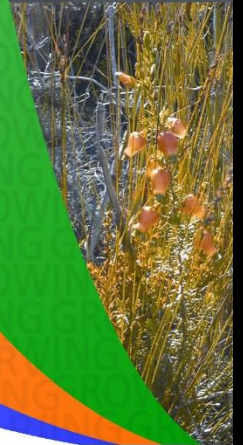


2019-2020

Annual Report

Hessequa Municipality

Unaudited / Draft



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1 MAYOR'S FOREWORD & EXECUTIVE SUMMARY

1.1 EXECUTIVE MAYOR'S FOREWORD

It is with great pride that this Annual Report is presented to the reader and as Executive Mayor of Hessequa Municipality, would I like to provide a few words of welcome. The contents of this report reflect a general overview of the 2019/2020 financial year, the final performance that was achieved in relation to targets set and the financial position as at the end of the reporting year.



I would like to emphasise the role of National and Provincial Government in the successful service delivery Hessequa has been able to sustain. The Hessequa Integrated Development Plan (IDP) aligns and support the strategic framework of national and provincial departments. This is seen in the successful projects being implemented with funding from national and provincial programs that ranges from investment in bulk infrastructure, road and stormwater infrastructure, human settlements, environmental management, fully funded library services and many more.

A critical challenge that has been part of the Hessequa annual reporting for the last few years, was the inability to meet our target set for capital spending. The executive committee worked hard with the administration to resolve this issue and with the guidance of the late Director Technical Services, Mr Harold Basson, have we been able to formulate changes in how the administration goes about procuring civil engineering services and project procurement planning. His unexpected passing was a shock to us all, but the change and innovation that he brought to the administration will be remembered and will we reap the fruit within the following financial years.

During the COVID-19 pandemic, where all social gathering of people where not permitted, Hessequa developed an innovative public participation strategy to communicate and raise awareness for opportunity to comment on the draft IDP and Budget during April and May 2020. An intense social media campaign was launched, short video snippets with information on how to participate was distributed through various networks, and special arrangements was provided for people who cannot read or write.

As highlighted in the IDP, Hessequa is focused on making sure that the municipality remains financially sustainable. The eradication of backlogs remains a priority but am I very proud to emphasise the work that has been done by Council. As we enter the final year before the next local elections, Hessequa will continue to tangibly make a difference in the lives of the residents. Hessequa should be a better place by the end of our term in office, and this Annual Report reflects the progress that is being made year on year.

Yours sincerely

Grant Riddles

Executive Mayor

1.2 MUNICIPAL MANAGER'S FOREWORD

Hessequa Municipality provides this Annual Report in alignment with the powers and functions, as set out in sections 155 and 156 of the Constitution of South Africa, as a Category B municipality. It does so without any municipal entities or sharing of functions with other sector departments.

It is a pleasure to reflect on the previous six consecutive clean audit outcomes Hessequa Municipality has achieved, but it remains a priority to comply and perform in a highly regulated environment. Service delivery of a continuous high quality to all residents of Hessequa and all visitors to the area remain the highest priority and will not be neglected. The financial health of the municipality is stable and growing during challenging economic circumstances and a below average economic growth, which was also impacted compacted by the COVID-19 pandemic.



The primary concern to financial sustainability is the ability of residents to fully pay their accounts on time within the current economic climate. At present a new valuation roll is prepared by the valuers and will be implemented on 01 July 2021. Service delivery is still seen as a growth enabler which will ensure an expanding income base. Council responded to the outcry of residents and businesses to assist with the social and economic challenges communities are facing currently. The efforts to support struggling households and businesses in our region from the Garden Route District Municipality, private institutions and other spheres of government are noted with appreciation.

As indicated by the Mayor, the tragic loss of the Director Technical Services resulted in a vacancy in the senior management of team, with a new appointment only being made recently by Council.

Hessequa benefitted from a district wide initiative to implement a fully-fledged enterprise risk management system to institutionalise the continuous management of operational and strategic risk. The IDP highlights the key risks of the organisation and have active work been done to mitigate these risks.

Investment in aging information systems remain a priority, but with the implementation of required changes to financial systems, integration and automation is limited. The information technology environment is ever changing, and the cost implication thereof is immense.

Hessequa Municipality is committed to constructive dialogue with communities and have the administration ensured in an innovative way that communities will be provided with the opportunity to interact with municipal processes. The value of the Ward Committees cannot be emphasised enough. The selfless service that is being done by community and sector representative members are increasingly valuable to good governance processes.

Johan Jacobs

Municipal Manager

1.3 MUNICIPAL OVERVIEW

The Hessequa Municipality consists of three large towns located on the N2 that passes through the municipal area from east to west and four coastal towns. Then there are four smaller communities, varying in size, located in the vast rural area of Hessequa. On the following map the main towns and communities are shown to indicate the geographic layout of the Hessequa region.



As indicated by the distance scale, the towns are physically removed from each other. This causes that all bulk infrastructure is duplicated for every town. These include wastewater treatment plants, water treatment works, electricity substations and reticulation networks. In terms of service delivery, this causes the municipality to provide seven different service desks that need to be able to manage account queries, payments, service disruption response personnel and duplication of personnel that is on standby. Hessequa centralised administrative functions in Riversdale to curtail as much duplication as possible.

This overview reflects the 2018 and 2019 publication of the Social & Economic Profile as published by Provincial Treasury.

Hessequa: At a Glance

Demographics

Population Estimates, 2018; Actual households, 2016



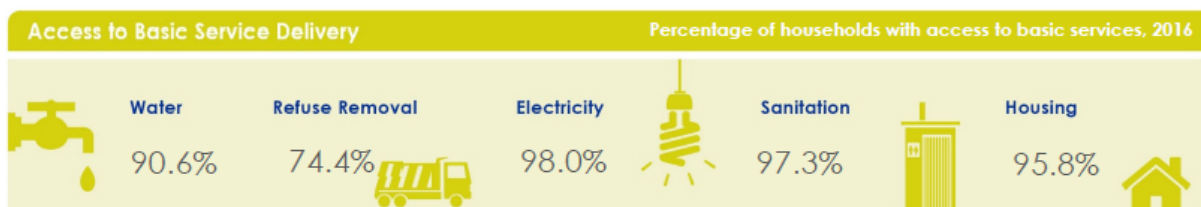
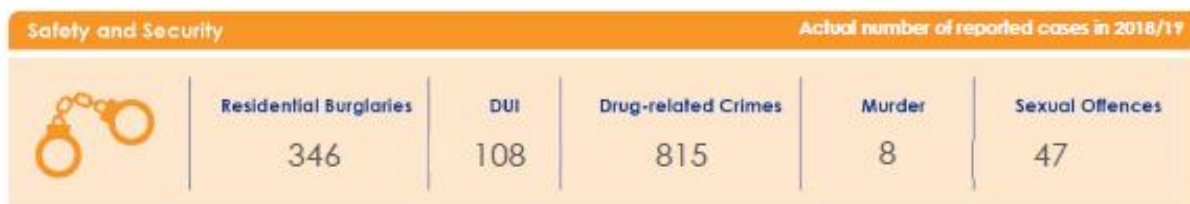
Population

55 559



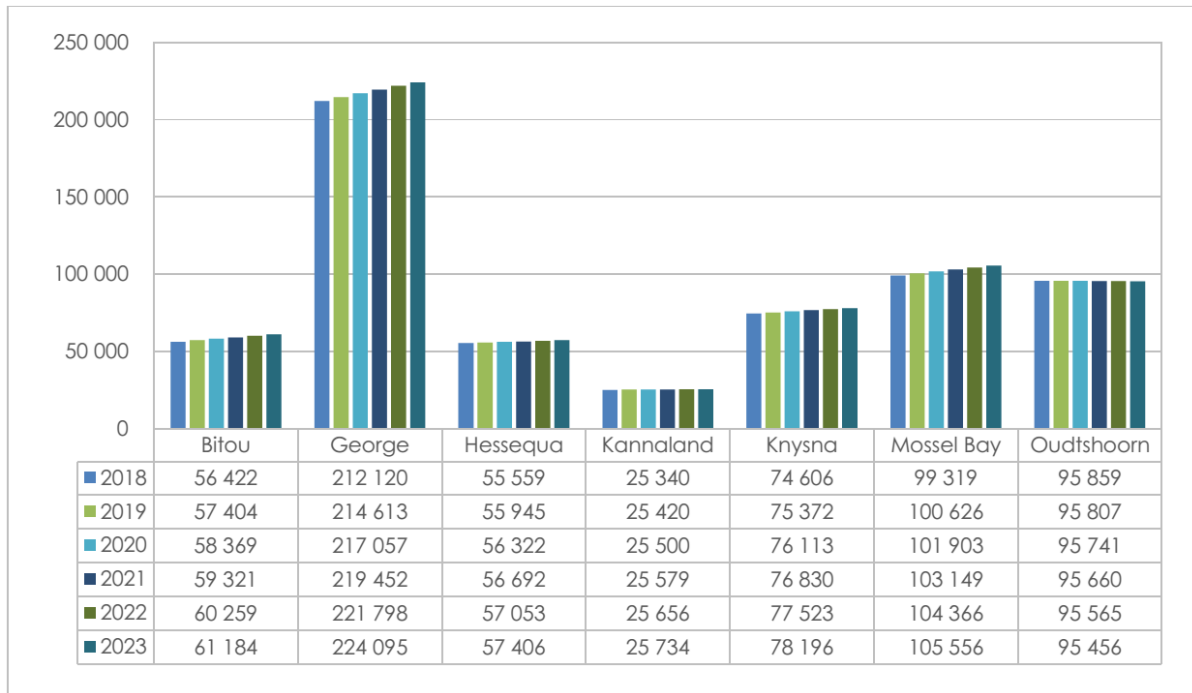
Households

17 731



Population

Hessequa will have an estimated population of 55 559, with a projected count of 57 406 in five years. This equates to an average annual growing rate of 0.7 per cent. The estimated population growth rate of Hessequa is therefore 0.2 percent lower than the estimated population growth of the Garden Route District's annual average population growth rate of 0.9 percent.



Access to Services

One of the major challenges of the Hessequa municipal region is the vast geographic layout. The above mentioned communities are located in a rural area more than twice the size of the City of Cape Town Metro. When access to services are assessed within the IDP, it includes the vast number of households that are in the rural areas. These households do pose a major challenge in terms of service delivery as they are not connected to any form of municipal basic service. The following tables represent the access to basic services for all households comparatively in Hessequa to that of other municipalities in the Garden Route.

1.3.1 GOVERNANCE OVERVIEW

The Hessequa Council was elected in the 2016 local elections and have there been one by-election during the term of Council that lead to a change in a ward due to the passing of one of the councillors.

The Municipal Manager and all Director positions are filled with competent staff, which is supported by a strong and well experienced middle management group of Managers. The employee turn-over rate is low and can Hessequa be seen as a stable work environment and local authority. Good governance practices has lead to six consecutive clean (unqualified with no findings) audit outcomes.

In terms of service delivery, does Hessequa have above average service delivery standards when compared on district, provincial and national level. Performance targets are set for service delivery standards and are reported in more detail within Chapter 3.

1.3.2 FINANCIAL OVERVIEW

There are basic financial ratios and reporting targets set for local government by legislation. The following tables reflect the basic financial performance relating to it. For more detail please refer to Chapter 3, Chapter 5 and for full details, refer to the attached Annual Financial Statements as submitted for external audit. The financial strategy of Council, as reflected in the IDP, is based on the approved financial plan. Financial sustainability is core to the municipal vision to ensure service delivery to communities in the long term future of Hessequa.

Liquidity Ratio

Description	Basis of calculation	2018/19	2019/20
		Audit outcome	Audit outcome
Current Ratio	Current assets/current liabilities	3.18	3.26
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.91	2.93
Liquidity Ratio	Monetary Assets/Current Liabilities	3.15	3.23

Financial year	Total Assets	Total Liabilities	Ratio
	R'000	R'000	
2018/19	1 222 668 087	353 427 521	3.5:1
2019/20	1 222 899 759	273 112 277	3.0:1

IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2018/19	2019/20
		Audit outcome	Audit outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	11.86	10.87
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	10.73%	12.65%
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.02	11.68

Creditors Management

Description		Basis of calculation	2018/19	2019/20
			Audit outcome	Audit outcome
Creditors Efficiency	System	of Creditors Paid Within Terms (within MFMA' s 65(e))	63.49	82.56

Borrowing Management

Description		Basis of calculation	2018/19	2019/20
			Audit outcome	Audit outcome
Capital Charges to Operating Expenditure		Interest & Principal Paid /Operating Expenditure	7.97%	8.12%

Employee costs

Description		Basis of calculation	2018/19	2019/20
			Audit outcome	Audit outcome
Employee costs		Employee costs/(Total Revenue - capital revenue)	33.87%	37.42%

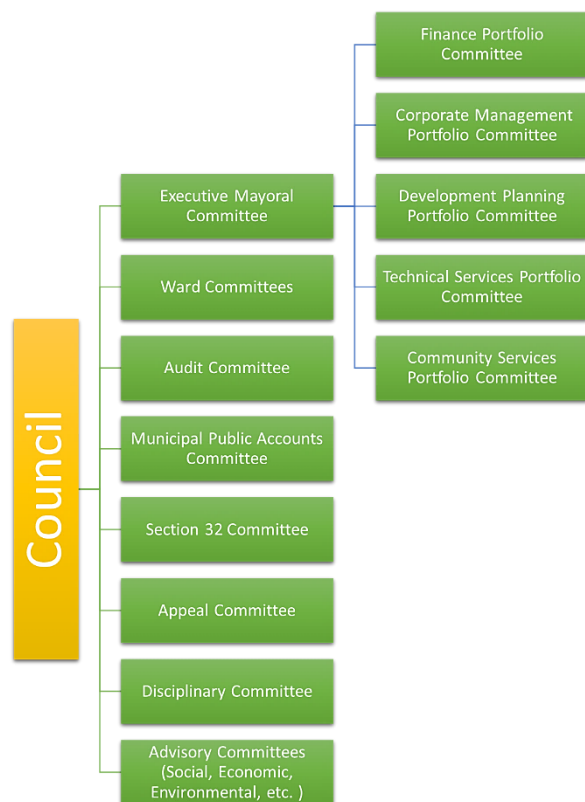
2 GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2)(c) of the MFMA supports the requirements of Section 18(1)(d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1)(a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

2.1 GOVERNANCE STRUCTURES

2.1.1 GOVERNANCE STRUCTURES OF COUNCIL (POLITICAL)

The diagram on the right is a graphical representation of the formal governance structures of Council. Depending on the delegations made by Council to the relevant structure, all decision-making authority resides with Council. The most prominent and having the most delegated authority, would be the Executive Mayoral Committee (EMC), which is chaired by the Mayor. The EMC consists of the chairpersons of the various Portfolio Committees that report to the EMC. In terms of Section 17 of the Municipal Systems Act, a Council can appoint various advisory Committees. The following Committees are constituted by decision of Council and other relevant legislation to assist Council in their governance and oversight functions:



Ward Committees:

Ward Committees are established for each electoral ward within the municipal borders and is chaired by the relevant Ward Councillor. Ward Committees are established with representatives from either a geographical area, or a specific sector / interest group that is relevant to the ward.

Advisory Committees:

Council constituted various advisory committees to assist in specific matters for consultation purposes. Examples thereof are the Environmental Advisory Committee, Archaeological Advisory Forum, Social & Sport Development Forum, Economic Forum, etc.

Municipal Public Accounts Committee:

The Municipal Public Accounts Committee, or MPAC, is established by Council to review various governance processes on behalf of Council. This includes processes like the development and review of the Annual Report, In-year financial and performance reporting, etc.

Audit Committee:

The Audit Committee of Council is a legislated platform that provides oversight on behalf of Council on the Internal Audit function of the municipality. Internal Auditing is administratively accountable to the Municipal Manager but reports on the Annual Audit Plan and any findings on internal control deficiencies to the Audit Committee, who then makes recommendations to Council for consideration.

Section 32 Committee:

Section 32 of the Municipal Finance Management Act (MFMA) requires that a committee of Council must investigate any cases of unauthorised, irregular or fruitless and wasteful expenditure and provide recommendations to Council in terms of possible actions to be taken.

2.1.2 ADMINISTRATIVE GOVERNANCE STRUCTURES:

The diagram on the right illustrates various internal, or administrative, governance structures that formally consider and manage specific business processes.



Senior Management Committee:

The Senior Management Committee is chaired by the Municipal Manager with all Directors being the active members of the Committee. The Committee provides support to the Municipal Manager in the management of day-to-day operations of the municipality.

ICT Steering Committee:

The Information and Communications Technology Steering Committee is a formal platform where the administration of the municipality consider ICT interventions relating to systems, service providers, policy and any matter relating to ICT that affects the organisation.

Risk Management Committee:

The Risk Management Committee functions as a governance platform that supports the Municipal Manager in managing the risk profile of the organisation. The Risk Management Committee also reports to the Audit Committee and Council.

Disaster Management Committee:

The Disaster Management Committee oversees the risk management function within the organisation in support of the Municipal Manager.

Supply Chain Management Committees:

The Supply Chain Management process is overseen by various committees that formally considers and provides oversight to the administration for procurement of goods and services. The aim of these committees is to ensure the un-biased implementation of the approved Supply Chain Management Policy.

2.2 INTERGOVERNMENTAL RELATIONS

It is legislated that all three spheres of government should work together to ensure that the mandate that is provided to each sphere of government, is implemented in a coordinated manner. The relationship between the three spheres of government is of utmost importance and does the following table list all the various intergovernmental platforms that is in existence and being used to coordinate the collective efforts of government within the local government borders.

Delegated Representative	IGR Platform	Frequency of Engagement
Municipal Manager	Premier's Coordinating Forum	Bi-Annually
Municipal Manager	MinMay	Quarterly
Municipal Manager	MinMayTech	Quarterly
Municipal Manager	ILGM	Annually
Municipal Manager	Western Cape Municipal Managers Forum	Quarterly
Municipal Manager	Garden Route District Municipal Managers Forum	Quarterly
Managers Finance Department	MAF	Quarterly
Director: Financial Services	Chief Financial Officer Forum	Quarterly
Director: Financial Services and Financial Managers	IMFO	Yearly
Manager: SCM, Asset and Insurance	Provincial SCM Forum	Quarterly
Manager: SCM, Asset and Insurance	COVID 19 - Key Challenges and Risk / JDA Required Meeting	Monthly
Manager: Income	MPRA	Quarterly
Manager: Civil Planning and Project Management	WC MIG PMM/LM Coordination Meeting	Monthly
Manager: Civil Planning and Project Management	EPWP District Forum	Quarterly
Manager: Civil Planning and Project Management	IMESA Meetings	Quarterly
Manager: Electrical and Mechanical Services	Green Energy Forum	Monthly
Manager: Electrical and Mechanical Services	AMEU Forum (Association of Municipal Electricity utilities)	Quarterly
Manager: Electrical and Mechanical Services	SSEG (Small Scale Embedded Generation) Forum	Monthly

Delegated Representative	IGR Platform	Frequency of Engagement
Manager: Civil Infrastructure	IMESA Meetings	Quarterly
Manager: Civil Infrastructure	Garden Route Infrastructure Forum	Monthly
Manager: Civil Infrastructure	Garden Route Water Forum	Monthly
Specialist: Solid Waste, Public Facilities and Amenities	Garden Route Waste Forum	Monthly
Specialist: Solid Waste, Public Facilities and Amenities	Blue Flag Engagement	Annually
Director: Corporate Management	Collaborator User Group Meeting	Monthly
Director: Corporate Management	Legislative & Constitutional Task Team Meetings	Quarterly
Manager: ICT	Provincial ICT Forum	Quarterly
Manager: Library Services	Provincial MSS	Bi-annually
Manager: Legal and Administration Services	Legislative & Constitutional Task Team Meetings	Quarterly
Manager: Legal and Administration Services	Records and Archive Management Meeting	Quarterly
Manager: Legal and Administration Services	Collaborator User Group Meeting	Monthly
Manager: Human Resource Management	SALGA Human Resource Practitioner's Forum	Quarterly
Manager: Human Resource Management	SALGA Collective Bargaining and Institutional Resilience Working Group	Quarterly
Manager: Human Resource Management	SALGA Western Cape Negotiation Committee	On Demand
Skills Development Facilitator	SALGA Skills Development Forum	Quarterly
Manager: Community Development	District Thusong Managers Forum	Quarterly
Manager: Community Development	Thusong Mobile Programme	Quarterly
Senior Clerk Motor vehicle registration	Western Cape E-Natis user group meeting	Quarterly
Fire Safety Officer	Garden route meeting	Quarterly
Fire Safety Officer	western Cape meeting	Quarterly

Delegated Representative	IGR Platform	Frequency of Engagement
Public Transport Representative	Garden route Cluster meeting	Weekly
Chief Traffic Services	Traffic Chiefs Forum Western Cape	By Month (every 2nd month)
Chief/Deputy Traffic law enforcement	Western Cape Letcom Meeting	Quarterly
Chief/Deputy Traffic law enforcement	Garden route DRTMCC	Quarterly
Chief/Deputy Traffic law enforcement	AARTO	Six Monthly
Manager: Human Settlements	Title Deed Restoration Forum	Quarterly
Director: Community Services	Informal Settlement Support Programme	Quarterly
Director: Development Planning	WC Provincial Planning Heads Forum	Quarterly
Manager: Environmental Management	WC DEADP	Quarterly
Manager: Spatial and Economic Dev	Garden Route District Municipality Economic Cluster	Weekly
Manager: Building Control	BCO Conference	Annually

The importance of intergovernmental collaboration cannot be emphasised enough. There are specific processes that the residents of Hessequa benefit from as a result and would it be an injustice to the residents of Hessequa if the municipality did not make use of the opportunities created by other spheres of government, or involving them in service delivery challenges on a local level. The following list highlights some intergovernmental successes for the 2019/2020 financial year.

