



KOUGA

Local municipality

Good Governance through Service Excellence

**2021/2022
ANNUAL REPORT**

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EXECUTIVE MAYOR: ALDERMAN HORATIO HENDRICKS



It is my greatest privilege on behalf of Kouga Municipality and in my capacity as Executive Mayor of Kouga Municipality to present the Annual Report of the municipality for the 2021/ 2022 financial year.

The difficulty that besieged us the past year, pales in comparison to what our people can accomplish when we stand as one.

Our focus, as we move firmly into the new financial year, will be to achieve even more. But if we want more, we must become more, first. And we are more when we unite against the deterioration and destruction of our physical, cultural, structural, and moral foundations.

The past financial year, our continued attention remained on the development and expansion of our six organizational goals. These are:

- Keep Kouga Serviced
- Keep Kouga Clean
- Keep Kouga Green
- Keep Kouga Safe
- Keep Kouga Smart, and
- Keep Kouga Growing

Highlights included the adoption of the new five-year Integrated Development Plan (IDP). For the first time, digital platforms – amongst other practical methods – were used to communicate and receive input. This resulted in over 1 000 inputs received – a new record for the municipality.

We continue in our efforts to bring more boreholes online, as our access to Churchill Dam water diminishes. We are developing more infrastructure to reticulate current sources of water into the treatment works, as well as implementing new technology and systems to treat this water. We will endeavor to ensure that all water you receive through your taps is drinkable and safe.

Good progress was also made in providing residents with electricity. Power was switched on to 200 houses at Ebumnyameni Informal Settlement in Jeffreys Bay and Hopeville Informal Settlement in Humansdorp respectively. Some 30 emergency houses at

Kruisfontein in Humansdorp were connected to the electricity network, while 69 informal houses at Golf Course in Humansdorp were electrified. The Ocean View substation was, furthermore, upgraded.

More than 4 600m of gravel road was tarred in the 2021/ 2022 financial year, while a total of 4 669 potholes were repaired in the same period.

Not stopping there, a total of 46 new vehicles costing close to R58 million were procured since January 2022 – over 110 new vehicles since August 2016.

To keep Kouga Clean, we initiated a second Operation Coca-Maak Skoon initiative, while the Paradise Beach Drop-Off Zone and Recycling Station reopened and the drop-off zone in St Francis Bay was upgraded. A total of 79 799 tonnes of waste were collected from July 2021 to June 2022 of which 251 tonnes of waste were recycled.

If we are to keep Kouga clean, it is of utmost importance that we reduce the amount of waste that goes to our landfill sites. The municipality is considering a waste-to-power project to divert waste from landfill sites by recycling and using it to generate electricity.

Over the next three years, the municipality will launch a series of mayoral intervention programs to reach into the furthest corners of our municipality, to make clean environments a reality for everyone and not just for some.

Kouga Municipality is taking steps to becoming the greenest municipality in the Eastern Cape. We are looking forward to the construction of South Africa's first Bio-Economy Zone that is set to take shape in Humansdorp soon.

Three additional wind farms will also be constructed, as well as a hybrid energy factory through foreign development. In line with this programme, Kouga Municipality intends to unlock about 30 000 jobs over the next 5 years while combating the effects of climate change and positioning ourselves to becoming the renewable energy hub of SA.

In our ongoing effort to prevent and combat crime through a collective approach, communication and technology are at the forefront of providing the means for success.

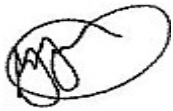
Some 38 CCTV cameras were installed across the region in the past financial year, while the URSafe Kouga app was launched.

To keep Kouga growing, 668 houses will be constructed for underprivileged residents in Ocean View, Jeffreys Bay at a cost of more than R78 million over the next two years. The

Hankey 990 project is progressing, while 139 RDP houses are set to be constructed in Arcadia in the future.

The Annual Report for 2021/2022 provides details on various bulk infrastructure projects facilitating the region's growth. These projects were only possible through strategic partnerships with other spheres of government, the private sector, and the community of Kouga as we cannot meet the challenges that we face on our own.

I would like to acknowledge the efforts of the executive and administration for their diligence and relentless commitment towards building this municipality and ensuring our residents are proud to call Kouga their home.

A handwritten signature in black ink, appearing to be 'H. Hendricks', enclosed within a hand-drawn oval shape.

H. HENDRICKS
EXECUTIVE MAYOR

**MUNICIPAL MANAGER: CHARL DU PLESSIS**

The 2021/22 Annual Report is against the background of the 2nd year where Covid-19 has again impacted negatively on the performance of Kouga Municipality. It was the last year of the 5-year term of the previous Council and the previous 5-year IDP and the start of a new Council that took office for a new 4-year term. A very successful consultative IDP process was undertaken to complete a new 5-year Integrated Development Plan that will inform Council priorities and expenditure over the next 5 years.

Reflecting on the 2021/2022 financial year, Kouga Municipality managed to achieve a 94% payment rate of its accounts in an economic climate where consumers were under considerable financial pressure and challenges.

Service delivery in Kouga Municipality has been sustained to all towns in Kouga Municipality. The ability of Kouga Municipality to improve on the quality-of-service delivery has been significantly enhanced with the completion of our fleet renewal program during the financial year.

The human resources of Kouga Municipality are a major asset for the Municipality, and I must commend the workforce of Kouga Municipality for the way they have adapted and responded to the way the Covid-19 Pandemic has impacted on their way of work. Kouga Municipality has managed to successfully implement its Capital Program during the financial year despite the disruptions caused by Covid-19 infections.

Amongst the highlights for the year was the resealing of 2.527 km of streets in Kouga Municipality as well as the tarring of 4.63 km of gravel streets during the financial year.

The 2021/22 financial year was the second year the electronic submission of building plans on an OVVIO portal. Kouga Municipality has been feeling the effect of the large migration from inland areas to the coastal areas since the start of the Covid-19 pandemic. 1883 building plan applications were received in the 2021/22 financial year which represents a 4.4% year on year increase. Of these, 1265 were approved.

I would like to express my appreciation to my senior management team and staff for their continuous hard work and commitment to improve the service deliveries to our communities. I also want to thank the Executive Mayor Cllr Horatio Hendricks and his Mayoral Committee for their support during the Financial Year.

A handwritten signature in black ink, appearing to read 'du Plessis', written in a cursive style.

CHARL DU PLESSIS : MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

VISION *Good Governance through Service Excellence*

To create a better life for its people by providing effective and efficient service delivery, enabling the sustainable harnessing of its environmental assets, supported by inclusive governance and stakeholder participation, derived from the shared values of its people and its legislated mandate.

The Values underpinning our Vision and Mission are:

- Honesty
- Integrity
- Professionalism
- Transparency
- Consistency
- People-centred
- Accountability
- Accessibility
- Equality
- Batho Pele

FUNCTIONS

In terms of Circular 8/2009: Adjustment of Powers and Functions between District and Local Municipalities, the Kouga Municipality has the following powers and functions to fulfil.

POWERS AND FUNCTIONS	
Abattoirs	Air Pollution
Beaches and Amusement Facilities	Billboards and the Display of Advertisements in Public Places
Building Regulation	Cemeteries, Funeral Parlours and Crematoriums
Child Care Facilities	Control of Selling Liquor
Control of the Public Nuisances	Electricity Reticulation
Facilities for the Accommodation, Care and Burial of Animals	Fire Fighting
Health and Environmental Health Services	Licensing and Control of Food Sold to the Public
Local Amenities	Local Tourism and Economic

POWERS AND FUNCTIONS	
	Development
Local Sports Facilities	Markets
Municipal Airports	Municipal Planning
Public Transport	Sanitation
Storm Water	Trading Regulations
Water (Potable)	

POPULATION Despite it being the second smallest region in the Sarah Baartman District, covering only 4,1% of the district's land area, Kouga is the most populous region in the district with a population of 112 941 (Community Survey 2016), representing approximately 22% of the total population of the district.

Kouga also has the fastest annual growth rate in the district. Since 1996, the population has increased at an average of 2, 4% per annum compared to the annual growth rate of 1,1% in the district and 0,3% in the province.

Kouga is characterised by vast differences in population density from one area to the next. These variations have an impact on the cost-of-service delivery, while migration to the urban areas place additional pressure on the existing infrastructure of these high-density areas.

The Influx of job seekers has also impacted negatively on employment figures. According to "Labour Force Survey Data" for 1995 to 2010 (Stats SA), employment in the region declined by 11,7% between 1995 and 2010 while the working age group increased by 25%. This means that 80,3% of the working age group had employment in 1995, compared to 56,8% in 2010.

LOCATION Kouga Local Municipality forms part of the Sarah Baartman District Municipality in the Eastern Cape Province of South Africa. It is situated west of Nelson Mandela Bay Municipality (Port Elizabeth, Uitenhage, and Despatch) and covers a total land area of 2 418km².

The nine towns included in Kouga are Jeffreys Bay, Humansdorp, St Francis Bay, Cape St Francis, Oyster Bay, Patensie, Hankey, Loerie, and Thornhill.

TOPOGRAPHY AND CLIMATE Kouga is largely an urban area, with three main topographical regions. The coastal region stretches from the Van Staden's River in the east to the Tsitsikamma River in the west. This zone includes the towns of Jeffreys Bay, St

Francis Bay, Cape St Francis and Oyster Bay. The coast serves as a major tourism attraction.

The Gamtoos River Valley is characterized by wide, fertile flood plains associated with low-lying land. Steep and less-fertile slopes flank the Valley. The towns of Hankey, Patensie, Loerie and Thornhill are focal points of this high-potential agricultural region.

The Humansdorp area, including Kruisfontein, is characterized by moderate slopes in the south, with steeper slopes towards the north and northwest.

The four main rivers in the area – the Kromme, Seekoei, Kabeljauws and Gamtoos – are tidal rivers. Dams constructed above the tidal zone in the Kromme River and Gamtoos River are significant sources of water supply. Ground water is another major component of domestic water supply. Aquifers are also utilized in the agricultural sector for irrigation.

There are numerous areas of wetland adjacent to the region's rivers and on the coastal platform which are extremely sensitive to disturbances such as agricultural activities and development, accommodating high species diversity and fulfil natural water purification and flood retention roles.

The climate of the Kouga region is subtropical, which makes the area conducive to a range of outdoor activities and various types of agricultural production. Rainfall varies between 650 mm per year (St Francis Bay area) to 400 mm (Gamtoos River Valley). The area is generally described as windy.

ECONOMY Kouga's total output / Gross Value Added (GVA), which is used to measure the value of production in a region, has shown erratic growth since 1996. "Regional Income and Production Data" for 1995 to 2010 (Stats SA) indicates that the economic sector of Kouga is dominated by secondary and tertiary activity.

In 2010 the leading industries were finance, insurance, and real estate (FIR) at 33,3%, manufacturing (MAN) at 19,1% and general government (GG) at 14,2%. With its growth outpacing all other industries, FIR has since 1996 overtaken wholesale and retail trade, catering, and accommodation (WRCA) as the largest contributor to GVA. WRCA's proportion to Kouga's output has plummeted from 21% in 1995 to 10,3% in 2010.

The contribution of the main primary sector – agriculture, forestry, and fishing (AFF) – has also decreased from 11,8% in 1995 to 3,5% in 2010. However, manufacturing proportion saw an increase of 4,8% over the same period. Whilst the primary sector dominated employment up until 2005, the tertiary sector has since taken over this role.

According to the 2011 Census, Kouga Municipality is currently the fastest growing economy in the country. With the onset of several megaprojects in the area, there is phenomenal growth and influx of people into the area, and this has a big impact on the economy. It also impacts on the services of the area as well. This has the positive effect of job creation and added business opportunities for Kouga. It is said that there is 3,22% growth rate in the population and Kouga is ranked 114th by population size in the country.

1.3 SERVICE DELIVERY OVERVIEW

Community Services

- Procured 12 outdoor benches and 19 bins.
- Procured 2 play parks.
- Procured 30 community hall tables.
- Procured 3 pole pruners.
- Procured 5 brush cutters.
- Procured 5 trailers.
- Clubhouses upgraded (Kruisfontein Sport Field and Tokyo Sport Field).
- Community halls upgraded (Weston Hall, Sea Vista Hall, and Aston Bay Hall).
- Ablution facilities upgraded (Kabeljous, Cape St Francis).
- Caravan parks upgraded (Jeffreys Bay Caravan Park and Pellsrus Caravan Park).
- Completed fencing at Loerie Hall, Sea Vista Hall, Kruisfontein sport field clubhouse, Kruisfontein sport field caretaker's house, Hankey public toilet and Oyster Bay Hall.
- Weekly and monthly roadblocks/joint operations with Role-players planned and executed.
- Two Senior Traffic officers were appointed 01 June 2022.
- A total number of 27 roadblocks (warrants and drunk driving) were conducted.
- A total number of 108 joint operations (driver and vehicle fitness) were conducted by traffic and law enforcement and other stakeholders.
- The service provider for speed cameras for advanced traffic law enforcement was appointed on 24 May 2022 and is operational.
- A generator was installed to serve the Humansdorp Traffic Department during load shedding.
- 4 Filing clerks permanently appointed on 01 July 2022.
- 12 Licence Plate Recognition (LPR) cameras were installed.
- 12 Monitored cameras at LPR sites have been installed.
- 6 Cameras were installed on Dolphin Road, Jeffreys Bay.
- A Pan, Tilt, Zoom (PTZ) camera were installed on NSRI tower, Jeffreys Bay.
- 4 Cameras installed at Kruisfontein sports field.
- 4 Cameras installed outside Humansdorp Secondary School.
- Computerised learners licence testing equipment was installed at Humansdorp and Hankey driving licence testing centres.

- The procurement of 2 Round Collected Refuse trucks, 1 Landfill dozer, 10 LDV's, 1 recycling truck and a TLB.
- Public open spaces were cleared and beautified in partnership with "Dorp van Drome", Patensie Pronk, Woodlands, JBAY Surfers, and other community groups and schools during the 2020/21 financial year.
- Mandela Day 18 July 2021 – clean ups in Humansdorp, Pellsrus and Main Beach Jeffreys Bay.
- The Waste Management section procured 6 skip bins for designated areas for waste and litter disposal and several recycling bins.
- Environmental Education School Programme.
- Completion of construction of revetment - St Francis Spit.
- A tree planting drive was initiated as a commitment to combating climate change - over a thousand trees were planted.
- "Patensie Pronk" was launched, and it is following in the footsteps of "Dorp van Drome" to beautify Patensie.
- Supertubes Park was turned into a green belt and access controlled to protect the fauna and flora.
- The Cape St Francis dune management plan was submitted for approval.
- By-laws for Waste Management completed for public comments and will be promulgated in 2022/2023.
- Completion of fencing at Humansdorp Fire Station(continued).
- Procured a firefighting vehicle (Mini Pumper).
- Working on Fire has joined forces with Kouga Municipality to address the issues faced by the municipality with public open spaces (ongoing).
- Achieved a response time within 15 minutes from leaving the station to the scene.
- Activation of disaster volunteers to assist during the COVID-19 period.
- Appointment of one (1) disaster specialist and two (2) firefighters.
- Updated, complete and finalise Disaster Management Plan.
- Issuing of blankets, mattresses as well as food parcels to fire and flooding to affected families.
- Training of 7 lifeguards.
- Lifesaving containers: A new satellite sea rescue and lifesaving station was opened at the Aston Bay Beach in a joint venture by Kouga Municipality and the National Sea Rescue Institute (NSRI).
- A total of 8 Lifesaving Awareness Campaigns were conducted at wards.
- Signage: Twenty-five (25) beach warning signs were installed in all areas that were identified as high risk for swimming from Kabeljous to Oyster Bay.

Corporate Services

Administration

- The Service Delivery Call Centre continues to play a pivotal role in the institution serving as the link between the community and service delivery departments. As of 30 June 2022, the Call Centre recorded 37 153 calls for the 21/22 Financial Year.
- Committee services is the engine room of Corporate Services, being the interface between the political leadership and administration. The standard of services rendered by Committee services continues to improve thus enabling the politicians to exercise greater oversight over the administration. The Committee Services Team for the FY 21/22 uploaded 664 documents. These documents include previous Council Agenda's and minutes, Mayoral Agenda's and minutes and Portfolio Agenda's and minutes.
- A schedule of Meetings/Annual Calendar of the Mayoral Committee, Portfolio and Council meetings has been implemented live on Outlook as of 30 June 2022, including an SOP for the procedures for Agenda Compilation for Council and Committee Meetings. With this being implemented, reflecting closure dates for items and distribution on the live calendar and procedures to be followed as per the SOP, authors of items are being assisted with compliance and ensuring attendance is adhered to by relevant officials and Councillors.
- Reports on printing usage, telephone usage, advertising, scanning, building maintenance costs and Call Centre activities was created to allow Council to exercise greater oversight.
- Several Ward Cllr offices were renovated. 94% of the allocated budget was spent.
- Various office renovations were undertaken thus improving the working environment in compliance with the Occupational Health and Safety Act. 98% of the allocated budget was spent.
- Telkom landline total costs from FY 2018/19 to FY 2021/22 decreased significantly by 99%.
- The EDRMS system allows the storage and safekeeping of all files and documents for the organization and for files to be made available electronically. As of 30 June 2022, 4 355 098 documents have been scanned and stored to date.
- New visitor chairs, Councillor chairs and microphones were procured for the Council Chamber, to improve seating arrangements and sound.
- The renovation and building of a Corporate Clothing shop, allowed the showcasing of Corporate Clothing and allowed employees to fit clothing.

Human resources

- Achieved a 5th straight clean audit in HR with no queries being raised for 2020/2021 Financial year.
- Received a 5th concurrent Letter of Good Standing from the Department of Labour, for the 2021/ 2022 financial year.

- Submitted a credible Employment Equity report to the Department of Labour on the 14th of January 2022.
- Submitted a credible Workplace Skills Plan to LGSETA on the 29th of April 2022.
- Implemented a Comprehensive Organizational Work-study and Change Management Implementation Plan.
- Implemented a successful Organizational structure change management transition process.
- Spent 98% of the Skills budget on human capital development.
- Developed a credible Employment Equity Plan.

Infrastructure and Engineering

- Resealing of 2,527km of roads.
- Upgrading of existing gravel roads to tarred finish with stormwater and signage (4,63km).
- Installed water tanks in strategic positions in the to ensure water supply to the various communities in the greater Kouga area.
- Installation of various traffic calming measures (speed humps) throughout Kouga.
- Completed phase 1 refurbishment at KwaNomzamo Wastewater Treatment Work (WSIG).
- Appointment of Professional service providers to undertake pre planning activities up to design stage for the upgrading and refurbishment of aging infrastructure on various capital projects:
 - I. Replacement of water main Mimosa Str Jeffreys Bay
 - II. Replacement of water reticulation network St Francis Bay
 - III. Upgrade sewer rising main from La Mer sewer pump station Jeffreys Bay
 - IV. Refurbishment of concrete water tower Paradise Beach
 - V. New sewer bypass rising main Jeffreys Bay
 - VI. Installation of waterborne sewer reticulation St Francis Bay
 - VII. Repair/Upgrade main water line suspension bridge to St Francis Bay over Sout River
 - VIII. Upgrade Loerie sewer pump station.
- Saffery Substation upgrade in Humansdorp (Electrical).
- 66kV overhead line between Melkhout and Jeffreys Bay main substation (Electrical).
- Supply and installation of high mast lights (Electrical).
- Electrification programmes in Humansdorp in informal settlements (Electricity) .
- Festive lights (Electricity).
- Workers PPE (Electricity).

