitation

The municipality was summons by the Minister of Water Affairs for outstanding payments for water for the period April 2002 to August 2016. The municipality is in a process of negotiation with the Minister.

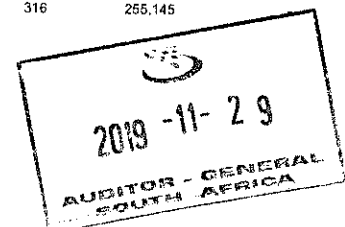
3,311,206 3,311,206

**3,546,261 3,546,261**

The municipality does not have a permit or license for landfill-sites currently in use at Merweville disposal site, and could be liable for a penalty, to a maximum amount of R10 000 000, in terms of section 68(1) National Environmental Management, Waste Act, 2008 (Act No. 59 of 2008).

CONTINGENT ASSETS

BANK / FIRM	PURPOSE	REG NO	2019 R	2018 R
First National Bank	Electricity supply:163/3/96	147	2,020	2,020
FNB/Shoprite	Electricity Supply:579-123/91	88	12,265	12,265
FNB/Ackermans	Electricity Supply:579-131/91	91	2,080	2,080
Lombard Insurance Group/AGMS	Merweville housing project Construction civil services and top structure for 90 erven	248	-	210,450
Lombard Insurance Group/SWANSA	Performance guarantee: Tender no:did:09/2007: Reclamation Plant	261	-	260,068
Suretyship Guarantee 20120113/002 - ACE	Performance guarantee: Tender SCM 94/2011: Upgrading of streets in Water & Electricity services erf no.7401 (Beaufort Mall)	269	-	-
ABSA Bank		270	222,000	222,000
New National Assurance Company LTD. ACE o.b.o Benver Civils and Plant Hire cc	Performance guarantee: Tender SCM 10/2012: Construction of pedestrian walkways in Murraysburg.	271	-	-
Nedbank o.b.o A2 Loodgieters	Notice No.99/2015: Tender SCM 08/2016: Construction and installation	295	-	-
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs	Guarantee No.G900/0583662/GLO: Notice No. 104/2015: Tender SCM	297	-	-
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs	Guarantee no. G900/0588505/GLO: Notice No.62/2015: Tender SCM	298	-	247,452
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs	Performance guarantee: Tender SCM 10/2016: Upgrading of Fabriek Street.	299	-	-
Rand Merchant Bank o.b.o R. Koster t/a R.A Koster	Guarantee Nr:G900/0595814/GLO: Supply of water and electricity to 13 Bird Street (Beaufort Manor)	301	31,300	31,300
Rand Merchant Bank o.b.o R. Koster t/a R.A Koster	Guarantee Nr:G900/0595862/GLO: Supply of water and electricity to 7 Bird Street (Beaufort Manor)	302	21,100	21,100
Provincial Gazette Nr. 7711	Notice of Registration of Driving Licence testing centre: Murraysburg	308	-	-
Infinity Guarantees	Performance Guarantee: Guarantee Nr. PS GUA MV 01: Tender nr. SCM Retention Guarantee Nr.	309	-	1,049,588
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	OGT0672/ZA0002760: Tender Nr. SCM 06/2017: Upgrading of Protea and Oak Streets, Beaufort West	310	-	199,417
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	Retention Guarantee: Guarantee No. OGT0672/ZA0003151: Tender no. 61/2016: Upgrading of the Murraysburg Wastewater Treatment	311	-	342,479
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	Performance Demand Guarantee: Guarantee No. OGT0672/ZA0004613: Tender Number 103/2017: SCM 03/2018: Upgrading of Klein Hand	312	-	583,509
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	Performance Demand Guarantee: Guarantee no. OGT06702/ZA0005420: Tender no. 103/2017 : SCM 03/2018: Upgrading of Klein Hans River Scheme: Phase 1	313	-	944,524
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	Retention Guarantee: Guarantee No. OGT0672/ZA0006355: Tender No: 103/2017 : SCM 03/2018: Upgrading Of Klein Hans River Scheme: Phase 1	314	-	755,462
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	Guarantee NO. OGT0672/ZA00014812: Tender SCM 03/2018: Upgrading of Klein	315	-	294,655
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	Retention Guarantee NO. OGT0672/ZA00014812: Tender SCM 03/2017: Upgrading of Klein Hans Rivier Scheme phase 1	316	255,145	-



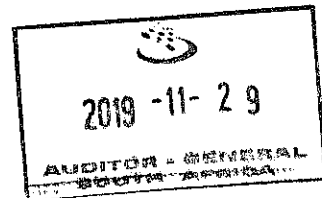
BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Namco Guarantees o.b.o Dorha Construction Services (Pty) Ltd

Guarantee construction: NAM 1903-04: SCM 15/2019: Upgrading of existing pavilion at Beaufort West

319	<u>71,502</u>	<u>-</u>
	<u>617,412</u>	<u>5,178,369</u>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