- Municipal Infrastructure Grant Projects
- Human Settlements Projects
- Social Relief Projects during COVID-19
- Environmental Management Initiatives
- Good Governance Grant Projects
- Financial Management Grant Projects
- Information & Communication Technology Initiatives
- Integrated Road & Traffic Safety Initiatives
- Library and E-Services
- Mobile Thusong Program
- Expanded Public Works Program Projects
- Working for the Coast Initiatives
- Community Development Worker Initiatives
- Expansion of Fire Safety Services
- Master Planning Support

2.3 PUBLIC ACCOUNTABILITY & PARTICIPATION

Chapter 4 of the Municipal Systems Act (MSA) explains in detail the responsibility of local government to include communities in municipal decision-making process. The core processes that is referenced in this section of the act, is the development and review process of the Integrated Development Plan, the development and review of the annual budget, the development of the Performance Management System and strategic decisions being made relating to municipal services. The following sections reflect on how Hessequa Municipality go beyond basic compliance when including the communities of Hessequa in the above-mentioned processes.

Development and Annual Review of the Integrated Development Plan (IDP), the Annual Budget Review and Annual Report Oversight Process

During the development and review communities are included in the process in the form of public meetings and opportunities to submit written representations. The IDP also includes the summary of community needs and development priorities as part of the IDP. Documentation is available in all towns and on the municipal website.

A second round of public meetings are held after the draft budget have been tabled to Council to visit communities and present the draft budget to them. A second opportunity to submit written comment on both the IDP and budget is presented to communities.

In accordance with MSA Section 17(2)(d), representative platforms are also accommodated in the event of requests being received. Examples of these are consultative meetings with Chambers of Commerce, Rate Payers Associations, special interest groups like the Hessequa Archaeological Association, etc.

Ward Committees are also included as formal consultation platform. Specifically, in the evaluation of municipal performance when the Annual Report is presented to the community for comment, but specifically also sent to the Ward Committees to submit comment on the reported performance of the municipality. These comments are submitted to the Municipal Public Accounts Committee for consideration and who in turn, submit their oversight report to Council. Depending the recommendations of the Oversight Report, performance bonuses are only payed after this public participation process have been completed and Council adopted the Annual Report.

2.4 CORPORATE GOVERNANCE

2.4.1 RISK MANAGEMENT

The Municipality is required by the Municipal Finance Management Act (No 56 of 2003) to have a risk management system in place. The legislation specifically reads under Section 62 as follows:

(1) The Accounting Officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure - (c) that the municipality has and maintains effective, efficient and transparent systems - (i) of financial and risk management and internal control; and

During the 2019/2020 financial year Hessequa Municipality have benefitted from a district wide initiative that was funded by the Provincial Treasury, to procure and implement a software management system for all municipalities in the Garden Route District. The installation and training on the system was delayed during the second half of the financial year, however installation and setup has begun and have been finalised by end of June 2020.

The system that has been installed and setup is called “BarnOwl” which is an industry recognised solution used by private and public sector for risk management. As part of the implementation, current internal risk management practices have been reviewed to improve detail and accuracy of control environment. This system will provide a much needed tool to manage risk and internal audit information within an integrated platform to improve the level of combined assurance.

2.4.2 ANTI-CORRUPTION AND 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 Municipal Finance Management of 2003 (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 supply chain management system to minimize the likelihood of corruption and fraud.

Garden Route District Municipality invited tenders for the Anti-Fraud Hotline. The tender was awarded to ADVANCE CALL. Hessequa Municipality is currently in a shared services agreement with Garden Route District Municipality with regards to the Anti – Fraud Hotline service. The service provider Advance Call capture and distribute disclosures. Hessequa Municipality make use of the same number as Garden Route District Municipality Anti-Fraud Hotline (0800 004 006) to report disclosures.

2.5 SUPPLY-CHAIN MANAGEMENT

The Supply Chain Management (SCM) function within the administration of the municipality is regulated by relevant legislation and through the approved SCM Policy of Council. The following table details the number of Bid Committee meetings held for the 2019/20 financial year:

GOODS AND SERVICES		
Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
18	28	34
INFRASTRUCTURE		
Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
10	8	25

To oversee and manage the supply chain management processes in relation to competitive bidding and awarding bids to goods and service providers, a committee system is employed, and the following committees exist within the administrative sphere of the municipality. It is important to note that no Councillor can be involved of any procurement process within the supply chain management process.

Demand Management Committee Members:

A. Carelse (Manager - SCM, Assets and Insurance); H.J. Pienaar (Snr SCM Practitioner- Contract; Risk and Performance) ;J.Thyse (Snr SCM Practitioner- Demand; Acquisition and Tender Management); A. Vries (Legal Services); and Project Managers from Directorates

Bid Specification Committee & Infrastructure Projects Members

H.S. Visser (Director: Planning & Environmental Services), R. Manho (Director: Technical Services), W.F. Bergh (Manager: Budget), J.Thyse (Snr SCM Practitioner- Demand; Acquisition and Tender Management); A. Carelse (Manager - SCM, Assets and Insurance), N. La Grange (SCM Practitioner- Tender Management) and Project Managers from Directorates

Bid Evaluation Committee Members

A. M.Griesel (Director: Planning & Environmental Services), J.Thyse (Snr SCM Practitioner- Demand; Acquisition and Tender Management); A. Carelse (Manager - SCM, Assets and Insurance), J. Booysen (Accountant Expenditure), W. Joseph (Accountant Income), H.J. Pienaar (Snr SCM Practitioner- Contract; Risk and Performance) and Project Managers from Directorates

Bid Adjudication Committee Members

H.J. Viljoen (Director: Financial Services), R. Manho (Director: Technical Services), A. Carelse (Manager - SCM, Assets and Insurance), H.J. Pienaar (Snr SCM Practitioner- Contract; Risk and Performance), H Visser (Director: Planning), C Onrust (Director: Community Services) and Project Managers from Directorates

2.5.1 AWARDS BY THE BID ADJUDICATION COMMITTEE

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

Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded (Vat Excl.) (R)
HES-TECH 14/1920	Upgrading of Roads in Hessequa Municipal Area	Technical Services	Urhwebo E-Transand	R 2 202 018.16
			Meyer Beton	R 1340 900.00
			Benver Civil and Plant Hire CC	R 3 119 565.90
			Entsha Henra	R 3 814 799.78
			Artcon Construction CC	R 2 172 716.16
HES-TECH 39/1920	Upgrading of roads in Slangrivier	Technical Services	CSJ Civils and Construction	R 3 766 842.00
			Wafumana Projects, Khenhumani Construction and Welding (JV)	R 3 275 514.78
HES-TECH 21/1920	Rehabilitation of low-level reservoir roof in Riversdale	Technical Services	Spec-Con Engineering (Pty) Ltd.	R 4 738 772.50

Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded (Vat Excl.) (R)
HES-TECH 17/1920	Supply and delivery of four (4) new three cubic meter double cab tipper trucks	Technical Services	Ann Mitt Financial Services	R 2 731 880.00
HES-TECH 04/1920	Upgrading of irrigation, grass surfaces and related services at Slangrivier and Melkhoutfontein Sportsgrounds	Technical Services	Benver Civil and Plant Hire CC	R 2 650 103.50
HES-TECH 24/1920	Supply and delivery of two (2) new cherry picker trucks	Technical Services	Shorts Nissan CC	R 2 159 424.00
HES-TECH 05/1920	Supply and delivery of two (2) new vacuum tank trucks	Technical Services	Shorts Nissan CC	R 2 031 755.00
HES-TECH 07/1920	Supply and delivery of one (1) new refuse compactor	Technical Services	Simunye Fleet Management (Pty) Ltd.	R 1 594 330.22
HES-TECH 06/1920	Supply and delivery of one (1) new multipurpose loader	Technical Services	N Williams and associated (Pty) Ltd.	R 1 155 106.00
HES-TECH 20/1920	Supply and delivery of one (2) new mobile emergency generators	Technical Services	Trackos Projects (Pty) Ltd.	R 999 900.00

2.5.2 AWARDS BY THE MUNICIPAL MANAGER

Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded R (EXCL. VAT)
HES-FIN 07/1920	TAKING UP OF AN EXTERNAL LOAN	FINANCIAL SERVICES	THE STANDARD BANK PF SOUTH AFRICA LIMITED	R 30 000 000.00 AT 9.02%

2.5.3 DEVIATIONS FROM NORMAL PROCUREMENT PROCESSES

The following table provides a summary of deviations approved during the financial year:

Type of deviation	Number of deviations	Value of deviations R	Percentage of total deviations value
<R2 000	247	R 263 952.85	1.550493

Sole Supplier	0	R 0.00	0
Emergency	19	R 29 038.98	0.170579
Exceptional Circumstances	228	R 234 913.87	1.379914
Impractical	0	R 0.00	0
R2 000 – R30 000	219	R 1 763 240.21	10.3575
Sole Supplier	7	R 100 991.54	0.593237
Emergency	44	R 433 579.27	2.5469
Exceptional Circumstances	168	R 1 228 669.40	7.217362
Impractical	0	R 0.00	0
R30 000 – R200 000	97	R 6 696 902.23	39.33846
Sole Supplier	4	R 374 716.07	2.20113
Emergency	18	R 1 218 409.00	7.157091
Exceptional Circumstances	75	R 5 103 777.16	29.98024
Impractical	0	R 0.00	0
>R200 000	15	R 8 299 707.53	48.75355
Sole Supplier	1	R 941 362.79	5.529686
Emergency	3	R 725 543.00	4.261933
Exceptional Circumstances	11	R 6 632 801.74	38.96193
Impractical	0	R 0.00	0
Total	578	R 17 023 802.82	100

2.6 BY-LAWS

The executive and legislative authority of a municipality is exercised by the municipal council and one of the methods by which this is done is by passing by-laws. A municipality may only make by-laws on matters that it has the right to administer. These matters are set out in Schedule 4B and 5B of the Constitution. The following by-laws are currently in force:

Aerodromes	Electricity Supply
Air Pollution	Events
Cemeteries and Crematoria	Fencing and Fences
Commonage	Fire Safety
Customer Care & Revenue Management	Fire Works
Disposal of Solid Waste	Heritage Resources and Cultural Institutions

Impoundment of Animals	Rates
Irrigation Water	Rules for the Conduct of Meetings
Liquor Trading Hours and Days	Roads and Streets
Management and Use of Rivers	Street Trading
Municipal Land Use Planning	Storm Water Management
Outdoor Advertising	Sporting Facilities
Public Amenities	Tariffs
Public Busses and Taxi's	Water Supply, Sanitation and Industrial Effluent
Prevention of Public Nuisance and Public Nuisance arising from the Keeping of Animals	

The "Rules for the Conduct of Meetings" by-law was amended during the 2019/2020 financial year.

2.7 COMMUNICATION (WEBSITES, MEDIA, ETC.)

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the abovementioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principles of Batho Pele and this, in simple terms, means that those we elect to represent us (councillors at municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

South Africa has adopted a system of developmental local government, which addresses the inequalities, and backlogs of the past while ensuring that everyone has access to basic services, to opportunities and an improved quality of life.

To be successful, communication must focus on the issues that are shown to impact on the residents' perceptions, quality of service, value for money and efficiencies. They should ideally look to close the communication-consultation loop, i.e. tell people how they can have a say and demonstrate how those who have given their views have had a real impact.

The South African Constitution has identified communication with communities as a fundamental duty of every municipality. Hessequa Municipality takes its directive for communication from the constitutional imperative of freedom of information and the objectives of building a truly democratic state. Coupled to that and deeply enshrined in the Bill of Rights, is the right of people to participate in and be informed about the processes of government.

The municipality acknowledges the fact that for a community or community organisations to fully participate in municipal government processes, they must be properly informed about processes and issues for discussion, as well as decisions taken with regards to aspects that will have a direct influence on their lives. This requires the municipality to maintain continued interaction and regular consultation with the people.

In setting out the objectives of local government, Section 152(1) (e) of the Constitution of the Republic of South Africa (1996) states that municipalities must “encourage the involvement of communities and community organisations in the matters of local government” and goes on to state in Section 160(7) that “a municipal council must conduct its business in an open manner”.

Effective communication are about how municipalities promote democracy and encourage citizens to play a more effective role in how they are governed. It’s about promoting their role in the community and ensuring that citizens have a better understanding of local government. But most importantly, it is about ensuring that people form part of the process of creating a better life where they live.

Section 18 of the Municipal Systems Act, Act 32 of 2000 – Communication of information concerning community participation reads as follows:

- (1) A municipality must communicate to its community information concerning –
 - (a) the available mechanisms, processes and procedures to encourage and facilitate community participation;
 - (b) the matters with regard to which community participation is encouraged;
 - (c) the rights and duties of members of the local community; and
 - (d) municipal governance, management and development.
- (2) When communicating the information mentioned in sub-section (1), a municipality must take into account –
 - (a) language preferences and usage in the municipality; and
 - (b) the special needs of people who cannot read or write.

Hessequa Municipality’s communication strategy aims to ensure that the municipality always strives to make the community part and parcel of decisions that impact on their lives.

The following external communication objectives and intended outcomes are set by the Municipality

- To reach out to communities and communicate with them in the most effective ways
- To ensure that all inhabitants of the municipality become active and conscious participants in the local government processes and social transformation
- To strengthen inter-governmental relations
- To improve and encourage good media relations
- To establish an interactive local government structure to support community concerns
- To promote the corporate identity and image of the municipality

2.7.1 COMMUNICATION CHANNELS:

Hessequa Municipality utilises different communication methods / channels to disseminate information in a timely fashion to reach the community in large.

Website

The official municipal website forms an integral part of the municipality’s communication infrastructure and strategy. Section 75 of the MFMA requires that the municipality place key documents and information on their website, including the IDP, annual budget, adjustment budgets and budget related documents and policies. In addition, important emergency communication, e.g. notices of unplanned power or water interruptions, closure of municipal offices due to a COVID related incidents, etc., as well as notices of planned events are loaded on the website.

Monthly Newsletter

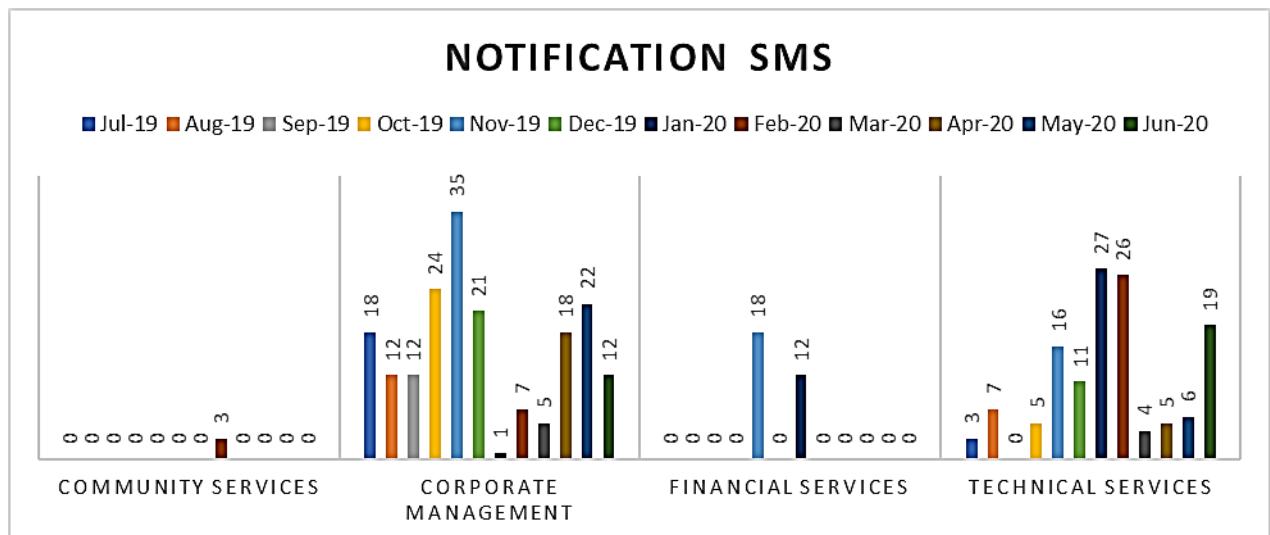
A newsletter is distributed with the municipal service accounts on a monthly basis either by mail or electronically according to the client’s preference. The newsletter includes a message from the Executive Mayor, as well as other relevant municipal news. A copy of the newsletter is also available on the municipality’s official website.

Noticeboards

Important notices are printed and placed on the notice boards at the various municipal offices, as well as the libraries.

SMS system

There are currently 2,816 members registered on the municipal SMS database. The SMS system is mainly utilised for emergency communication, i.e. fires, accidents, unplanned power or water interruptions, closure of municipal offices due to a COVID related incidents, etc. In some instances, and subject to the availability of funds (SMS credits), this platform is also used to notify the community of planned projects, i.e. planned water or power interruptions.



Communication satisfaction survey

Hessequa Municipality is committed to keeping its residents informed about their local government. As a part of this ongoing effort, Hessequa Municipality continuously develops and improves the standard of systems used to meet the satisfaction of the community with regards to municipal communication. An annual communication survey is conducted to determine how successful we have been in delivering information to the public and is a great opportunity for residents to give feedback on our efforts, as well as provide suggestions which will help us to improve on the way we communicate important information to the community.

In addition to an electronic survey being available on the municipal website which can be completed online, the survey is also published in the local newspaper, distributed to all nine Ward Committees with the request that it be distributed in the various communities, published in the monthly newsletter, advertised on the municipality’s official Facebook page, as well as made available at all the municipal offices and libraries.

Unfortunately, due to the COVID-19 pandemic, we have been unable to conduct the survey during the 2019/2020 financial year. The survey will therefore form part of the Mayoral Public Outreach program later this year in addition to the methods as mentioned above.