Planning, Development and Tourism

Human Settlements

- Appointment of Service Provider for the Construction of 200 houses (Ocean View 1500).
- Appointment of Service Provider for the installation of services in the Hankey 990 Housing Project.
- Relocation and electrification of 200 Temporary Informal Structures in Hopeville Informal Settlement in Kruisfontein.
- Electrification of Weston 71 and Loerieheuvel 154 Informal Settlements.

Local Economic Development and Tourism

- 690 Jobs were created for the period of 21/22 FY.
- Fully functioning LED Forum.
- Successfully implemented Grant in Aid and events policies.
 - Kouga Local Tourism Organisation: R320 000.00
 - Humansdorp Museum Association: R 150 000.00
 - Jeffreys Bay Recycling Project: R50 000.00
 - On Eagles Wings Multi-Purpose Centre: R8000.00
 - SPCA ASSISI: R270 000.00
 - Jeffreys Bay Animal Rescue: R90 000.00
 - St Francis Bay Animal Rescue: R90 000.00
 - National Sea Rescue Institute: R250 000.00
- Promotion of Kouga as "Events Capital".
 - PGA Golf Tournament – R275 000.00
 - Corona J-Bay Open – R1.5 million
 - J-Bay Surf Festival – R200 000.00
 - Adventure Race World Championship – R490 000.00
 - Aloe Cup Rugby & Netball Tournament – R70 000.00
 - St Francis Amanzi Challenge – R255 000.00
 - South African Open Swim Championship – R130 000.00
- Building Inclusive Green Municipalities is still one of the approaches adopted by Kouga municipality and is being implemented.
- Adoption of LED Strategy and review process need to be undertaken.
- Local SMME Structure need to be part of the LED Forum so that they can be part of developmental engagements and represent their structures.
- Disbursement of District Municipality grant funding to local SMME's:
- Booyaka Records = R50 000.00 Established and maintained a strategic partnership with Kouga Business, KLTO and the museums.
- Capital Budget expenditure of 100% for the LED Section.
- Implementation of SMME Training Programmes.

Governance is the processes and culture that guides the activities of the municipality beyond its basic legal obligations. Good governance ensures the proper utilization of all state resources for its citizens thus ensuring sustainable development. Political leaders and the heads of administration have a responsibility to the communities they serve to ensure good governance. Good governance in local government is when elected political leaders:

- Act with the highest ethical standards.
- Understand their role and the role of others.
- Foster trusting and respectful relationships.
- Show a commitment to risk management.
- Engage in effective strategic planning.
- Follow a transparent and accountable decision-making process.
- Make good decisions that promote the interests of the community they serve.
- Understand and abide by the law.
- Commit to continuous improvement.
- Have sound judgement.

Good governance is essential because it supports Council to make decisions and to act in the best interests of the community.



Good Governance is Accountability. Accountability is a fundamental requirement of good governance. Local government has an obligation to report, to explain and to be answerable for the decisions it has made on behalf of the community it represents and serves.

Good Governance is Transparency. People should be able to follow and understand the decision-making process. This means that they can clearly see how and why a decision was made – what information, advice, and consultation a Council considered, and which legislative requirements a Council followed.

Good Governance is being Law-Abiding. Decisions must be consistent with relevant legislation and be within the powers of local government.

Good Governance is Responsive. Local government should always try to represent and serve the needs of the entire community while balancing competing interests in a timely, appropriate, and responsive manner.

Good Governance is being Equitable. A community's wellbeing depends on all its members feeling that their interests have been considered by their municipality in the decision-making process. All groups, particularly the most vulnerable, should have opportunities to participate in the decision-making process.

Good Governance is being Participatory and Inclusive. Anyone affected by, or interested in, a decision should have the opportunity to participate in the decision-making process. Participation can happen in several ways – community members may be provided with information or asked for their opinion via a public participation process.

Good Governance is being Effective and Efficient. Local government should implement decisions and follow processes that make the best use of the available people, resources, and time, to ensure the best possible results for their community.

Good Governance is Consensus Oriented. Wherever possible, good governance involves considering the different views and interests in a municipality to reach a majority position on what is in the best interests of the whole community, and how it can be achieved.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

Kouga is a Category C Local Municipality with an Executive Mayoral System where powers are vested in the Executive Mayor elected by the Council. The Executive Mayor has appointed a Mayoral Committee to which he delegated certain responsibilities.

LEADERSHIP: EXECUTIVE MAYOR, SPEAKER AND MAYORAL COMMITTEE (JULY 2021 – OCTOBER 2021)



EXECUTIVE MAYOR
Cllr Horatio Hendricks



SPEAKER
Cllr Hattingh Bornman



Cllr Timothy Jantjes
Corporate Services



Ald. Cllr Ben Rheeder
**Planning, Development
& Tourism**



Cllr Brenton Williams
Finance



Cllr Willem Gertenbach
Infrastructure & Engineering



Cllr Daniel Benson
Community Services



Cllr Francis Baxter
**Local Economic
Development & Tourism**

WARD COUNCILLORS (JULY 2021 – OCTOBER 2021)



Ward 1
Cllr Zolani Mayoni



Ward 2
Cllr Robert Dennis



Ward 3
Cllr Willem Gertenbach



Ward 4
Cllr Freddy Campher



Ward 5
Cllr Wilma Coenraad



Ward 6
Cllr Velile Vumazonke



Ward 7
Cllr Chico February



Ward 8
Cllr Ludwig Vorster



Ward 9
Cllr Sibongile Jujwana



Ward 10
Cllr Amos Mabukane



Ward 11
Cllr Hattingh Bornman
(Speaker)



Ward 12
Ald. Cllr Ben Rheeder



Ward 13
Cllr Margaret Peters



Ward 14
Cllr Sindiswa Makas



Ward 15
Cllr Horatio Hendricks
(Executive Mayor)

PR COUNCILLORS (JULY 2021 – OCTOBER 2021)



Cllr Cynthia August



Cllr Francis Baxter



Cllr Daniel Benson



Cllr Jaques Alexander



Cllr Malibongwe
Dayimani



Cllr Bryan Dhludhlu



Cllr Timothy Jantjes



Cllr Robin Jantjies



Cllr Marthina
van Niekerk



Cllr Melanie Biko



Cllr Phumza
Nkwalase



Cllr Phumzile
Oliphant



Cllr Brenton
Williams



Cllr Cynthia
Matroos

HEAD OF COUNCIL				
1	Horatio Mario	Hendricks	DA	Executive Mayor
2	Chris Hattingh	Bornman	DA	Speaker
MAYORAL COMMITTEE				
1	Willem	Gertenbach	DA	Portfolio Council: Infrastructure & Engineering
2	Timothy	Jantjes	DA	Portfolio Council: Corporate Services
3	Daniel	Benson	DA	Portfolio Council: Community Services
4	Brenton John	Williams	DA	Portfolio Council: Finance
5	Frances	Baxter	DA	Portfolio Council: Local Economic Development & Tourism
6	Benjamin Fredeman	Rheeder	DA	Portfolio Council: Planning & Development
PR COUNCILLORS				
1	Frances	Baxter	DA	PR Cllr
2	Brenton John	Williams	DA	PR Cllr
3	Daniel	Benson	DA	PR Cllr
4	Jacques	Alexander	DA	PR Cllr
5	Robin	Jantjes	DA	PR Cllr
6	Marthina	Van Niekerk	DA	PR Cllr
7	Timothy	Jantjes	DA	PR Cllr
8	Cynthia	August	DA	PR Cllr
9	Melanie	Biko	DA	PR Cllr
10	Bryan	Dhludhlu	DA	PR Cllr
11	Malibongwe Emmanuel	Dayimani	ANC	PR Cllr
12	Phumzile Joseph	Oliphant	ANC	PR Cllr
13	Cynthia Nomathamsanqa	Matroos	ANC	PR Cllr
14	Phumza	Nkwalase	ANC	PR Cllr
WARD COUNCILLORS				
1	Julius Zolani	Mayoni	ANC	Ward 1
2	Robert Hitzeroth	Dennis	ANC	Ward 2
3	Willem Petrus Dormehl	Gertenbach	DA	Ward 3
4	Frederick Jacobus	Campher	DA	Ward 4
5	Wilma	Coenraad	DA	Ward 5
6	Velile Solomon	Vumazonke	ANC	Ward 6
7	Eldridge Reginald	Februarie	ANC	Ward 7

8	Ludwig	Vorster	DA	Ward 8
9	Sibongile	Jujwana	ANC	Ward 9
10	Amos	Mabukane	ANC	Ward 10
11	Chris Hattingh	Bornman	DA	Ward 11
12	Benjamin Fredeman	Rheeder	DA	Ward 12
13	Margreth	Peters	ANC	Ward 13
14	Cynthia Sindiswa	Mandeka (Makasi)	ANC	Ward 14
15	Horatio Mario	Hendricks	DA	Ward 15

LEADERSHIP: EXECUTIVE MAYOR, SPEAKER AND MAYORAL COMMITTEE (NOVEMBER 2021 TO DATE)



EXECUTIVE MAYOR

Ald. Cllr Horatio
Hendricks



SPEAKER

Cllr Ald. Brenton Williams



EXECUTIVE DEPUTY MAYOR

Cllr Hattingh Bornman



Cllr Timothy Jantjes
Corporate Services



Cllr Hattingh Bornman
Planning, Development & Tourism



Cllr Willem Gertenbach
Finance



Cllr Lorraine Maree
Infrastructure & Engineering



Ald. Cllr Daniel Benson
Community Services



Cllr Shena Ruth
Monitoring & Evaluation

PR COUNCILLORS (NOVEMBER 2021 TO DATE)



Ald. Cllr Horatio Hendricks



Cllr Margaret Valgee



Ald. Cllr Daniel Benson



Cllr Luvuyo Nkilishane



Cllr Malibongwe
Dayimani



Cllr Bryan Dhludhlu



Cllr Marthina van Niekerk



Cllr Vuyokazi Gunuza



Cllr Shena Ruth



Cllr Bazil Human
(Feb 2022 – to date)



Cllr Frans Pietersen
(Nov 2021–Febr 2022)



Cllr Wilhelmus
van der Linde

HEAD OF COUNCIL (NOVEMBER 2021 TO DATE)				
1	Horatio Mario	Hendricks	DA	Executive Mayor
2	Brenton	Williams	DA	Speaker
3	Chris Hattingh	Bornman	DA	Deputy Executive Mayor
MAYORAL COMMITTEE				
1	Lorraine	Maree	DA	Portfolio Council: Infrastructure & Engineering
2	Timothy	Jantjes	DA	Portfolio Council: Corporate Services
3	Daniel	Benson	DA	Portfolio Council: Community Services
4	Willem	Gertenbach	DA	Portfolio Council: Finance
5	Shena	Ruth	DA	Portfolio Council: Monitoring & Evaluation
6	Chris Hattingh	Bornman	DA	Portfolio Council: Planning, Development & Tourism
PR AND WARD COUNCILLORS				
1	Horatio Mario	Hendricks	DA	PR Cllr (Executive Mayor)
2	Chris Hattingh	Bornman	DA	PR Cllr (Deputy Executive Mayor)
3	Brenton John	Williams	DA	PR Cllr (Speaker)
4	Daniel	Benson	DA	PR Cllr
5	Marthina	Van Niekerk	DA	PR Cllr
6	Bryan	Dhludhlu	DA	PR Cllr
7	Shena	Ruth	DA	PR Cllr
8	Margaret	Valgee	ANC	PR Cllr
9	Nomalungelo	Ntengwane	ANC	PR Cllr
10	Malibongwe Emmanuel	Dayimani	ANC	PR Cllr
11	Phumzile Joseph	Oliphant	ANC	PR Cllr
12	Vuyokazi	Gunuzza	ANC	PR Cllr
13	Luvuyo	Nkilishane	EFF	PR Cllr
14	Bazil Frans	Human Pietersen	PA	PR Cllr (February 2022 to date) PR Cllr (November 2021 to February 2022)
15	Wilhelmus	van der Linde	FFP	PR Cllr
1	Nozuko	Ntshota	ANC	Ward 1
2	Henry	Murray	DA	Ward 2
3	Willem	Gertenbach	DA	Ward 3
4	Eldred Jacques	Alexander	DA	Ward 4

5	Melanie	Biko	DA	Ward 5
6	Kholisile James	Ndzelani	ANC	Ward 6
7	Eric	Mbuqu	ANC	Ward 7
8	Reinhardt	Foley	DA	Ward 8
9	Cynthia	August	DA	Ward 9
10	Msingathi Gerald	Mbandana	ANC	Ward 10
11	Fanie	Heystek	DA	Ward 11
12	Lorraine	Maree	DA	Ward 12
13	Vuyani	Zana	ANC	Ward 13
14	Mzwandile	Yali	ANC	Ward 14
15	Timothy	Jantjes	DA	Ward 15

The Council for FY 2021/22 (July 2021 to October 2021) consisted of 29 Councillors made up as follows:

- 17 Democratic Alliance Councillors (5 Female, 7 Ward, 10 PR)
- 12 African National Congress Councillors (4 Female, 8 Ward, 4 PR)

The Council for FY 2021/22 (November 2021 to date) consists of 30 Councillors made up as follows:

- 16 Democratic Alliance Councillors (11 Males, 5 Females, 9 Wards, 7 PR)
- 11 African National Congress Councillors (7 Males, 4 Females, 6 Wards, 5 PR)
- 1 FFP Councillor (1 Male PR Cllr)
- 1 EFF Councillor (1 Male PR Cllr)
- 1 PA Councillor (1 Male PR Cllr)

The Council established several Committees to enable it to deliver on its constitutional mandate.

Section 80 Committees

The following Portfolio Committees have been established in terms of Section 80 of the Municipal Structures Act to assist the Mayor and the Mayoral Committee:

- a) Community Services Portfolio Committee
- b) Infrastructure and Engineering Portfolio Committee
- c) Finance Portfolio Committee
- d) Corporate Services Portfolio Committee
- e) Planning, Development & Tourism Portfolio
- f) Monitoring and Evaluation Portfolio Committee (November 2021 to date)
- g) Local Economic and Development (July 2021 – October 2021).

Each of the Support Committees deliberates on matters that fall within its specific terms of reference and makes recommendations to the Mayoral Committee for final approval by full Council where necessary.

The Mayoral Committee has wide ranging delegations except for the powers provided to Council in terms of Section 160 (2) of the Constitution of the Republic of South Africa, 1996.

The following functions may not be delegated by a Municipal Council:

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

The Mayoral Committee makes recommendations for approval by Council on such matters.

Section 79 Committees

In addition, Council has established the following Committee in terms of Section 79 of the Municipal Structures Act:

a) **Municipal Public Accounts Committee**

The Municipal Public Accounts Committee which is made up of non-executive Councillors ensures that the Administration is held accountable for the management of municipal funds and assets, and to ensure the efficient and effective utilisation of council resources. The Committee also considers the Annual Report and makes recommendations to Council on the Annual Report by submission of an Oversight Report. The Committee's Oversight Report is published separately in accordance with the Municipal Finance Management Act.

b) **Rules and Ethics Committee**

The Rules and Ethics Committee is a Disciplinary Committee established in terms of Schedule 7, Section 14(1)(b) of the Code of Conduct for Councillors, which states that a Municipal Council may: "(b) establish a special committee- (i) to investigate and make a finding on any alleged breach of this Code; and (ii) to make appropriate recommendations to the council."

c) **Municipal By-Laws and Policy Committee**

The Municipal By-Laws and Policy Committee ensures the review of Municipal by-laws and policies, and the development of new by-laws and policies.

Statutory Committees

Administrative Committees

Council has also established administrative committees as follows:

- a) Audit/Performance Audit Committee

- b) Bid Specification Committee
- c) Bid Evaluation Committee
- d) Bid Adjudication Committee.

The Audit Committee is established in terms of Section 166 of the Municipal Finance Management Act. It is an independent external committee, which provides an oversight, compliance, and advisory function.

The Municipal Supply Chain Management Regulations requires a committee system for competitive bids, consisting of a Bid Specification, a Bid Evaluation, and a Bid Adjudication Committee.

The Bid Specification Committee compiles the specifications for all goods or services procured by the municipality.

The Bid Evaluation Committee evaluates bids in accordance with the specifications for a specific procurement, and the points system set out in the SCM (Supply Chain Management) Policy and Regulations and as prescribed in terms of the Preferential Procurement Policy Framework Act.

The Bid Adjudication Committee considers reports and recommendations of the bid evaluation committee and makes a recommendation to the Accounting Officer to make the final award; or makes another recommendation to the Accounting Officer on how to proceed with the relevant procurement.

2.2 ADMINISTRATIVE GOVERNANCE



MUNICIPAL MANAGER
Charl du Plessis



DEPUTY MUNICIPAL MANAGER
Dawie de Jager



Director Community Services
Nomvula Machelesi



Director Corporate Services
Krishen Moodley



Chief Financial Officer
Riaaz Lorgat



Vacant: **Acting Director
Infrastructure & Engineering**



**Director Planning, Development
and Tourism**
Fezeka Mabusela

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of the MFMA section 60(b), the Municipal Manager is the Accounting Officer and must provide guidance on compliance with this Act to political structures, political office bearers, and officials of the municipality.

As head of administration, the Municipal Manager ensures that the municipality is managed in accordance with all legislation applicable to local government. He undertakes various administrative responsibilities in relation to Council such as advising the political structures and political office bearers of the municipality; managing the communications between the municipality's administration and its political structures and office bearers; and carrying out the decisions of the political structures and political office bearers of the municipality. In addition, he is responsible for the human resources of the municipality ensuring that the municipality has the requisite human resources who are functioning at an optimal level to enable it to deliver on its mandate.

As the Accounting Officer, the Municipal Manager is responsible for general management of municipal finances, including asset and liability management, revenue and expenditure management and budget implementation. In his role as Accounting Officer, he must also assist the Executive Mayor in performing the budgetary functions assigned to the Mayor in terms of Chapters 4 and 7; and provide the Executive Mayor with the administrative support, resources and information necessary for the performance of those functions.