59. RELATED PARTIES

2019 R 2018 R

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

59.1 Related Party Transactions

	Rates - Levied 1 July 2016- 30 June 2019	Service Charges - Levied 1 July 2018 - 30 June 2019	Other - Levied 1 July 2018 - 30 June 2019	Outstanding Balance - 30 June 2019
<b>Year ended 30 June 2019</b>				
<b>Councillors</b>				
<i>Councillor AM Slabbert (010137/011832)</i>	5,797	22,291	1	-
<i>Councillor N Constable (010679/032084)</i>	2,737	5,957	-	674
<i>Councillor N Constable (014506/014507)</i>	529	5,691	-	539
<i>Councillor O Haarvoor (510856/003456)</i>	-	1,515	-	-
<i>Councillor JJ van der Linde (014807/014808)</i>	8,177	30,563	-	-
<i>Councillor L Deyce (510271/000768)</i>	1,413	1,521	-	241
<i>Councillor L Basson (024298/024299)</i>	694	2,349	-	-
<i>Councillor MA Kilani (020440/020441)</i>	612	5,407	-	-
<i>Councillor MA Kilani (006482/020441)</i>	-	1,490	-	496
<i>Councillor DE Welgemoed (012158/012159)</i>	9,438	43,352	-	1,677
<i>Councillor SM Motsoane (022661/022662)</i>	622	6,959	-	467
<i>Councillor Q Louw (019740/030610)</i>	398	1,164	-	1,562
	<b>30,416</b>	<b>128,299</b>	<b>1</b>	<b>5,780</b>
<b>Municipal Manager and Section 57 Employees</b>				
<i>Municipal Manager : K Haarhoff (No account)</i>	-	-	-	-
<i>Director : A Makendiana (012180/029959)</i>	10,387	2,349	-	0
<i>Director : R van Staden (011989/011990)</i>	12,257	19,669	-	-
<i>Director : HT Prince (012338/010957)</i>	11,585	12,400	-	6,148
<i>Director : CJ Kyndell (007759/007760)</i>	12,087	36,149	-	-
	<b>46,316</b>	<b>70,568</b>	<b>-</b>	<b>6,148</b>
<b>Year ended 30 June 2018</b>				
<b>Councillors</b>				
<i>Councillor AM Slabbert (010137/011832)</i>	5,456	18,698	1	1,844
<i>Councillor AM Slabbert (028981/031495)</i>	2,652	2,669	-	-
<i>Councillor N Constable (010679/032084)</i>	2,576	5,797	-	635
<i>Councillor N Constable (014506/014507)</i>	496	5,244	-	674
<i>Councillor O Haarvoor (510856/003456)</i>	-	1,405	-	117
<i>Councillor JJ van der Linde (014807/014808)</i>	7,696	37,249	-	-
<i>Councillor HT Prince (012338/010957)</i>	10,896	19,495	-	17,100
<i>Councillor L Deyce (510271/000768)</i>	1,296	1,405	-	228
<i>Councillor L Basson (024298/024299)</i>	653	2,182	-	-
<i>Councillor MA Kilani (020440/020441)</i>	576	4,841	-	518
<i>Councillor MA Kilani (006482/020441)</i>	-	1,407	-	116
<i>Councillor DE Welgemoed (012158/012159)</i>	8,816	38,554	-	3,307
<i>Councillor SM Motsoane (022661/022662)</i>	576	5,735	-	2,763
	<b>41,688</b>	<b>144,681</b>	<b>1</b>	<b>27,301</b>
<b>Year ended 30 June 2018</b>				
<b>Municipal Manager and Section 57 Employees</b>				
<i>Municipal Manager : K Haarhoff (No account)</i>	-	-	-	-
<i>Director : A Makendiana (012180/029959)</i>	9,776	2,182	-	0
<i>Director : R van Staden (011989/011990)</i>	11,536	22,907	-	-
<i>Director : ER Klink (510285/000794)</i>	3,056	1,405	-	0
<i>Director : ER Klink (000037/044164)</i>	496	2,182	-	-
<i>Director : ER Klink (000312/044164)</i>	3,200	-	-	-
<i>Director : ER Klink (511153/002065)</i>	16	-	-	-
<i>Director : N Kotze (Appointed 1/10/2017 - 31/03/2018) (no account)</i>	-	-	-	-
<i>Director : CJ Kyndell (007759/007760)</i>	11,376	35,057	-	-
	<b>39,456</b>	<b>63,734</b>	<b>-</b>	<b>0</b>

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

2019-11-29  
AUDITOR - GENERAL  
ERIN ABRAHAM

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

59.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 14 to the Annual Financial Statements.

59.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 35 to the Annual Financial Statements.

59.4 Other related party transactions

The following purchases were made during the 2018/19 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
B&B Swaiswerke	26,780	Son, Mr. A.C Du Plessis is currently employed by Department of Education as a teacher.
Central Karoo Events	273,153	Sons, Mr P.J Julies and Mr J. Julies is employed as vehicle inspections & traffic officer and machine operator at electrical and traffic services at the Beaufort West Municipality
Karoo Motors Workshop	530,324	Spouse, Mrs Anna-Marie van der Merwe is employed with the Department of Health Services
Karoo Betonwerke	2,730	Spouse, Mr Swanepoel are employed at Department of Correctional Services as Corrections Officer.
Tokkie se Slaghuis	16,976	Daughters are employed with the Department of Education and Health Services
B Chalmers	5,125	Spouse, Mr Chalmers are employed with the Department of Correctional Services.
Beaufort West Lugreeling en Verkoeling	2,588	Spouse, Mr Kriel are employed at Beaufort West Hospital.
Beaufort Luxury Coaches	34,740	Son, Mr W Johnson and daughter, Mrs B Johnson are employed at Beaufort West Municipality and Department of Public Transport.
Avril's Catering	2,550	Son, Mr M Johnson and daughter, Mrs B Johnson are employed at Department of Correctional Services and Department of Agriculture.
Ingozi Construction and Catering	2,700	Spouse, Mr F Pieters and daughter R Pieters are employed at the housing department at Beaufort West Municipality and Transnet
RWS Cleaning and Maintenance Services	146,250	Spouse, R Summers are employed at Beaufort West Municipality.
Wilma's Catering	11,400	Brother currently employed at the Beaufort West Municipality.
Swan Driving School	6,970	Spouse, Mr W. Swanepoel is employed with the Department of Correctional Services as Corrections Officer.
Dorha Construction Services (Pty) Ltd JV Protea Sports Court (Pty) Ltd	2,396,486	Brothers and sister, N Constable (Mayor); R Klink (Town Manager) are in the service of the state employed at Beaufort West Municipality, S Jooste (Municipal Manager at CKDM) and sister E Maans is a Councillor at Prince Albert Municipality
L & E Projects & Solutions	28,742	Brother, B Mitchell and A Mitchell are employed at the Beaufort West Municipality.

The following purchases were made during the 2017/18 financial year where Councillors or staff have an interest:

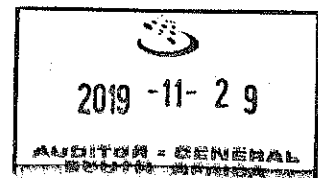
Company Name	Amount	Interest
B&B Swaiswerke	42,866	Son, Mr. A.C Du Plessis is currently employed by Department of Education as a teacher.
Central Karoo Events	109,224	Vehicle Inspections & Traffic Officer and machine operator at electrical and traffic services at the Beaufort West
Karoo Motors Workshop	703,576	Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
Karoo Drukkery	4,285	Spouse, Mrs Munroe, is currently employed at the Beaufort West Hospital
Tokkie se Slaghuis	4,200	Spouse, Mr Van Heerden is employed with the Department of Correctional Services
B Chalmers	4,500	Spouse, Mr Chalmers is employed with the Department of Correctional Services
Beaufort West Lugreeling en Verkoeling	33,345	Spouse, Mr Kriel, is currently employed by the Department of Health Services
Beaufort Luxury Coaches	37,330	Son, Mr W Johnson and daughter, Mrs B Johnson are employed at Beaufort West Municipality and Department of
Avril's Catering	2,700	Daughter, Mr M Johnson are employed with the Department of Correctional Services
Raakvat Verhuurings	11,250	Spouse, Mrs Jacobs is employed by the Central Karoo District Municipality
Ingozi Construction and Catering	3,375	Spouse, Mr F Pieters and daughter R Pieters are employed at the housing department at Beaufort West Municipality
RWS Cleaning and Maintenance Services	41,463	Spouse, R Summers is employed at Beaufort West Municipality

60. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators





BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The current ratio increased to 0.80:1 from 0.91:1 in the prior year.