Eden FM

Hessequa Municipality has bi-weekly timeslots on Eden FM between 16h30 and 17h00. These slots are used to either address pressing issues arising within the municipality of which the public needs to be informed of, or to bring attention to municipal procedures or other relevant information.

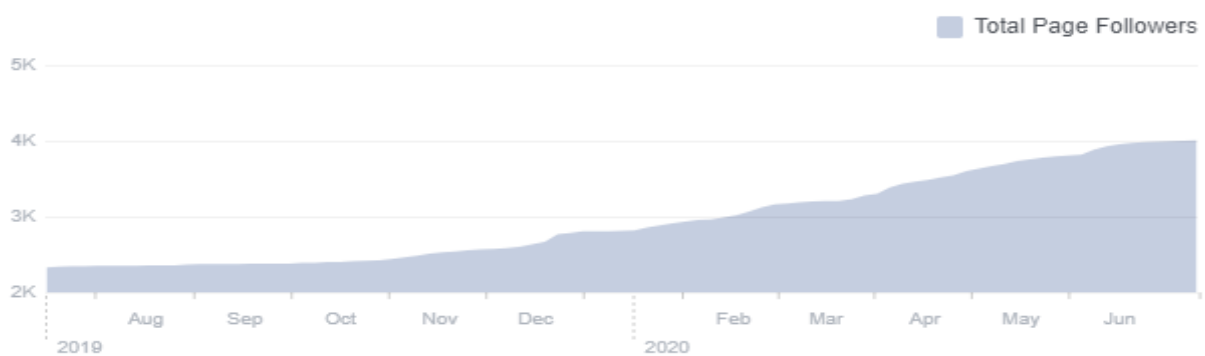
Facebook

Hessequa Municipality's official Facebook page is used to keep the residents and visitors abreast of important notices and is used as a platform to help share information and pressing news. It is also a valuable medium to disseminate information with regards to the COVID-19 pandemic in terms of statistics and the importance of adhering to the lockdown regulations and preventative measures.

During the 2019/2020 financial year, we focussed on increasing our official Facebook numbers in order to reach a wider audience:

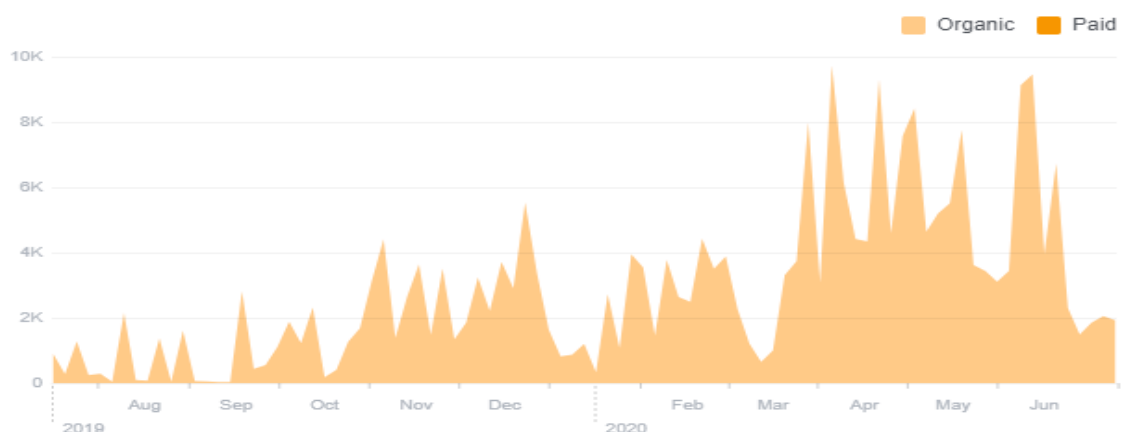
Total Page Followers:

Hessequa Municipality had 2,326 people following our official Facebook page on 01 July 2019. That number increased to a total of 4,007 people on 30 June 2020. An increase of 1,681 followers.



Post Reach

The number of people who saw any of your posts at least once. This metric is estimated.



Total Page likes:

The total page likes increased from 2,266 likes on 01 July 2019 to a total of 3,864 likes on 30 June 2020. An increase of 1,598 likes.

2.8 MUNICIPAL OVERSIGHT COMMITTEES

Oversight committees are platforms developed by Council, in accordance with relevant legislation, to perform specific oversight functions on behalf of Council. These committees are tasked to fulfil its functions and provide report to Council as executive authority to ensure implementation of recommendations made by oversight committees. Each committee is constituted in accordance with an approved Terms of Reference, that prescribes the roles and responsibilities of the committee.

Committee	Members	Meeting Frequency
Audit Committee	Prof JA Döckel (Chairperson) Ms A Hartnick Ms I Lorenz Mr J Kok Prof JAA Lazenby	Quarterly
Municipal Public Accounts Committee	Clr I Mangaliso (Chairperson) Clr T van den Berg Clr M Fielies Clr A Joubert Clr T van Rensburg	Quarterly and Ad-hoc
MFMA Sect 32 Committee	Clr T van den Berg (Chairperson) Clr CP Taute Clr T van Rensburg	Quarterly and Ad-hoc

2.8.1 MFMA SECTION 32 INVESTIGATIONS

The Section 32 Committee reports regularly to council on any findings with recommendations. The following investigations were considered by the Section 32 Committee during the 2019/2020 financial year:

Date of Section 32 Committee Meeting held	Unauthorised, Irregular, Fruitless and Wasteful Expenditure	Description of Expenditure	Amount of Expenditure	Write-off / Condone / Liability	Consequence Management	Date of Council Resolution
30 July 2019	Fruitless and Wasteful Expenditure	Provision of transport – Senior Citizen Outreach Project	R1750.00	Written-Off	Adequate Consequence Management processes has been put in place to prevent similar occurrences in the future.	28 August 2019
30 July 2019	Irregular Expenditure	Application of regulation when	R491, 871.64	Written-Off	Adequate Consequence Management	28 August 2019

Date of Section 32 Committee Meeting held	Unauthorised, Irregular, Fruitless and Wasteful Expenditure	Description of Expenditure	Amount of Expenditure	Write-off / Condone / Liability	Consequence Management	Date of Council Resolution
		considering bids received from non-VAT registered suppliers			processes has been put in place to prevent similar occurrences in the future.	
18 October 2019	Fruitless and Wasteful Expenditure	Study Fees	R23 700.00	Written-Off	Adequate Consequence Management processes has been put in place to prevent similar occurrences in the future.	28 November 2019
29 May 2020	Unauthorized Expenditure	Settlement Agreement – Unfair Dismissal Dispute	R25 000.00	Written-Off	Adequate Consequence Management processes has been put in place to prevent similar occurrences in the future.	30 June 2020

3 SERVICE DELIVERY PERFORMANCE

3.1 PERFORMANCE HIGHLIGHTS AND CHALLENGES

3.1.1 COMMUNITY DEVELOPMENT HIGHLIGHTS AND PERFORMANCE CHALLENGES

Hessequa Thusong Mobile Programme: The Hessequa Thusong Mobile programme is an attempt by Hessequa Municipality to bring government to the people, especially to the rural areas. Four successful Mobile programmes were conducted during this period. (Number of beneficiaries reached: 2469



Social Development Programmes: Programs are aimed at the youth, the aged, disabled persons and the empowerment of the vulnerable groups. Sixteen (16) successful programmes were conducted during this period.



Sport Development programmes: Sport is a powerful social tool, bringing together people from different ethnic, cultural, religious, linguistic and socio-economic backgrounds; Sport plays an important role in improving physical and mental health, and fostering active citizenship and social inclusion. Nine (9) successful programmes were conducted during this period

E-Centre Programme: The programme provides access to information and communication technologies (ICT) to less privileged and rural communities. There are currently three operational Centre's within Hessequa, Namely Slangrivier, Heidelberg and Riversdale. Statistics for this period: 19 797.

Challenges Experienced:



The synchronization of programs because each sector department provides services according to their mandate.
 For athletes to get to the highest level in their sports they need the best sporting facilities, the best training and coaches, the equipment and funding to pursue their dreams. Funding will always be a challenge.
 Initiation of sustainable programs: No buy-in from private sector.
 Political influence.

3.1.2 HUMAN SETTLEMENTS HIGHLIGHTS

Transfers of pre-1994 scheme houses to owners and Housing Consumer Education in Melkhoutfontein



Title Deed transfers and Housing Consumer Education in Heidelberg

Transfers of pre-1994 scheme houses to owners and Housing Consumer Education in Albertinia



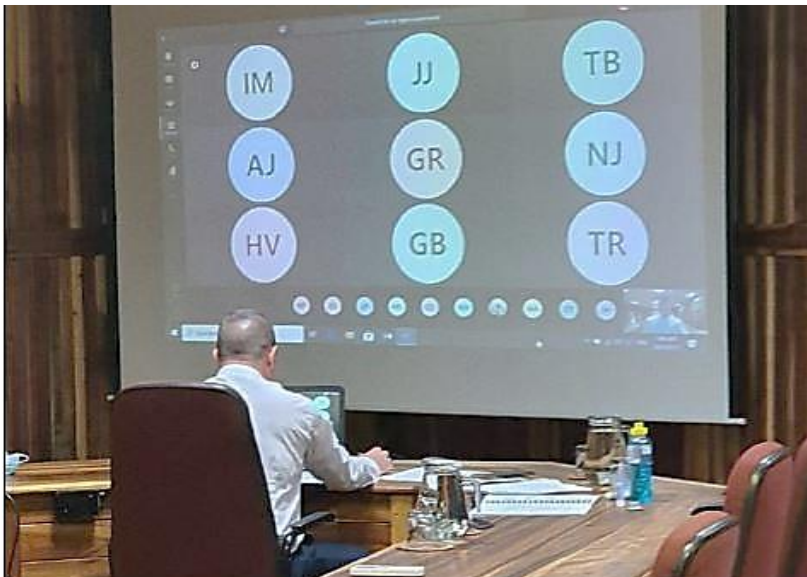
Mobile Housing Waiting List Update Opportunities

3.1.3 CORPORATE MANAGEMENT HIGHLIGHTS AND PERFORMANCE CHALLENGES

Information and Communication Technology (ICT) Highlights:

Standardisation of technology and implementation of newer more secure, effective and effective IT solution completed using Provincial Grant funding.

Integrated Tele-communication solution through one Service Provider to ease administration from a contract management perspective – this will secure faster turn-around times to resolve connectivity issues. The use of a software solution (MS TEAMS) for official meetings, resulting in savings on expenses for traveling, accommodation and subsistence.



Two critical challenges remain within the ICT function:

Access to affordable internet in low income areas, especially for the purpose of public participation during the pandemic during a lockdown.

Connectivity challenges and infrastructure cost placing a restriction on considering cloud technologies and improving Disaster Recovery capabilities in line with best practice.

Library Service Highlights:

Expansion of Protea Library – September 2019: Protea Library was expanded to include a new computer and reference section

Book donation – 23 October 2019: Riversdale Library and reading club received a book donation from the president Ramaphosa Reading Circle project

Nal'ibali library campaign – November 2019: Project aimed to promote a reading culture with children

Food for Fines – October/November 2020: Project aimed to encourage adults to visit their libraries and read



Book launch - 1 February 2020: Bernard Fielies presented a talk on his latest book, Soektog na die son at Riversdale Library

Primary Library Service Challenge:

Various capital projects were cancelled due to the COVID-19 pandemic. These projects are the installation of a new roof at Slangrivier Library, painting and repair of Albertinia Library Hall and the installation of new air conditioning units at various libraries.



Legal and Administration Performance Highlights:

Integrated Tele-communication solution through the appointment of one Service Provider to ease administration from a contract management perspective – this will secure faster turn-around times to resolve connectivity issues.

The use of a software solution (MS TEAMS) for official virtual Council and Committee meetings

Updating of Municipal Code (Old



and New By-laws) in conjunction with the Provincial Department of Local Government Training for Item writers to improve the standard of items / reports table before Council and its Committees

Property Management Highlights and Challenges:

Increased income generated from Caravan Parks: The income from 1 July 2019 – 31 January 2020 increased from R7 230 515,32 to R10 826 716,11 compared to the same period in the previous financial year.

Upgrading and maintenance of ablution facilities at Caravan Parks: The first gas water heating system was installed at the Beverly Hills ablution facility and the B ablution facility at Ellensrust was upgraded.



Purchase of Ventrac compact tractor and contour mower: The ventrac and contour mower were delivered during January 2020. Due to the acquisition of the ventrac, the lawn at Ellensrust Caravan Park is mowed within 2 days instead of 2 weeks using lawn mowers.

New classroom at Lukhanyo Crechè in Kwanokuthula.



Challenges relating to Property Administration:

Due to the COVID-19 pandemic the Caravan Parks were closed before the March/April school holidays and Easter weekend which has adversely affected our income generated from the Caravan Parks.

Due to the COVID-19 pandemic the capital project for the replacement of the roof of the ablution facility in Witsand were postponed.

3.1.4 TECHNICAL SERVICES HIGHLIGHTS AND CHALLENGES

Capital Project Highlights

Upgrading of Stilbaai Wastewater Treatment Works

Upgrading of Roads in low cost housing areas

Refurbishment old Reservoir structure in Riversdale Water Treatment Works

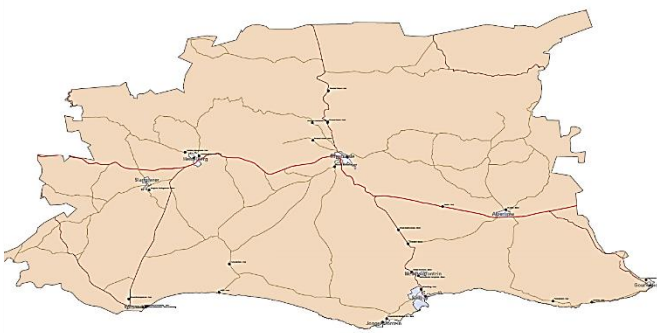
Upgrading of the Slangrivier and Melkhoutfontein irrigation system as sport facilities



Solid Waste, Public Spaces and Amenities Highlights

First Municipality in South Africa to achieve full blue flag status for all their beaches

Expansion of Rural Waste Disposal Sites

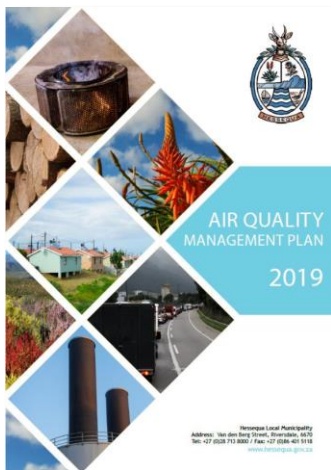
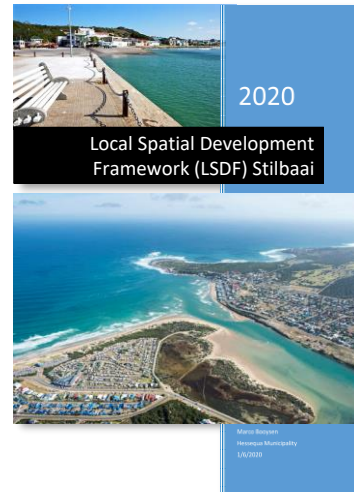


Technical Services Challenges:

- Aging of Infrastructure – Old asbestos bulk water and sewer infrastructure in the Hessequa area.
- The cost to comply to legislation at landfill facilities
- Insufficient funding to address the road backlogs in the Hessequa area.
- Illegal Dumping
- Insufficient capacity at the Wastewater Treatment Plants

3.1.5 DEVELOPMENT PLANNING HIGHLIGHTS AND CHALLENGES

- The Stilbaai Local Spatial Development Framework (LSDF) will be a LSDF compiled for the Hessequa Municipality and should be regarded as an integral part of the overall Hessequa Spatial Development Framework. The purpose of this LSDF is to integrate spatial planning proposals for the study area for a time period of 5 to 8 years after which it will have to be updated.



- 2019-2024 'Hessequa Air Quality Management Plan' - An Air Quality Management Plan (AQMP) was compiled for the Hessequa Municipality in 2012/13 as required by the National Environmental Management: Air Quality Act, 2004 as amended (NEM:AQA). As required by this Act, the AQMP was reviewed and revised after 5 to 6 years which is 2019. The Hessequa Municipality AQMP is aligned with the Garden Route District Municipality (GRDM) AQMP due to the requirements stipulated

in NEM:AQA.



- Hessequa CLIMATE CHANGE Adaptation Plan: Identify the municipal projects and strategies that has been developed to reduce our climate change vulnerability, and which positively impacts the adaptability of the Hessequa economy, its people, its ecosystems and its critical infrastructure.



- The Basic Hospitality Training phase 2 took place 17 – 21 February 2020, with a selection of 10 participants from the Hessequa area (aimed to train the previously disadvantaged). The training was to equip the participants (Youth) with the essential skills for employment and the entrepreneurial skills needed to operate and manage their business in the hospitality industry. The project was funded from the grant received by Provincial Government.



- Leef jou Reis visit: Gerrie Pretorius - presenter of the popular Afrikaans travel and lifestyle programme Leef Jou Reis - visited the Hessequa region during May 2020, creating filming material for the new season airing from 04 July 2020 on KykNet. Gerrie and his team explored Stilbaai, Riversdale, Vermaaklikheid, Heidelberg and Witsand – in the process giving national exposure to The Explorer’s Garden Route brand and our authentic experiences. The programme will highlight Hessequa as a must visit post Covid-19 destination

Development Planning challenges:

- The World Travel Market Exhibition was

cancelled

- One of the Environmental department’s biggest constraints was access to additional resources such as vehicles to successfully complete projects such as alien vegetation management on municipal land and nature reserves management.

- Entrepreneur Training – LED Lowlight 2019/2020

Entrepreneur Training for Small Medium Micro Enterprises (SMME’s) was arranged with collaboration with Mosselbay Municipality and National Youth Agency (NYDA) for February 2020. 10 Participants from the Hessequa area were selected to attend the training.

Mosselbay Municipality changed the criteria for the training and the Hessequa participants was not accommodated at the training anymore. The Training co-ordinator from NYDA suggested a special training in the Hessequa area with 15- 20 participants. A Date for April/ May 2020 was to be confirmed, but due to the COVID-19 pandemic the new training date could not be finalized, and training could not commence.

3.2 ORGANISATIONAL PERFORMANCE PER IDP OBJECTIVE

3.2.1 COST EFFECTIVE SERVICE DELIVERY

Ref	KPI	Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL1	90% Expenditure of the Approved Capital Budget for the Municipality by end of June 2020	% of Budget spent	73.60%	90.00%	85.84%	O	The capital expenditure program for the 2019/2020 year fared relatively well due to interventions by Council and Management given the loss of more than a month for contractors not being able to go on site during the first lock-down. The target was not reached as some works were not able to be completed within the financial year due to delays. Corrective measures have been put in place in the form of longer-term appointment of civil engineering services which will allow for projects to initiate without any delays in the next financial year.
TL2	90% Expenditure of the Approved Operational Budget for the Municipality by end of June 2020	% of budget spent	89.69%	90.00%	90.92%	G2	Decreased Operation expenses were experienced due to travelling and subsistence, salaries, and other operational costs that were not paid due to vacancies, COVID19 limiting physical meetings, etc.