There are five Directorates which report to the Municipal Manager. Each Directorate is responsible for a Service Cluster (Key Performance Area) with some overlapping responsibilities:

DIRECTORATE	FUNCTION
Community Services	Basic Service Delivery
Corporate Services	Good Governance and Public Participation Institutional Development and Transformation
Planning, Development & Tourism	Town Planning, Spatial Development, Local Economic Development and Tourism
Infrastructure & Engineering	Infrastructure and Basic Service Delivery
Financial Services	Financial Viability and Management

COMPONENT B: INTERGOVERNMENTAL RELATIONS
2.3 INTERGOVERNMENTAL RELATIONS

With the advent of COVID-19 and lockdown regulations, intergovernmental relations were limited to Joint Operations Committee Meetings where various sectors of Government discussed various relevant matters.

Joint Operations Committee Meetings were held as follows:

Kouga JOC Meetings		
Quarter 1		
5 July 2021	2 August 2021	3 September 2021
12 July 2021	19 August 2021	23 September 2021
19 July 2021	26 August 2021	
Quarter 3		
5 January 2022	2 February 2022	2 March 2022
12 January 2022	16 February 2022	16 March 2022
19 January 2022		
26 January 2022		
Quarter 4		
6 April 2022	18 May 2022	1 June 2022
20 April 2022		8 June 2022
		15 June 2022
		20 June 2022
Quarter 2		
17 October 2021	25 November 2021	15 December 2021
		20 December 2021

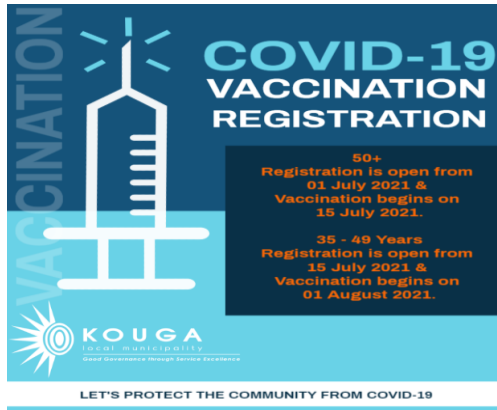
COMPONENT C: PUBLIC PARTICIPATION
2.4 PUBLIC MEETINGS

Kouga engaged with communities at commemorative events, public hearings, workshops, project launches and meetings during the 2021/22 period as reflected hereunder.

DATE	PROGRAMME	VENUE
1 – 31 August 2021	Women's Wellness Campaign	Different Venues
September 2021 29 February 2022 19 May 2022	District Speaker's Forum	Sarah Baartman DM Virtual Meeting SBDM Sarah Baartman DM

DATE	PROGRAMME	VENUE
22 October 2021	Cancer Awareness Campaign (Month)	Kruisfontein Clinic
06 May 2021	Social Housing Stakeholders Meeting	Council Chambers (HIS Coordinating Meeting)
08 August 2021		Offices of HDA- Port Elizabeth
19 January 2022		Hankey Municipal Offices – Hankey Site Meeting
24 January 2022		Room 30 Woltemade Street – Jeffreys Bay
26 January 2022		Council Chamber – Introductory Meeting PRT (Informal Settlement Upgrading)
23 February 2022		Ocean View – Community Engagement
14 June 2021		COVID-19 Vaccination Outreach ECDoE & KLM
21 July 2021	Employee Health Services Wellness Outreach	Hankey
10 January 2022	COVID-19 Vaccination Drive	Hankey
12 November 2021	Vaccination Drive	Dan Sandi
28 – 29 June 2022	COVID-19 Vaccination Outreach ECDoE & KLM	Hankey & Thornhill
11 February 2022	COVID-19 Vaccination Dialogue	KwaNomzamo
05/11/2022	COVID-19 Vaccination Drive	Dan Sandi
130 July 2021	Youth Policy Consultation Forum	Virtual
22 April 2022	Sarah Baartman District Municipality IDP Roadshow	Kruisfontein Civic
10 June 2022	Consultative Forum for Traditional Health Practitioners	Mentorskraal
18 July 2021	Mandela Day- Handing Out Bottles with ingredients for Soup	Various Venues
18 July 2022	Mandela Day- Revamped house of elderly resident, handover of wheelchair, Coding4Mandela Day, One Village Garden & Soup Kitchen, Donation of birthday cake to a 3-year-old.	Various Venues

DATE	PROGRAMME	VENUE
4 August 2021	Local Drug Action Committee	Virtual



SOCIAL HOUSING STAKEHOLDER MEETINGS



Public Meetings: 2021/22						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward Committees Meetings	Jul '21 – June '22	19	19	145	Yes	Action Sheet; Portfolio Report Aug'21 – June'22
Ward Committee Elections	Jan-Feb '22	23	15	1125	Public Participation Framework	Local Government Municipal Structures Act, 1998 (i) Chapter Four (Part 4)
Draft IDP & Budget Public Meetings	Mar-May '22	23	42	1475	Public Participation Framework	Local Government Municipal Systems Act, 2000 Section 16
Mayoral IGR	22 June '21	9	7	18	Yes	30 June 2021
Mayoral IGR	29 March '22	12	5	23	Yes	16 April 2022
Moral Regeneration Movement	April, & Jun'22	11	7	25	Restoration of Morality in Society	Launch & Establishment of MRM Forum
Quarterly Report-Back	Apr-Jun	23	21	721	Yes	Local Government Municipal Structures Act, 1998 (i) Chapter Two (Section 19) & Section 17(2)



IDP MEETINGS 2022/2023

MORAL REGENERATION MOVEMENT



WARD COMMITTEE MEETINGS

PUBLIC MEETINGS



2.5 COMMUNICATION

2.5.1 WEBSITE

The municipal website, www.kouga.gov.za is one of the most important communication tools available to the municipality. It is updated regularly and used to disseminate a wide variety of information to the public and other interested parties.

This information includes reports and documents which municipalities are legally required to make public such as the Integrated Development Plan (IDP) and the Medium-Term Revenue and Expenditure Framework (MTREF), as well as quarterly and monthly finance reports which are compiled and published in accordance with the Municipal Finance Management Act (MFMA) and Division of Revenue Act (DORA).

Tender advertisements, notices and vacancies are also published on the website to ensure as a wide a reach as possible. Other information placed on the website includes municipal contact numbers and media releases. Application and registration forms can also be downloaded from the website.

The following documents must appear on the website after approval:

- Annual Report.
- Integrated Development Plan.
- Service Delivery Budget Implementation Plan.
- Performance Agreements of s57 and s56 managers.
- List of disposed assets.
- Supply Chain Contracts.
- Long -term borrowing contracts.
- Public Private Partnership Agreements.
- Service Delivery Agreements.
- Section 52 (d) reports for the 4th quarter.

Municipal Website: Content and Currency of Material			
Documents published on the Municipal Website		Yes/No	Publishing date
1	Annual Budget 2022/23	YES	08 June 2022
2	Final IDP 2022/27	YES	08 June 2022
3	All budget policies	YES	Various dates
4	All service delivery agreements	NO	N/A
5	All long-term borrowing contracts	YES	Various dates
6	All SCM contracts above R100 000 per quarter	YES	Various dates
7	Public-private partnership agreements	N/A	N/A

Municipal Website: Content and Currency of Material			
8	Service Delivery and Budget Implementation Plan: 2021/22	YES	05 July 2021
9	Performance Agreements 2021/22: Senior Managers	YES	31 August 2021
10	2020/2021 Annual Report	YES	08 April 2022
11	2021 Employment Equity Plan	YES	22 February 2022
12	Performance Plans 2021/2022	YES	31 August 2021

There is also a special section for ratepayers where they can register to view their accounts and property information online/

2.5.2 INTERNAL COMMUNICATIONS

Internal Communications is about promoting effective communications among people within the municipality. It involves producing and delivering messages and campaigns on behalf of management and council. It further assists to facilitate a dialogue with employees. Internal Communications can vary from announcing a new policy or informing people of an upcoming event, to conducting a municipal wide engagement.

The Internal Communications Section was officially launched in October 2020 and has since played an instrumental role in the municipality. It has kept employees abreast of upcoming events, policy changes and engagement initiatives. It has further assisted in redefining and moulding the organizational culture to uplift employee morale. It has also allowed them to engage on relevant matters which have facilitated a bottom-up approach of communications.

Internal Communications has kept employees informed in times of crisis, be it COVID-19 related information or the way forward during the strike action that took place in the municipality. It has initiated the production of the Kouga Municipality Corporate Identity Manual, which guides the application of the corporate identity applications. It has further introduced Corporate Wear for the purpose of identification and creation of organization culture.

It has supported initiatives that are close to the hearts of employees and residents such as the introduction of the Autism Care Centre in Kouga, the first Virtual Comrades Marathon held in Kouga, commemoration of Women's Day/Month, Breast Cancer Awareness as well as various COVID-19 activations internally and externally.

More exciting initiatives are still in the pipelines which are going to build upon the successes of the internal communications function.

More exciting initiatives are still in the pipelines which are going to build upon the successes of the internal communications function.



Virtual Comrades Marathon



Long Service Awards initiated by Internal Communications.



Kouga Municipality Social Housing Project Coming Soon!

Internal Communication in association with Human Settlements promoting upcoming projects.



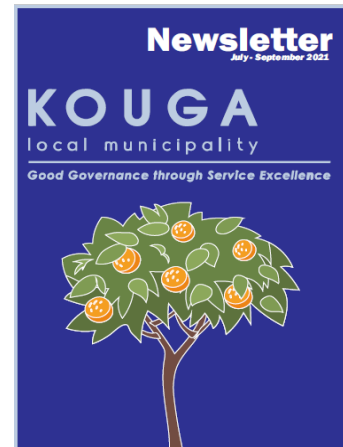
Introduction of branded Corporate Wear.



Cancer Awareness for internal staff and visitors.



Branding tender approved in the year 2021 for a period of one year. Various items are available on the tender.



Internal Communication sent out to the employees on a daily, weekly and/or quarterly basis.

Kouga Local Municipality is committed to two-way communication, building relationships with its internal and external stakeholders, and forming partnerships with the public and private sector.

The Media and Communication Unit, located in the Office of the Municipal Manager, is responsible for coordinating communication activities in the municipality – providing information to its internal and external stakeholders about municipal programmes and services in an accurate, timeous, relevant, and understandable manner.

In this regard, the Media and Communication Unit develop and implement communication plans and produce publications for information dissemination.

Responsibilities include the following:

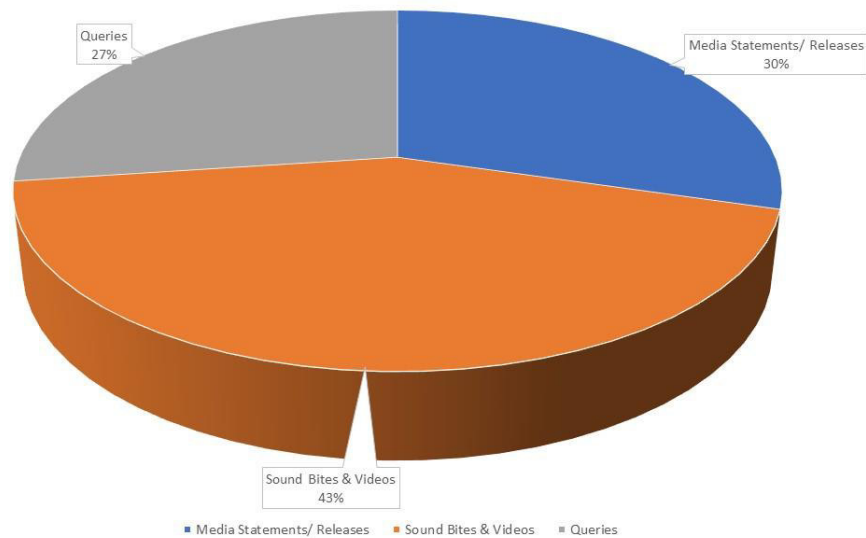
- Media
- Publicity
- Speechwriting
- Providing communication support to campaigns and events
- Designing and printing communication materials
- Social Media
- Advertising
- Branding and corporate identity

Social Media. For the 2021/2022 financial year, the bulk of communication was done through Kouga Municipality's official Facebook Page, with the number of page likes increasing by 5 771, from 17 143 to 22 914, from July 2021 to June 2022.

A municipal Instagram page was also created in July 2020. The number of followers at the end of June 2022 stood at 990.

External Media. The municipality issued 267 media statements/ releases from July 2021 to June 2022, as well as 391 sound bites and videos. Some 245 media queries were received and attended to.

MEDIA STATEMENTS



GRAPH 1: Media Statements

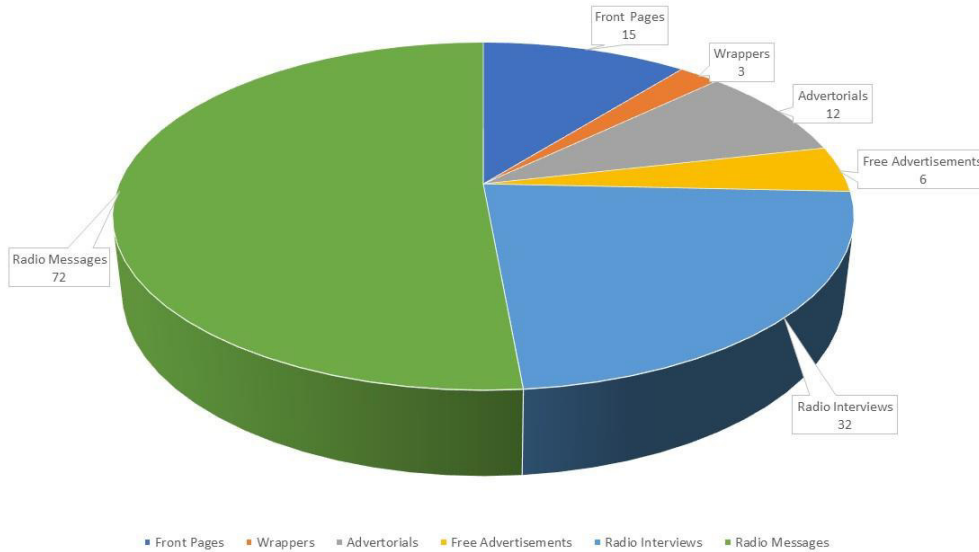
The municipality secured 15 front pages in the Kouga Express for the same period, the community newspaper with the widest reach in the region, as well as nationally through News24 and Netwerk24.

There were also three wrappers and 12 advertorials in the Kouga Express from July 2021 to June 2022, as well as six free advertisements.

Some 32 interviews were conducted on Oasis FM from July 2021 to June 2022. The interviews were aired on the radio station and streamed live on Facebook.

A total of 72 Save Water messages were aired on Algoa FM for the same period.

FRONT PAGES & ADVERTISEMENTS

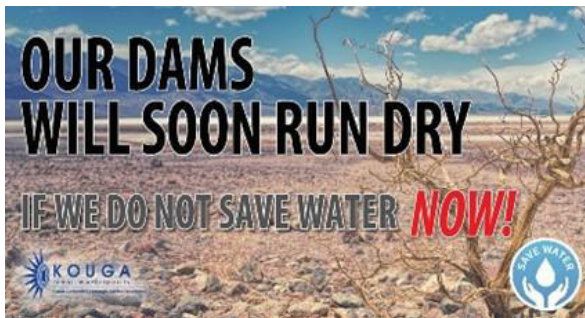


GRAPH 1: Front Pages and Advertisements

Awareness Campaigns

The following awareness campaigns took place during the 2021/ 2022 financial year.

- Drought
- COVID-19
- Integrated Development Plan
- Easter Festival
- 16 Days of Activism
- Women's Month
- Tourism/ Heritage Month
- State of the Municipality Address



DAY ZERO: MID-JUNE 2022

Save Water
Yonga
Amanzi
Spaar Water

LIMIT YOUR WATER USAGE TO 25L PER PERSON PER DAY

SAVE WATER NOW!

Report water leaks at 042 200 2200

Algoa FM
Facebook post from Algoa FM: "Save Water Now! Kouga Municipality urges residents to limit their water usage to 25 litres per person per day from mid-June..."

WARNING

ATTENTION: Aston Bay, Pellrus, C-Place and Ocean View residents

Residents are using too much water on a daily basis and our dams are running dry.

WATER USAGE TO BE CUT BACK IMMEDIATELY. IF NOT, THERE WILL BE NO WATER LEFT IN THE TAPS!

REPORT WATER LEAKS AT 042 200 2200 OR WHATSAPP US ON 081 760 9183

Melanie Biko

APRIL 7
18:00 Ward 5
@ Kruisfontein Civic Centre

Areas:
Arcadia, Beatrix, G4 591 "South Side", Vondrakim & Johnsons Ridge

IDP & BUDGET
Community Consultation Meetings

Mzwandile Yali

APRIL 26
18:00 Ward 14
@ Tokyo Sexwale Sports Field

Areas:
Tokyo Sexwale and Ocean View

IDP & BUDGET
Community Consultation Meetings

Nozuko Nishiota

APRIL 7
18:00 Ward 1
@ Oyster Bay Community Hall

Areas:
Sea View, Oyster Bay, Umamowah, Llesandis & surrounding farms

IDP & BUDGET
Community Consultation Meetings

KOUGA EASTER FESTIVAL 2022

15-18 APRIL
HOSTED BY KOUGA MUNICIPALITY

FRIDAY 15 APRIL	SATURDAY 16 APRIL	SUNDAY 17 APRIL	MONDAY 18 APRIL
<ul style="list-style-type: none"> 10:00 - 12:00: Spring Festival 12:00 - 14:00: Lunch 14:00 - 16:00: Spring Festival 16:00 - 18:00: Spring Festival 18:00 - 20:00: Spring Festival 20:00 - 22:00: Spring Festival 	<ul style="list-style-type: none"> 08:00 - 10:00: Spring Festival 10:00 - 12:00: Lunch 12:00 - 14:00: Spring Festival 14:00 - 16:00: Spring Festival 16:00 - 18:00: Spring Festival 18:00 - 20:00: Spring Festival 20:00 - 22:00: Spring Festival 	<ul style="list-style-type: none"> 08:00 - 10:00: Spring Festival 10:00 - 12:00: Lunch 12:00 - 14:00: Spring Festival 14:00 - 16:00: Spring Festival 16:00 - 18:00: Spring Festival 18:00 - 20:00: Spring Festival 20:00 - 22:00: Spring Festival 	<ul style="list-style-type: none"> 08:00 - 10:00: Spring Festival 10:00 - 12:00: Lunch 12:00 - 14:00: Spring Festival 14:00 - 16:00: Spring Festival 16:00 - 18:00: Spring Festival 18:00 - 20:00: Spring Festival 20:00 - 22:00: Spring Festival

KOUGA EASTER FESTIVAL 2022

JEFFREYS BAY MAIN BEACH TENT - 10AM - 10PM

15th APRIL 2022

JEFFREYS BAY MAIN BEACH 10AM - 10PM / FREE ENTRY

KOUGA EASTER FESTIVAL 2022

APRIL 15-18, 2022

JEFFREYS BAY MAIN BEACH TENT

APRIL 15, 16 & 17: 10AM - 10PM / TICKETS: R100

APRIL 18: 10AM - 10PM / TICKETS: R100

TICKETS AVAILABLE AT: 042 200 2200

CELEBRATE HERITAGE AND TOURISM DURING SEPTEMBER

FROM THE DESK OF KOUGA EXECUTIVE MAYOR, CLIVE HOBBS: HERITAGE MONTH IS A GREAT OPPORTUNITY FOR US TO CELEBRATE OUR RICH CULTURAL AND HISTORICAL HERITAGE...