The municipality have budgeted for a surplus of R18 479 447 for the 2018/2019 financial year. The municipality is also budgeting for positive cash flows during 2019/2020 and 2020/2021 amounting to R13 964 695 and R23 913 505 respectively.

The municipality had an actual deficit R4 545 343 for the current year.

The average debtors' payment days increased to 678 days from 556 days.

The average creditors payment period is 100 days (2018: 154 days).

The current liabilities exceeds the current assets with R22 986 403 (2018: R11 149 285).

A bank overdraft facility is utilised amounting to R8 000 000.

The municipality is in had a negative bank balance with Nedbank to an amount of R8 546 856 (2018 - R7 792 004 in arrears) as per bank statement. The bank balance as per the cash book for the current year is R12 929 852 and R7 792 004 (2018).

There was a decrease of R17 365 825 in cash and cash equivalents for the current year and R1 692 936 for the prior year.

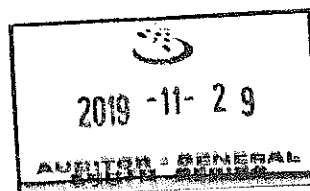
The municipality has call investment deposits for the current year of R365 966 and R12 373 469 (2018)

The outstanding balances in respect of external loans amounts to R9 369 803 (2018 - R9 415 979)

**Other Indicators**

Possible outflow of resources due the contingent liability disclosed in note 58.

The municipality has appointed consultants in the 2019/2020 financial year to assist with a revenue enhancement project, to increase the municipalities revenue. Further the municipality is in process to establish their own court, in order to recover debt from fines more timeously.



**APPENDIX A  
BEAUFORT WES LOCAL MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019**

EXTERNAL LOANS	Reg No.	Rate	Supplier	Loan Number	Maturity date	Balance at 30 June 2018	Correction of Error	Received during the period	Retirement written off during the period	Balance at 30 June 2019
<b>LONG-TERM LOANS</b>										
<b>ANNUITY LOANS</b>										
<b>General</b>										
Banham Building RB211003 IT 1.4.4		10.46%	DBSA	101257/1	2019/12/31	289,588	-	-	(188,118)	101,470
Severage Farm Mewville		8.75%	DBSA	103464/2	2024/12/31	1,535,146	-	-	(195,813)	1,339,333
Entrance Road Industrial Area		10.17%	Netbank	57831033947/1	2020/06/30	1,447,720	-	-	(53,793)	1,393,927
<b>Electricity</b>										
Cost control syst RB12/5/08 IT.2		14.00%	DBSA	10619	2019/03/31	333,307	-	-	(333,307)	-
20MVA Transformer - Sub Station		10.90%	DBSA	103464/1	2029/12/31	3,526,795	-	-	(166,245)	3,360,550
<b>Water Works</b>										
Farm Machinery		10.90%	DBSA	103464/1	2020/12/31	1,772,413	-	-	(83,121)	1,689,292
Pressure Control System		10.90%	DBSA	103464/1	2020/12/31	511,296	-	-	(123,862)	387,434
<b>Total Annuity Loans</b>						<b>9,415,919</b>			<b>(1,525,057)</b>	<b>7,890,862</b>
<b>LEASE LIABILITY</b>										
Machine Photocopy Samsung Pro Xpress		9.75%	Minerva	Murraysburg Admin	2018/10/30	1,025			(1,025)	(0)
Machine Photocopy Xerox		9.50%	Nashua	Dir: Financial Services	2018/06/30	741			(741)	(0)
Sedan Toyota Etosha	CZ 2168	9.25%	Eqstra	Dir: Financial Services	2018/06/30	7,236			(7,236)	(0)
Machine Photocopy Ricoh MP3015PF	W915P03322	9.75%	Fintech	Dir: Financial Services	2018/09/30	4,863			(4,863)	(0)
Machine Photocopy Ricoh MP3015PF	W915P03322	9.75%	Fintech	Church Street Library	2018/05/30	4,863			(4,863)	(0)
Machine Photocopy Ricoh MP3015PF	W915P03323	9.75%	Fintech	Church Street Library	2018/05/30	4,863			(4,863)	(0)
Machine Photocopy Ricoh MP3015PF	W915P03320	9.75%	Fintech	Mimosa Library	2018/05/30	4,863			(4,863)	(0)
Machine Photocopy MPC2003SP		9.75%	Nashua	Municipal Manager	2018/10/30	5,472			(5,472)	(0)
Sedan Chevrolet Aveo 1.6 LS	CZ 9644	9.25%	Eqstra	Dir: Corporate Services	2018/07/30	40,000			(40,000)	4,016
Ldv Isuzu KB250D Fleetside	CZ 7845	9.25%	Bidvest Bank	Dir: Engineers Services	2019/09/30	78,664			(62,582)	16,082
Sedan Chevrolet Aveo 1.6 LS	CZ 9123	9.25%	Eqstra	Building Control	2018/07/30	48,600			(45,582)	4,018
Ldv Isuzu KB250D Fleetside	CZ 8896	9.25%	Bidvest Bank	Municipal Buildings	2019/07/30	74,286			(68,946)	15,340
Ldv Isuzu KB250D Fleetside	CZ 9837	9.25%	Bidvest Bank	Recreation Sites	2019/07/30	69,632			(65,157)	15,475
Ldv Isuzu KB250D Fleetside	CZ 9528	9.25%	Bidvest Bank	Recreation Sites	2019/06/30	75,219			(68,420)	16,799
Ldv Isuzu KB250D Fleetside	CZ 7772	9.25%	Bidvest Bank	Street works & Storm Water	2019/09/30	75,236			(65,443)	19,793
Ldv Isuzu KB250D Fleetside	CZ 8981	9.25%	Bidvest Bank	Street works & Storm Water	2019/08/30	79,348			(60,268)	19,080
Ldv Isuzu KB250D Fleetside	CZ 9072	9.25%	Bidvest Bank	Street works & Storm Water	2019/07/30	74,286			(68,644)	15,642
Ldv Isuzu KB250D Fleetside	CZ 9835	9.25%	Bidvest Bank	Street works & Storm Water	2019/07/30	64,228			(60,703)	13,525
Ldv Isuzu KB250D Fleetside	CZ 9722	9.25%	Bidvest Bank	Fire Brigade	2019/06/30	65,312			(61,844)	13,468
Ldv Isuzu KB250D Fleetside	CZ 9736	9.25%	Bidvest Bank	Street works & Storm Water	2018/09/30	69,886			(61,491)	18,395
Sedan Chevrolet Aveo 1.6 LS	CZ 9739	9.25%	Bidvest Bank	Street works & Storm Water	2018/09/30	70,855			(65,934)	14,921
Ldv Isuzu KB250D Fleetside	CZ 8643	9.25%	Eqstra	Housing Office	2019/07/30	52,015			(47,801)	4,214
Sedan Chevrolet Aveo 1.6 LS	CZ 4807	9.25%	Bidvest Bank	Refuse Removal	2019/09/30	59,868			(61,491)	18,395
Ldv Isuzu KB250D Fleetside	CZ 9117	9.25%	Eqstra	Dir: Traffic Services	2019/07/30	57,758			(63,078)	4,979
Ldv Isuzu KB250D Fleetside	CZ 9723	9.25%	Bidvest Bank	Street works & Storm Water	2019/09/30	78,664			(67,299)	16,909
Ldv Isuzu KB250D Fleetside	CZ 1184	9.25%	Bidvest Bank	Retriculation Low	2019/09/30	70,855			(65,934)	14,921
Ldv Isuzu KB250D Fleetside	CZ 8895	9.25%	Bidvest Bank	Retriculation: High Voltage	2019/07/30	69,432			(66,167)	10,475
Ldv Isuzu KB250D Fleetside	CZ 2864	9.25%	Bidvest Bank	Water Purification	2019/09/30	79,978			(68,227)	21,051
Ldv Isuzu KB250D Fleetside	CZ 8060	9.25%	Bidvest Bank	Water Purification	2018/07/30	69,632			(69,137)	10,475
Ldv Isuzu KB250D Fleetside	CZ 9725	9.25%	Bidvest Bank	Water Purification	2019/09/30	76,346			(60,268)	16,072
Ldv Isuzu KB250D Fleetside	CZ 7442	9.25%	Bidvest Bank	Water Retriculation	2018/07/30	74,286			(68,644)	15,642
Ldv Isuzu KB250D Fleetside	CZ 8837	9.25%	Bidvest Bank	Water Retriculation	2019/07/30	74,286			(68,644)	15,642
Ldv Isuzu KB250D Fleetside	CZ 9038	9.25%	Bidvest Bank	Water Retriculation	2019/07/30	74,286			(68,644)	15,642
Ldv Isuzu KB250D Fleetside	CZ 8838	9.25%	Bidvest Bank	Water Retriculation	2019/07/30	74,286			(68,644)	15,642
Ldv Isuzu KB250D Fleetside	CZ 9884	9.25%	Bidvest Bank	Water Retriculation	2019/09/30	74,286			(68,644)	15,642
Ldv Isuzu KB250D Fleetside	CZ 9985	9.25%	Bidvest Bank	Water Retriculation	2019/09/30	70,855			(65,934)	14,921
Ldv Isuzu KB250D Fleetside	CZ 9686	9.25%	Bidvest Bank	Water Retriculation	2019/09/30	70,855			(65,934)	14,921
Ldv Isuzu KB250D Fleetside	CZ 9867	9.25%	Bidvest Bank	Murraysburg Refuse Removal	2019/09/30	74,286			(68,644)	15,642
Ldv Isuzu KB250D Fleetside	CZ 9724	9.25%	Bidvest Bank	Murraysburg Water Retriculation	2019/09/30	76,346			(60,268)	16,072
Ldv Isuzu KB250D Fleetside	CZ 9103	9.25%	Bidvest Bank	Water Retriculation	2019/07/30	69,357			(68,623)	10,439
Truck Refuse	CZ 7062	9.25%	Eqstra	Refuse Removal	2020/02/15	911,437			(657,074)	254,463
Machine Photocopy Ricoh MP3015pf	W915P03510	9.75%	Fintech	General Expenses	2020/01/30	11,148			(8,454)	4,694
Machine Photocopy Ricoh MP3015pf	W915P03597	9.75%	Fintech	Dir: Financial Services	2020/01/30	11,148			(8,454)	4,694
Machine Photocopy Ricoh MP3015pf	W915P03586	9.75%	Fintech	Thouang Centre	2020/01/30	11,148			(8,454)	4,694