Ref	KPI	Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL3	% Provision of electricity to residential properties connected to the municipal infrastructure network for both prepaid and credit electrical metering	Percentage of formal residential properties connected to the municipal electrical infrastructure network	92%	90.00%	92.00%	G2	Target achieved. Due to the required calculation method of total households being used as denominator, and not the total amount of households registered for the service, the actual result will be affected negatively.
TL4	% Provision of water to residential properties connected to the municipal infrastructure network for both prepaid and credit metering	Percentage of formal residential properties connected to the municipal water network	98%	90.00%	87.00%	O	Services are rendered to all residents within the urban edge of towns, however calculation is based on total households and there are households counted within the rural areas (not within urban edges) to which the municipality does not render water services directly. Due to the required calculation method of total households being used as denominator, and not the total amount of households registered for the service, the actual result will be affected negatively.
TL5	% Provision of refuse removal and solid waste disposal for residential account holders	Percentage of residential properties billed for refuse removal	98%	90.00%	97.00%	G2	Target achieved. Due to the required calculation method of total households being used as denominator, and not the total amount of households registered for the service, the actual result will be affected negatively.

Ref	KPI	Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL6	% Provision of sanitation/sewerage services to residential account holders	Percentage of residential properties billed for sanitation/sewerage services	88%	90.00%	88.00%	O	Services are rendered to all residents within the urban edge of towns, however calculation is based on total households and there are households counted within the rural areas (not within urban edges) to which the municipality does not render sanitation services directly. Due to the required calculation method of total households being used as denominator, and not the total amount of households registered for the service, the actual result will be affected negatively.
TL7	The % of registered indigent account holders (poor households) with access to free basic services	Number of registered indigent households with access to free basic services	94%	90.00%	92.00%	G2	Services are rendered to all residents within the urban edge of towns, however calculation is based on total households and there are households counted that do not qualify for all services on the indigent register, as per the agreements between home owners and occupants who qualify for indigent support, but is only responsible for some of the services as per the Indigent Policy. (June 2020). Due to the required calculation method of total households being used as denominator, and not the total amount of households registered for the service, the actual result will be affected negatively.
TL14	90% Expenditure of Approved budget for maintenance of Municipal camps sites by end of Financial year	% budget spent	97.36%	90.00%	95.63%	G2	Target achieved

Ref	KPI	Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL53	90% Expenditure of the approved Capital Budget of the Technical Department for financial year	% capital budget spent	73%	90.00%	94.00%	G2	Target achieved
TL54	90% Expenditure of the approved Operational Budget of the Technical Department for financial year	% of expenditure budget spent	97%	90.00%	95.00%	G2	Target achieved
TL56	Limit electricity losses to 10% for financial year	% unaccounted electricity	7%	10.00%	10.00%	G	Target achieved
TL57	95% Expenditure of National Electrification Grant spent for financial year	95% of Electrification Grant spent	100%	95.00%	100.00%	G2	Target achieved
TL58	Feedback report to Portfolio Committee, as well as applications submitted regarding Blue Flag beaches.	Number of reports	2	2	2	G	Target achieved
TL60	95% Expenditure of Municipal Infrastructure Grant (MIG) for financial year	% of Grant spent	100%	95.00%	100.00%	G2	Target achieved
TL61	Limit water losses to less than 30% for financial year	% of water losses	11%	30.00%	12.00%	B	Target achieved

3.2.2 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Ref	KPI Name	Description of Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL8	Development of an Integrated IDP Process Plan submitted to Portfolio Committee by August annually	Number of submitted Process plan	1	1	1	G	Target achieved
TL9	Submission of Final IDP submitted to Council by May 2020	Final IDP submitted to Council by May 2020	1	1	1	G	Target achieved
TL10	The percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the Municipalities Annual Employment Equity report	% employed of target groups according to Annual Department of Labour Employment Equity report	55.60%	66.00%	58.30%	O	There are currently (end of financial year) three vacant Manager positions that affected the score negatively. Set to be filled as soon as possible.
TL11	Review of Risk Register of Directorate and Submission to Chief Risk Officer	Reviewed risk register submitted to Chief Risk Officer	1	1	1	G	Target achieved
TL12	Maintain an average vacancy rate of less than 10% of budgeted staff establishment	Average % vacancy rate less than 10% reported Quarterly to Portfolio committee	5.98%	10.00%	7.23%	B	Despite administrative challenges, resource capacity constraints and policy changes, the rate of appointments maintained a healthy pace. (June 2020)
TL13	Progress Report on Succession Planning Initiatives	Submit a progress report on succession planning initiatives to Portfolio Committee	New KPI	2	2	G	Target achieved
TL15	Revision of Delegation Register by September annually	Reviewed municipal Delegation Register submitted	1	1	1	G	Target achieved

Ref	KPI Name	Description of Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL16	Revision of Municipal code annually	Reviewed municipal code submitted	1	1	1	G	Target achieved
TL17	Conduct a Client Services Survey	Number of surveys completed	1	1	0	R	Client Services Survey has been postponed due to lockdown.
TL23	Review of Risk Register of Directorate and Submission to Chief Risk Officer	Reviewed risk register submitted to Chief Risk Officer	1	1	1	G	
TL28	Review of Risk Register of Directorate and Submission to Chief Risk Officer	Reviewed risk register submitted to Chief Risk Officer	1	1	1	G	Target achieved
TL40	Review of Risk Register of Directorate and Submission to Chief Risk Officer	Reviewed risk register submitted to Chief Risk Officer	0	1	1	G	
TL41	Progress Report on initiatives to improve collection rate of Traffic Fines	Number of reports submitted to Portfolio Committee	New KPI	3	3	G	Target achieved
TL42	90% expenditure of funds allocated for Eradication of Title Deed Transfer Backlogs	% of funds spent of the budgeted amount for the eradication of Title Deeds Transfer Backlogs	New KPI	90.00%	3.00%	R	Expenditure of funds allocated for the Eradication of Title Deed Transfer Backlogs currently stands at 3.00%. All the money could not be spent due to many of the houses that are not occupied by the original rightful occupiers. The Covid 19 pandemic had an influence in progress in this regard. In the order of 100 transfers were effected (June 2020)
TL55	Review of Risk Register of Directorate and Submission to Chief Risk Officer	Reviewed risk register submitted to Chief Risk Officer	0	1	1	G	

3.2.3 SOCIAL AND ECONOMIC DEVELOPMENT

Ref	KPI Name	Description of Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL18	Hold Library exhibitions in Hessequa annually	Number of exhibitions per year	1108	672	886	G2	All Hessequa Libraries were closed to the public during June 2020 due to the COVID-19 pandemic. No exhibitions were presented due to level 3 lockdown.
TL27	Quarterly report on Development Trends to Portfolio Committee	Number of reports submitted to Portfolio Committee	4	4	5	G2	Target achieved
TL29	Evaluate land use applications within 120 days by the Planning Tribunal, after receipt of all relevant information and documents in terms of SPLUMA	Average number of days to process land use applications received not exceeding 120 days	New KPI	120	23.77	B	Target achieved
TL30	Evaluate land use applications within 60 days by the delegated official, after receipt of all relevant information and documents in terms of SPLUMA	Average number of days to process applications received not exceeding 60 days	New KPI	60	19.55	B	Target achieved
TL31	Compilation of a Local Structure Plan for Stilbaai	Compiling of a local structure plan	New KPI	1	1	G	Target achieved
TL32	Report to Portfolio Committee regarding Harbour Development in Stilbaai	Reports submitted to Portfolio Committee on Stilbaai Harbour Development	New KPI	2	3	B	Target achieved

Ref	KPI Name	Description of Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL33	Progress Report to Portfolio Committee with regards to development of Erf 22 , Riversdale and Riversdale CBD development at Church square	Progress reports submitted to Portfolio Committee on Riversdale Development of Church square and Erf 22	New KPI	5	6	G2	Target achieved
TL34	Approve/reject building plans within 20 days for buildings less than 500m ² after all information required is correctly submitted	Average number of days to approve/reject plans received not exceeding 20 days for buildings less than 500m ² after all information required is correctly submitted	New KPI	20	5.92	B	Target achieved
TL35	Finalise occupancy certification within 14 days after receipt of all applicable information	Average number of days to finalise occupancy certificates not exceeding 14 days	New KPI	14	3.17	B	Target achieved
TL37	Submit a quarterly report indicating progress in terms of Economic Development Programmes to Portfolio Committee	number of reports submitted	4	4	4	G	Target achieved
TL38	Submit a quarterly report indicating Progress in terms of Tourism Programmes to Portfolio Committee	Number of reports submitted	4	4	4	G	Target achieved
TL39	Submit a progress report on the Slangrivier Transformation Process bi-annually to Portfolio Committee	Number or reports	4	2	3	B	Target achieved

Ref	KPI Name	Description of Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL43	Review the housing Pipeline in Collaboration with the Department of Human Settlements by March annually and submit reviewed pipeline to Portfolio Committee	Reviewed Housing pipeline submitted to Portfolio Committee	1	1	1	G	Target achieved
TL44	Scheduled outreach programs for all towns in Hessequa to update housing waiting lists	Number of outreaches	10	6	9	B	Target achieved
TL45	Formulate and submit Planning Applications (PIDs) for the top 5 prioritised housing projects to the department of Human Settlements as per the Council's approved Housing Pipeline	Number of Applications formulated and submitted	New KPI	5	6	G2	Target achieved
TL46	Implementation of 12 Social development initiatives in Hessequa for financial year	Number of initiatives conducted	24	12	18	B	Target achieved
TL47	Implementation of 10 Sport Development Initiatives in Hessequa for financial year	Number of initiatives conducted	14	10	9	O	Due to the Covid-19 lockdown regulations no sporting programs could be conducted
TL48	Implement 6 Thusong Outreach Programmes for financial year	Number of mobile outreach initiatives	6	6	4	R	Due to the Covid-19 Lockdown period all Thusong mobile Programmes had to be cancelled as mass gatherings were not allowed.

Ref	KPI Name	Description of Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL49	Receive a performance of not less than 80% for the formal Provincial Audits on the Licensing Agency Services	Average % achieved for the financial year	97%	80.00%	96.00%	G2	Target achieved
TL50	Conduct integrated vehicle checkpoints for Financial year	Number of checkpoints conducted for the period	30	20	76	B	Target achieved
TL51	Enhancing of Fire Fighting Service by the procurement of Equipment by 90% of the capital budget spent for financial year	% of budged spend on Equipment for Fire Fighting Services	87.86%	90.00%	87.00%	O	Expenditure was negatively affected by the inability to complete successful supply chain processes due to budgeted amounts not being sufficient for bid responses.
TL52	Review of the Disaster Management Plan	Plan Reviewed	New KPI	1	1	G	Target Achieved
TL59	Number of work opportunities created through EPWP	Number of work opportunities created	62	207	423	B	Target achieved
TL62	Transfer of 50 Pre 1994 housing scheme title deeds.	Report to Portfolio Committee on the number of transfers of Pre 1994 housing scheme title deeds for the period January 2020 to June 2020	New KPI	50	50	G	Target achieved
TL63	Transfer of 100 Post 1994 housing scheme title deeds.	Report to Portfolio Committee on the number of transfers of Post 1994 housing scheme title deeds for the period January 2020 to June 2020	New KPI	100	34	R	This office is currently in the process of signing deeds of sale with 160 beneficiaries in Kwanokuthula (June 2020)

Ref	KPI Name	Description of Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL64	Approve/reject building plans within 40 days for buildings larger than 500m ² after all information required is correctly submitted	Average number of days to approve/reject plans received not exceeding 40 days for buildings larger than 500m ² after all information required is correctly submitted	New KPI	40	5.92	B	Target achieved

3.2.4 FINANCIAL MANAGEMENT

Ref	KPI Name	Description of Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL19	95% Spending of Municipal Replacement fund (Grant) and Community Library Services Grant by end of June of the financial year	Percentage of grant spent	92.36	95.00%	92.47%	O	The set target was not met during the 19/20 financial year. Spending of the budget was halted due to the Covid-19 pandemic. Various capital and operational projects were cancelled and only essential services were approved.
TL20	Submit a report on Borrowing Funds and Reserves to the Financial Portfolio committee by February annually	Number of borrowing and reserve funds reports submitted to Portfolio committee	1	1	1	G	Target achieved
TL21	Submit a liquidity report of the Municipality to the Finance Portfolio Committee by end February annually	Number of reports submitted to Portfolio Committee	1	1	1	G	Target achieved
TL22	Unqualified Financial Audit as reported by Auditor General	Number of Unqualified Financial Audit result	1	1	1	G	Target achieved

TL24	Management of Income annual payment rate of thresholds higher than 95% for financial year	% Income thresholds higher than 95% maintained for financial year	96.69%	95.00%	95.92%	G2	Target achieved
TL25	Submit a detailed report on the status of handed over accounts	Number of reports submitted	2	2	2	G	Target achieved
TL26	95% Spending of Municipal Financial Management Grant by end of June annually	Percentage of Grant spent	100%	95.00%	100.00%	G2	Target achieved

3.2.5 ENVIRONMENTAL MANAGEMENT

Ref	KPI	Unit of Measurement	Previous year performance	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020			
				Target	Actual	R	Comments
TL36	Review of the Climate Change Adaptation plan submitted to Portfolio Committee by June annually	Reviewed plan submitted	1	1	1	G	Target achieved

3.2.6 OVERVIEW OF PERFORMANCE PER DIRECTORATE

The performance statistics in the table below and all the graphs in the following sub paragraphs include performance in terms of the SDBIP for the 2019/20 financial year and where applicable, in comparison to the 2018/19 financial year.

Directorates	Financial Year	KPIs Extremely Well Met	KPIs Well Met	KPIs Met	KPIs almost Met	KPIs not Met	Average Performance Summary
Office of the Municipal Manager	2018/19	0	4	2	3	1	Improvement, above standard
	2019/20	0	5	2	2	0	
Corporate Management	2018/19	2	1	5	2	0	Slight Improvement, - above standard
	2019/20	1	2	4	1	1	
Community Services	2018/19	3	2	2	1	1	Slightly lower, - above standard
	2019/20	3	2	5	2	3	
Financial Services	2018/19	0	2	5	0	0	Above standard
	2019/20	0	2	5	0	0	
Development Planning	2018/19	0	4	7	0	0	Above standard
	2019/20	7	2	5	0	0	
Technical Services	2018/19	2	3	1	2	2	Improvement - to above standard
	2019/20	2	4	3	0	0	

3.2.7 SERVICE PROVIDERS STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality.

4 MUNICIPAL WORKFORCE AND ORGANISATIONAL DEVELOPMENT

The Hessequa Municipality currently employs 550 (including fixed term contract employees) officials, who individually and collectively contribute to the achievement of Municipality's objectives. This is approximately 1% of the Hessequa population. The municipality seeks to employ, train, develop, empower and in general create a rewarding employment experience with the Hessequa Municipality as employer its employees. The Council leadership is convinced that a fulfilled and motivated employee adds immeasurable value to the individual employee's personal development, the municipality's objectives and most importantly, serving the interests of the Hessequa community at large.

4.1 VACANCY RATE AND STAFF ESTABLISHMENT

The staff establishment is 676 posts. Not all these posts are funded. 601 posts are funded and of these 555 posts are filled. At the end of this period there were 46 vacant and funded posts. A continuous process of recruitment and selection is maintained, with a key performance indicator being a vacancy rate of not more than 10%. On average a vacancy rate of 7.2% was maintained. During this period 361 temporary employment opportunities were created, and appointments were made by making use of the "Shake-Shake" process.

The vacancy rate for funded posts as well as total (funded and unfunded) posts are outlined below.

Month	Perm	FT Con	Out	In	% Funded	% Total	TMP/Season
June 2020	520	35	2	1	7,6%	17,8%	22
May 2020	521	35	1	0	7,3%	17,6%	24
April 2020	522	36	1	5	7,1%	17,3%	78
March 2020	518	35	4	7	7,8%	18,0%	83
February 2020	516	35	5	4	7,5%	18,1%	84
January 2020	519	35	5	1	7,0%	17,5%	165
December 2019	523	35	4	3	6,5%	16,9%	161
November 2019	524	34	2	6	6,5%	16,9%	54
October 2019	521	33	2	8	7,2%	17,5%	122
September 2019	515	33	3	1	7,8%	18,4%	110
August 2019	517	34	4	4	7,3%	18%	80
July 2019	517	34	4	4	7,3%	18%	29

4.2 TURNOVER RATE

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. The turnover rate is determined by the following formula:

$$\left(\frac{\text{Number of employees who left during the year}}{(\text{Number of employees at the beginning of the year} + \text{Number of employees at the end of the year})/2} \right) \times 100$$

The turnover rate for 2019/20 is 6.7%.

Year	New	Terminations	Turn-over Rate
2017/18	40	36	6.6% $\left[\frac{36}{(546 + 551)/2} \times 100 = 6.6\% \right]$
2018/19	34	34	6.2% $\left[\frac{34}{(546 + 550)/2} \times 100 = 6.2\% \right]$
2019/20	44	37	6.7% $\left[\frac{37}{(551 + 555)/2} \times 100 = 6.2\% \right]$

4.3 SICK LEAVE

Sick leave days taken by employees have a negative influence on service delivery and has cost implications. The monitoring of sick leave identifies certain patterns or trends within directorates. The management of sick leave are executed in conjunction with the various directorates. The total number of workdays lost due to sick leave during the 2019/20 financial year shows a decrease of 1 620 days compared to the previous financial year. On average 231.5 working days are lost per month at an average 5 days per employee per year.

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

Directorates	2018/19	2019/20
Office of the Municipal Manager	12	15
Corporate Management	741.5	390
Technical Services	2 659.5	1 835
Community Services	313	216
Financial Services	497	243.5
Development Planning	175.5	79
Total	4 398.5	2 778.5

4.4 DIRECTORS PERFORMANCE REWARDS

In accordance with Regulation 32, a performance bonus, provided it is affordable, may be paid to a Senior Manager (Section 56) appointment, after -

- a) the annual report for the financial year under review has been tabled and adopted by the municipal Council;
- b) an evaluation of performance in accordance with the provisions of regulation 23; and
- c) approval of such evaluation by the municipal Council as a reward for outstanding performance.

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance with given resources and circumstances. All Section 57 Managers qualified for a performance bonus for the previous financial year during the 2019/20 financial year.

4.5 CONDITIONS OF SERVICE

The three-year Salary and Wage collective bargaining agreement reached in the South African Local Government Bargaining Council (SALGBC) at national level terminates on 30 June 2021. All the salary and wage adjustments were successfully implemented in this year.

The management of temporary contracts and the provisions thereof was highlighted in this year. The procurement and management of staff on temporary contracts has become increasingly difficult with amendments to the Labour Relations Act. Stricter compliance to contract periods in line with the Labour Relations Act (LRA) have been implemented.

The Collective Bargaining Agreement for Conditions of Service in the Western Cape Division of the SALGBC are also being complied with.

The recently published Regulations on the Public Audit Amendment Act, particularly with regards to parts that deal with "Material Irregularity" must be noted. There will be adverse finding where municipalities act outside the prescribed policy framework and bargaining council collective agreements. It is imperative that the boundaries of the collective agreements be respected and complied with.

4.6 HUMAN RESOURCE POLICY ADMINISTRATION

Human Resource Policy administration is an ongoing task that requires research, drafting, consultation and submission to the respective oversight steering committees' and decision-making structures of Council as well as consultation with the two representative trade unions active the Local Labour Forum. In this period the following policies were reviewed and amended:

- a) Leave Policy
- b) Recruitment and Selection
- c) Travel Costs, Accommodation and Meal Expenses
- d) Covid-19 Workplace Policy
- e) External Bursary Policy

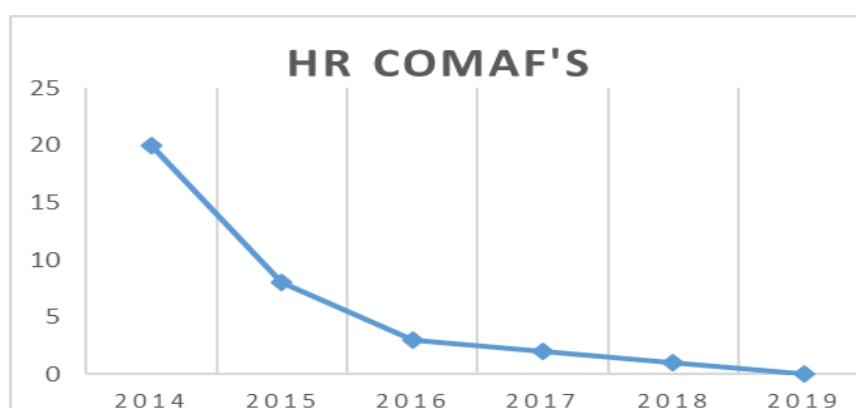
The Cabinet had at the end of this reporting period not approved the Municipal Staff Regulations as proposed by the Minister for Co-operative Governance and Traditional Affairs (CoGTA). The promulgation of the Regulations will require a review and alignment of policies where appropriate. A dedicated project effort to implement and explain the details of any changes to employment conditions to staff will be required.