Visit Salt Pans Lighthouse in Cape St Francis

That's your self to a round of golf... at two

Apply to host events and holiday activities

Go mountain biking in the Langmans Forest

INKASA TOURS: FEEL THE RIDE

Tuk-tuk your way through Jeffreys Bay

Upcoming events

Sea treasures in Shell Museum

Puddle fest on fantastic farms

Visit wildlife sanctuary

Jeffrey Bay home to superb coffee

Take a walk through the Pabla Private Nature Reserve

Can you spot Queen Victoria?

Let the hiking adventures begin

Visit Kogga Bay and Pabla Private Nature Reserve

Enjoy a bird's view of Gansbaai

Surf Village: the place to be

Can you spot Queen Victoria?

CELEBRATING TOURISM AND HERITAGE MONTH

Visit Kogga Bay and Pabla Private Nature Reserve

Enjoy a bird's view of Gansbaai

Surf Village: the place to be

Can you spot Queen Victoria?



2.6 PUBLIC SATISFACTION

The customer satisfaction survey is conducted towards the end of each financial year i.e., around May/June.

Through an integrated strategy to improve on previous year participation and responses, the customer satisfaction survey was conducted through various platforms (i.e., printed forms, Facebook-, WhatsApp- and Internet links) to ensure that a more users of municipal services participate.

With the Public Satisfaction survey conducted as reported in the 2021/22 Annual Report, 397 surveys were completed and submitted by the different wards. It was evident that the approach where notices were published, and survey forms being made available at all municipal offices did not achieve the desired result, especially in the Gamtoos Valley areas. It is worth noting that the new initiative to make use of other forms of communication, e.g., social media platforms yielded a 90% increase (from 39 to 397) in customer responses to the survey as opposed to the previous surveys.

The Satisfaction Survey shows that the respondents were satisfied with the overall service delivery experience by Kouga Local Municipality and the way the municipality is governed.

Satisfaction Surveys Undertaken during: Year 2019 and Year 2022				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%) *
Overall satisfaction with:	Forms, Social Media Platforms & Internet Links	01 Jun – 15 Jul '22	397	81%
(a) Municipality				73%
(b) Municipal Service Delivery				85%
(c) Mayor				85%
Satisfaction with:				
(a) Refuse Collection				85%
(b) Road Maintenance				85%
(c) Electricity Supply				85%
(d) Water Supply				85%
(e) Information supplied by municipality to the public				51%
(f) Opportunities for consultation on municipal affairs				44%

Kouga Municipality Customer Satisfaction Survey

397 Responses 09:10 Average time to complete Closed Status

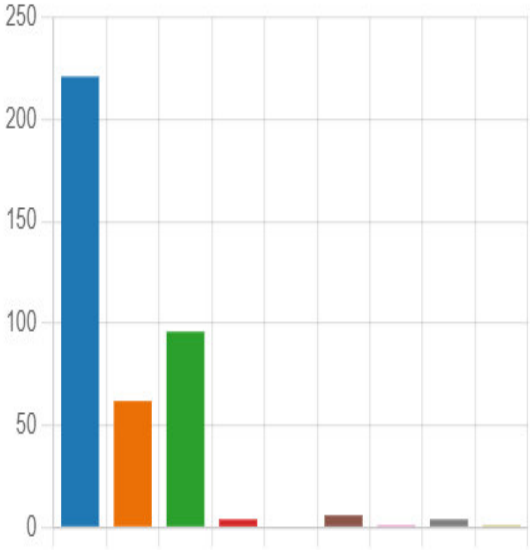
[View results](#)

 [Open in Excel](#) ...

1. Please indicate the area in which you reside?

[More Details](#)

● Jeffreys Bay	221
● Humansdorp	62
● St Francis Bay/ Cape St Francis	96
● Oyster Bay	4
● Gamtoos Mouth	0
● Hankey	6
● Lorie	1
● Patensie	4
● Thornhill	1



Extract from online responses

2.7 IDP PARTICIPATION AND ALIGNMENT

A 5-year Integrated Development Plan for the period 2017-2022 was adopted by Council.

The IDP was reviewed in consultation with community stakeholders, and the provincial and national governments. The IDP should guide how the provincial and national sector departments allocate resources at local government level. Simultaneously, municipalities must consider the sector departments' policies and programmes when developing own policies and strategies.

The Process Plan was compiled in terms of Section 28 and 29 of the Municipal Systems Act, No. 32 of 2000, which specifies that (i) each municipal council must adopt a process set out in writing to guide the planning, drafting, adoption and review of its IDP and (ii) that the process must be in accordance with a predetermined programme specifying timeframes for the different steps.

Furthermore, Chapter 4 and Section 21(1) of the Municipal Finance Management Act, No. 56 of 2003 (MFMA) specifies that the Mayor of a municipality must at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and the annual review of the integrated development in terms of section 34 of the Municipal Systems Act.

The municipality's IDP Process Plan was adopted by Council on 31 August 2021, Council Resolution 21/08/MM1 and amended on 7 February 2022, Council Resolution 22 February 2022 due to COVID-19.

KEY DELIVERABLES IN DEVELOPING THE 2021/22IDP

- Tabled the IDP Process Plan for the 2020/21 IDP Review on 31 August 2021, Council Resolution 21/08/MM1 and amended on 7 February 2022, Council Resolution due to COVID-19.
- 9 September 2021 Provincial Government IDP Assessment of 2020/21 IDP Review.
- No Ward Committee meetings could be arranged to conduct new situational analysis for 2021/2022.
- No Public Consultation meetings were held to give feedback on the 2021/2022 IDP priorities.
- No Ward Committee could finalise their reviewed priorities due to the 2021 Municipal Elections and the late establishment of the New Ward Committees for the next 5-year term.
- 17 November 2021 Mayoral directional speech on strategic direction for 2020/21 IDP Review.

- A municipal strategic workshop was held from 26 September to 1 October 2021 to determine the strategic direction for the 2021/22 IDP Review.
- On 31 March 2022 the Draft IDP Review 202/21, Draft 2020/21 MTREF Budget and Draft top layer SDBIP 2020/21 were tabled in Council.
- The Final amended IDP was tabled in Council on 31 May 2022.

ANNUAL IDP ASSESSMENT FOR THE REVIEW PERIOD 2021/22

The Eastern Cape Government annually assesses the Draft IDP's of municipalities and a report which encapsulates the comments of the MEC for COGTA are issued to all municipalities in the Eastern Cape.

The Department has embarked on a District Cluster Approach where municipalities were assessed per district area.

The overall findings on the Final IDP 2021/22 of the Kouga Local Municipality can be summarized as follows:

- The municipality has tabled, adopted, and submitted its 2021/22 Reviewed Integrated Development Plan for assessment.
- The municipality has conformed to the Council approved IDP Process Plan.
- The municipality has conformed to the core components of the IDP as prescribed by Section 26 of the Municipal Systems Act (MSA), 2000 as amended.
- The municipality will refer to its Individual Assessment Report, however a summary of salient issues of the gaps identified per KPA during the assessment will be provided.

The table below illustrates the comparative ratings of the review periods 2018/1,2019/20, 2020/21 and 2021/22.

KPA	RATINGS 2018/19 IDP REVIEW EDITION	RATINGS 2019/20 IDP REVIEW EDITION	RATING 2020/21 IDP REVIEW EDITION	RATING 2021/22 IDP REVIEW EDITION
Basic Service Delivery	Medium	High	High	High
Financial Planning and budgets	High	High	High	High
Local Economic Development	High	High	High	High
Good Governance & Public Participation	High	High	High	High
Municipal Institutional Arrangements	Medium	High	High	High

The municipality received an overall **HIGH** rating from the Office of the MEC which places the municipality in a benchmarking category. All six (6) key performance areas received a high score. This is a significant progress from the previous years as can be seen in the table above. The municipality maintained a trend of **HIGH** scoring over the period of its IDP assessment cycle of the 2017-22 IDP.

COMPONENT D: CORPORATE GOVERNANCE
DIRECTORATE: CORPORATE SERVICES

OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance encompasses the structures and processes associated with management, decision-making, and control in the municipality. Corporate governance is based on principles of conducting business with integrity and fairness, being transparent regarding all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

The following four ethical values underpin good corporate governance:

- (a) **Responsibility:** Council should assume responsibility for the assets and actions of the municipality and be willing to take corrective action to keep the municipality on a strategic path that is ethical and sustainable.
- (b) **Accountability:** Council should be able to justify its decisions and actions to its stakeholders and communities.
- (c) **Fairness:** Council should ensure that it considers the legitimate interests and expectations of its communities and stakeholders.
- (d) **Transparency:** Council and Administration should disclose information in a manner that enables the AG and relevant bodies and communities to make an informed analysis of the municipality’s performance and sustainability.

2.8 TARGETS AND ACHIEVEMENTS

DEPT. ANNUAL TARGETS	ACHIEVEMENT 2021/22	PRIOR ACHIEVEMENT 2020/21	PRIOR YEAR ACHIEVEMENT 2019/20	PRIOR YEAR ACHIEVEMENT 2018-19	COMMENT
Imaging and storage of Records	To date 4,355,098 documents scanned and imaged. Planned scanning of Agenda’s, I&E documents, etc in FY 2022_23 will increase the number of scanned documents	To date 4,252,088 documents scanned and imaged.	Service Provider appointed	Appoint a Service provider	The tender for document imaging and storage was awarded on 31 August 2019. Since then, the appointed service provider has been actively scanning documents and images into Datastore ie the EDMRS System.
Reduction of	During FY 2020/21 to	The Telkom	The Telkom	The Telkom	The total Telkom landline costs

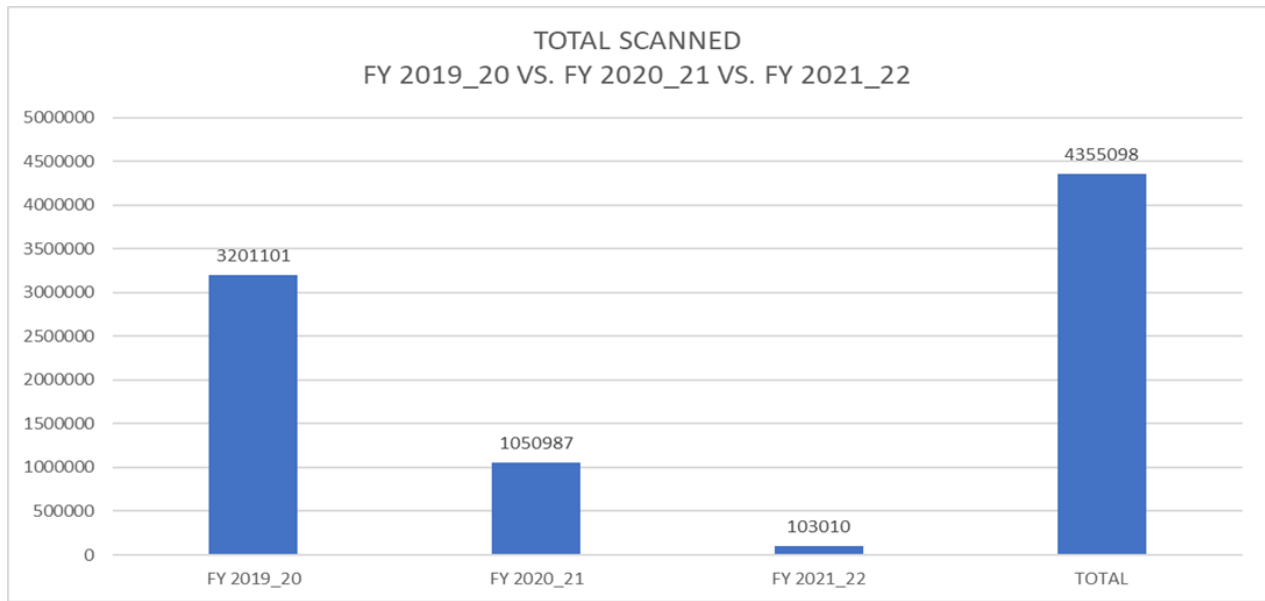
DEPT. ANNUAL TARGETS	ACHIEVEMENT 2021/22	PRIOR ACHIEVEMENT 2020/21	PRIOR YEAR ACHIEVEMENT 2019/20	PRIOR YEAR ACHIEVEMENT 2018-19	COMMENT
Telkom phone bill by R60 000 per month	FY 2021/22 the Telkom bill increased with R3891,46. This was due to Telkom not billing Kouga Municipality. Since FY 2018/19 to FY 21/22 the Telkom bill has decreased tremendously from R728 162,08 to R6082,51, the difference being R734 244,59	phone bill was reduced further by 93% from FY 2019.20 to FY 2020.21	phone bill was reduced by -95% from FY 2018.19 to FY 2019.20	phone bill was reduced by an average of R107 000 per month	between FY 18/19 vs 19/20 decreased significantly by 95% and has further decreased by 93% between FY 19/20 vs 20/21. The difference in cost between FY 18/19 to 21/22 is a staggering R 734 244,59.
Acquire New copier/printers and related equipment	During FY 2020/21 to FY 2021/22 the cost of printing has increased by 19% due to high volume printing by certain departments. The new printing tender will be advertised, and a billing system will be implemented to bill for personal printing and to monitor wasteful printing.	To date - 41% decrease in costs	Equipment has been installed and is in use.	A Tender was awarded for the supply and installation of copier/printers and related equipment for the organization	The total cost of printing in FY 18/19 vs 19/20 decreased significantly by 42%. The total cost of printing in FY 19/20 vs 20/21 increased 4%. Since FY 18/19 up to FY 20/21, costs decreased by 41%. The cost of leasing printers decreased from FY 2018/19 to FY 2020/21 from R1 263 000.00 to R780 000.00. This represents a 38% decrease in leasing printers.
Acquire new Cell phones	Current contract still in use.	New Specifications sent to BSC and Tender for new cell Phone contract was awarded.	All cell phones acquired are in use. Contract Ends Oct 2020. Specifications to be submitted to BSC for new Cell Phone Tender	Telkom was appointed as the Cellular services provider for the Municipality	Cell phone contract ends October 2020. In the year in question the Telkom contract was in its second year of the contract. The acquisition of the smart cell phones has had a benefit to the institution and has assisted enormously with service delivery.
Call Centre (Service Delivery)	For FY 2021/22 Reported service delivery requests decreased by 32% as FY 2020/21 recorded the highest number, with 54 539 service delivery requests reported.	FY 2020/21 Reported service delivery requests has increased by 69%	Call Centre Operator's compliment is at X10, including X1 Call Centre Supervisor	A Call Centre was established in October 2017. As of April 2019, the Call Centre handles service delivery account queries	The Call Centre Team is responsible for the receiving, logging, and dispatching of all service delivery requests. As a result of high call volumes received for account balances by the Revenue section, the necessary software has been installed for the Call Centre staff to issue out account balances to the public.
Buildings	On-going repairs and maintenance to Ward Cllr Offices and Administrative Buildings. As at 21/22 FY R1 883 193,08 has been spent on building maintenance.	Spending on repairs and maintenance increased by 57%. As at 20/21 FY R1 934 485.19 had been spent compared to R835 768.44 in the 19/20 FY.	Administrative Buildings and Ward offices repaired / renovated	0	On-going repairs and maintenance to Ward Cllr Offices and Administrative Buildings.

DEPT. ANNUAL TARGETS	ACHIEVEMENT 2021/22	PRIOR ACHIEVEMENT 2020/21	PRIOR YEAR ACHIEVEMENT 2019/20	PRIOR YEAR ACHIEVEMENT 2018-19	COMMENT
EDMS	EDMS System commissioned and live	EDMS System commissioned and live	0	0	At 31 January 2020 - EDMS system was acquired via a sec 36 Deviation. Preparations for roll out was due to start in March 2020. Roll out could not commence due to COVID-19 Lockdown. However, the funds allocated for this had to be re-written to the budget FY 2020/21.
Biometric System	Biometric installed and commissioned at various sections of the Municipality. Ongoing roll out to other sections	Biometric installed and commissioned at various sections of the Municipality. Ongoing roll out to other sections.	0	0	Tender was advertised and awarded. Roll out could not commence due to COVID-19 lockdown. Budget of FY 2019/20 rolled over FY 2020/21.

Below graphs indicates targets met during FY 2021/22 and indicates a comparison on previous Financial Years

DOCUMENT, IMAGING AND STORING – FY 2019/20 VS. FY 2020/21 VS. FY 2021/22

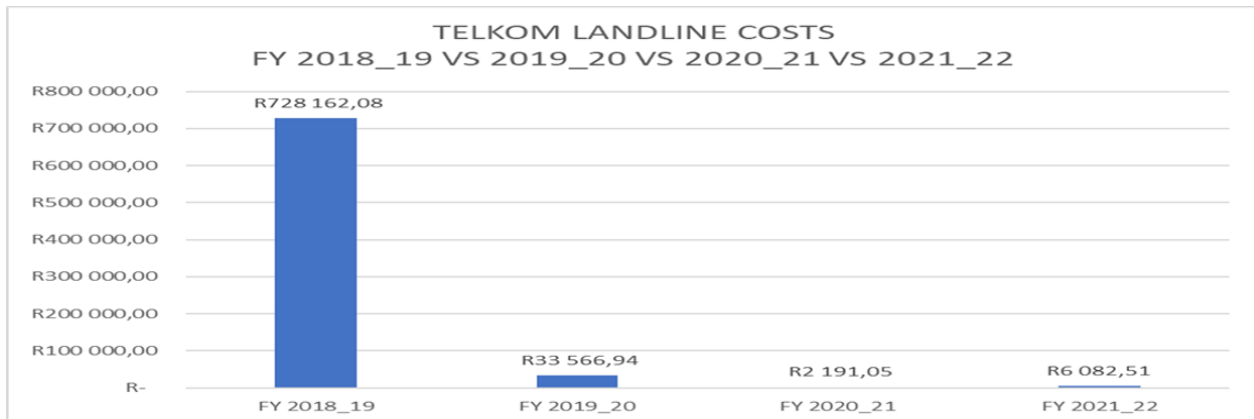
GRAPH 1:



Since the appointment of Metrofile, documents have been consistently scanned into the Datastore programme. The total number of documents scanned to date is 4,355,098.