Machine Photocopy Ricoh MP301sp		10.50%	Finlanc	General Expenses	2020-06-30	12,856		(6,288)	6,370
Samsung SM-P955 (Galaxy TAB 9 7) with pouch	RS2G802E53X	10.50%	MTN	Municipal Manager	2019-02-28	2,854		(2,854)	-
Samsung SM-P955 (Galaxy TAB 9 7) with pouch	RS2G8166J2K	10.50%	MTN	Dir. Corporate Services	2019-02-28	2,854		(2,854)	-
Samsung SM-P955 (Galaxy TAB 9 7) with pouch	RS2G8168M8E	10.50%	MTN	Dir. Financial Services	2019-02-28	2,854		(2,854)	-
Samsung SM-P955 (Galaxy TAB 9 7) with pouch	RS2G701DQ2V	10.50%	MTN	Dir. Engineers Services	2019-02-28	2,854		(2,854)	-
Samsung SM-P955 (Galaxy TAB 9 7) with pouch	RS2G70KP27K	10.50%	MTN	Dir. Community Services	2019-02-28	2,854		(2,854)	-
Samsung SM-P955 (Galaxy TAB 9 7) with pouch	RS2G8166LEA	10.50%	MTN	Adm.n. Electrical	2019-02-28	2,854		(2,854)	-
Sedan Toyota Etia's	CZ 10137	10.50%	Etia's	Dir. Traffic Services	2020-07-30	106,215		(47,718)	57,497
Ldv Isuzu KB250D Fleetside	CZ 9325	10.50%	Bidvest Bank	Refuse Removal	2021-03-31	159,713		(60,447)	99,266
Ldv Isuzu KB250D Fleetside	CZ 9480	10.50%	Bidvest Bank	Dir. Traffic Services	2021-01-31	184,956		(66,861)	119,095
Ldv Isuzu KB250D Fleetside	CZ 5624	10.50%	Bidvest Bank	Reticulation High Voltage	30/9/2019	-	219,687	(43,046)	176,641
Ldv Isuzu KB250D Fleetside	CZ 9347	10.50%	Bidvest Bank	Reticulation Low	30/9/2019	-	219,687	(43,046)	176,641
<b>Total Lease Liabilities</b>						<b>3,794,839</b>	<b>-</b>	<b>(439,375)</b>	<b>3,425,464</b>
<b>TOTAL EXTERNAL LOANS</b>						<b>13,210,818</b>	<b>-</b>	<b>(4,280,391)</b>	<b>8,369,708</b>