4.7 AUDITOR-GENERAL'S HUMAN RESOURCE MANAGEMENT FINDINGS

An objective measure of internal human resource practices is the two main external assessments of human resource services, the Auditor General's report and the SALGA national Human Resource Maturity Assessment.

The Communication of Audit Findings (COMAF's) for human resource management over the last six years were as follows:

2014 = 20
 2015 = 8
 2016 = 3
 2017 = 2
 2018 = 1
 2019 = 0



4.8 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 performance indicator 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".

Description	African	Coloured	Indian	White	Total
* % Economically Active Population(Western Cape)	36%	48.7%	0.5%	14.8%	100%
Number for positions filled	43	446	0	66	555
% for Positions filled	7.7%	80.4%	0%	11.9%	100%

The percentage employees from previously disadvantaged groups in Top Management (Directors and Municipal Manager) changed. The current profile comprises of 2 white males, 2 white females and 2 coloured males in the top management team of 6.

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	2	0	2	0	0	0	2	6
%	0	33.3	0	33.3	0	0	0	33.3	100
Snr Management	0	7	0	8	0	2	0	1	21
%	0	38.9	0	44.4	0	11.1	0	5.6	100

The mentorship programme in Technical Services paid off. With the sudden death of the Director a competitive recruitment process was followed and one of the mentees was appointed as the new Director: Technical Services.

4.9 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to the post-recruitment and selection period where the human capital must be managed, deployed and utilized effectively. This requires discipline, training and development and fostering healthy and professional workplace human relationships amongst staff. Productivity is key.

4.9.1 OCCUPATIONAL HEALTH AND SAFETY (OHS)

Great strides continue to be made to ensure employees work are safe in the workplaces they work in. Challenges remain but systematically these are being addressed. These was a decrease of 13 incidents, compared to last year, in the number of workplace injuries. The biggest challenge of this financial year is the COVID-19 pandemic that hit the world.

Hessequa Municipality implemented all practices as required in the regulations promulgated by the Ministers. From the date that COVID-19 was declared a national disaster until 30 June 2020 only one (1) employee tested positive for COVID and recovered.

No serious injuries were reported. The following table indicates the total number of injuries on duty reported within the different departments:

Directorates	2018/19	2019/20
Office of the Corporate	0	0
Technical Services	3	2
Community Services	62	52
Financial Services	1	2
Development	3	0
Development	0	0
Total	69	56

4.9.2 CAPACITATING THE WORKFORCE

Section 68(1) of the MSA states that a municipality must develop its human resource 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 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). The financial year of the LGSETA runs from 1 May to 30 April as it is a national entity. These periods do not align with the Municipal financial year end as the National and Local Government financial years differ. The training interventions and expenditure reported hereunder is for the LGSETA Workplace Skills Plan period May 2019 to April 2020.

The table below indicates that a total amount of R862 000 was allocated towards the implementation of the workplace skills plan and that 106 % of the total amount was spent from 1 May 2019 to 30 April 2020. The Municipality received additional funding from LGSeta which resulted in over 100% expenditure.

Total personnel budget	Total Allocated	Total Spent	% of allocation spent
R128 341 967.03	R862 000	R917 075	106%

The table below shows the training interventions per occupational categories for the WSP Period 1 May 2019 to 30 April 2020.

Category	Gender	Target	Actual
Managers	Female	1	2
	Male	14	16
Professionals	Female	1	7
	Male	8	7
Technicians and Associate Professionals	Female	3	3
	Male	10	6
Clerical Support Workers	Female	5	9
	Male	0	1
Service Workers	Female	1	0
	Male	11	13
Skilled Workers	Female	0	0
	Male	4	6
Plant and Machine Operators	Female	2	2
	Male	15	13
Elementary Occupations	Female	3	4
	Male	83	60

Category	Gender	Target	Actual
Sub total	Female	16	27
	Male	145	123
Total		161	150

4.9.3 CREATING A LEARNING ORGANISATION

The Personal Development Process (PDP) is the bedrock of a solid and sustainable development plan for the municipality and its employees, this process is kept up to date by the training department. All training and development initiatives must align to these plans.

Training Return on Investment (ROI) was demonstrated through the practical application of learning in various technical projects. Of particular note this year were the two skills programs offered to unemployed community members, particularly unemployed youth.

4.9.4 MFMA COMPETENCIES

All the requirements for the Minimum Competency levels have been achieved by the respective employees where it is a requirement, apart from two officials whose minimum educational qualifications are lower than prescribed.

4.10 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the Municipal Systems Act (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 National Treasury Budget and Reporting Regulations SA22 and SA23 and Cost Cutting measures in Circular 82 of 2016.

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	R'000	
2018/19	157 498	430 659	36.57%
2019/20	173 016	468 994	36.89%

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

Financial year Description	2018/19	2019/20	
	Actual R'000	Approved Budget R'000	Actual R'000
Councillors			
Basic Salary	5 107	5 696	5 489
UIF, Medical and Pension Fund	685	723	671
Vehicle	1 122	1 181	1 082

Financial year	2018/19	2019/20	
Description	Actual R'000	Approved Budget R'000	Actual R'000
Cellphone	675	731	684
Housing		–	–
Performance		–	–
Other		–	–
Benefits		–	–
Sub Total	7 589	8 330	7 927
<i>% increase/(decrease)</i>			
<u>Senior Managers of the Municipality</u>			
Salary	5 688	6 120	5 560
UIF, Medical Aid– and Pension Contributions	977	1 045	1 089
Motor Vehicle Allowance	532	535	496
Cell phone Allowance	50	50	63
Housing allowance	0	–	–
Performance Bonus	1104	1 076	932
Other Benefits or Allowances	-308	64	247
Benefits	0	–	–
Sub Total	8 043	8 891	8 387
<i>% increase/(decrease)</i>			
<u>Other Municipal Staff</u>			
Basic Salaries and Wages	103 001	119 132	111 286
UIF, Medical Aid– and Pension Contributions	22 287	29 077	24 150
Motor Vehicle Allowance	4 082	4 681	3 906
Cell phone Allowance	314	347	306
Housing Allowance	1 079	1 536	1 176
Overtime	4 751	5 399	5 711
Other benefits or allowances	6 170	7 047	7 118
Post-retirement	182	9 973	3 049
Sub Total	141 866	177 192	156 702
<i>% increase/ (decrease)</i>			
Total Municipality	157 498	194 412 802	173 015 750
<i>% increase/ (decrease)</i>			9%

5 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 COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

HESSEQUA LOCAL MUNICIPALITY						
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AT 30 JUNE 2020						
Statement of Financial Performance	Final approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Revenue						
Revenue from non-exchange transactions	240 919 977	-	240 919 977	226 822 358	(14 097 619)	Note 56
Property Rates	94 656 652	-	94 656 652	95 339 697	683 045	
Fines	56 840 000	-	56 840 000	50 658 241	(6 181 759)	Rev 1
Licences and permits	1 563 005	-	1 563 005	1 387 338	(175 667)	
Income from agency services	2 203 254	-	2 203 254	2 265 082	61 828	Rev 2
Interest earned - outstanding receivables	550 800	-	550 800	556 393	5 593	
Donated Property, Plant and Equipment	1 250 000	-	1 250 000	825 383	(424 617)	Rev 10
Transfers Recognised - Operational	65 215 924	-	65 215 924	58 010 039	(7 205 885)	Rev 3
Transfers Recognised - Capital	18 640 342	-	18 640 342	17 780 186	(860 156)	Rev 4
Revenue from exchange transactions	278 859 091	-	278 859 091	283 297 409	4 438 318	
Service Charges	245 354 289	-	245 354 289	244 085 431	(1 268 858)	
Rental of facilities and equipment	2 659 875	-	2 659 875	2 875 131	215 256	Rev 5
Interest earned - external investments	8 688 286	-	8 688 286	21 226 254	12 537 968	Rev 6

HESSEQUA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AT 30 JUNE 2020

Interest earned - outstanding receivables	1 147 661	-	1 147 661	1 468 135	320 474	Rev 7
Other Revenue	18 413 664	-	18 413 664	17 920 747	(492 917)	Rev 8
Gains/(Loss) on Sale of Fixed Assets	2 595 316	-	2 595 316	(4 278 290)	(6 873 606)	Rev 9
Total Revenue	519 779 068	-	519 779 068	510 119 768	(9 659 300)	
Expenditure						
Employee related costs	184 702 025	-	184 702 025	165 089 047	(19 612 978)	Exp 5
Remuneration of Councillors	8 330 421	-	8 330 421	7 926 703	(403 718)	
Bad debts	51 606 299	-	51 606 299	52 550 383	944 084	
Depreciation and Asset Impairment	34 743 260	-	34 743 260	33 646 978	(1 096 282)	Exp 1
Inventory Consumed	28 117 097	35 170	28 152 267	25 268 231	(2 884 036)	Exp 2
Finance Charges	21 539 364	-	21 539 364	18 585 299	(2 954 065)	Exp6
Bulk purchases	108 897 244	-	108 897 244	111 887 825	2 990 581	
Transfers and Subsidies	2 431 460	30 000	2 461 460	2 372 153	(89 307)	
Contracted services	41 742 840	(67 738)	41 675 102	27 065 316	(14 609 786)	Exp 3
General expenses	33 741 816	2 568	33 744 384	24 601 891	(9 142 493)	Exp 4
Total Expenditure	515 851 826	-	515 851 826	468 993 826	(46 858 000)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	3 927 242	-	3 927 242	41 125 942	37 198 700	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AT 30 JUNE 2020

Statement of Financial Position	Final approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
ASSETS						<u>Note 55</u>
Current Assets	208 943 599	68 617 525	277 561 124	313 268 310	35 707 186	
Inventory	3 098 599	-	3 098 599	2 286 781	-811 818	
Trade receivables from exchange transactions	26 771 065	-3 016 426	23 754 639	30 872 432	7 117 793	Fp1
Trade receivables from non-exchange transactions	18 890 000	3 016 635	21 906 635	22 212 638	306 003	Fp1
VAT Receivable	4 629 109	-	4 629 109	1 736 178	-2 892 931	
Bank, Cash and Cash Equivalents	155 099 000	68 617 467	223 716 467	255 632 052	31 915 585	Fp2
Operating Lease Assets	452 826	-	452 826	524 895	72 069	
Current Portion of Long-term Receivables	3 000	-151	2 849	3 334	485	
Non-Current Assets	991 993 563	-35 606 208	956 387 355	909 631 449	-46 755 906	
Property, Plant and Equipment	912 066 000	-37 981 562	874 084 438	827 173 970	-46 910 468	
Intangible assets	367 688	-	367 688	255 821	-111 867	
Investment Property	71 228 000	2 378 414	73 606 414	73 876 177	269 763	
Heritage Assets	8 321 875	-	8 321 875	8 321 875	-	
Long-term Receivables	10 000	-3 060	6 940	3 606	-3 334	
Total Assets	1 200 937 162	33 011 317	1 233 948 479	1 222 899 759	-11 048 720	
LIABILITIES						
Current Liabilities	99 251 148	-17 946 120	81 305 028	96 169 100	14 864 072	
Consumer Deposits	9 260 565	-	9 260 565	9 148 786	-111 779	Fp3
Current Employee Benefits	9 913 583	-	9 913 583	19 435 207	9 521 624	Fp6
Creditors	59 420 320	-17 946 067	41 474 253	42 572 233	1 097 980	Fp4

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AT 30 JUNE 2020

Statement of Financial Position	Final approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Unspent Conditional Grants and Receipts	3 235 680	-	3 235 680	5 960 909	2 725 229	Fp4
Operating Lease Liabilities	-	-	-	79 989	79 989	
VAT Payable	-	-	-	-	-	
Current Portion of Long-term Liabilities	17 421 000	-53	17 420 947	18 971 976	1 551 029	Fp5
Non-Current Liabilities	308 159 000	-27 952 959	280 206 041	176 943 178	(103 262 863)	
Long-term Liabilities	168 483 000	-53 535 142	114 947 858	85 672 556	(29 275 302)	Fp7
Retirement Benefit Liabilities	56 902 391	-	56 902 391	48 556 412	(8 345 979)	
Non-current Provisions	80 473 609	25 582 183	106 055 792	40 452 934	(65 602 858)	Fp8
Trust Fund	2 300 000	-	2 300 000	2 261 276	(38 724)	Fp8
Total Liabilities	407 410 148	-45 899 079	361 511 069	273 112 278	(88 398 791)	
Total Assets and Liabilities	793 527 014	78 910 396	872 437 410	949 787 481	77 350 071	
NET ASSETS	793 527 014	78 910 396	872 437 410	949 787 481	77 350 071	
Statutory Funds	246 000	296 797	542 797	543 103	306	
Accumulated Surplus	793 281 014	78 613 599	871 894 613	949 244 378	77 349 765	Fp9
Total Net Assets	793 527 014	78 910 396	872 437 410	949 787 481	77 350 071	

Cash Flow from Operating Activities	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Receipts						Note 55
Property rates	92 763 519	-	92 763 519	93 367 713	604 194	

Cash Flow from Operating Activities	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Service charges	240 221 804	-	240 221 804	225 426 988	(14 794 816)	Cf1
Other revenue	35 649 398	-	35 649 398	34 165 806	(1 483 592)	Cf2
Government grants and subsidies	59 136 579	18 407 667	77 544 246	75 135 426	(2 408 820)	Cf3
Payments						
Suppliers and employees	(399 079 549)	(6 276 614)	(405 356 163)	(351 765 876)	53 590 287	Cf4
Transfers and grants	(1 196 580)	(1 154 000)	(2 350 580)	(2 372 153)	(21 573)	
Cash generated from operations	27 495 171	10 977 053	38 472 224	73 957 903	35 485 679	
Interest received	10 386 747	-	10 386 747	23 250 783	12 864 036	Cf5
Interest paid	(21 539 364)	-	(21 539 364)	(18 585 299)	2 954 065	Cf6
Net Cash from Operating Activities	16 342 554	10 977 053	27 319 607	78 623 386	51 303 780	
Cash flows from Investing Activities						
Purchase of property, plant and equipment	(110 408 968)	31 593 033	(78 815 935)	(61 345 619)	17 470 316	Cf7
Purchase of intangible assets		-			-	
Sale of property, plant and equipment	18 838 516	(16 243 200)	2 595 316	309 233	(2 286 083)	
(Increase)/decrease in non-current receivables	-	-	-	3 082	3 082	
Net Cash flows from Investing Activities	(91 570 452)	15 349 833	(76 220 619)	(61 033 304)	15 187 315	
Cash flows from Financing Activities						
New loans raised/(repaid)	42 749 451	(25 635 353)	17 114 098	(19 503 359)	(36 617 457)	
(Decrease)/increase in consumer deposits	440 980	-	440 980	(76 201)	(517 181)	
Increase in Housing Reserve				-	-	
Increase in Trust Funds	-	-	-	112 763	112 763	
Net Cash from Financing Activities	43 190 431	(25 635 353)	17 555 078	(19 466 797)	(37 021 875)	
Net Increase / (decrease) in Cash and Cash Equivalents	(32 037 467)	691 533	(31 345 934)	(1 876 715)	29 469 220	

Cash Flow from Operating Activities	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash and cash equivalents at the beginning of the year	187 136 914	70 371 852	257 508 766	257 508 767	1	
Cash and cash equivalents at the end of the year	155 099 447	71 063 385	226 162 832	255 632 052	29 469 220	Cf8

The table below indicates the summary of the financial performance for the 2019/20 financial year:

Financial Summary						
R'000						
Description	2018/19	2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Financial Performance						
Property rates	86 657	84 865	94 657	95 340	(10 475)	(683)
Service charges	218 879	213 928	245 354	244 085	(30 157)	1 269
Investment revenue	18 189	5 528	8 688	21 226	(15 698)	(12 538)
Transfers recognised operational	56 568	55 751	65 216	58 010	(2 259)	7 206
Other own revenue	84 745	93 210	85 974	71 840	21 370	14 134
Total Revenue (excluding capital transfers and contributions)	465 038	453 282	499 889	490 501	(37 219)	9 387
Employee costs	149 910	186 234	184 702	165 089	21 145	19 613
Remuneration of councillors	7 588	8 330	8 330	7 927	404	404
Depreciation & asset impairment	29 046	34 743	34 743	33 647	1 096	1 096
Finance charges	16 899	21 539	21 539	18 585	2 954	2 954
Materials and bulk purchases	119 049	138 530	137 050	136 536	1 994	513
Transfers and grants	1133	1 247	2 461	2 372	(1 125)	89
Loss on disposal of PPE						
Other expenditure	103 185	106 766	127 026	64 797	41 970	62 229
Total Expenditure	426 810	497 391 211	515 852	428 953	68 438	86 899
Surplus/(Deficit)	38 228	-15 611 830	(15 963)	61 549	(105 658)	(77 512)