TELKOM LANDLINE COST

GRAPH 1:

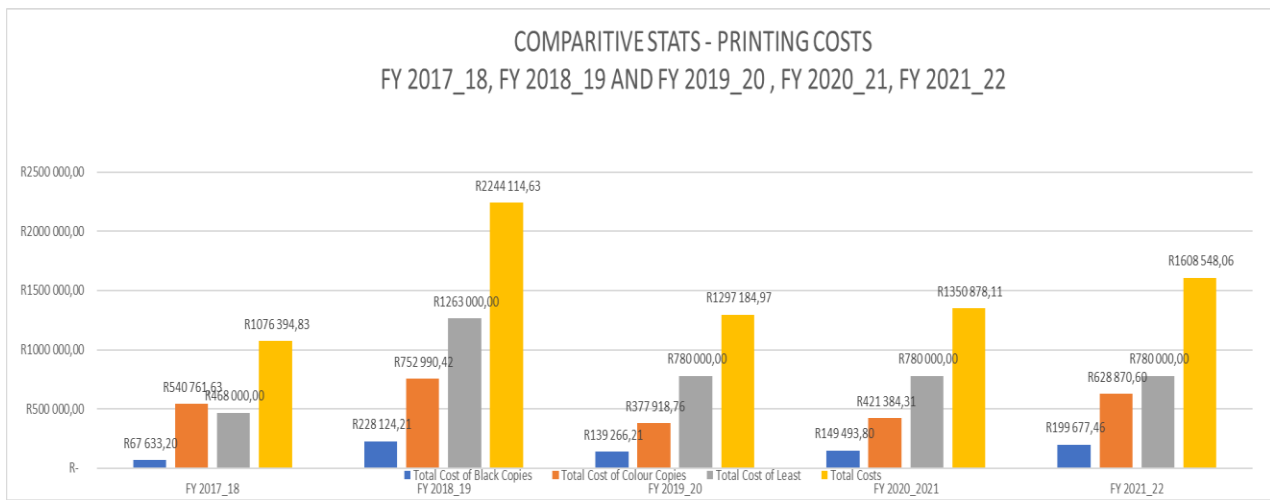


The total Telkom landline costs between 18/19 vs 19/20 decreased significantly by 95% and has further decreased by 93% between 19/20 vs 20/21. Since FY 2018/19 to FY 21/22 the Telkom bill has decreased tremendously and the difference in cost is R722 079,57.

YEAR ON YEAR COMPARATIVE PRINTING STATS - FY 2017/18 to 2021/2022

GRAPH 1:

	FY 2017_18	FY 2018_19	FY 2019_20	FY 2020_2021	FY 2021_22
Total Cost of Black Copies	R 67 633,20	R 228 124,21	R 139 266,21	R 149 493,80	R 199 677,46
Total Cost of Colour Copies	R 540 761,63	R 752 990,42	R 377 918,76	R 421 384,31	R 628 870,60
Total Cost of Lease	R 468 000,00	R 1 263 000,00	R 780 000,00	R 780 000,00	R 780 000,00
Total Costs	R 1 076 394,83	R 2 244 114,63	R 1 297 184,97	R 1 350 878,11	R 1 608 548,06

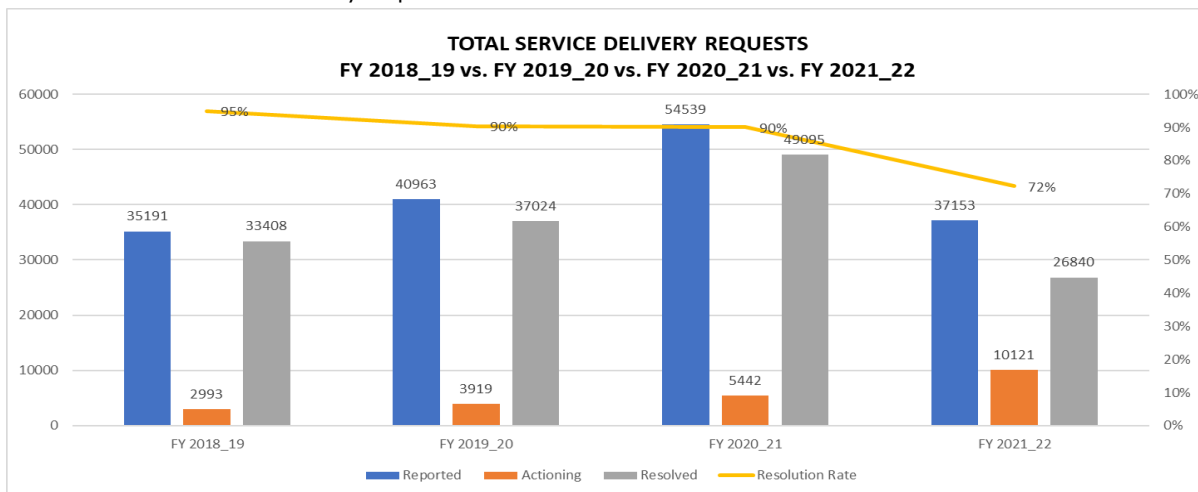


During FY 2020/21 to FY 2021/22 the cost of printing has increased with 19%. The new printing tender will be advertised, and a billing system will be implemented to bill for personal printing and to monitor wasteful printing.

COMPARATIVE ACTIVITIES AT THE CALL CENTRE FOR FY 2018/19 VS. 2019/20 VS. 2020/21 VS. 2021/22

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Reported	35191	40963	54539	37153
Actioning	2993	3919	5442	10121
Resolved	33408	37024	49095	26840
Resolution Rate	95%	90%	90%	72%

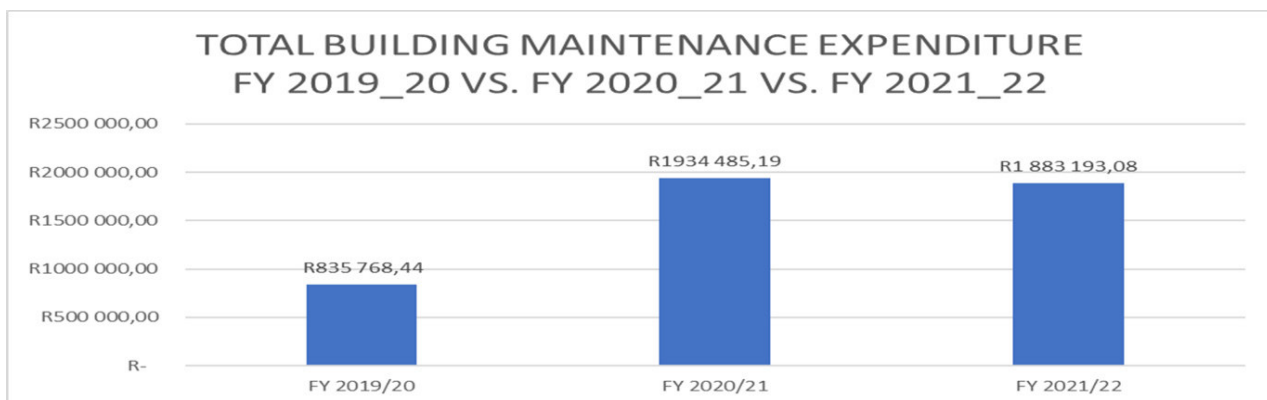
System shortcomings resulted therein that the resolution of reported service requests could not accurately be reported on. A new system has since been installed which would more accurately report on resolution rates.



FY 2020/21 recorded the highest number, with **54 539** service delivery requests reported. The resolution rate reached its lowest point in 21/22 at 72%.

BUILDING MAINTENANCE EXPENDITURE – FY 2019/2020 VS FY 2020/21 VS FY 2021/22

GRAPH 1:



For the 2021/22 financial year R1 883 193,08 had been spent on Corporate Administrative and buildings and Ward Office maintenance.

2.9 HUMAN RESOURCES

INTRODUCTION TO HUMAN RESOURCE SERVICES

“Without the right succession planning put to play in human resources, we build for the future without a future.”

The Human Resources Section handles a range of different functions within the municipality. The Section is responsible for the hiring and disciplining of employees, training staff, maintaining interpersonal relationships, occupational health and safety and interpreting employment/labour law. The section works diligently behind the scenes to ensure the municipality runs efficiently. The HR section’s main responsibilities are:

- Employee Benefits
- Occupational Health and Safety
- Labour Relations
- Skills Development
- Organisational Development.

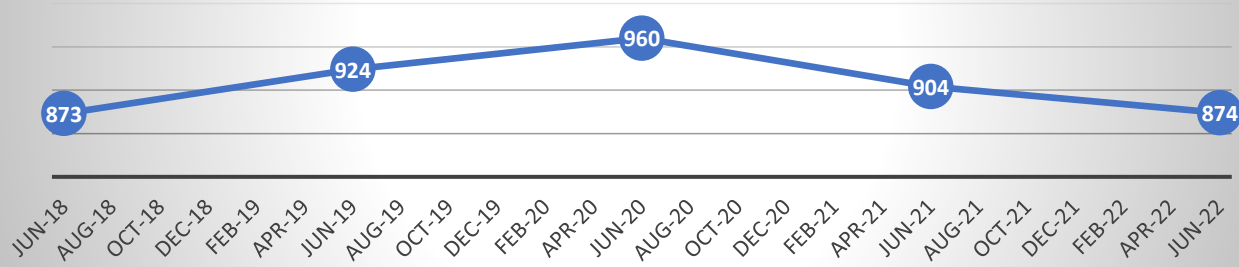
2.9.1 HEADCOUNT STATISTICS

The table below is a representation of the number of permanent employees since 2016, as well as temporary employees.

In June 2016 the total workforce was 860 and in June 2022 that increased to 874, thus an increase of 1.6% in the total permanent workforce. As of June 2020, the total staff compliment stood at its highest at 960. This is due to the number of projects that management embarked on that saw the increase in the number of temporary employees. The trend that we see is indicative of the municipality’s commitment to employment creation and service delivery.

Number of Employees							
Year ending	June 2016	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022
Permanent Employees (Including Section 56 & 57 employees)	860	830	873	924	960	904	874
Temporary contract employees	266	195	21	4	101	263	58

TOTAL HEADCOUNT PERMANENT JUNE 2016 TO JUNE 2022



HEADCOUNT STATISTICS: HUMAN RESOURCES

Job Level	Employees	Vacancies (fulltime equivalents)
	No.	No.
0 - 3		
4 - 6	1	1
7 - 9	5	1
10 - 12	4	
13 - 15	3	
16 - 18		1
19 - 20		
Total	13	3

HEADCOUNT STATISTICS PER SECTION

Employees		
Description	2021/22	
	Employees No.	Vacancies No.
Municipal Manager	40	
Water	95	1
Wastewater (Sanitation)	83	3
Electricity	35	
Waste Management	87	
Housing	10	1
Wastewater (Stormwater Drainage)	52	3
Roads	44	
Transport		
Planning	9	
Local Economic Development	3	2
Planning (Strategic & Regulatory)		
Local Economic Development		
Community & Social Services	105	6
Environmental Protection		
Finance	87	10
Health	10	
Security and Safety	124	
Sport and Recreation	15	
Corporate Policy Offices and Other	75	2
Totals	874	28

VACANCY RATE

Departments	Vacancy Rate
	No.
Municipal Manager	0%
Community Services	1.4%
Infrastructure and Engineering	2.4%
Corporate Services	3.5%
Planning, Development & Tourism	12.9%
Finance	11.4%
Overall Total	3.2%

STAFF TURNOVER

Turn-over Rate			
Details	Total Staff Compliment as of 1 June 2021 No.	Terminations during the Financial Year (all categories) No.	Turn-over Rate*
Year 2021/22	906	74	13.24%

2.9.2 SERVICE STATISTICS

Comparative Pension/Provident Fund membership on 30 June 2022 is as follows:

FUND	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
Consolidated retirement fund	413	453	472	462	455
Consolidated Retirement Fund (No CC)	4	4	3	2	4
National Fund for Municipal Workers	6	7	5	5	4
SA Local Authorities Pension Fund	8	8	5	4	4
Municipal Workers Retirement Fund	195	181	170	138	150
Momentum Provident Fund	205	198	191	170	157
Municipal Councillors Pension Fund	3	3	2	3	1
Consolidated Retirement Fund Cllrs	6	6	6	6	5
LA Retirement Fund	2	1	1	1	1
Total	842	861	855	791	781

Comparative Medical Aid membership on 30 June 2022 is as follows:

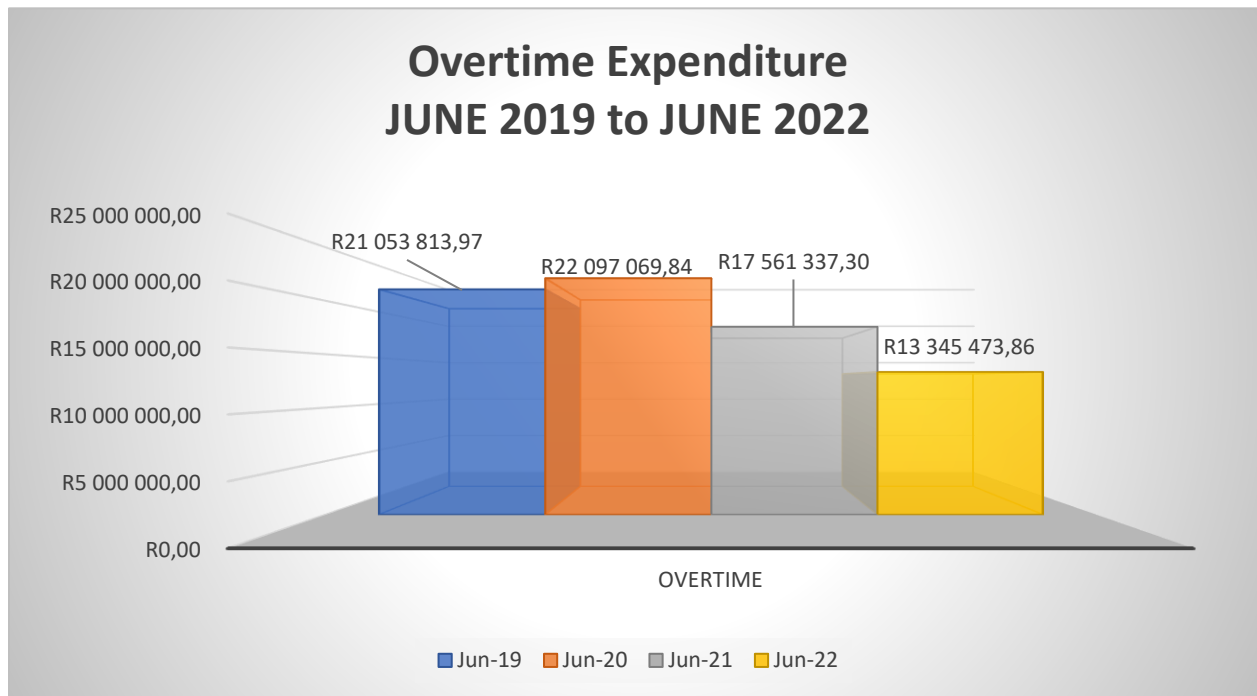
MEDICAL AID	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
Bonitas	165	177	182	174	169
Key Health	19	17	17	17	15
Hosmed	79	69	55	64	48
LA Health	154	156	184	191	216
SAMWU Med	68	68	62	72	59
Total	485	487	500	518	507

It must be noted that participation in a medical scheme is not compulsory.

Comparative Trade Union membership on 30 June 2022 is as follows:

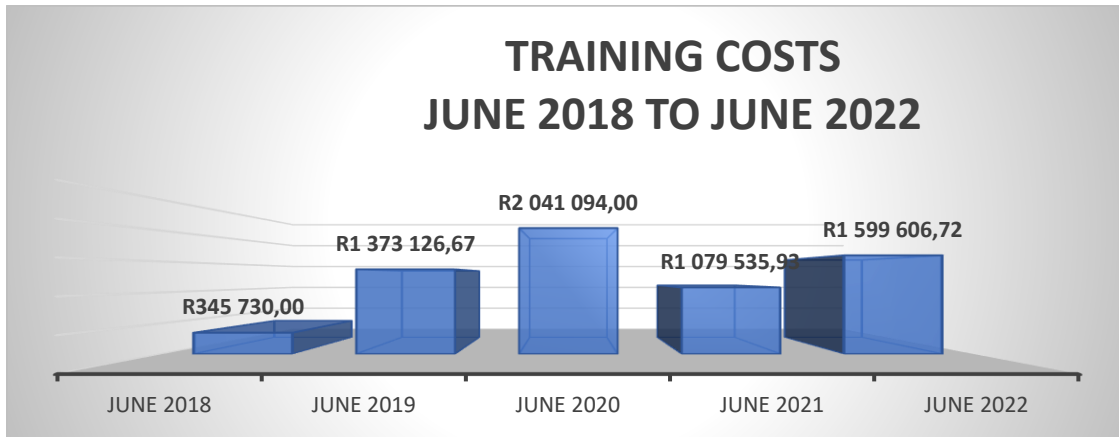
TRADE UNION	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022
SAMWU	501	617	703	583	534
IMATU	315	236	219	224	238

It must be noted that there has been a reduction in overtime from June 2021 to June 2022.



This reduction in overtime can be attributed to more efficient internal controls such as Overtime Policy, and new overtime forms requiring pre-approval of overtime and submission of proper evidence supporting overtime claims.

2.9.3 WORKPLACE CAPACITY DEVELOPMENT



From the graph above, Kouga Local Municipality's investment in human capital spending/capacity building increased drastically since June 2018. For the 2021/22 Financial year the Municipality's expenditure on staff development was R1 599 606,72. It must be noted for the 2021/2022 financial year and due the budget cut for COVID-19 and drought mitigation, however, the Municipality still spent 98% which is a major achievement taking into consideration the challenges we were and are faced with.

The training expenditure trend is indicative of the Municipality's commitment to enhancing the skills, talent, development, and expertise of its most important asset.

The MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient, and accountable way. Kouga Municipality established a Skills Development Section which was intended to address the skills development needs of the Institution.

Training needs are assessed annually and is based on the results of an employee skills audit. Training needs per position/incumbent are aligned to the audit and requirements as assessed by the various Directorates. The information is compiled in the form of an annual Workplace Skills Plan which guides and directs the implementation of skills development initiatives.

TRAINING COSTS	Actual July 2021	Actual Aug 2021	Actual Sept 2021	Actual Oct 2021	Actual Nov 2021	Actual Dec 2021	Actual Jan 2022	Actual Feb 2022	Actual March 2022	Actual April 2022	Actual May 2022	Actual June 2022
Training Cost	R14,996.00	R451,398.00	R69,454.54	R11,385.00	R4,695.58	R726,570.00	R0.00	R29,920	R231,117.10	R22,500	R0.00	R48,955.50
Associated costs	R0.00	R1,084.85	R485.20	R0.00	R826	R0.00	R0.00	0	R805.20	R0.00	R0.00	R0.00
Categories of Beneficiaries												
Legislators	0	0	0	0	0	0	0	16	1	0	0	0
Managers	0	0	4	0	0	2	0	0	0	0	0	0
Professionals	0	18	22	0	0	32	0	0	0	0	0	0
Technicians and Associate Professionals	1	30	3	2	0	3	0	0	0	4	0	3
Clerical Support Workers	0	4	6	0	0	8	0	0	0	3	0	12
Service & Sales Workers	0	0	0	0	0	0	0	0	14	5	0	0
Skilled Agricultural, Fishery and Related Trade Workers	0	0	0	0	0	0	0	0	0	0	0	0
Plant & Machine Operators and Assemblers	0	30	0	6	2	0	0	0	0	6	0	0
Elementary Occupations	0	68	0	7	0	0	0	0	15	12	0	0
Total Number of beneficiaries	1	150	35	15	2	45	0	16	30	30	0	15

As per the table above Kouga embarked on extensive training for its employees in the 2021/2022 financial year.