**APPENDIX B**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			<b>Governance and Administration</b>			
36,616,471	21,353,055	15,263,416	Executive and council	38,041,574	20,357,748	17,683,827
37,694,497	52,786,074	(15,091,577)	Finance and administration	41,479,272	49,856,849	(8,377,577)
			<b>Community and Public Safety</b>			
6,402,194	9,725,007	(3,322,813)	Community and social services	7,303,302	11,010,696	(3,707,393)
5,800,652	7,442,553	(1,641,901)	Sport and recreation	8,303,472	7,769,481	533,991
45,175,519	43,495,581	1,679,939	Public safety	50,311,401	55,660,716	(5,349,315)
2,212,272	3,503,856	(1,291,583)	Housing	406,277	2,337,735	(1,931,458)
			<b>Economic and Environmental Services</b>			
404,159	5,085,584	(4,681,425)	Planning and development	770,869	6,488,289	(5,717,421)
12,120,871	26,267,129	(14,146,258)	Road transport	12,048,634	23,953,335	(11,904,701)
			<b>Trading Services</b>			
94,613,351	74,545,837	20,067,513	Energy sources	88,072,714	75,962,138	12,110,576
72,707,080	24,144,071	48,563,009	Water management	34,992,321	22,828,313	12,164,009
40,267,631	9,824,672	30,442,959	Waste water management	20,920,482	10,655,770	10,264,712
10,475,357	15,112,335	(4,636,978)	Waste management	10,015,198	13,589,834	(3,574,636)
364,490,054	293,285,755	71,204,299	Sub Total	312,665,517	300,470,903	12,194,613
(12,483,893)	-	(12,483,893)	Less Inter-Departmental Charges	(11,599,726)	-	(11,599,726)
352,006,161	293,285,755	58,720,406	<b>Total</b>	<b>301,065,790</b>	<b>300,470,903</b>	<b>594,887</b>

**APPENDIX C**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**  
**MUNICIPAL VOTES CLASSIFICATIONS**

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
965,827	5,600,968	(4,635,141)	<b>Municipal Manager</b>	632,422	6,361,265	(5,728,843)
35,650,643	15,752,087	19,898,556	Municipal Manager Mayor and Council	37,409,153	13,996,483	23,412,670
			<b>Chief Financial Officer</b>			
37,329,196	28,592,967	8,736,229	Budget and Treasury Office	40,796,551	30,541,301	10,255,250
			<b>Director: Administration</b>			
365,301	24,193,107	(23,827,806)	Corporate Services	682,720	19,315,548	(18,632,828)
104,159	1,382,497	(1,278,338)	Planning and Development	82,069	1,620,245	(1,538,176)
			<b>Director: Community Services</b>			
6,402,194	9,725,007	(3,322,813)	Community and Social Services	7,303,302	11,010,696	(3,707,393)
5,800,652	7,442,553	(1,641,901)	Sport and Recreation	8,303,472	7,769,481	533,991
45,175,519	43,495,581	1,679,939	Public Safety	50,311,401	55,660,716	(5,349,315)
2,212,272	3,503,856	(1,291,583)	Housing	406,277	2,337,735	(1,931,458)
-	-	-	Health	-	-	-
			<b>Director: Technical Services</b>			
12,420,871	29,970,216	(17,549,345)	Road Transport	12,737,434	28,821,380	(16,083,945)
94,613,351	74,545,837	20,067,513	Electricity	88,072,714	75,962,138	12,110,576
72,707,080	24,144,071	48,563,009	Water	34,992,321	22,828,313	12,164,009
40,267,631	9,824,672	30,442,959	Waste Water Management	20,920,482	10,655,770	10,264,712
10,475,357	15,112,335	(4,636,978)	Waste Management	10,015,198	13,589,834	(3,574,636)
364,490,054	293,285,755	71,204,299	Sub Total	312,665,517	300,470,903	12,194,613
(12,483,893)	-	(12,483,893)	Less Inter-Departmental Charges	(11,599,726)	-	(11,599,726)
352,006,161	293,285,755	58,720,406	<b>Total</b>	301,065,790	300,470,903	594,887

**APPENDIX D**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 June 2019**  
**GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation				Accumulated Impairment				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance		
Budget & Treasury	18,037,148	332,757	157,373	18,212,532	3,500			3,500	5,970,039	777,239	157,373	6,589,899	11,619,133	
Community & Social Services	3,129,592	64,933	65,569	3,108,956					-	1,210,157	310,533	85,569	1,435,120	1,673,936
Corporate Services	119,536,605	21,437	211,417	119,346,625	17,552,255			17,552,255	5,372,786	601,900	211,417	6,053,269	95,731,102	
Electricity	98,546,807	12,529,106	7,439	111,068,474				17,111,439	3,129,813	7,439	20,233,813	90,834,660		
Executive & Council	11,530,054	16,769	54,033	11,492,790	780,700			780,700	3,273,988	272,066	54,033	3,492,901	7,219,189	
Housing	136,314	-	-	136,314					59,489	19,349	-	78,835	59,479	
Planning & Development	1,786,775	28,710	72,881	1,744,603					1,029,250	157,558	72,881	1,113,927	630,676	
Public Safety	2,905,717	570	-	2,906,287					706,855	219,793	-	929,648	1,976,639	
Road Transport	186,027,587	8,839,731	-	194,867,319					47,880,541	5,983,437	-	53,863,978	140,903,341	
Sport & Recreation	17,272,630	1,806,548	-	19,079,178					1,631,228	593,206	-	2,224,434	16,854,744	
Waste Management	9,359,807	-	-	9,359,807					3,382,001	602,806	-	3,984,807	5,395,000	
Waste Water Management	100,153,427	-	-	100,153,427					12,316,800	3,152,591	-	15,469,391	84,684,035	
Water	100,064,858	4,148,902	70,496	104,143,353					22,514,423	3,398,643	53,431	25,859,805	78,283,719	
	658,491,421	27,789,493	659,119	695,621,795	18,336,455			18,336,455	122,541,773	19,519,829	842,143	141,419,455	535,885,852	