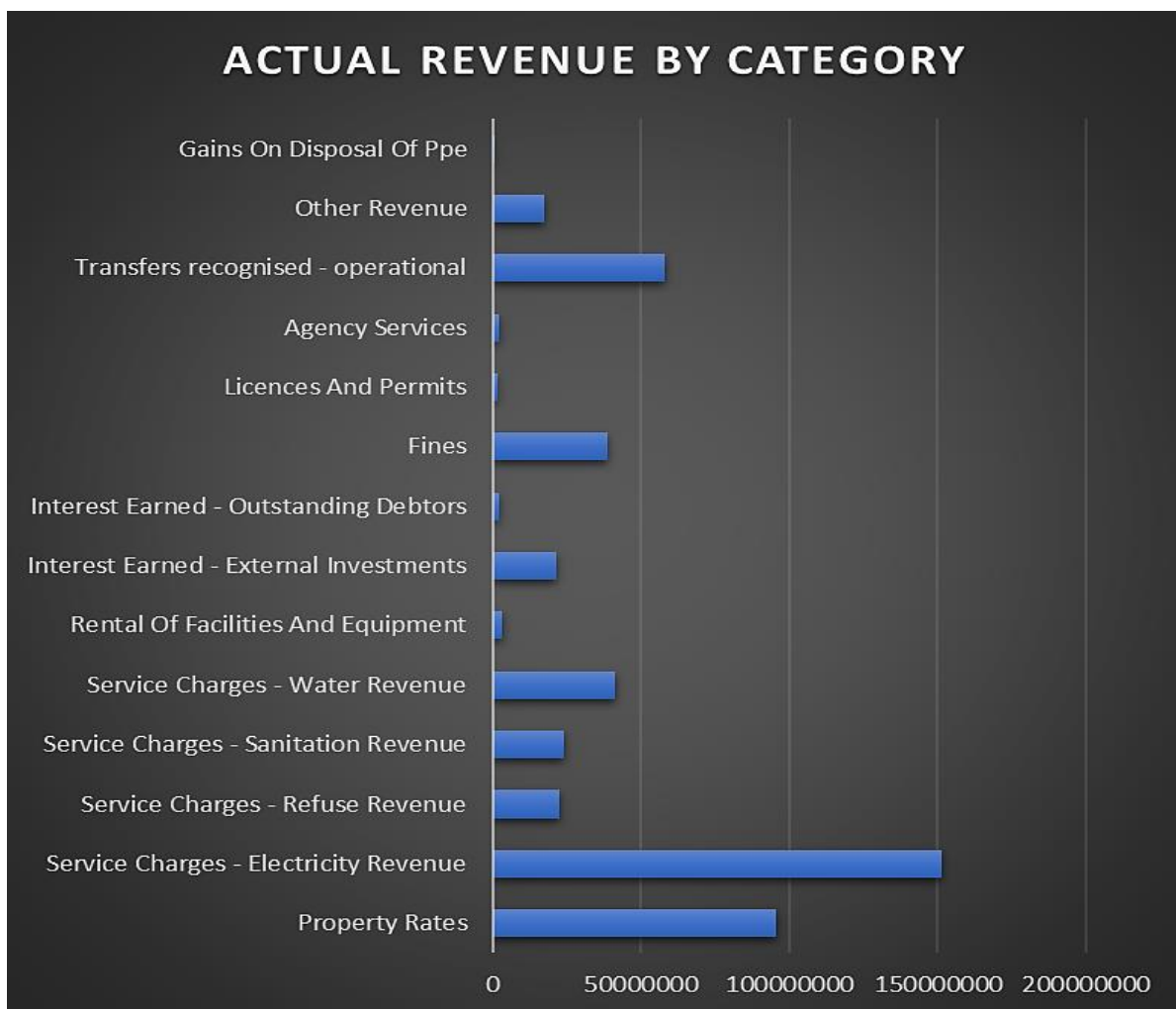
Financial Summary						
R'000						
Transfers recognised - capital	23 703	16 243	18 640	17 780	(1 537)	860
Contributions recognised - capital & contributed assets	4 722	–	1 250	825	(825)	425
Surplus/(Deficit) after capital transfers & contributions	66 653	631	3 927	80 154	(108 020)	(76 227)
Share of surplus/(deficit) of associate						
Surplus/(Deficit) for the year	66 653	631	3 927	80 154	(108 020)	(76 227)
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	27 011	16 243	19 891	16 993	(750)	2 897
Public contributions & donations			–		–	–
Borrowing	34 561	66 362	34 402	36 992	29 370	(2 590)
Internally generated funds	6 493	27 803	18 135	13 070	14 734	5 065
Total sources of capital funds	68 065	110 409	72 427	67 055	43 354	5 372
Financial position						
Total current assets	308 579	208 944	277 561	313 268	(104 324)	(35 707)
Total non-current assets	914 089	991 993	956 387	909 631	82 362	46 756
Total current liabilities	96 936	99 251	81 305	96 169	3 082	(14 864)
Total non current liabilities	256 492	308 158	280 206	176 943	131 215	103 263
Community wealth/Equity	869 241	793 528	872 437	949 787	(156 259)	(77 350)

Financial Summary						
R'000						
Cash flows						
Net cash from (used) operating	85 791	16 343	27 320	78 623	(62 281)	(51 304)
Net cash from (used) investing	(61 974)	(91 570)	(76 221)	(61 033)	(30 537)	(15 187)
Net cash from (used) financing	13 832	43 190	17 555	(19 467)	62 657	37 022
Cash/cash equivalents at the year end	257 509	155 099	226 163	255 632	(135)	(70)
Cash backing/surplus reconciliation						
Cash and investments available	257 509	155 099	223 716	255 632	(100 533)	(31 916)
Application of cash and investments	5 167	17 174	3 236	10 513	6 661	(7 277)
Balance - surplus (shortfall)	252 341	137 926	220 481	245 119	(107 193)	(24 638)
Asset management						
Asset register summary (WDV)	914 082 409	991 983 310	956 380 415	909 627 843	82 355	46 753
Depreciation & asset impairment	29 046 218	34 743 260	34 743 260	33 646 978	1 096	1 096
Renewal of Existing Assets	2 675 884	69 154 152	45 562 597	6 822 358	62 332	38 740
Repairs and Maintenance	69 255 405	83 577 933	85 241 452	76 762 850	6 815	8 479
Free services						
Cost of Free Basic Services provided	12 368 112	23 078 284	5 613 047	5 888 800	17 189	(276)
Revenue cost of free services provided	29 943 524	16 444 215	33 215 641	28 368 671	(11 924)	4 847
Variances are equal to actual minus original- and adjusted budget						

The table below shows a summary of performance against budgets:

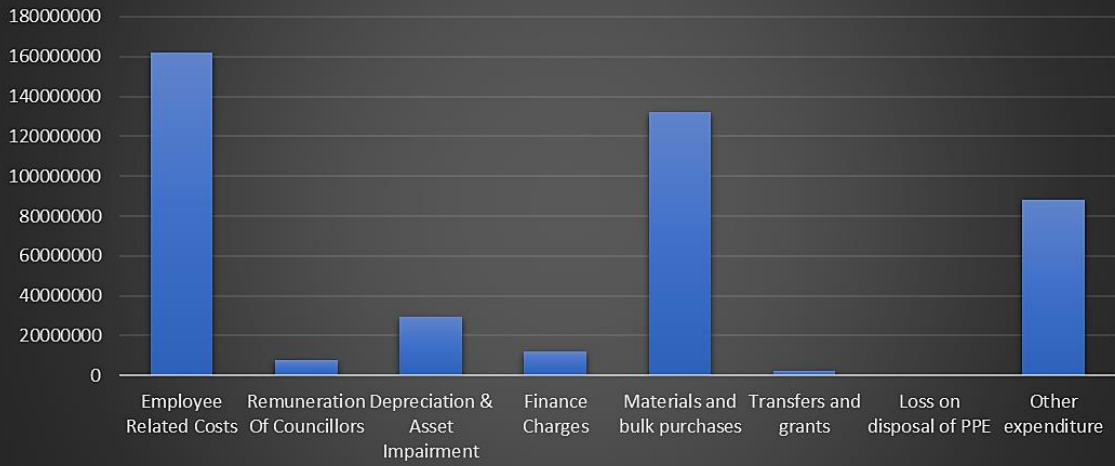
Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	Actual/Budget %	Budget	Actual	Diff.	Actual/Budget %
	R'000	R'000	R'000		R'000	R'000	R'000	
2018/19	489	493	-3 537	100.72%	478	430	48	89.96%
	925	462			742	659	083	
2019/20	519	510	9 659	98.14%	515	468	46	90.92%
	779	120			852	994	858	

The following graph indicates the revenue by source actuals for 2019/20



The following graph indicates the expenditure by type actuals for 2019/20.

EXPENDITURE BY CATEGORY



5.1.1 REVENUE COLLECTION BY VOTE

The table below indicates the Revenue collection performance by Vote:

Vote Description	2018/19		2019/20		2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote1 - Executive and Council	41 374	45 373	45 373	44 932	441	441
Vote2 - Internal Audit	(2)			()		
Vote3 - Finance and Admin	113 300	112 145	114 022	117 497	(5 352)	(3 475)
Vote4 - Planning and Development	3 751	4 717	4 962	3 894	823	1 068
Vote5 - Public Safety	279	49 971	1 030	769	49 202	261
Vote6 – Health *						
Vote7 - Community and Social Services	8 615	9 561	10 853	4 038	5 522	6 814
Vote8 - Sports and Recreation	12 258	15 788	16 091	2 777	13 011	13 314
Vote9 - Housing	3 245	1 355	5 123	259	1 096	4 864
Vote 10 - Waste Management	19 567	23 065	23 184	61 932	(38 867)	(38 748)
Vote11 - Road Transport	63 737	603	68 878	31 079	(30 476)	37 799
Vote12 - Waste Water Management	34 998	32 569	23 602	(22 949)	55 518	46 551
Vote13 - Water Management	50 745	41 946	43 544	1 007	40 939	42 537
Vote14 - Energy Sources	143 391	160 235	162 423	303 941	(143 706)	(141 518)
Vote15 - Environmental Protection	442	684	684	369	315	315
Vote16 - Other	118	10	10	(3)	13	13
Total Revenue by Vote	495 819	498 023	519 779	549 541	(51 518)	(29 762)
Variances are equal to actual minus original- and adjusted budget (*Health responsibility of District Municipality)						

5.1.2 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2019/20 financial year:

Description	2018/19		2019/20		2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					

Property rates	86 657	94 657	94 657	95 340	(683)	(683)
Property rates - penalties & collection charges						
Service Charges - electricity revenue	140 022	157 911	157 911	155 598	2 313	2 313
Service Charges - water revenue	37 622	40 987	41 217	42 295	(1 309)	(1 079)
Service Charges - sanitation revenue	21 827	23 332	23 332	23 928	(596)	(596)
Service Charges - refuse revenue	19 408	22 895	22 895	22 265	631	631
Service Charges - other						
Rental of facilities and equipment	2 906	2 660	2 660	2 875	(215)	(215)
Interest earned - external investments	18 189	8 688	8 688	21 226	(12 538)	(12 538)
Interest earned - outstanding debtors	2 368	1 698	1 698	2 025	(326)	(326)
Dividends received						
Fines	58 700	45 040	56 840	50 658	(5 618)	6 182
Licences and permits	1 445	1 563	1 563	1 387	176	176
Agency services	2 408	2 203	2 203	2 265	(62)	(62)
Transfers recognised - operational	56 568	59 137	65 216	58 010	1 127	7 206
Other revenue	16 917	18 414	18 414	18 314	100	100
Gains on disposal of PPE	2 356	2 595	2 595	39 730	(37 135)	(37 135)
Profit/(Loss) on Fair Value Adjustments						
Loss on Disposal				10 056	(10 056)	(10 056)
Total Revenue (excluding capital transfers and contributions)	467 393	481 779	499 889	545 971	(64 192)	(46 082)
Variances are equal to actual minus original- and adjusted budget						
(EXCLUDING CAPITAL GRANTS)						

5.1.3 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the Operational services performance for the 2019/20 financial year:

Description	2018/19	2019/20		2019/20 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Water Management	22 242	8 004	8 942	(26 101)	34 106	35 043
Waste Water Management	13 003	8 831	(1 031)	(74 334)	83 164	73 302
Energy Sources	21 709	17 442	20 804	(6 474)	23 916	27 278
Waste Management	(9 862)	(9 501)	(10 255)	(4 006)	(5 495)	(6 250)

Housing	(1 469)	(1 934)	(2 124)	(1 689)	(244)	(435)
Component A: sub-total	45 622	22 842	16 335	(112 604)	135 446	128 939
Waste Water (Storm water Drainage)						
Road Transport	(39 734)	(44 898)	(37 407)	(64 425)	19 527	27 018
Transport						
Component B: sub-total	(39 734)	(44 898)	(37 407)	(64 425)	19 527	27 018
Planning And Development	(6 294)	(5 456)	(5 529)	(5 946)	490	417
Other	(1 130)	(1 602)	(1 602)	(1 011)	(591)	(591)
Component C: sub-total	(7 424)	(7 057)	(7 131)	(6 957)	(100)	(173)
Community And Social Services	(7 309)	(10 106)	(9 034)	(9 026)	(1 080)	(8)
Environmental Protection	(1 520)	(4 233)	(4 107)	(1 752)	(2 481)	(2 356)
Health						
Public Safety	(4 899)	(7 660)	(7 540)	(6 341)	(1 319)	(1 199)
Sport And Recreation	(5 599)	(8 079)	(7 371)	(10 429)	2 349	3 058
Finance And Administration	62 580	46 562	47 290	61 213	(14 651)	(13 924)
Executive And Council	26 091	14 909	14 507	23 902	(8 992)	(9 395)
Internal Audit	(1 396)	(1 650)	(1 615)	(1 637)	(13)	22
Component D: sub-total	67 948	29 744	32 130	55 931	(26 187)	(23 801)
Net	66 412	631	3 927	(128 055)	128 686	131 982

In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are equal to actual minus original- and adjusted budget

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

5.2.1 WATER SERVICES

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Water Management	R'000				
Total Operational Revenue	50 821	41 946	43 544	43 401	143
Expenditure:					
Employees	10 096	12 640	12 594	11 194	1 400
Inventory	7 760	11 174	11 193	9 151	2 042
Depreciation and amortisation	2 926	3 551	3 551	2 777	774
Bulk Purchases	139	349	349	78	271
Interest Paid	1 222	2 172	2 155	1 702	453
Bad debts	2 633	817	817	1 112	(295)
Contracted Services	1 665	1 542	2 303	2 174	129
Loss on Disposal of PPE	76			39 931	(39 931)
Water losses	671				
Gains/(Loss) on Sale of Fixed Assets					
General Expenses	1 392	1 696	1 639	1 384	255
Total Operational Expenditure	28 580	33 942	34 602	69 502	(34 900)
Net	22 242	8 004	8 942	(26 101)	35 043
<i>Variations equal to actual minus adjustment budget</i>					
<i>(INCLUDING CAPITAL GRANTS)</i>					

5.2.2 WASTE WATER / SANITATION SERVICES

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Waste Water Management	R'000				
Total Operational Revenue	35 008	32 569	23 602	31 250	(7 648)
Expenditure:					
Employees	10 879	11 472	11 376	11 889	(513)
Inventory	1 470	2 052	1 900	1 735	165
Depreciation and amortisation	3 252	4 304	4 304	3 032	1 273
Bulk Purchases					
Interest Paid	1 131	2 656	2 656	1 971	685
Bad debts	2 457	466	466	851	(385)
Contracted Services	1 908	1 646	2 875	2 651	224
Loss on Disposal of PPE	10			82 590	(82 590)
Gains/(Loss) on Sale of Fixed Assets					
General Expenses	898	1 142	1 054	864	191
Total Operational Expenditure	22 005	23 739	24 633	105 584	(80 951)
Net	13 003	8 831	(1 031)	(74 334)	73 302
<i>Variations equal to actual minus adjustment budget</i>					

5.2.3 ELECTRICAL SERVICES

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Energy Sources	R'000				
Total Operational Revenue	143 415	160 235	162 423	160 066	2 358
Expenditure:					
Employees	10 995	14 158	13 158	11 177	1 982
Inventory	1 792	2 483	2 381	2 324	57
Depreciation and amortisation	2 952	3 566	3 566	2 780	786
Bulk Purchases	97 066	108 548	108 548	107 157	1 392
Interest Paid	5 585	5 210	5 210	4 884	326
Bad debts	(851)	2 981	2 981	232	2 749
Contracted Services	1 159	1 915	1 585	1 085	500
Loss on Disposal of PPE	24			33 022	(33 022)
Inventories: (write-down)/Reversal of write-down to Net Realisable value	*_	*_	*_	*_	*_
General Expenses	2 986	3 932	4 189	3 879	311
Total Operational Expenditure	117	142 794	141 619	166 540	(24 920)
Net	56	17 442	20 804	(6 474)	27 278
<i>Variations equal to actual minus adjustment budget</i>					

5.2.4 SOLID WASTE MANAGEMENT

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Waste Management	R'000				
Total Operational Revenue	19 659	23 065	23 184	22 633	552
Expenditure:					
Employees	11 350	12 966	12 966	12 018	948
Inventory	1 698	1 821	1 708	1 619	89

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Depreciation and amortisation	5 397	6 307	6 307	8 399	(2 092)
Bulk Purchases	*_	*_	*_	*_	*_
Interest Paid	6 031	7 280	7 297	275	7 022
Bad debts	2 068	438	438	690	(252)
Contracted Services	2 059	2 583	3 203	2 684	519
Loss on Disposal of PPE	92			122	(122)
General Expenses	825	1 172	1 521	833	688
Total Operational Expenditure	29 522	32 566	33 440	26 638	6 801
Net	(9 862)	(9 501)	(10 255)	(4 006)	(6 250)
<i>Variations equal to actual minus adjustment budget</i>					

5.2.5 HOUSING

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Housing	R'000				
Total Operational Revenue	3 245	1 355	5 123	259	4 864
Expenditure:					
Employees	1 505	1 682	1 682	1 516	166
Inventory					
Depreciation and amortisation	5	7	7	6	1
Bulk Purchases	*_	*_	*_	*_	*_
Interest Paid	*_	*_	*_	*_	*_
Bad debts	12			15	(15)
Contracted Services	3 162	1 520	5 479	357	5 122
Loss on Disposal of PPE	*_	*_	*_	*_	*_
General Expenses	30	80	80	54	26
Total Operational Expenditure	4 713	3 289	7 247	1 948	5 299

Net	(1 469)	(1 934)	(2 124)	(1 689)	(435)
<i>Variances equal to actual minus adjustment budget</i>					

5.2.6 ROADS

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Road Transport	R'000				
Total Operational Revenue	63 854	49 544	68 878	53 270	15 608
Expenditure:					
Employees	28 595	32 717	33 194	31 293	1 901
Inventory	5 006	6 221	5 251	5 427	(176)
Depreciation and amortisation	8 784	9 473	9 473	8 084	1 389
Bulk Purchases					
Interest Paid	2 563	3 255	3 255	2 722	533
Bad debts	50 040	35 000	45 000	38 953	6 047
Contracted Services	6 510	4 994	7 425	6 544	880
Loss on Disposal of PPE	117			22 384	(22 384)
General Expenses	1 975	2 782	2 688	2 289	399
Total Operational Expenditure	103 589	94 442	106 285	117 695	(11 410)
Net	(39 734)	(44 898)	(37 407)	(64 425)	27 018
<i>Variances equal to actual minus adjustment budget</i>					

5.2.7 PLANNING

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Planning And Development	R'000				
Total Operational Revenue	3 686	4 717	4 962	3 896	1 066
Expenditure:					
Employees	8 813	8 248	8 286	8 724	(438)
Inventory	99	120	122	71	51
Depreciation and amortisation	29	37	37	31	6
Bulk Purchases	-	-	-	-	-
Interest Paid	-	-	-	-	-
Bad debts	-	-	-	-	-
Contracted Services	419	696	952	465	487
Loss on Disposal of PPE				2	(2)
General Expenses	619	1 073	1 093	548	545
Total Operational Expenditure	9 979	10 173	10 491	9 842	649
Net	(6 294)	(5 456)	(5 529)	(5 946)	417
<i>Variances equal to actual minus adjustment budget</i>					

5.2.8 COMMUNITY & SOCIAL SERVICES

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Community And Social Services	R'000				
Total Operational Revenue	8 888	9 561	10 853	9 981	871
Expenditure:					
Employees	12 081	14 657	14 249	12 917	1 332
Inventory	830	1 043	1 595	1 493	102
Depreciation and amortisation	675	1 018	1 018	786	232
Bulk Purchases					

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Interest Paid	132	213	213	178	35
Bad debts					
Contracted Services	1 185	1 337	1 474	1 033	441
Loss on Disposal of PPE	273			1 701	(1 701)
General Expenses	1 020	1 398	1 338	900	438
Total Operational Expenditure	16 197	19 666	19 886	19 007	879
Net	(7 309)	(10 106)	(9 034)	(9 026)	(8)
<i>Variations equal to actual minus adjustment budget</i>					

5.2.9 ENVIRONMENTAL PROTECTION

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Environmental Protection	R'000				
Total Operational Revenue	442	684	684	369	315
Expenditure:					
Employees	915	3 492	3 467	1 014	2 453
Inventory	207	334	236	203	33
Depreciation and amortisation	6	34	34	7	27
Bulk Purchases					
Interest Paid					
Bad debts					
Contracted Services	333	458	417	354	62
Loss on Disposal of PPE					
General Expenses	501	600	638	541	96
Total Operational Expenditure	1 962	4 917	4 791	2 120	2 671
Net	(1 520)	(4 233)	(4 107)	(1 752)	(2 356)
<i>Variations equal to actual minus adjustment budget</i>					