Municipal Finance Management Programme (MFMP)

In 2007, the minimum competencies for officials responsible for financial and supply chain management, were regulated. Minimum higher education qualifications: work related experience and core managerial and occupational competencies are among the aspects covered by the regulations.

The minimum competency levels also seek to professionalize the local government sector and to make it a career choice for talented officials and to some extent mitigate some of the root causes of poor financial management and service delivery experienced at Local Governmental level. It is also required to report to National Treasury on a quarterly basis on the progress of the Minimum competency levels.

Position	Highest Education Qualification	Work Related Experience	Performance Agreement Signed (where required)	Completed Required Unit Standards	Requirements Met	Compliant (consider Budget)
Accounting Officer	✓	✓	✓	✓	4	✓
Senior Manager (MSA S56)	✓	✓	✓	✓	4	✓
Senior Manager (MSA S56)	✓	✓	✓	✓	4	✓
Senior Manager (MSA S56)	✓	✓	✓	✓	4	✓
Senior Manager (MSA S56)	✓	✓	✓	✓	4	✓
Senior Manager (MSA S56)	✓	✓	✓	✓	4	✓
Chief Financial Officer - Municipality	✓	✓	✓	✓	4	✓
Middle Manager: Finance	✓	✓	✓	✓	4	✓

Position	Highest Education Qualification	Work Related Experience	Performance Agreement Signed (where required)	Completed Required Unit Standards	Requirements Met	Compliant (consider Budget)
Supply Chain Management Manager	✓	✓	✓	✓	4	✓
Middle Manager: Finance	✓	✓	✓	✓	4	✓
Middle Manager: Finance	✓	✓	✓	✓	4	✓
Middle Manager: Finance	✓	✓	✓	✓	4	✓
Middle Manager: Finance	✓	✓	✓	✓	4	✓
Middle Manager: Finance	✓	✓	✓	✓	4	✓
Middle Manager: Finance	✓	✓	✓	✓	4	✓

The Municipality had a severe backlog of financial officials not having achieved the Minimum Competency levels. To remedy this, the Municipality appointed FACHS Training Institute, through a Section 32 procurement process, to facilitate the required MFMP training. A Service Level Agreement was signed between FACHS and the Municipality which ensured that the training of our finance and non-finance staff runs according to plan.

37 officials were earmarked to attend the training, to ensure they comply with the said regulations.

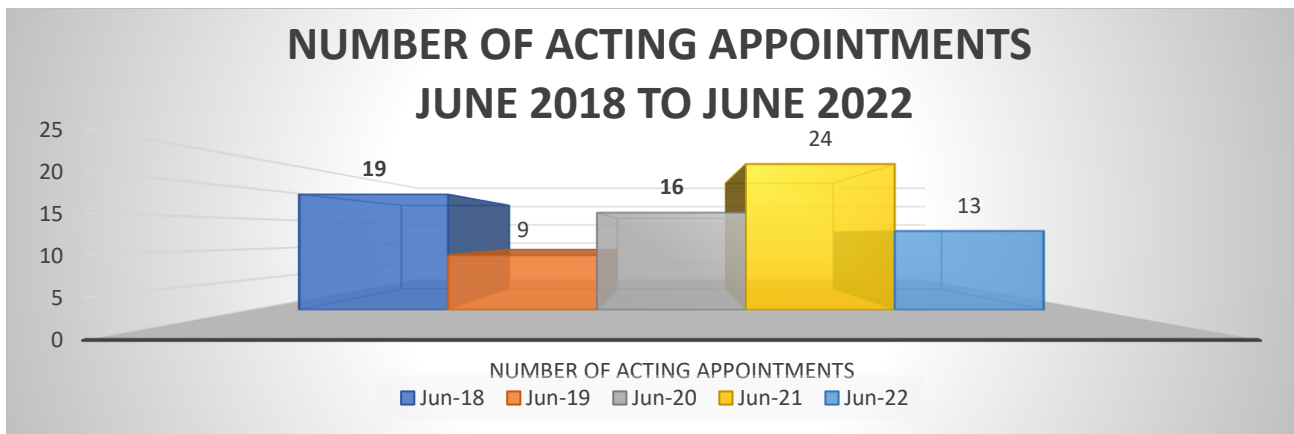
Above table is indicative of the progress the Municipality made in ensuring compliance in terms of the 2007 Minimum Competency Regulations for officials responsible for financial and supply chain management.

2.9.4 ACTING APPOINTMENTS

The number of employees appointed in acting positions decreased, from a high of 24 in June 2021, to just 13 as at June 2022. This represents a 54% decrease. There is also a link between the reduction in acting appointments and promotions.

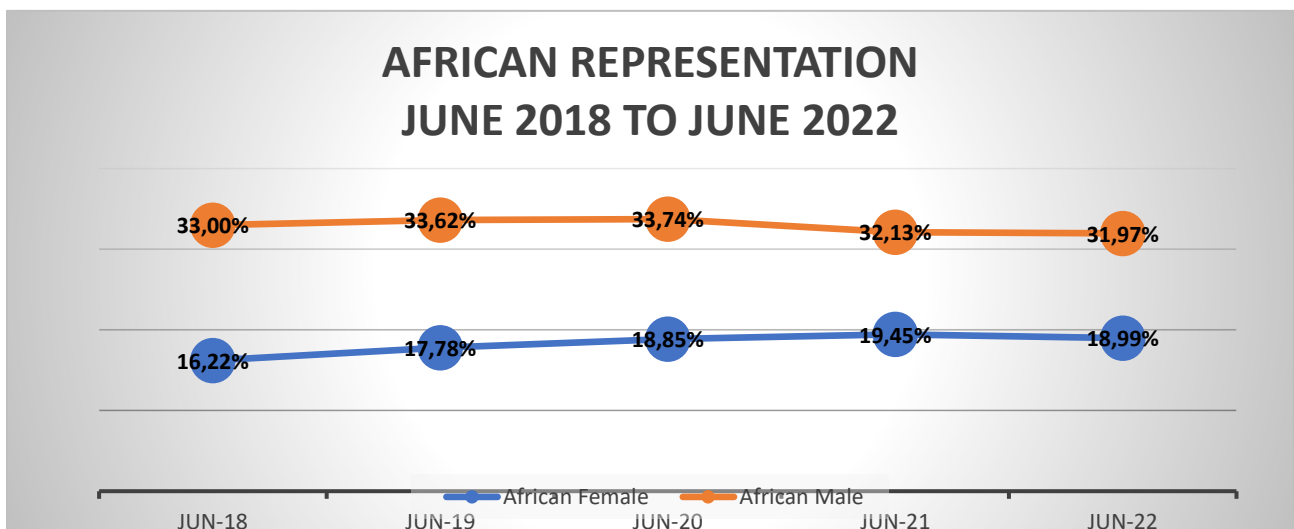
Prolonged periods of acting appointments can also lead to unnecessary disputes. Therefore, it is advisable to keep acting appointments to a minimum.

The graph below, shows the trend with acting.



2.9.5 EMPLOYMENT EQUITY

The table and graph below, illustrates the trend in the number African Females as well as African Males from June 2017 to June 2021. the Municipality has made a concerted effort to employ people from previously disadvantaged groups, especially from African demographics.



The Table below indicates the progress that the Municipality has made in terms of its numerical targets as set out in the Employment Equity Plan. The table depicts the status of the workforce profile at end of March 2018, the numerical targets that are set out in the new Employment Equity Plan, and the current profile as of 30 June 2022.

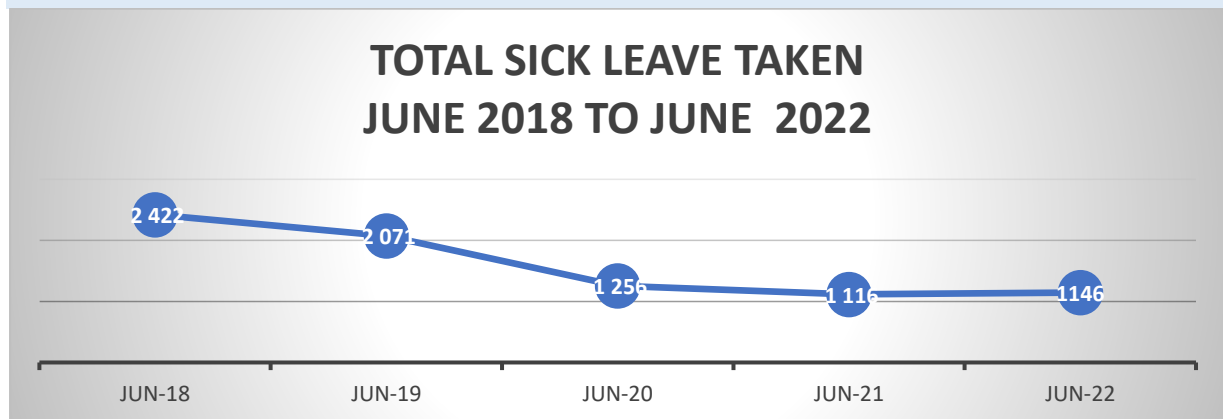
		Male Race				Female Race				Foreign Nationals		
		A	C	I	W	A	C	I	W	Male	Female	
	Top management											
MARCH 2018		0	0	0	1	0	0	0	0	0	0	1
SEPTEMBER 2023 TARGET		0	0	0	1	0	0	0	0	0	0	1
JUNE 2022		0	0	0	1	0	0	0	0	0	0	1
	Senior management											
MARCH 2018		0	1	0	1	2	0	1	0	0	0	5
SEPTEMBER 2023 TARGET		1	0	1	0	2	0	1	0	0	0	5
JUNE 2022		0	0	1	1	2	0	1	0	0	0	5
	Professionally qualified and experienced specialists and mid-management											
MARCH 2018		2	6	0	10	2	3	0	2	0	0	25
SEPTEMBER 2023 TARGET		7	11	1	10	5	6	0	6	0	0	46
JUNE 2022		8	12	1	9	3	7	0	5	0	0	45
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
MARCH 2018		32	68	0	14	29	23	0	16	0	0	182
SEPTEMBER 2023 TARGET		44	48	1	15	38	28	0	13	0	0	187
JUNE 2022		39	61	2	15	37	27	0	12	0	0	193

	Semi-skilled and discretionary decision making											
MARCH 2018		13	12	0	7	33	35	0	3	0	0	337
SEPTEMBER 2023 TARGET		16	13	0	7	63	42	0	5	0	0	425
JUNE 2022		16	14	0	10	61	52	0	7	0	0	442
	Unskilled and defined decision making											
MARCH 2018		10	83	0	0	61	47	0	1	0	0	293
SEPTEMBER 2023 TARGET		75	40	0	2	68	32	0	4	0	0	221
JUNE 2022		66	32	0	1	58	29	0	2	0	0	188

It is very pleasing to note from the above figures, that the Municipality is edging towards the achievement of its targets.

With regards to staff with disabilities, 16 staff have been identified. The Municipality continues to encourage employees to voluntarily disclose their disability.

2.9.6 LEAVE STATISTICS



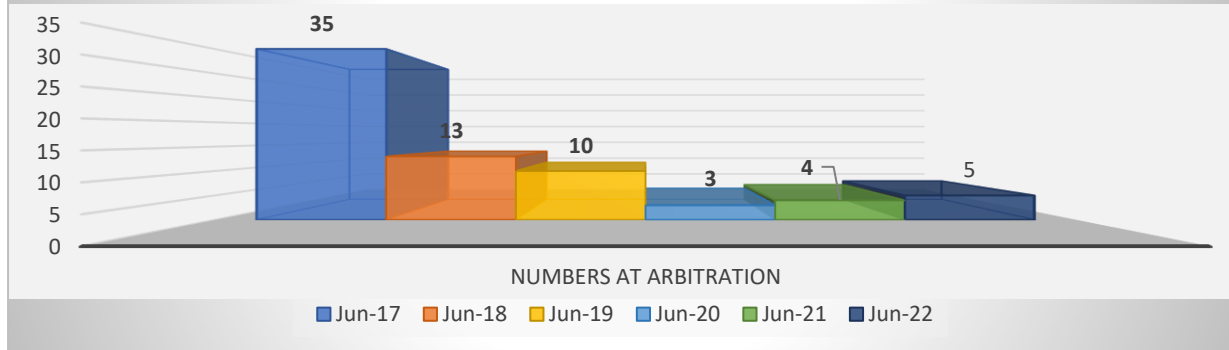
In the graph above the total sick leave drastically decreased from 2422 days in June 2018, to 1146 in June 2022, representing a 47% decrease.

The improved statistics can be attributed to positive morale, work ethic, and more efficient supervision and oversight. In addition, ongoing medical surveillance has enabled the municipality to identify employees with chronic medical conditions and address such issues either through incapacity processes or correct treatment.

2.9.7 DISCIPLINARY MATTERS

The graph below is a year-on-year comparison of matters referred to Arbitration. Matters at Arbitration decreased drastically from 35 in June 2017 to 5 in June 2022. This drastic 88% decrease is attributed to the Human Resource Section dealing with the substantive and procedural fairness of cases, and the management thereof.

NUMBER OF MATTERS AT ARBITRATION JUNE 2017 TO JUNE 2022



2.10 OCCUPATIONAL HEALTH AND SAFETY

Compensation Commissioner Compliance						
May 2016	May 2017	May 2018	May 2019	May 2020	June 2021	June 2022
None.	None	Submitted. Letter of good standing received.	Submitted. Letter of good standing received.	Submitted. Letter of good standing received.	Submitted. Letter of good standing received.	Submitted. Letter of good standing received.

The Kouga Local Municipality has received five consecutive letters of Good Standing from the Department of Labour for 2018, 2019, 2020, 2021 and 2022.

On 11 March 2020, the World Health Organisation (“the WHO”) officially declared that the spread of Coronavirus had reached the level of a pandemic. The virus is crossing international boundaries and affecting many people worldwide. In respect of the workplace immediate steps were taken to attempt to diminish its impact.

Employers are subject to both a common law and a statutory duty in terms of the Occupational Health and Safety Act as well as the Disaster Management Act & Regulations and the -Directives set out by the Minister of Employment and Labour for COVID-19 Occupational Health & Safety measures in Workplaces for COVID-19 (C19 OH, to provide a safe and healthy working environment for their employees.

The OHS section implemented COVID-19 response measures during the Lockdown period. This was to ensure that the Municipal employees work in a Healthy and Safe environment, and that the Municipality adhered to the Lockdown regulations and safety directives as issued by Government.

COVID-19 Health and safety mitigation measures implemented	In Place	
	Yes	No
A COVID-19 risk assessment	x	
All employees working at the workplace have permits to work	x	
A valid COVID-19 Management Plan	x	
A COVID-19 Contingency Plan	x	
A COVID-19 Policy	x	
Staff rotational schedules have been implemented	x	
All building and work areas have been sanitized and disinfected	x	
Cleaning routines in place (Sanitizing surfaces, sweeping floors and walkways)	x	
Floors cleaned thoroughly once a day	x	
All employees always have access to hand sanitizer	x	
All employees have access to clean water, soap & dry disposable towels	x	
Security access control and visitors screening	x	
Employees have access to masks, gloves, and sanitizer	x	
Employees working with public have access to face shields or screens	x	
Employees trained on the use of PPE (Masks, Respirators, gloves)	x	
Employees being screened daily upon entry	x	
All relevant employees received and signed acknowledgement for COVID-19 effects on vulnerable employees	x	
Social distancing being practiced (1.5m) and all facilities / areas meet the max. capacity rule (i.e., 1 person per 4 square meters)	x	
Procedures in place to deal with sick employees	x	
Restriction to access to premises	x	
All essential service employees and permitted services employees went for medical screening conducted by the medical surveillance service provider	x	
All vulnerable employees identified and referred for medical assessments	x	

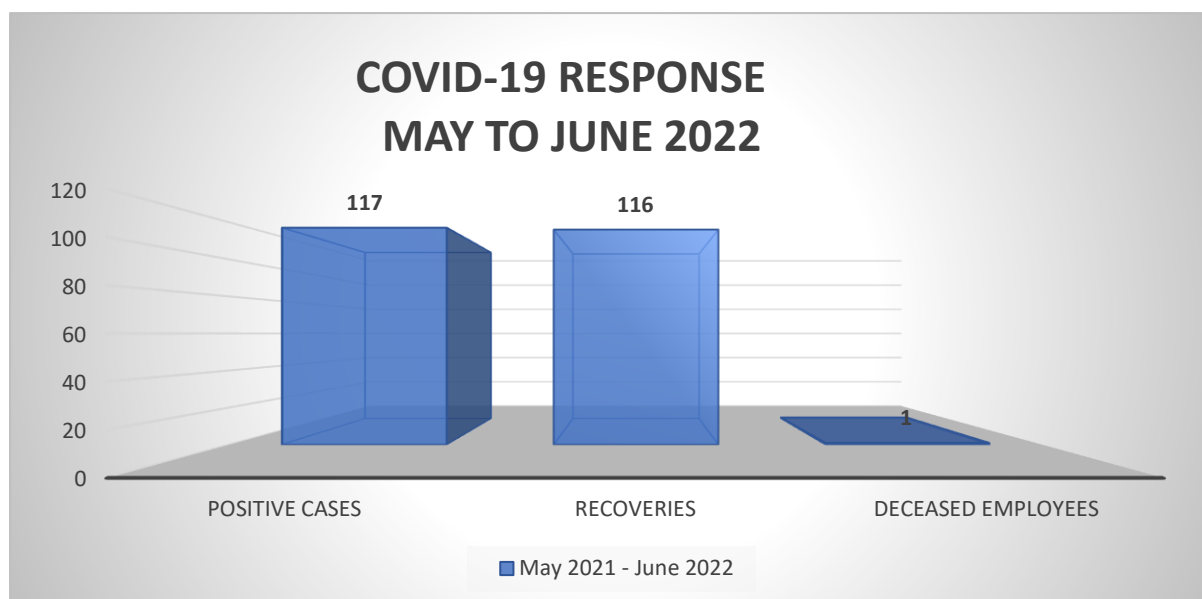
The municipality still maintains vigilance in its fight against COVID-19 and continues to take all necessary precautions to protect its employees and members of the public who utilize our facilities.

In the graph below the following statistics are illustrated:

We had 117 positive cases for the 2020/ 2021 financial year.