**APPENDIX E**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2018	Contributions during the year	Transfers	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT Transferred to Revenue	Balance 30 June 2019
<b>National Government Grants</b>							
Equitable Share	-	56,543,000	111,542	(56,654,542)	-	-	-
Local Government Financial Management Grant	-	1,700,000	-	(1,557,133)	-	(142,867)	-
Energy Efficiency and Demand Side Management Grant	26,727	-	(26,727)	-	-	-	(0)
Municipal Infrastructure Grant	-	-	-	-	-	-	-
Morweville Sports Field	-	6,382,500	-	(6,382,500)	-	-	-
Beaufort West Sports Stadium - Upgrade Rugby Field	-	850,315	-	-	(543,003)	(81,450)	225,861
Beaufort West: Voortrekker Street Sports Fields - Upgrade Tennis Courts	-	635,543	-	-	(552,646)	(82,897)	0
Kwa-Mandlenkosi : Upgrade Sports Stadium	-	635,543	-	-	(462,099)	(46,745)	126,699
Rehabilitate Gravel Roads : Rustdene, Kwa-Mandlenkosi & Hillside B	-	1,945,200	-	-	(876,536)	(107,725)	960,939
Prince Valley (Ward 6) : Upgrade Streets - James Smith/Michael de Villiers Avenue	-	2,755,231	-	-	(2,538,543)	(216,688)	-
Murraysburg : Rehabilitate Roads & Stormwater	-	3,888,345	-	-	(2,899,250)	(273,249)	515,846
Nelspoort - New Bulk Water Supply	-	810,951	-	-	-	-	810,951
Upgrade Roads Nelspoort - Freddie Max Crescent	-	2,738,544	-	-	(2,525,403)	(200,734)	12,408
PMU	-	688,600	-	-	-	-	0
New Water Supply Pipelines & Upgrade Boreholes & Pump Station - Beaufort West: Klein Hans River	-	620,000	-	(683,452)	-	(5,348)	(0)
Murraysburg : New High Mast Lighting	-	1,155,315	-	-	(559,131)	(80,870)	(0)
Greater Beaufort West Ph2 : New High Mast Lighting	-	2,704,708	-	-	(1,004,821)	(150,693)	(0)
Integrated National Electrification Grant	-	10,000,000	-	-	(2,351,816)	(352,787)	(0)
Expanded Public Works Programme Integrated Grant	-	10,000,000	-	-	(8,695,652)	(1,304,348)	-
Department Rural Development and Land Reform	84,814	1,285,000	(84,814)	(1,283,296)	-	(1,702)	(0)
-	-	2,255,335	-	-	(1,961,160)	(284,174)	-
<b>Total National Government Grants</b>	<b>111,542</b>	<b>97,394,335</b>	<b>-</b>	<b>(66,560,924)</b>	<b>(24,040,960)</b>	<b>(3,342,278)</b>	<b>2,652,713</b>
<b>Provincial Government Grants</b>							
Human Settlements Development Grant (Beneficiaries)	710	-	-	-	-	-	710
Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)	227,484	-	-	(223,054)	-	(4,430)	0
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	203,871	-	-	-	-	-	203,871
Human Settlements Development Grant - Title Deeds Restoration	705,775	-	-	-	-	-	705,775
Human Settlements - Municipal Accreditation and Capacity Building Grant	-	224,000	-	(93,367)	-	-	130,633
Provincial Treasury - Financial Management Capacity Building Grant	372,357	360,000	-	-	-	-	732,357
Provincial Treasury - Financial Management Support Grant	233,471	2,500,000	-	(1,858,890)	-	(300,226)	574,354
Department of Transport and Public Works - Maintenance and Construction of Transport Infrastructure	-	840,580	-	(840,580)	-	-	-
Department of Cultural Affairs and Sport - Development of Sport and Recreation Facilities	234,342	5,550,000	-	(5,373,416)	(64,933)	-	345,993
Department of Local Government - Fire Service Capacity Building Grant	550,888	-	-	-	-	-	550,888
Fire and Drought Relief Grant	154,074	-	-	-	-	-	154,074
Department of Local Government - Community Development Workers (CDW) Operational Support Grant	-	1,913,000	-	-	(1,648,611)	(247,292)	17,097
Department of Local Government - Thusong Services Centres Grant (Operational Support Grant)	(12,935)	-	12,935	-	-	-	(0)
Department of Local Government - Municipal Drought Relief Grant	338,187	-	-	(238,524)	-	(26,146)	73,517
Department of Local Government - Municipal Drought Relief Grant	165,122	1,697,946	-	(1,478,477)	-	(221,471)	165,122
Department of Local Government - Municipal Service Delivery and Capacity Building Grant	82,152	250,000	-	(162,422)	-	-	169,730
<b>Total Provincial Government Grants</b>	<b>3,255,476</b>	<b>13,335,538</b>	<b>12,935</b>	<b>(10,286,740)</b>	<b>(1,713,544)</b>	<b>(799,566)</b>	<b>3,824,099</b>
<b>Total Grants</b>	<b>3,367,018</b>	<b>110,729,873</b>	<b>12,935</b>	<b>(76,827,665)</b>	<b>(26,683,504)</b>	<b>(4,141,844)</b>	<b>6,476,812</b>





# **ANNEXURE B: AG REPORT**

# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Beaufort West Municipality

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Beaufort West Municipality set out on pages 3 to 105, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Beaufort West Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

### Basis for qualified opinion

#### Property, plant and equipment - Infrastructure

3. I was unable to obtain sufficient appropriate audit evidence that the municipality recognise all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*, as I was unable to confirm that all items of property, plant and equipment were recorded due to status of accounting records. I was unable to confirm the completeness of property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R524 583 688 in note 2 to the financial statements.

#### Irregular expenditure

4. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R58 754 110 in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure as disclosed in note 51.3 to the consolidated and separate financial statements.

### Context for the opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
6. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are

relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Material uncertainty relating to going concern**

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.
9. I draw attention to the statement of financial position, which indicates that the municipality's current liabilities exceeded its current assets by R14,5 million as at 30 June 2019. This event or condition, along with other matters as stated in note 60 to the financial statements, indicates that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

### **Emphasis of matters**

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

### **Restatement of corresponding figures**

11. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error detected during the 2018-19 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2019.

### **Material impairments**

12. As disclosed in note 10 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R29,4 million (2017 18: R26,4 million).
13. As disclosed in note 11 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R160,5 million (2017-18: R121,7 million).
14. As disclosed in the statement of financial performance, the municipality wrote off bad debts amounting to R9 million (2017-18: R5,6 million).

### **Material losses**

15. As disclosed in note 52.8 to the financial statements, material electricity losses of 9 110 067 Kwh (2017-18: 7 779 399 Kwh) was incurred, which represents distribution losses of 16,04% (2017 18: 13,49%).
16. As disclosed in note 52.8 to the financial statements, material water losses of 1 131 809 kilolitres (2017-18: 1 118 151 kilolitres) were incurred, which represents distribution losses of 45% (2017 18: 42,24%).