5.2.10 SECURITY AND SAFETY

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Public Safety	R'000				
Total Operational Revenue	286	1 030	1 030	1 002	28
Expenditure:					
Employees	2 062	3 783	3 776	2 956	820
Inventory	309	633	540	525	15
Depreciation and amortisation	202	334	334	256	77
Bulk Purchases					
Interest Paid		158	158	137	21
Bad debts					
Contracted Services	2 346	3 153	3 244	2 980	264
Loss on Disposal of PPE	7			203	(203)
General Expenses	259	628	517	284	232
Total Operational Expenditure	5 185	8 690	8 570	7 342	1 227
Net	(4 899)	(7 660)	(7 540)	(6 341)	(1 199)
<i>Variance equal to actual minus adjustment budget</i>					

5.2.11 SPORT AND RECREATION

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Sport And Recreation	R'000				
Total Operational Revenue	12 444	15 788	16 091	13 290	2 801
Expenditure:					
Employees	11 651	14 713	14 457	13 083	1 374
Inventory	1 721	2 435	1 936	1 648	288
Depreciation and amortisation	1 855	2 842	2 842	1 798	1 044
Bulk Purchases					
Interest Paid	90	225	225	67	158

Description	2018/19		2019/20		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Bad debts					
Contracted Services	1 959	2 673	3 031	2 366	666
Loss on Disposal of PPE	186			4 063	(4 063)
General Expenses	581	978	971	693	278
Total Operational Expenditure	18 043	23 867	23 462	23 719	(257)
Net	(5 599)	(8 079)	(7 371)	(10 429)	3 058
<i>Variations equal to actual minus adjustment budget</i>					

5.2.12 FINANCE & ADMIN

Description	2018/19		2019/20		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Finance And Administration	R'000				
Total Operational Revenue	113 709	112 145	114 022	126 844	(12 822)
Expenditure:					
Employees	35 992	41 410	41 324	38 748	2 576
Inventory	898	1 202	1 175	1 035	140
Depreciation and amortisation	1 657	3 212	3 212	1 714	1 498
Bulk Purchases					
Interest Paid	146	371	371	156	215
Bad debts	1 464	1 904	1 904	676	1 228
Contracted Services	2 772	5 944	5 927	4 154	1 773
Loss on Disposal of PPE	409			9 950	(9 950)
Profit/(Loss) on Fair Value Adjustments					
Reversal of Impairment Loss/(Impairment Loss) on receivables					
General Expenses	7 791	11 540	12 819	9 197	3 623

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Expenditure	51 129	65 583	66 733	65 631	1 102
Net	62 580	46 562	47 290	61 213	(13 924)
<i>Variances equal to actual minus adjustment budget</i>					

5.2.13 EXECUTIVE & COUNCIL

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Executive And Council	R'000				
Total Operational Revenue	41 446	45 373	45 373	44 947	426
Expenditure:					
Employees	10 532	21 837	21 714	14 447	7 267
Inventory	29	59	59	51	8
Depreciation and amortisation	35	38	38	34	4
Bulk Purchases					
Interest Paid					
Bad debts					
Contracted Services	684	3 998	3 557	1 219	2 339
Loss on Disposal of PPE	7			15	(15)
General Expenses	4 068	4 532	5 498	5 279	219
Total Operational Expenditure	15 355	30 464	30 866	21 045	9 821
Net	26 091	14 909	14 507	23 902	(9 395)
<i>Variances equal to actual minus adjustment budget</i>					

5.2.14 INTERNAL AUDIT

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Internal Audit	R'000				
Total Operational Revenue		–	–	–	–
Expenditure:					
Employees	1 288	1 415	1 415	1 542	(127)
Inventory	1	2	2	2	
Depreciation and amortisation	3	3	3	2	1
Bulk Purchases		–	–	–	–
Interest Paid		–	–	–	–
Bad debts		–	–	–	–
Contracted Services	56	126	91	51	40
Loss on Disposal of PPE	2				()
General Expenses	46	105	105	40	65
Total Operational Expenditure	1 396	1 650	1 615	1 637	(22)
Net	(1 396)	(1 650)	(1 615)	(1 637)	22
<i>Variences equal to actual minus adjustment budget</i>					

5.2.15 OTHER

Description	2018/19		2019/20		
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
			Budget		
Other	R'000				
Total Operational Revenue	120	10	10	–	10
Expenditure:					
Employees	744	754	754	500	254
Inventory	24	54	54	10	44
Depreciation and amortisation	17	17	17	15	2
Bulk Purchases		–	–	–	–

Description	2018/19	2019/20			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Interest Paid		–	–	–	–
Bad debts		–	–	–	–
Contracted Services	74	112	112	23	89
Loss on Disposal of PPE	2	–	–	3	(3)
General Expenses	390	675	675	460	216
Total Operational Expenditure	1 250	1 612	1 612	1 011	601
Net	(1 130)	(1 602)	(1 602)	(1 011)	(591)
<i>Variations equal to actual minus adjustment budget</i>					

5.3 GRANTS

5.3.1 GRANT PERFORMANCE

Grant Performance						
R'000						
Description	2018/19			2019/20		2018/19 Variance
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<u>Operating Transfers and Grants</u>						
National Government:	44 199	47 404	47 642	47 591	(187)	51
Equitable share	40 885	44 063	44 063	44 063	–	–
Municipal Systems Improvement					–	–
Finance Management	1 540	1 550	1 550	1 550	–	–
Energy Efficiency & Demand Management					–	–
Expended Public Works programme (EPWP)	1 022	1 108	1 108	1 108	–	–
Disaster Recovery Grant					–	–
Mig 5%	673	683	683	632	51	51
Integrated National Electricity Program	79	–	–	–	–	–
Municipal Disaster Relief Grant		–	238	238	(238)	–
Provincial Government:	12 186	2 549	13 197	10 350	(7 802)	2 846

Grant Performance						
R'000						
Description	2018/19			2019/20		2018/19 Variance
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Housing	3 160	1 382	5 141	124	1 258	5 017
Housing Consumer education					–	–
Housing Correction Previous claims					–	–
National Emergency Housing Programme / Elec Master plan					–	–
Tuin op die brak					–	–
Greenest municipality					–	–
Financial Support Grant / Management	451		895	371	(371)	524
Performance Management Grant					–	–
Thusong Centre					–	–
Capacity Building	504		5 141	886	(886)	4 255
Libraries	7 962	1 143	1 446	8 260	(7 117)	(6 814)
CDW, Road Maintenance	110	24	24	160	(136)	(136)
LG Support Grant: Humanitarian Relief		–	550	550	(550)	–
Other grant providers	183	–	1 509	69	(69)	1 440
Seta/Disaster Relief/Trade Union/HCE/ASLA/tourism	183	–	1 238	45	(45)	1 193

Grant Performance						
R'000						
Description	2018/19		2019/20		2018/19 Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Heritage Council WC					–	–
Arbor City		–	271	24	(24)	247
National Lottery fund					–	–
Total Operating Transfers and Grants	56 568	49 952	62 347	58 010	(8 058)	4 337
<i>Variances equal to actual minus original and adjustment budget</i>						

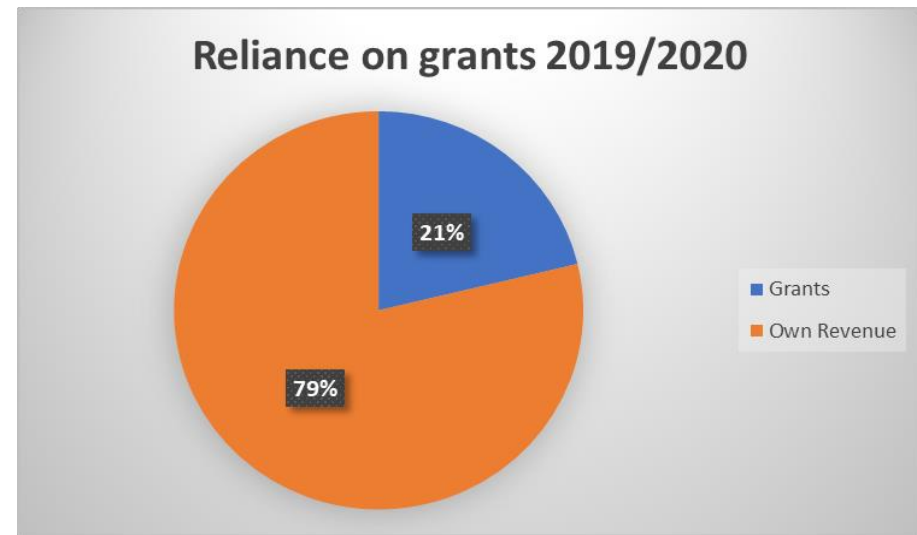
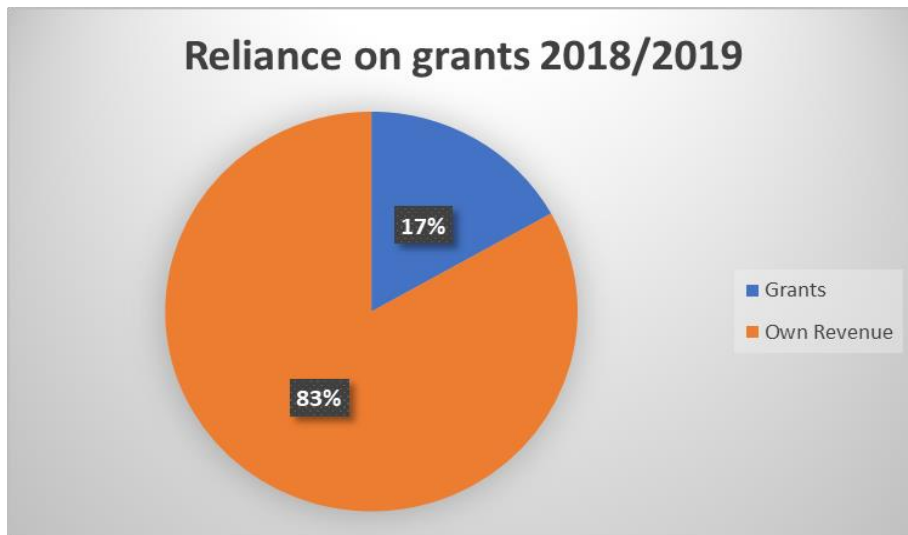
5.3.2 CONDITIONAL GRANTS (EXCLUDING MIG)

R' 000						
Details	Budget	Adjusted Budget	Actual	Variance		Major conditions applied by donor
				Budget	Adjusted Budget	
FMG, MSIG, NEP, EPWP, DME, PGWC:LIBRARY GRANTS , PGWC: FINANCIAL SUPPORT GRANT	14 762 000	19 791 459	18 987 978	-4 225 978	803 481	
Total	14 762 000	19 791 459	18 987 978	-4 225 978	803 481	
<i>This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG). Variances equal to actual minus original/adjustment budget</i>						

5.3.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'000	R'000	%
2018/19	80 272	493 463	16.27%
2019/20	75 790	510 120	14.86%

The following graph indicates the municipality's reliance on grants as percentage for the last two financial years.



5.4 ASSET MANAGEMENT

The Municipality maintained its infrastructure and immovable assets.

5.4.1 MAINTENANCE / DEVELOPMENT OF THE THREE LARGEST ASSETS

Asset 1		
Name	Upgradings of Roads and Stormwater in Hessequa Municipal Area	
Description	Slurry seal, paving, laying of kerbs and stormwater related infrastructure where required.	
Asset Type	Infrastructure	
Key Staff Involved	Director Technical Services: (Rhushan Manho) & Manager Civil Planning and Project Management (Shahida Kennedy)	
Staff Responsibilities	Project management	
Asset Value	2018/19 (R'000)	2019/20 (R'000)
	0	11 350

Asset 2		
Name	Upgrading of Stillbay Waste Water Treatment Works	
Description	Upgrading of civil , mechanical and electrical upgrades at the sewerage works to comply to the conditions of the water use licence and to increase the loading capacity to 4 ML/day.	
Asset Type	Infrastructure	
Key Staff Involved	Director Technical Services: (Rhushan Manho) & Manager Civil Planning and Project Management (Shahida Kennedy)	
Staff Responsibilities	Project management	
Asset Value	2018/19 (R'000)	2019/20 (R'000)
	0	11 957

Asset 3		
Name	Upgrading of Roads and Stormwater in Slangrivier	
Description	Paving of roads, laying of kerbs and stormwater related services where required.	
Asset Type	Infrastructure	
Key Staff Involved	Director Technical Services: (Rhushan Manho) & Manager Civil Planning and Project Management (Shahida Kennedy) / MIG and Project Coordinator (Istianah Botes)	
Staff Responsibilities	Project management	
Asset Value	2018/19 (R'000)	2019/20 (R'000)
	0	6560

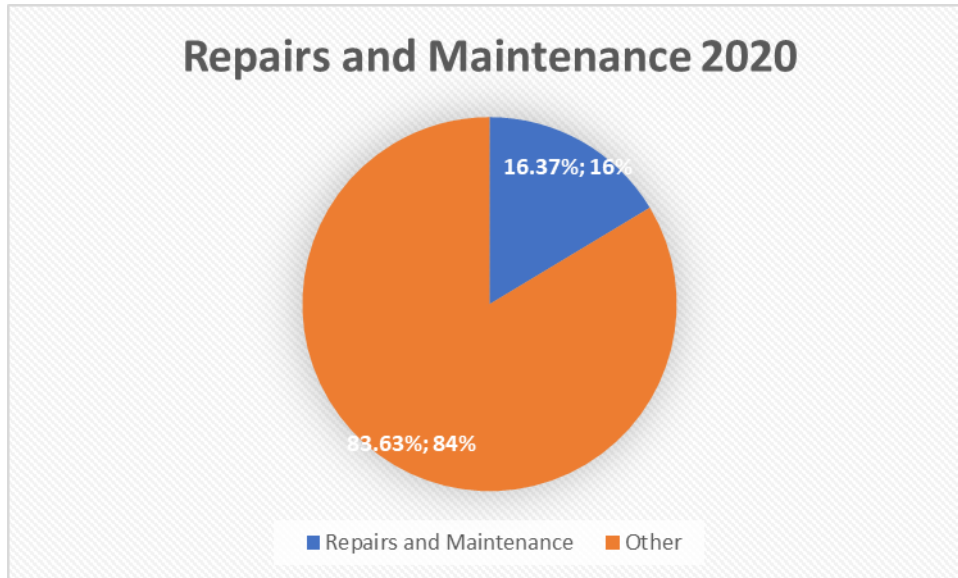
One of the recommendations in the approved financial plan of the Council is not to neglect the replacement of existing assets.

5.4.2 REPAIRS AND MAINTENANCE

Description	2018/19	2019/20
	R'000	R'000
Total Operating Expenditure	430 659	468 994
Repairs and Maintenance	70 734	76 763
% of total OPEX	16.42%	16.37%

*Note: These figures do not include salaries of repairs and maintenance staff

The following graph indicates the percentage of the budget that was spent on repairs & maintenance in relation to the operational expenditure.



Repairs & Maintenances. Operational Expenditure

The repairs and maintenance costs above do not include employee costs associated with repairs and maintenance, since the municipality do not take these costs into account when calculating the total repairs and maintenance costs. The aforementioned will bring the percentage spend on repairs and maintenance costs closer to the norm of approximately 7%.

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1 LIQUIDITY RATIO

Description	Basis of calculation	2018/19	2019/20
		Audit outcome	Audit outcome
Current Ratio	Current assets/current liabilities	3.18	3.26
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.91	2.93
Liquidity Ratio	Monetary Assets/Current Liabilities	3.15	3.23

Financial year	Total Assets	Total Liabilities	Ratio
	R'000	R'000	
2018/19	1 222 668 087	353 427 521	3.5:1
2019/20	1 222 899 759	273 112 277	3.0:1

5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

Description	Basis of calculation	2018/19	2019/20
		Audit outcome	Audit outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	11.86	10.87
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	10.73%	12.65%
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.02	11.68

5.5.3 CREDITORS MANAGEMENT

Description	Basis of calculation	2018/19	2019/20
		Audit outcome	Audit outcome
Creditors System Efficiency	of Creditors Paid Within Terms (within MFMA' s 65(e))	63.49	82.56

5.5.4 BORROWING MANAGEMENT

Description	Basis of calculation	2018/19	2019/20
		Audit outcome	Audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	7.97%	8.12%

5.5.5 EMPLOYEE COSTS

Description	Basis of calculation	2018/19	2019/20
		Audit outcome	Audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.87%	37.42%

5.6 COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6.1 ANALYSIS OF CAPITAL AND OPERATING EXPENDITURE

R million	Original Budget	Adjusted Budget	Actual	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	110 409	72 427	62 171	48 238	10 256
Operating Expenditure	497 391	515 852	468 994	28 397	46 858
Total expenditure (Capital)	110 409	72 436	67 055	43 354	5 381
Water and sanitation	49 437	22 329	26 405	23 033	(4 076)
Electricity	25 291	9 133	6 680	18 611	2 454
Housing	–	9	8	(8)	1
roads pavements bridges and storm water	16 311	23 999	19 901	(3 589)	4 098
Other	19 370	16 967	14 062	5 308	2 905
Total Finance Source - Capital	110 409	72 427	67 055	43 354	5 372
External Loans	66 362	34 402	36 992	29 370	(2 590)
Internal contributions	27 803	18 135	13 070	14 734	5 065
Grants and subsidies	16 243	19 891	16 993	(750)	2 897
Other		0	0	0	
Salaries, wages and allowances	194 564	193 032 446	173 015 750	21 549	20 017
External loans repaid	21 539	21 539 364	18 585 299	2 954	2 954
Operating Revenue	498 023	519 779	510 120	(12 097)	9 659
Property rates	94 657	94 656 652	95 339 697	(683)	(683)
Service charges	245 124	245 354 289	244 085 431	1 039	1 269
Other own revenue	158 242	179 768 127	170 694 640	(12 453)	9 073
Operating Expenditure	497 391	515 852	468 994	28 397	46 858

Employee related costs	186 234	193 032 446	173 015 750	13 218	20 017
Provision for working capital	41 606	51 606 299	52 550 383	(10 944)	(944)
Contracted services	32 694	41 675 102	27 065 316	5 629	14 610
Bulk purchases	108 897	108 897 244	111 887 825	(2 991)	(2 991)
Other expenditure	127 959	120 640 735	104 474 553	23 485	16 166
	160 235	162 423	160 066	170	2 358
Service charges: Electricity	157 911	157 911	155 598	2 313	2 313
Grants & subsidies: Electricity	1 985	4 173	4 173	(2 188)	–
Other revenue: Electricity	340	340	295	45	45
	142 794	141 619	(3 726)	146 520	145 346
Employee related costs: Electricity	14 158	13 158	11 163	2 995	1 995
Provision for working capital: Electricity	2 981	2 981	232	2 749	2 749
Contracted Services: Electricity	1 915	1 585	1 085	830	500
Bulk purchases: Electricity	108 548	108 548	111 809	(3 261)	(3 261)
Other expenditure: Electricity	15 191	15 347	(128 016)	143 207	143 363
	41 946	43 544	44 569	(2 623)	(1 025)
Service charges: Water	40 987	41 217	42 295	(1 309)	(1 079)
Grants & subsidies: Water	683	1 833	1 843	(1 160)	(10)
Other revenue: Water	277	494	431	(154)	63
	33 942	34 602	29 881	4 060	4 721
Employee related costs: Water	12 640	12 594	11 194	1 446	1 400
Provision for working capital: Water	817	817	1 112	(295)	(295)
Contracted Services: Water	1 542	2 303	2 083	(541)	220
Bulk purchases: Water	349	349	78	271	271
Other expenditure: Water	18 593	18 538	15 413	3 180	3 125

5.6.2 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2019/20 financial year:

Capital Expenditure - Funding Sources 2018/19 to 2019/20						
R'000						
Details	2018/19			2019/20		
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Variance Ori	Variance Adjustment
External loans	34 561	66 362	34 402	36 992	29 370	(2 590)
Public contributions and donations		–	–	–	–	–
Grants and subsidies	27 011	16 243	19 891	16 993	(750)	2 897
Other / CRR	6 493	27 803	18 135	13 070	14 734	5 065
Total	68 065	110 409	72 427	67 055	43 354	5 372
<i>Percentage of finance</i>						
External loans	50.78%	60.11%	47.50%	55.17%	68%	-48%
Public contributions and donations	0.00%		0	0	0%	0%
Grants and subsidies	39.68%	14.71%	27.46%	25.34%	-2%	54%
Other	9.54%	25.18%	25.04%	19.49%	34%	94%
<i>Percentage of expenditure</i>						
Water and sanitation	43 510	49 437	22 329	26 405	23 033	(4 076)
Electricity	5 393	25 291	9 133	6 680	18 611	2 454
Housing		–	9	8	(8)	1
Roads and stormwater	9 857	16 311	23 999	19 901	(3 589)	4 098
Other	9 305	19 370	16 967	14 062	5 308	2 905
Total	68 065	110 409	72 436	67 055	43 354	5 381
<i>Percentage of expenditure</i>						
Water and sanitation	63.92%	44.78%	30.83%	39.38%	53.13%	-75.75%
Electricity	7.92%	22.91%	12.61%	9.96%	42.93%	45.60%
Housing						
Roads and stormwater	14.48%	14.77%	33.13%	29.68%	-8.28%	76.15%
Other	13.67%	17.54%	23.42%	20.97%	12.24%	53.97%

Funding of the capital budget consist of a mix of external loans, grants & subsidies and own funds. The effect of interest rates on external borrowings was taken into account with the compilation of the budget.