As of 30 June 2022, 116 employees including Councillors recovered from COVID-19.

1 Councillor and 1 Employee passed away.



2.11 HUMAN RESOURCE POLICIES

The following HR related policies and staff documents have been developed and has been approved by Council.

KEY NO	POLICY
1	Acting Policy
2	Health and Safety Policy
3	Overtime Policy
4	Recruitment and Selection Policy
5	Leave Policy
6	Absenteeism and Reporting Absence from work Policy
7	Sexual Harassment Policy
8	Scarce Skills
9	Vehicle allowance Policy
10	Essential user Policy
11	Code of Conduct
12	Training Policy
13	S&T Policy
14	Acting Policy for Section 57 Managers
15	COVID-19 Policy
16	Prevention and Elimination of Harassment in the Workplace

SALARY EXPENDITURE

Years	Total number of staff	Actual Operational Expenditure	Personnel expenditure (salary and salary related)	Percentage of expenditure
2015/2016	860	R 619,357,681	R 228,746,553	36,93%
2016/17	824	R 672,685,052	R 224,583,364	33.39%
2017/18	873	R 740,044,276	R 245,776,991	32.21%
2018/2019	924	R820 968 796	R274,158,400.02	33.39%
2019/2020	960	R902 792 776	R293,708,032.70	32.53%
2020/2021	904	R980 060 968	R335,334,005.39	34.21%
2021/2022	874	R1 042 562 741	R331 397 764	31.78%%

2.12 LEGAL SERVICES

The role of the legal services function is to render continuous effective and efficient legal support and advise to Council, Committees of Council, the Executive Mayor, the Speaker, Municipal Manager, Directorates and Managers and ensure legal compliance considering applicable legislation, relevant case law and emerging legal trends. It is the role of the legal services department to provide legal opinions, submissions or input on Policies, Contracts, Agreements, Legislation, By-laws, Authorities, and items referred to Council or Committees of Council, all with the aim of avoiding litigation and safeguarding the municipality's interests.

The role of the legal services function is to render continuous effective and efficient legal support and advise to Council, Committees of Council, the Executive Mayor, the Speaker, Municipal Manager, Directorates and Managers and ensure legal compliance considering applicable legislation, relevant case law and emerging legal trends. It is the role of the legal services department to provide legal opinions, submissions or input on Policies, Contracts, Agreements, Legislation, By-laws, Authorities, and items referred to Council or Committees of Council, all with the aim of avoiding litigation and safeguarding the municipality's interests.

Highlights

Highlight	Description
Functional Legal Services Department	There were no successful appeals against the municipality regarding the award of tenders and quotations.
	The municipality managed to finalise historical litigious matters which weighed on the municipality's contingent liability.
	Thanks to an ongoing strong HR component, Labour matters

Highlight	Description
	<p>are dealt with speedily, within the confines of the law and with success to the Employer.</p> <p>The municipality continues to experience an increase in the provision of legal updates, legal advice and general legal assistance to Council and the respective user departments.</p> <p>The Legal Services functions continues to provide Council with a detailed Report on Legal Matters, allowing Council to effectively implement its oversight function.</p> <p>By-laws and Policies has been reviewed and/or approved in the 2021/22 financial year, and we look forward to additional reviews of outdated by-laws and policies in the coming financial year, this is an ongoing exercise with the intention of updated the Municipal Code in line with the changing legislation, local government environment and precedent setting court judgements.</p>
Panel of Legal Services Providers	<p>The Panel of Legal Services Providers continues to render external legal services in respect of the different areas of law applicable to the municipality is functioning well.</p> <p>Irregular expenditure identified in previous years in relation to legal services resulting from deviations have been eliminated, except for one service provider who is attending to a matter which has been referred to it prior to the establishment of the Panel of Legal Services Providers.</p>

REGISTER OF LEGAL SERVICE PROVIDERS 2021/22

SERVICE PROVIDER	CONTACT PERSON	CONTACT NUMBER	EMAIL	POSTAL & PHYSICAL ADDRESS
SIYATEMBA SOKUTU ATTORNEYS INC	MR. SOKUTU	043 735 1312 / 082 608 1093	apri@solutuattorneys.co.za	P O BOX 8151, NAHOON, EAST LONDON, 5210 / UNIT 1 KENNINGTON RD, NAHOON
KUBAN CHETTY INC	MR. KUBAN CHETTY	041 373 1706 / 082 780 1173	kuban@kubanchettyinc.com	163 CAPE ROAD, MILL PARK, GQEBERHA, 6001
LULAMA PRINCE INC	MRS. PRINCE	041 484 1004 / 061 416 4214	lulama@lulamaprince.co.za	P O BOX 27696, GREENACRES, 6050 / 184 CAPE RD, MILL PARK, GQEBERHA 6001
FREDERICKS INC	MRS. FREDERICKS	041 363 8506 / 082 612 1657	tasneem@fredericksinc.co.za	43 PARLIAMENT STREET, CENTRAL, GQEBERHA, 6000
McWILLIAMS & ELLIOT INC	MR. ED MURRAY	TEL: 041 582 1250 / FAX : 041 585 1274, 041 585 3615 / CELL: 082 330 1177, 083 274 5959	imraan@mcwilliams.co.za ; andy@mcwilliams.co.za	P O BOX 45, GQEBERHA, 6000 / 152 CAPE ROAD, MILL PARK, 6001
C W MALAN JEFFREYS BAY INC	MR. RENCKE DE SWARDT	TEL:042 293 1053 / FAX: 042 293 2693	comalan@intekom.co.za ; rencke@comalan.co.za ; amanda@comalan.co.za	P O BOX 273, JEFFREYS BAY, 6330 / 15 OOSTERLAND STREET, JEFFREYS BAY , 6330
BONQWANA BURNS INC	MR. SHANE DE BEER	041 364 2039 / 065 932 0568	shayne@bonawanaburns.com	BOQWANA HOUSE, 84 6TH AVENUE, NEWTON PARK, GQEBERHA
KARSANS INC	MANOJ KARSAN	041 991 1320 / 082 881 0965	mkarsan@karsans.co.za	235 CELEDON STREET, CENTRAL, KARIEGA
LABUSCHAGNE VAN DER WALT INC	MR. TEWIS LABUSCHAGNE	TEL: 041 582 2069/ FAX: 086 669 1511/ CELL: 083 304 4590/ 084 441 7289	info@lvdw.co.za	P O BOX 70541. THE BRIDGE, GQEBERHA, 6032 / 6 CUYLER STREET, CENTRAL, GQEBERHA, 6000
GOLDBERG DE VILLIERS INC	MS. TRACEY-LEE MOUTON	041 501 9800 / FAX: 041 585 1076	traceym@goldlaw.co.za	13 BIRD STREET, CENTRAL, GQEBERHA, 6001
BILLET GOUWS ATTORNEYS	MR. JOHN BILLET	TEL: 042 293 0191 CELL: 081 049 5198, 082 874 0096	john@billettgouws.co.za ; elizna@billettgouws.co.za ; info@billettgouws.co.za	P O BOX 1651, JEFFREYS BAY, 6330 / GLOBAL STAR HOUSE, UNIT 1, TOP FLOOR, 79 DA GAMA ROAD, JEFFREYS BAY 6330
BLC ATTORNEYS	MS. DELIA CHAMBERLAIN	041 506 3700 / 082 745 4596	stifloen@blclaw.co.za	4 CAPE ROAD, CENTRAL, GQEBERHA, 6001
BATE, CHUBB & DICKSON	ASHLEY KRETZMANN	043 701 4500 / FAX: 043 726 3777/ 082 655 7145	ashley@batechubb.co.za	34 WESTERN AVENUE, VINCENT, EAST LONDON, 5217
C W MALAN INC.	MR. EDDIE ALBERTYN	422,951,056	eddie@cwmalan.co.za	37 CHURCH STREET, HUMANSDORP, 6300
SPANGENBERG ATTORNEYS	MR.HEIN SPANGENBERG	TEL: 042 291 1144, CELL: 082 820 7007	hein@hisproc.co.za	P O BOX 501, HUMANSDORP, 6300 CORNER OF DU PLESSIS & KEMP STREET, HUMANSDORP, 6300

NOTE: LINE ITEM 20 IS NOT PART OF PANEL BUT HAS ONE MATTER STILL ONGOING

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

DIRECTORATE INFRASTRUCTURE AND ENGINEERING

COMPONENT A: BASIC SERVICES

3.1 PROVISION OF WATER

The Constitution of South Africa assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act entrusts the local municipality with provision of affordable, efficient, effective on-going water services which is sustainable. The Directorate Infrastructure and Engineering envisages an area that is supported by an efficient and well-maintained service infrastructure network, which allows all citizens and stakeholders access to a growing base of innovative, safe, reliable, and affordable services. Service delivery requires the provision of new services as well as the maintenance of existing services.

The Present Consumer Water Quantities are:

TOWN	RESIDENTIAL ERVEN 2020/21	INSTITUTIONAL /COMMERCIAL/ INDUSTRIAL NUMBER OF ERVEN 2020/21	TOTAL No OF ERVEN 2020/21	RESIDENTIAL ERVEN 2021/22	INSTITUTIONAL /COMMERCIAL/ INDUSTRIAL NUMBER OF ERVEN 2021/22	TOTAL No OF ERVEN 2021/22
Humansdorp	7127	373	7 500	7 201	378	7 579
Jeffreys Bay (incl Aston Bay and Paradise Beach)	12 924	1 419	14 343	13 194	1 426	14 620
St Francis Bay	3 456	48	3 504	3 484	50	3 534
Cape St Francis	810	3	813	819	3	822
Oyster Bay	555	13	568	559	13	572
Hankey	2 674	84	2 758	2 674	84	2758
Patensie	784	67	851	784	67	851
Loerie	471	13	484	471	13	484
Thornhill	491	13	504	491	13	507
TOTAL			31 325			31 727

Note: Humansdorp Kruisfontein 200 new erven serviced Housing development.

Key Stakeholders

The towns of Hankey and Patensie obtain raw water from the Kouga Dam via the canal system which is operated by the Gamtoos Irrigation Board on behalf of the Department of Water and Sanitation. Raw water is treated at the Patensie and Hankey water treatment works to potable standard before distribution. A new borehole supplying Hankey with water has been equipped and piped to the Hankey water treatment works to supplement supply from the Kouga dam.

The towns of Loerie, Thornhill, Jeffreys Bay, Humansdorp and St Francis Bay obtain potable water from the Nelson Mandela Metro. The water supply of Jeffreys Bay and Humansdorp are augmented by underground water. The town of Oyster Bay is solely dependent on ground water obtained from boreholes and springs.

Level and Standard in Water Services

All the consumers within the Kouga Municipality receive water services at or above RDP standards (access to communal water standpipe in informal areas within 200m distance) Based on the Service Level Policy of Kouga to provide higher level of service, first order of assessment indicates that Kouga requires R82 million to service and provide house connections to all residents in informal settlements once formalized (excluding Bulk). Our Regional Bulk Infrastructure Programme for water services requirement is estimated to be R 652 million.

Kouga Municipality is committed and endeavours to conform to the norms and standards of SANS 214 and blue drop requirements with regards to water quality.

Due to the prolonged drought conditions and low rainfall that persisted during 2021/2022 resulted in that the major storage dams serving the area have reached critical low levels. The current drought conditions are having disastrous and far-reaching negative implications for the entire western region of the Eastern Cape Province and the Kouga area.

Reduced water quotas were imposed on abstraction from the Algoa System and stricter water restrictions were implemented during 2021/2022 throughout the Kouga area.

Water Scheme Area	Schedule of Restrictions
Gamtoos Irrigation Board: Patensie/Hankey	30% of quota
Loerie/Summit pipeline: Loerie and Thornhill	Water supplied by Nelson Mandela Metro 50% restriction imposed on quota by Metro
Churchill/Impofu: Humansdorp, St Francis Bay, Jeffreys Bay	Water supplied by Nelson Mandela Metro 50% restriction imposed on quota by Metro

It was required to continue with Water shedding in the towns of Patensie and Hankey since 2017, to ensure usage remain within the allowable quota. The water is provided to residents via the reticulation system for 3 hours in the morning and 3 hours in the afternoon only.

Water collection station is in place (JoJo tanks) and water is distributed by means of water trucks to the communities daily.

Water is also distributed to communities of Loerie and Thornhill by means of water tanker due to erratic water supply from the Metro Summit pipeline.

3.2 SANITATION PROVISION

The policy of Kouga LM, adopted during 2015, provides that the minimum acceptable standard for sanitation services will be a waterborne system in all areas. Due to the limited own capital funding for projects, bulk infrastructure upgrading/ rehabilitation is mostly funded by grant funds. The backlog that presently exists at all Kouga Wastewater Treatment Plants in terms of over capacitation and ageing Infrastructure, is 10,5 Ml/Day.

Levels and Standards in Sanitation Services

Four (4) levels of sanitation services are provided:

- buckets and chemical toilets only for the informal housing areas,
- full waterborne to 66% of households,
- septic tanks/conservancy tanks to 32.6% of households, and
- digesters and/or VIP's (Ventilated Improved Pit) to 1.4% of households.

The following table depict the number of consumers per type of sanitation services: (Note: Buckets and Chemical toilets serve informal settlements)

TOWN	TYPE							
	Bucket	Conservancy tank	Chemical toilets	Pit	Septic tank	Small bore	VIP	Water borne
Cape St Francis/ St Francis Bay/ Sea Vista	640	3 532	13	-	-	-	-	815
Hankey	439	837	45	-	-	-	420	1 503
Humansdorp	1 585	939	93	-	-	-	-	6 013
Jeffreys Bay	0	3 203	183	-	539	-	-	10 423

TOWN	TYPE							
	Bucket	Conservancy tank	Chemical toilets	Pit	Septic tank	Small bore	VIP	Water borne
Loerie	275	12	10	-		150	-	334
Oyster Bay	117	0	8	-	468	-	-	4
Patensie	470	229	29	-	49	-	-	573
Thornhill	160	0	12	-	-	-	-	504
Total	2857	8 852	393	-	1 056	150	420	20 169

Annual Performance as per Key Performance Indicators in Sanitation

The goal of the Municipality is to provide all consumer units with a full flush form of sanitation. As can be seen from the above table, 19 927 of the consumer units are already serviced with full waterborne/small bore sanitation, and 9 908 being served by septic/conservancy tanks.

	Indicator name	Total number of household/ customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	100%	Nil%	100%	100%	100%
2	Percentage of indigent households with access to free basic sanitation services	100%	Nil	100%	100%	100%
3	Percentage of clinics with access to sanitation services	100%	Nil	100%	100%	100%
4	Percentage of schools with access to sanitation services	100%	Nil	100%	100%	100%

Figures reflected above refer to formal registered cadastral erven.

C: SANITATION SERVICES

	Indicator Name	Total Number of households/customers expected to benefit	Estimated backlogs (actual Numbers)	Target set for the year under review 2021/22 (Actual numbers)	Number of households reached during the financial year	Achievement percentage during the year
1.	% of households with access to sanitation services	30405	0	810	810	100%
2.	% of indigent households with access to free basic sanitation services	7138	0	7138	7138	100%
3.	% of schools with access to sanitation services	No schools planned for year	0	0	No schools planned for year	100%
4.	% of Clinics with access to sanitation services	No clinics planned for year	0	0	No clinics planned for year	100%

3.3 ELECTRICITY



The Kouga Municipality is the registered Supply Authority for the towns of Humansdorp, Jeffreys Bay, St Francis Bay, Cape St Francis, and Oyster Bay, and at each town bulk supply is taken from the Eskom grid. Maintenance of the internal distribution networks is done by Kouga Municipality.

The Municipality's role is to construct, operate, and maintain the distribution network for electricity service delivery to residential, commercial, and industrial consumers in each town, which includes street lighting and supplying pump stations, etc. with electricity. Hankey, Patensie and Loerie are supplied with electricity by Eskom, while Thornhill is supplied with electricity by the Nelson Mandela Municipality.

The present consumer quantities for electricity are:

Town	New Residential Consumers 2020/2021	New Institutional Commercial Industrial 2020/21	Total 2020/21	New Residential Consumers 2021/22	New Institutional Commercial Industrial 2021/22	Total 2021/22
Humansdorp	394	4	398	346	2	348
Jeffreys Bay	754	5	759	314	5	319
St Francis Bay	28	3	30	28	2	30
Cape St Francis	7	0	7	9	0	9
Oyster Bay	1	0	1	4	0	4
Total	1184	12	23091	1 314	9	23 410

Note: Total excludes vacant erven.

The key factors in the service delivery strategies are to maintain a high standard of service and to ensure that electricity is available to all commercial properties, households (both formal and informal) and new development within acceptable norms. To reduce the financial burden on consumers, particularly in terms of the capital requirements for new distribution networks, applications were made to all relevant institutions for financial assistance in a well-planned manner.

Level and Standards in Electricity Services

The aim is for the levels and standards for the provision of the electricity services, to be compliant with the requirements of the National Energy Regulator (NER) and the quality of service and supply standards of NRS 047 & 048. Annual reports in this regard were submitted to NER based on information obtained from data loggers installed at various locations in the network.

Electricity is made available to all potential consumers in the areas for which the Municipality has a supply license. The target is revised annually in accordance with the demand and the necessary steps are taken to timeously complete the work.

This includes applications to the Department of Energy (DoE) to obtain the necessary funding for both electricity and infrastructure upgrade.

During 2021/22 the Department of Energy allocated Kouga Municipality funding to the amount of R7,8 million for the upgrade of bulk infrastructure and the electrification of houses in Kruisfontein, Humansdorp. A total of 200 erven were electrified during 2021/22. Kruisfontein Sub Station was equipped with a 22kV switch gear and was commissioned.

75 Houses were electrified in Golf Course Informal Settlement in Humansdorp using own funding to the amount of R100 000,00.

The cable network to strengthen the supply to Saffery substation from the main substation was replaced with bigger cables to accommodate more load to flow through to the main substation and to ring feed other substations. The cost of this project was R1 million.

The 66kV over headline phase 2, feeding from Melkhout (Eskom substation) to Jeffreys Bay was further extended with mono pole dual-circuit steel structures at the cost of R1.2 million, to replace the old double pole structures. Some 600m from a total of 18km has been completed.

The Ocean View Substation was moved from its current location to a new location to secure the substation and curb electrical power failures, it is also constructed to make provision for more load available for future developments in the area. This relocation was done at R3 million. Another transformer was procured at the cost of R1.4 million to avail more capacity at Appiesdraai Substation to accommodate the development in the Aston Bay and Paradise Beach areas.

LED lights were installed in Humansdorp (70) and Jeffreys Bay (30), at a cost of R200 000,00.

A total of 200 houses were electrified at the cost of R1.4 million at Ocean View Ebunyameni Phase 2.

Funding was receive from DMRE through Eskom for electrification in the Gamtoos Valley area whereby 233 units were electrified at a cost of approximately R4.2 million.