## **Other matters**

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

### **Unaudited disclosure notes**

18. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, we do not express an opinion thereon.

### **Unaudited supplementary schedules**

19. The supplementary information set out on pages 106 to 111 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion thereon.

## **Responsibilities of the accounting officer for the financial statements**

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

21. In preparing the financial statements, the accounting officer is responsible for assessing the Beaufort West Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the financial statements**

22. 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.

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

## **Report on the audit of the annual performance report**

### **Introduction and scope**

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

25. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the

completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

26. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priorities	Pages in the annual performance report
KPA 1 – basic service delivery and infrastructure development	<p>9 to 10 [c) Provide for the needs of indigent households through improved services, TL5, TL6, TL7, and TL8]</p> <p>10 to 11 [d) Provision of basic services to all the people in the municipal area, TL1, TL2, TL3, TL4 and TL22]</p> <p>13 to 16 [h) To improve and maintain current basic service delivery through specific infrastructural development projects, TL19, TL17, TL19, TL26, TL27, TL28, TL29 TL30, TL31, TL32 and TL34]</p>
KPA 2 – economic development	<p>11 to 12 [e) Sustainability of the environment, TL18, TL33]</p> <p>12 to 13 [f) To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development, TL10, TL23, TL 24 and TL25]</p> <p>13 to 16 [g) To enable education and skills development to equip people with economic skills, TL12]</p>

27. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

28. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

### KPA 1 – basic service delivery and infrastructure development

#### KPA description not disclosed on the APR

29. The development priority approved in the integrated development plan was KPA 1 - Basic Service Delivery and Infrastructure Development. However, the developmental priority description was not mentioned on the APR, as only strategic objectives and KPIs were disclosed on the APR with no reference made to KPAs.

### Various indicators

#### Evidence not provided for measures reported to improve performance

30. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against targets listed below as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.

- TL3 - Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2019.
- TL9 - The percentage of the municipal capital budget spent by 30 June 2019 ((Actual amount spent /Total amount budgeted for capital projects) X100).

#### Reported achievement did not agree with the evidence provided

31. The reported achievement in the annual performance report did not agree to the supporting evidence provided for indicators listed below. Supporting evidence provided indicated that achievement for listed indicators is as follows:

Indicator description	Reported achievement	Audited value
TL2 - Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and which are billed for electricity or have pre-paid meters (Excluding Eskom areas) as at 30 June 2019	13 564	11 510
TL17 - Limit unaccounted for water quarterly to less than 25% during 2018/19 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl free basic water) / Number of Kilolitres Water Purchased or Purified x100]	40%	45%
TL19 - Limit unaccounted for electricity to less than 12% quarterly {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchased and/or Generated) x100}	8%	16%

Indicator description	Reported achievement	Audited value
TL29 - 85% of the approved project budget spent on the new S1 Development Substation by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	100%	74%

**TL8 - Provide free basic refuse removal to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2019**

Reported achievement not supported by sufficient appropriate audit evidence and also did not agree with the supporting evidence provided

32. The reported achievement of 2 236 for target 2 480 is not reliable as the municipality did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of targets. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances while in other cases the supporting evidence provided did not agree to the reported achievement. Based on the supporting evidence that was provided, the achievement was 1 905, but I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Reported achievement not supported by sufficient appropriate audit evidence

33. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of 3 of the 20 indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Description of the indicator	Reported achievement
TL1 - Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre-paid meters as at 30 June 2019	14 594
TL5 - Provide free basic water to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2019	4 776

**KPA 2 – economic development**

KPA description not disclosed on the APR

34. The development objective approved in the integrated development plan was KPA 2 - Economic development. However, the developmental priority description was not mentioned on the APR, as only strategic objectives and KPIs were disclosed on the APR with no reference made to KPAs.

## To enable education and skills development to equip people with economic skills

35. The strategic objective approved in the integrated development plan was to enable education and skills development to equip people with economic skills (included under KPA2). However, this strategic objective is included under KPA 3 in the revised SDBIP, and it could not be confirmed in the annual performance report under which KPA this strategic objective is reported as the KPIs are not reported in the order of their respective KPAs on the APR.

### Various indicators

#### Reported achievement did not agree with the evidence provided

36. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:

Description of indicators	Reported achievement	Audited value
TL23 - 85% of the approved project budget spent on the upgrading of Freddy Max Crescent in Nelspoort by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	197%	60%
TL24 - 85% of the approved project budget spent on the upgrading of James Smith and Michael De Villers Avenues in Prince Valley by 30 June 2019 [(Actual expenditure divided by the total approved project budget)x100]	101%	83%

## TL10 - Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2019

#### Performance indicator not well-defined

37. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and evidence and method of collection to be used when measuring the actual achievement for the indicator. This was due to a lack of technical indicator descriptions and formal standard operating procedures and documented system descriptions. I was unable to test whether the indicator was well-defined by alternative means.

#### Performance indicator not verifiable

38. I was unable to obtain sufficient appropriate audit evidence to validate the existence of systems and processes that enable reliable reporting of actual service delivery against the indicator. This was due to a lack of technical indicator descriptions and formal standard operating procedures and documented system descriptions. I was unable to validate the existence of systems and processes by alternative means.

#### Reported achievement not supported by sufficient appropriate audit evidence

39. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target TL10 - Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2019. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means.



Consequently, I was unable to determine whether any adjustments were required to the achievement of 140 as reported in the annual performance report.

#### **TL25 - 85% of the approved project budget spent on the rehabilitation of roads and storm water in Murraysburg by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]**

Reported achievement not supported by sufficient appropriate audit evidence and also did not agree with supporting evidence provided

40. The reported achievement of 197% for target 85% is not reliable as the municipality did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of targets. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances while in other cases the supporting evidence provided did not agree to the reported achievement. Based on the supporting evidence that was provided, the achievement was 46%, but I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

#### **Other matters**

41. I draw attention to the matters below.

#### **Achievement of planned targets**

42. Refer to the annual performance report on pages 7 to 16 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 28 to 39 of this report.

#### **Adjustment of material misstatements**

43. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 1 Basic Service Delivery and Infrastructure Development and KPA 2 Economic Development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

44. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
45. The material findings on compliance with specific matters in key legislations are as follows:

#### **Annual financial statements**

46. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

## Human resource management

47. An approved staff establishment was not in place, as required by section 66(1)(a) of the MSA.
48. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

## Procurement and contract management

49. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
50. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
51. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
52. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year.
53. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding and quotations, in contravention of SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
54. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
55. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
56. The preference point system was not applied to the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and Treasury Regulations 16A6.3(b). Similar non-compliance was also reported in the prior year.
57. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
58. Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).
59. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as

required by Preferential Procurement Regulation 9(1). Similar non-compliance was also reported in the prior year.

60. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by Preferential Procurement Regulation 9(1). Similar non-compliance was also reported in the prior year.
61. Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by Preferential Procurement Regulation 9(5). Similar non-compliance was also reported in the prior year.
62. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
63. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA

### **Expenditure management**

64. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as the full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management legislation.
65. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R5 639 478 as disclosed in note 52.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the overspending of the budget of the vote.
66. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

### **Assets management**

67. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

### **Liability management**

68. Long-term debt was incurred without a resolution of the municipal council approving the debt agreement, in contravention of section 46(2)(a) of the MFMA.

### **Consequence management**

69. Unauthorised expenditure was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
70. Irregular expenditure was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
71. Fruitless and wasteful expenditure was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA

## Revenue management

72. An adequate management, accounting and information system which accounts for revenue, debtors and receipts of revenue was not in place, as required by section 64(2)(e) of the MFMA.
73. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

## Conditional grant

74. Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 1 of 2018).
75. The Municipal Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Division of Revenue Act (Act 1 of 2018).

## Strategic planning and performance management

76. The performance management system and related controls were inadequate as it did not describe how the performance reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1). Significant internal control deficiencies were identified in the audit of annual performance report. These internal control deficiencies were identified when testing usefulness and reliability of KPA 1 and 2, has resulted to adverse and disclaimed audit outcomes.

<h2>Other information</h2>
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77. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
78. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
79. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated
80. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

81. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
82. Leadership was not effective in ensuring that good governance was in place to protect and enhance the interests of the municipality as procedures and policies were not properly implemented. Despite the recurring findings, leadership did not create a culture of good governance, as evidenced by the lack of review of compliance with legislation and lack of policies and procedure for capturing and processing information that affect the annual financial statement and the annual performance report. Leadership also did not act on audit recommendations made in the prior year and did not honour previous commitments made.
83. Leadership did not provide sufficient oversight over the implementation and monitoring of controls to prevent non-compliance, which resulted in a breakdown of controls. Leadership also did not provide adequate oversight over the preparation of the annual financial statements to ensure that they were free from material misstatements. Furthermore, leadership did not provide adequate oversight over the preparation of the annual performance report to ensure that the reported information is free from material misstatements and supported by sufficient appropriate evidence.
84. Leadership did not put measures in place to reduce continuous reliance on consultants. Leadership had not implemented any policy or processes to ensure that staff were sufficiently and adequately trained and that the performance of staff was monitored, measured and evaluated. Leadership had also not implemented any policy or process to ensure the transfer of skills and knowledge from consultants to staff to reduce reliance on consultants in future.
85. Leadership did not develop adequate policies and procedures to guide the operations of the municipality and the timing for gathering information and drafting the annual financial statement and the annual performance report, resulting in pressure on management and consultants when drafting the annual financial statement and annual performance report. This consequently resulted in numerous instances of non-compliance with key legislation, material misstatement in the annual financial statements and material misstatement in the annual performance report.
86. Leadership did not ensure that management's action plan to address the internal control deficiencies identified in the prior financial year was implemented, as evidenced by the extent of recurring audit findings in the current financial year. The action plan in place was not driven with vigour, and intervention is urgently required to improve the overall audit outcome of the municipality.
87. Management did not ensure that information was timeously gathered and filed appropriately to support information reported in the financial statements and annual performance report. Furthermore, the lack of contract management and proper maintenance of contract registers hampered the disclosure of accurate figures for commitments and irregular expenditure in the financial statements and resulted in non-compliance with procurement and contract management legislation.
88. Management had not implemented adequate controls to ensure that monthly reconciliations of transactions were performed to support valid, accurate and complete financial reporting.

89. Management did not prepare regular financial statements to enable an adequate and regular review of the financial statements throughout the year, thereby identifying emerging risks presented by the reporting framework for the preparation of the annual financial statements.
90. Despite the recurring findings, management had not ensured that the action plan developed to address the recurring compliance findings was implemented and monitored. Management did not have adequate controls in place to effectively review and monitor compliance with all relevant legislation. Management did not honour the commitments made of implementing monitoring processes to ensure compliance with legislation, specifically relating to procurement and contract management and key compliance areas.

### Other reports

91. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
92. The internal audit unit performed an investigation, at the request of the municipal manager, into the contracts for employees with a cell phone provider. It was noted that certain cell phone contracts were approved by an acting municipal manager at the time and these were found not to be in line with best practices. Furthermore, certain employees had more than one cell phone and contract and were using these cell phones and contracts for personal use. The investigation was concluded and resolution was taken to cancel these contracts. The internal audit has made a recommendation that a cell phone policy and standard operating procedures be developed. There was no policy at the time of the investigation. The final report was submitted to the audit committee on 26 June 2019.
93. The internal audit unit performed an investigation, at the request of the municipal manager, into the appointment of the manager: civil services, as this manager was earning a salary above director's level. The appointment on this salary scale was approved by council. The investigation was concluded after year-end and the results of the investigation indicated that the municipal manager should seek a legal opinion on the matter. The investigation was still ongoing at year-end.
94. The internal audit unit performed an investigation, at the request of the municipal manager, into the appointment and payments made to temporary workers. It was alleged that one temporary worker resigned, however their name was not removed from the payroll system and was still being paid. Another case related to an employee who received a double payment for months as they were paid both on the expanded public works programme worker and as a temporary worker on the labour intensive projects. The investigation concluded that the employee would pay back the wage for the months that it was erroneously paid. The payments will be deducted from the employee's salary every month until fully repaid. The final report was submitted to the audit committee on 26 June 2019.
95. A forensic audit was performed by an audit firm on behalf of the Western Cape Government regarding the alleged irregularities pertaining to the Beaufort West Municipality. The final report was issued 16 February 2018. The forensic report was submitted to the audit committee on 4 October 2018. The alleged irregularities that were investigated related to an irregular agreement, irregular travel expenditure claimed by and paid to former councillors and a former mayor and an irregular study bursary awarded to a former councillor.

96. An investigation was performed into the allegation that cash collected was lost between the collection point and depositing it at the bank in respect of traffic fines. The investigation was completed during the year under review and no one was held liable. The report was never submitted to the audit committee.

*Auditor-General*

Cape Town

30 November 2019



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

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

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.