5.6.3 CAPITAL SPENDING ON THE 5 MOST EXPENSIVE PROJECTS

Projects with the highest capital expenditure in 2019/20.

Name of Project*	Current Year: 2019/20		Variance Current Year: 2019/20
	Amended Budget	Actual Expenditure	Variance
	R'000	R'000	R'000
Upgrading of Sewerage works - Stillbay	11 852	11 957	-105
Upgrading of Roads and Stormwater in Slangrivier	7 534	6 560	974
Low Level Reservoir Rehabilitation (Roof)- Riversdale	4 000	3 918	82
Refuse compactor - Hessequa	2 200	1 594	606
Development of Sport Ground - Slangrivier	2 000	1 739	261

Name of Project	Upgrading of Sewerage works - Still Bay
Objective of Project	The Refurbishment of the sewerage works at Still Bay was initiated to comply to the conditions of the water use licence. The second reason was to refurbish the existing infrastructure to effectively utilized the current infrastructure and address the odour problems experienced during the seasonal peak periods. The sewerage works was initially designed with a capacity of the 2ML per day. With the current upgrades the plant will be able to carry a loading capacity up to 4 ML/day. The upgrading consists of civil , mechanical and electrical upgrades.
Delays	Due to the national COVID 19 lockdown implemented from 26 March 2020, all construction activities were stopped. This led to a delay in the completion of the project. The completion date was extended until 14 August 2020.
Future Challenges	None
Anticipated citizen benefits	3510 (Still Bay)

Name of Project	Upgrading of Roads and Stormwater in Slangrivier
Objective of Project	Paving of roads, laying of kerbs and stormwater related services in the Slangrivier area
Delays	None
Future Challenges	None
Anticipated citizen benefits	3011 (Slangrivier)

Name of Project	Upgrading of Roads and Stormwater in Slangrivier
Objective of Project	Paving of roads, laying of kerbs and stormwater related services in the Slangrivier area
Delays	None
Future Challenges	None
Anticipated citizen benefits	3011 (Slangrivier)

Name of Project	Low Level Reservoir Rehabilitation (Roof) - Riversdale
Objective of Project	To refurbish the existing columns, beams and walls and to replace the existing concrete roof with a wood structure.
Delays	Due to the national COVID 19 lockdown implemented from 26 March 2020, all construction activities were stopped. This led to a delay in the completion of the project. The completion date was extended until 21 September 2020.
Future Challenges	None
Anticipated citizen benefits	16176 (Riversdale)

Name of Project	Refuse compactor - Hessequa
Objective of Project	Replacement of the old refuse compactor
Delays	None
Future Challenges	None
Anticipated citizen benefits	52642 (Hessequa)

Name of Project	Development of Sport Ground - Slangrivier
Objective of Project	Installation of irrigation system, water tanks and grass surfacing at the Slangrivier Sport facility
Delays	None
Future Challenges	None
Anticipated citizen benefits	3011 (Slangrivier)

5.6.4 MUNICIPAL INFRASTRUCTURE GRANT (MIG)* EXPENDITURE 2019/20 ON SERVICE BACKLOGS

This grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Municipal Infrastructure Grant (MIG)* Expenditure 2019/20 on Service backlogs			
R0			
Details	Approved Budget	Actual	Variance from Approved Budget
Infrastructure - Road transport	7 534	6 561	973
Storm water			
Sport development	4 000	3 478	522
Street Lighting			
Infrastructure - Water	910	896	13
Dams & Reservoirs			
Infrastructure - Sanitation	-	-	-
Reticulation			
Other:			
Total	12 443	10 936	1 508
<p><i>* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure. Variances is the difference between actual and approved budget</i></p> <p><i>The amount of R3 988 was unspent at year end due to limited time. Rollover applications will be submitted for all the unspent funds.</i></p>			

All MIG funds received are utilised to improve and provided services to previously disadvantaged areas.

5.7 COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Accurate cash flow projections will enable the Council to invest surplus funds at the best interest rate. Stricter measures have been implemented to ensure more accurate cash flow projections.

The collection of debtors influence the cash flow of the municipality and all the necessary steps are taken to increase debt recovery.

5.7.1 CASH FLOWTABLE:

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020					
	Note	Budget 1920	2020/06/30	2019/06/30	
Cash Flow from Operating Activities			R	R	
		Budget	Actual	Restated	
Receipts		446 179	428 096	405 472	
Property rates		92 764	93 368	83 660	
Fines		10 810	9 765	8 372	
Government grants and subsidies		77 544	75 135	74 510	
Service Charges		240 222	225 427	215 295	
Income from agency services		2 203	2 265	2 408	
Rental of facilities and equipment		2 660	2 875	2 906	
Licences and permits		1 563	1 387	1 445	
Other receipts		18 414	17 873	16 875	
Payments		(407 707)	(354 138)	(323 339)	
Employee related cost		(183 702)	(162 892)	(151 358)	
Remuneration of councillors		(8 330)	(7 927)	(7 588)	
Transfers and Subsidies		(2 351)	(2 372)	(1 133)	
Suppliers paid		(213 324)	(160 401)	(142 585)	
Other payments			(20 547)	(20 675)	
Cash generated from operations	36	38 472	73 958	81 830	
Interest received		10 387	23 251	20 557	
Interest paid	32	(21 539)	(18 585)	(16 899)	
Net Cash from Operating Activities		(11 153)	78 623	85 488	

Cash flows from Investing Activities				
Purchase of property, plant and equipment	8	(78 816)	(61 346)	(63 343)
Purchase of intangible assets				–
Sale of property, plant and equipment		2 595	309	1 366
Decrease in non-current receivables		–	3	3
Net Cash flows from Investing Activities		(76 221)	(61 033)	(61 974)
Cash flows from Financing Activities				
New loans raised/(repaid)		17 114	(19 503)	12 593
Increase in consumer deposits		441	(76)	825
Increase in Housing Reserve			–	297
Increase in Trust Funds			113	116
Net Cash from Financing Activities		17 555	(19 467)	13 832
Net Increase in Cash and Cash Equivalents		(31 346)	(1 877)	37 648
Cash and cash equivalents at the beginning of the year		257 509	257 509	219 860
Cash and cash equivalents at the end of the year	35	226 163	255 632	257 509

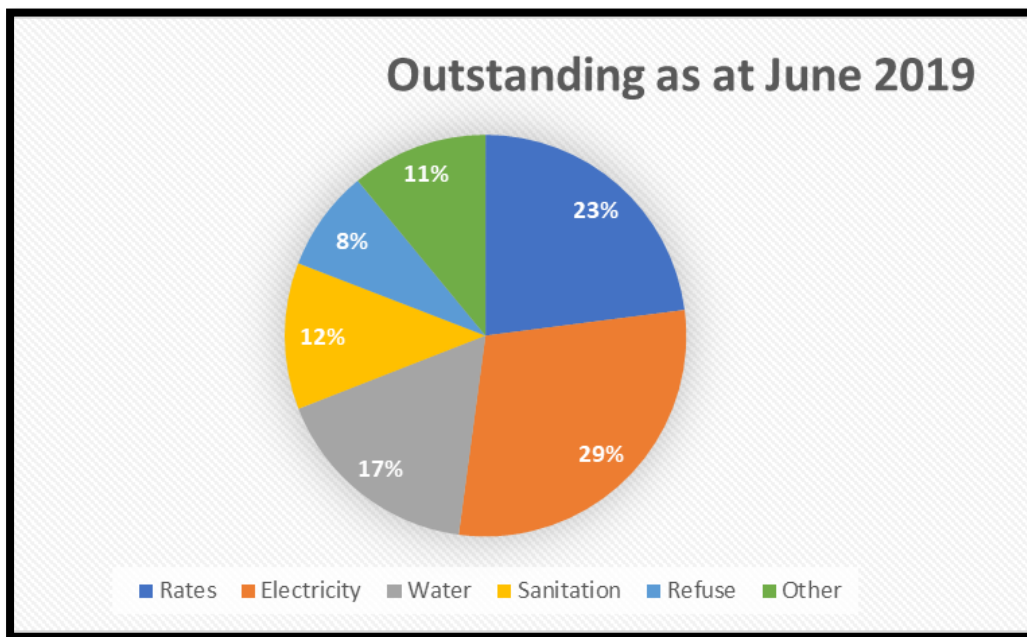
5.7.2 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2018/19	13 709	27 537	11 921	–	6 554	59 721
2019/20	14 997	34 741	14 451	–	9 573	73 763
Difference	1 288	7 204	2 531	–	3 019	14 042
% growth year on year	8.59%	20.74%	17.51%		31.53%	19.04%
Note: figures exclude provision for bad debts and outstanding fines						

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2018/19	13 709	27 537	11 921	–	14 153	67 320
2019/20	14 997	34 741	14 451	–	13 831	78 021
Difference	1 288	7 204	2 531	–	(322)	10 701
% growth year on year	8.59%	20.74%	17.51%		-2.33%	13.71%

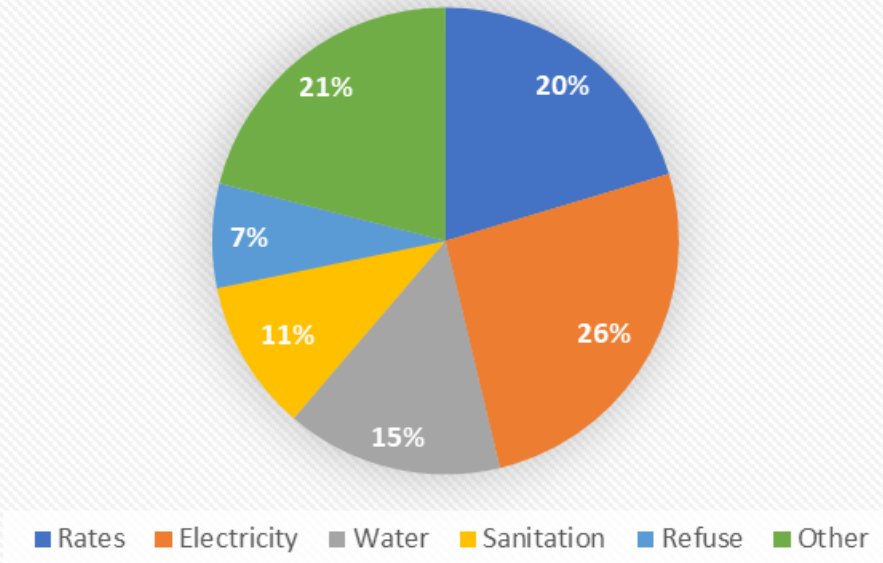
Note: figures exclude provision for bad debts on rates and services and include the written down value on traffic fines

The following graphs indicate the total outstanding debt per type of service for 2018/19 and 2019/20 excluding and including fines



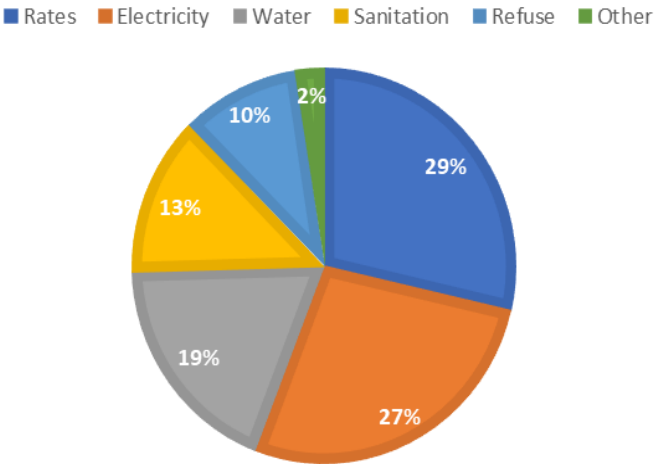
Excluding fines

Outstanding as at June 2019

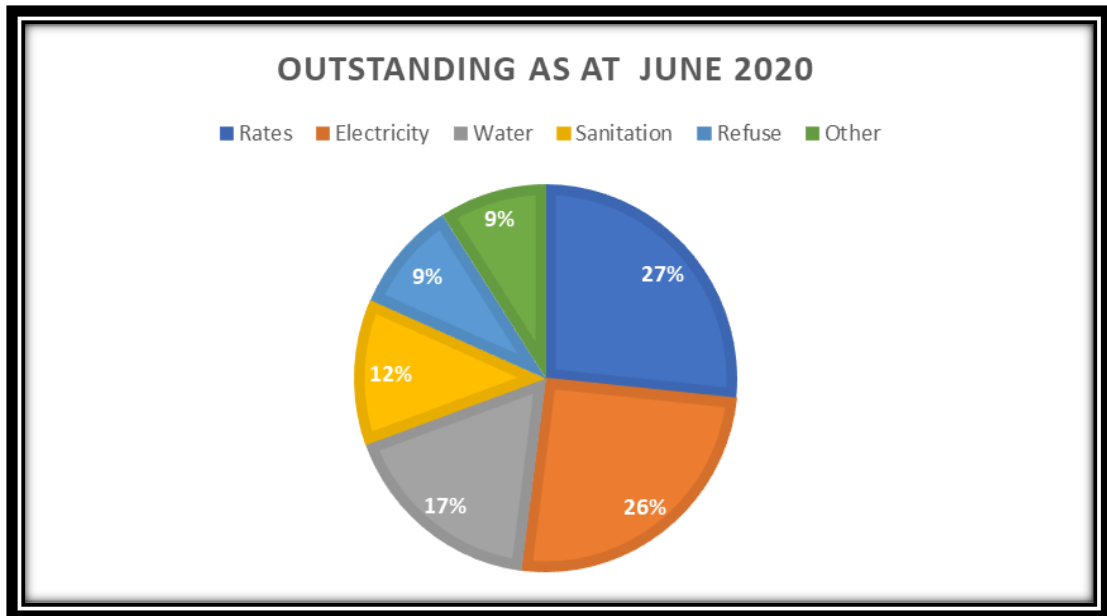


Including Fines

OUTSTANDING AS AT JUNE 2020



Excluding fines



Including fines

5.7.3 TOTAL DEBTORS AGE ANALYSIS

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	25 124	4 382	1 906	23 311	54 722
2018/19	26 275	4 523	2 103	26 821	59 721
Difference	1 151	141	197	3 510	4 999
% growth year on year	4,38%	3,11%	9,38%	13,09%	8,37%
<i>Note: figures exclude provision for bad debts and outstanding fines-</i>					
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	25 124	4 382	1 906	31 372	62 784
2018/19	26 275	4 523	2 103	34 420	67 320
Difference	1 151	141	197	3 048	4 537
% growth year on year	4,38%	3,11%	9,38%	8,85%	6,74%
<i>Including fines</i>					

5.7.4 BORROWING AND INVESTMENTS

5.13.1 Actual Borrowings

R'000		
Instrument	2018/19	2019/20
Long-Term Loans	124 148	104 645
Total	124 148	104 645

5.8 COMPONENT D: OTHER FINANCIAL MATTERS

5.8.1 SUPPLY CHAIN MANAGEMENT

- The Municipality reviews the Supply Chain management Policy annually and complies with the legislative requirements.
- No councillors are members of any committee handling supply chain processes.
- Contract management and performance of suppliers are currently being done by SCM in conjunction with Managers.

5.8.2 GRAP COMPLIANCE

The municipality is GRAP compliant.

6 AUDITOR GENERAL'S FINDINGS

6.1 COMPONENT A: AUDITOR-GENERAL OPINION 2018/19

Auditor-General Report on Performance Information 2018/2019	
I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective. <ul style="list-style-type: none">• Strategic objective 2: Cost effective service delivery	No findings
Auditor-General Report on Non-Compliance Issues 2018/2019	
I did not raise any material findings on compliance with the specific matters in key legislation as set out in the general notice issued in terms of the PAA.	No findings

AG Report on Performance information & Compliance 2018/19

Auditor-General Report on Financial Performance 2018/2019	
In my opinion, the financial statements present fairly, in all material respects, the position of the Hessequa 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 Standard 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)..	Audit opinion: Unqualified with no findings (Clean Audit)

Report on Financial Performance 2018/19

6.2 COMPONENT B: AUDITOR-GENERAL OPINION 2019/20

To be completed

6.3 COMPONENT C: AUDITOR-GENERAL REPORT 2019/20

To be completed

7 APPENDICES IN ACCORDANCE TO CIRCULAR 63 ANNUAL REPORT FRAMEWORK

- Appendix A: Composition of Council
- Appendix B: Committee and Committee Purpose – Please refer to Appendix A
- Appendix C: Third Tier Administrative structure
- Appendix D: Functions of Municipality/Entity
- Appendix E: Ward Committee Functionality & Composition
- Appendix F: Ward Information
- Appendix G: Recommendations of the Municipal Audit Committee
- Appendix H: Long term Contracts and Public Private Partnership – Please refer to Section 2.5 within the Annual Report
- Appendix I: Municipal Entity/Service Provider Performance Schedule – Not Applicable
- Appendix J: Disclosure of Financial Interest
- Appendix K: Revenue Collection Performance Municipality – Please Refer to Financial Statements attached to the Annual Report as Volume II: Annual Financial Statements
- Appendix L: Conditional Grants Received: Excluding MIG Municipality – Please Refer to Financial Statements attached to the Annual Report as Volume II: Annual Financial Statements
- Appendix M: Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG – Please refer to Appendix F: Ward Information where all projects are included per Ward
- Appendix N: Capital Programme by Project current year - Please refer to Appendix F: Ward Information where all projects are included per Ward
- Appendix O: Capital Programme by project by Ward current year - Please refer to Appendix F: Ward Information where all projects are included per Ward
- Appendix P: Service Connection Backlogs at Schools and Clinics – Not Applicable
- Appendix Q: Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision – Not Applicable
- Appendix R: Declaration of Loans and Grants Made by the Municipality – Please Refer to Financial Statements attached to the Annual Report as Volume II: Annual Financial Statements
- Appendix S: Declaration of Returns not Made in due Time under MFMA s71 Municipality – Please Refer to Financial Statements attached to the Annual Report as Volume II: Annual Financial Statements
- Appendix T: National and Provincial Outcome for local government – Please refer to Section 3.2 Organisational Performance per IDP Objective of Annual Report