Annual Performance as per Key Performance Indicator in Electricity Services

	Indicator name	Total number of household/ customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage achievement during the year
1	House-holds with access to electricity services	23 410	200	200	1314	100%

	Indicator name	Total number of household/ customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage achievement during the year
2	Indigent households with access to basic electricity services	7 138	2 551	200	200	100%
3	Indigent households with access to free energy sources	0	0	0	0	0%

Major Challenges in Electricity Services and Remedial Actions

The upgrade of infrastructure (primary network) to meet future demand and finding the necessary funds through grants etc.

Improve quality of supply and general service delivery.

The prevention of tampering and illegal connection. Own funding used to irradiate illegal connections over the next year as government doesn't fund electrification of informal areas.

Remedial Actions

Master planning and stringent programmes to implement measures, resources to fund further programmes to be supported by Council.

Annual Review of augmentation levy (contribution by new developments and existing consumers requiring upgrading of their supplies to augment the primary network) and consumption tariffs to meet capital programme to upgrade infrastructure is undertaken.

Appoint additional staff to monitor quality supply and level of services and enforce methods to rectify any deficiencies in the electrical supply.

The appointment of a service provider to investigate and prevent tampering, this will support the project to re-programme all prepaid meters before November 2024.

B: ELECTRICITY

	Indicator Name	Total Number of household/ customers expected to benefit	Estimated backlogs (actual Numbers)	Prior year achievement 2019/20	Target set for the year under review 2020/21 (Actual numbers)	Number of households reached during the financial year	Achievement percentage during the year
1.	% Households with access to electricity services (Serviced by Kouga)	23 410	200	23091	200	1314	100%
2.	% Indigent households with access to basic electricity services (Serviced by Kouga)	7 138	0	6 793	200	200	100%
3.	% Indigent households with access to free alternative energy	None	None	None	0	0	0%

	Indicator Name	Total Number of household/ customers expected to benefit	Estimated backlogs (actual Numbers)	Prior year achievement 2019/20	Target set for the year under review 2020/21 (Actual numbers)	Number of households reached during the financial year	Achievement percentage during the year
	sources						

3.4 ROADS AND STORMWATER

The road network within Kouga falls under the jurisdiction of the following authorities

Road Authority	Length (km)
SANRAL (N2)	68,97 km
Eastern Cape Department of Roads	915,31 km
Kouga Municipality	415.77 km
Total	1 400,05 km

Levels and Standard in Roads Maintenance Services

The condition of roads in the Greater Kouga Municipal area deteriorated rapidly over the past few years due to ageing infrastructure, increase traffic volumes, insufficient funding for maintenance and the impact of flooding over the past few years.

The standard of roads maintenance in all areas in the Kouga is the same whether it's re-gravelling or resealing or pothole repair. Due to the lack of a pavement management system, visual inspection of tarred roads is performed to prioritize the reseal of tarred roads in all wards.

Low level road maintenance services are done through a complaint's register kept at each Administrative Unit.

High level maintenance and repairs are determined through community participation at budget meetings.

The various levels and standards of the road network under the jurisdiction of the Municipality are reflected in the table below.

Road network under jurisdiction of Kouga Municipality

Road Type	2019/2020 Length (km)	2020/2021 Length (km)	2021/22 Length (km)
Tar	315.8km	316.5 km	321.13
Concrete	0,2 km	0,2 km	0.2km
Block paving	7,5 km	10,51 km	10.51km
Gravel (exist)	88.9 km	88,2 km	83.57km
Gravel (new)			0.36 km
Total	402,5 km	415,41 km	415.77km

Cost of Construction/Maintenance		
R' 000		
Year	New	Gravel - Tar
2019/20	R0.00	R0.00
2020/21	R0.00	R1,999,917.40
2021/22	R0.00	R16,687,134.19

During the 2021/2022 financial year R12,100,000.00 including VAT was allocated for road resealing on the operating budget.

The following summary of highlights that was undertaken and completed under the project:

- Length of roads resealed = 7.4 km
- Potholes repaired = 600m²
- Surface failures repaired = 800m²

On the 2021/2022 Operational budget an amount of R12,100,000.00 excluding VAT from own funding was provided for the following:

- Resealing of Roads in the Kouga area.

On the 2021/2022 Operational Budget an amount of R107,000.00 excluding VAT from own funding was provided for the following:

- Preplanning studies undertaken by an appointment Professional Services Provider for the extension of Duine Road in Jeffreys Bay.

Further to the above Capital Municipal Infrastructure Grant (MIG) funding to the

amount of R16,687,134.19 including VAT was allocated for the consulting fees and construction of the upgrading of various gravel roads to surfaced roads in Kouga area.

Annual Performance Service as per Key Performances Indicators regarding Roads

Indicator name	Total number of household/ customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (Actual numbers)	Number of Households/ customers reached during the FY	% of achievement during the year
Percentage of households without access to gravel or graded roads	Nil	Nil	Nil	Nil	Nil
Percentage of road infrastructure requiring upgrade	20.1%	83.57km	Nil	Nil	Nil
Percentage of planned new road infrastructure actually constructed	Nil	83.57 km	km	Nil	100%
Percentage of capital budget reserved for road upgrading and maintenance effectively used	Nil	*R 389.3 million	Nil	Nil	Nil

- Estimated amount to address backlog adjusted to compensate for inflation

Major challenges in Road Maintenance and Remedial Action

Like most local authorities throughout our country, road repair and maintenance remain a challenge due to budgetary constraints, terrain, aging road and storm water infrastructure, poor sub-surface conditions, and ever-increasing traffic volumes.

Significant progress has been made during the 21/22 financial years where funding amounting to R12,100,000.00 was made available for the maintenance and resurfacing of roads. R107,000.00 was spent on pre-planning studies on the Duineweg Road Extension project on the capital budget.

The Kouga Municipality utilizes own funds for the maintenance and repair of Provincial roads located within our town boundaries. The following are Provincial roads located within town boundaries:



Provincial Road MR00381 runs from Humansdorp, between St Francis Bay and the St Francis Links Development to Cape St Francis where it runs the full length of St Francis Way into Seal Point Boulevard to the end of Seal Point Boulevard.



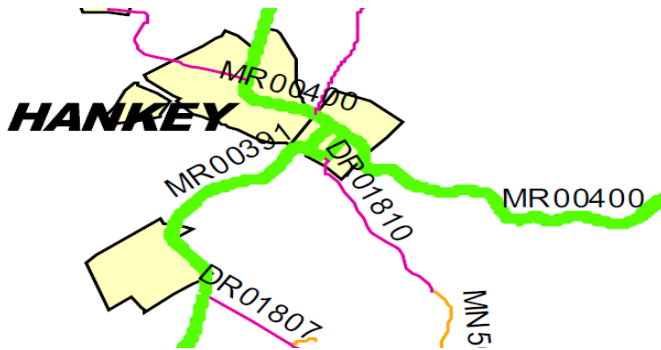
Provincial Road MR00389 runs the length of Da Gama Road up to Woltemade Street, then Woltemade Street up to St Francis Street and up the length of St Francis Street where it turns towards Humansdorp at the Fountains Mall.

Provincial Road DR 0177 links the Fountain Mall to Provincial Road MR00389 at Kabeljous Provincial road MR 00392 links the Fountains Mall to the N2.



Provincial Road MR00389 enters Humansdorp from the east and runs the length of Voortrekker Road where MR00389 ends at the intersection with Main Road. From the Main Road Voortrekker Road Intersection TR04403 continues in westerly direction as Voortrekker Road. MR00391 from

Hankey enters Humansdorp and runs for the full length of Main Road up to Park Street intersection. MR 00381 from St Francis Bay enters Humansdorp and runs the full length of Park Street up to where it intersects with Voortrekker Road (TR0443).



Provincial Road MR00391 from Humansdorp enters Hankey and forms Main Street up to the intersection with Metlerkamp Street. MR0040 runs the full length of Metlerkamp Street and continues to Patensie.



Provincial Road MR0040 runs the full length of Fred Street. MN50261 runs from the Fred Street turn off to Cyril Ramaphosa as Tier Street to the point where it becomes Stuurman Street up to the intersection with Kloofnek Street.

Backlogs

The construction and surfacing of gravel roads (backlog) is approximately 83,57 km. It is anticipated that an estimated amount of R380 million will be required for the elimination of this backlog.

Infrastructure and Engineering: Overall Service Delivery Backlogs: Formal residential Areas

Basic service delivery area	30 June 2021			30 June 2022		
Water						
Water backlogs (6kl/month)	Required	Budget ed	Actual	Required	Budgeted	Actual

Basic service delivery area	30 June 2021			30 June 2022		
Backlogs to be eliminated (no. households not receiving the minimum standard service)	NIL	NIL	NIL	NIL	NIL	NIL
Backlogs to be eliminated (%: total household identified as backlog/total number of households in the municipality)	NIL	NIL	NIL	NIL	NIL	NIL
Spending on new infrastructure to eliminate backlogs	R 59 532	NIL	NIL	R 59 532	NIL	NIL
Spending on renewal of existing infrastructure to eliminate backlog	R 189632	R1.35	R1.35	R 189632	NIL	NIL
Total spending to eliminate backlogs	R249164	R1.35	R1.35	R249164	NIL	NIL
Spending on maintenance to ensure no new backlogs	R15 344	R5 014	R 5 014	R15 344		
Sanitation backlogs						
Backlogs to be eliminated (number of households not receiving the minimum standard service)	NIL	NIL	NIL	NIL	NIL	NIL
Backlogs to be eliminated (%: total households identified as backlog/total number of households in the municipality)	NIL	NIL	NIL	NIL	NIL	NIL
Spending on new infrastructure to eliminate backlogs	R299441	NIL	NIL	R299441	R17.233	
Spending on renewal of existing infrastructure to eliminate backlog	R167028	R25.7	R25.7	R167003	NIL	NIL
Total spending to eliminate backlogs	R466469	R25.7	R25.7	R46652	R17.2	R17.2
Spending on maintenance to ensure no new backlogs	R10 087	R6 084	R 6 084	R10 087	R7.5	R7.5

Basic service delivery area	30 June 2021			30 June 2022		
Road maintenance backlogs						
Backlogs to be eliminated number of households not receiving the minimum standard service)	NIL	NIL	NIL	NIL	NIL	NIL
Backlogs to be eliminated (%: total households identified as backlog/total number of households in the municipality	NIL	NIL	NIL	NIL	NIL	NIL
Spending on new infrastructure to eliminate backlogs	R549063	NIL	NIL	R549063	NIL	NIL
Spending on renewal of existing infrastructure to eliminate backlog	R409628	R2.2	R2.2			
Total spending to eliminate backlogs	R958691	R2.2	R2.2	R958689	NIL	NIL
Spending on maintenance to ensure no new backlogs	R17690	R30 500 000	R30 500 000	R17690	R12.1	R12.1

	Indicator Name	Total Number of households/ customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the year under review 2021/22 (actual numbers)	Number of households reached during the financial year	Achievement percentage during the year
1.	% Households without access to gravel or graded roads	0	83.57km	0	0	0

	Indicator Name	Total Number of households/ customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the year under review 2021/22 (actual numbers)	Number of households reached during the financial year	Achievement percentage during the year
2.	% of road infrastructure requiring upgrade	0	83.57km	0	83.57km	0
3.	% of planned new road infrastructure actually constructed	0	83.57km	0	0	
4.	% of capital budget reserved for road upgrading and maintenance effectively used	0	R380 000 000	0	0	

3.5 MUNICIPAL INFRASTRUCTURE GRANT IMPLEMENTATION

This report outline how Kouga Municipality effectively and efficiently managed the PMU, specifically in alignment with the principles and objectives underpinning the design of the programme as contained in the MIG Policy Framework.

The Municipality confirms that the operational outcomes of the PMU did:

- Acknowledge and adhere to all aspects including all principles, objectives, sector conditions and outcomes contained within the MIG Guideline Document and the MIG Policy Framework Document.
- Ensure adherence to the Labour-Intensive objectives as detailed in the Expanded Public Works Framework Document and the Code of Good Practice for Special Public works.

Background

The programme is entering its fourteenth year of implementation this year. The MIG is the municipal funding arrangement which combined the existing capital grants for municipal infrastructure into a single consolidated grant.

Since the programme is aimed at subsidising capital costs to the poor, priority was given to meeting the basic infrastructure needs. The programme was also aligned to cater for bulk infrastructure for new housing developments.

	2020/21	2021/22	2022/23
Approved Budget Amount	R 31 578 000.00	R 33 413 000.00	R 35 891 000.00
Adjusted Budget Amount	R 0.00	R 0.00	R 0.00
Spent Budget Amount	R 25 227 084.87	R 33 413 000.00	R 0.00
Difference	R 5 962 915.13	R 0.00	R 0.00

Part 1: Progress to date

All aspects contained within the business plan including all principles, objectives, sector conditions and outcomes contained within the MIG Guideline Document and the MIG Policy Framework Document were adhered to.

The following positions as per the "Guide for the Establishment of a Project Management Unit (PMU) by municipalities" were filled to perform the different Functions within the unit.

- PMU Manager (Vacant)
- PMU Technician (Part-Time)
- PMU Administrator (Vacant)
- Account (Part-Time)
- Secretary (Vacant)
- Data Capturer (Full-Time)

It should be noted that not all operational responsibilities/outputs as highlighted in the guide could be achieved.

Part 2: Monitoring

Monthly the PMU meet with the Area Engineers and Director to capture the statistics of services rendered in term of backlogs per area.

Data forms part of the KPI of the Directorate: Infrastructure and Engineering in terms of targets for the directorate.

Monthly and Quarterly reports are given to council on statistics and performance.

Part 3: What are the results and who benefited?

Project Description	Project Status	Beneficiaries (h/h)	Job Creation	Informal Training	SMME's Utilized
2021/22 Projects					
Upgrading of the Sanitation System in Old Hankey	95 % complete	3300	55	5	10
Upgrading of Gravel Roads in Kouga	95 % complete	225003	32	4	
Upgrading/Improvement of Sport Facilities within Kouga region – Loerie	On Design and tender stage	22 5003	0	0	0
2020/21 Rollover Projects					
Upgrading/Improvement of Sport Facilities within Kouga region – Sea Vista	95% Complete	22 5003	11	3	2
Upgrading of the Sanitation System in Old Hankey	95 % complete	3300	55	5	10
Mini Fresh Food Market in Hankey	65% Complete	3300	5	4	5

The above table illustrates the projects implemented and still under construction for the 2021/2022 financial year. The figures reflected above are at the time of the report and will increase as the project progress. Some of the Projects are multi-year Projects Objectives as set out in the business plans were mostly achieved when projects were implemented.

Conclusion

The MIG programme is aimed at the following:

- To provide a basic level of service to the people.
- To target the poor and alleviate poverty.

Implementation costs can be justified, and many people benefited from the programme and their living conditions were directly and indirectly improved by providing them sufficient bulk infrastructure to continuously assure them at least the basic level of service.

All activities of this programme should continue because it is assisting the municipality with huge bulk infrastructure challenges and provide basic service delivery to the community.

3.6 EXTENDED PUBLIC WORKS PROGRAMME

Kouga Municipality entered into an agreement with the Department of Roads and Public Works to spend the full integrated grant funding and creating the targeted FTE's. This effort follows clause 3.1.6 of the Protocol Agreement signed between the Minister responsible for Public Works, The MEC of Roads and Public Works, Eastern Cape, the Mayor of Kouga Local Municipality, to specify the institutional structures that will oversee, monitor, and report on progress in implementing the EPWP and achieving the EPWP targets; and 3.1.7, to provide for mutual assistance and support in respect of the programmes and initiatives of the EPWP.

The total grant received by Kouga Local Municipality in the 2021/ 2022 financial year was R1,423,000.00 which been spend on 9 Incentive Grant Projects, as submitted in the 2021/22 Business Plan.

In total, Kouga Local Municipality managed to create the following number of work opportunities in the 1st, 2nd, 3rd, and 4th quarters of the 2021/2022 financial year.

Quarters	No of projects reported	FTE	No of work opportunities created
1 (July – September 2021)	13	16	45
2 (October – December 2021)	13	55	128
3 (January – March 2022)	13	75	157
4 (April – June 2022)	13	3	22

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2019/20	9	368
2020/21	9	398
2021/22	9	301

The total amount transferred to Kouga Municipality amounts to R1,423,000.00, and was distributed in 3 tranches as follows:

- August: R 356 000.00
- November: R 640 000.00

- February: R 427 000.00

Spending Schedule

The Extended Public Works Programme Incentive Grant Funds received for the 2021/22 financial year were spent as follows:

MONTH	AMOUNT
July 2021	R0.00
August 2021	R 34 882.00
September 2021	R 172 634.00
October 2021	R 144 355.00
November 2021	R 164 901.00
December 2021	R 206 718.00
January 2022	R 104 872.00
February 2022	R 141 876.00
March 2022	R 147 033.00
April 2022	R 145 494.00
May 2022	R 123 511.00
June 2022	R 36 722.00

Total Amount spend from Incentive Grant - R 1,423,000. The current expenditure rate is at 100%.

3.7 MUNICIPAL WORKSHOP



WINNING TEAM THAT CARES FOR THE FLEET OF KOUGA MUNICIPALITY

Vision

Our vision is to see to it that the fleet of Kouga Municipality is upgraded and maintained to always be in a proper running condition, and to ensure that each person in the Kouga Municipal district is getting a high standard of service delivery from the Municipality. The only way the Municipality can achieve its goal of Service Excellence towards the community is if its fleet is in a proper safe running condition. It is the Fleet departments vision to expand the current fleet of the Municipality to such an extent that not only the basic service needs are met, but that all other challenges can be dealt with efficiently and effectively to take Kouga Municipality to a higher level.

Mission

As a support section it is the Fleet department's mission to see to it, that all the vehicles are properly maintained and that the fleet policy will be enforced to prevent damage and misuse of valuable resources. It is also our mission to expand the current fleet of Kouga

Municipality to such an extent that all departments can achieve their goals of rendering an excellent service towards all inhabitants of the Kouga region.

Prevention

The Kouga Fleet section aims to reduce incidents, severity of emergencies and accidents with Council vehicles and by proper maintenance, regular services of vehicles and fault repairs on all vehicles so that a high standard of service delivery towards the community can be achieved. Annual inspections are done by sending vehicles for Certificate of Fitness (COF).

According to SANS 10090: 2003 the Fleet department is a support section and understands the fact that if the fleet section can't achieve its goal to keep all vehicles in a proper running condition it will have a devastating effect on service delivery.

Main functions of the fleet section are as follows.

- It is the Fleet department's responsibility to see to it that financial and management controls are operating effectively.
- All hiring of vehicles for sections and oversee all purchasing of new vehicles.
- To enforce the fleet management policy.
- Access to fleet vehicles is properly authorized and not operated by unauthorised users.
- All logbooks are reviewed once a month as to give accurate reports.
- To see that the fleet is properly maintained and inspected on a regular basis according to the fleet policy.
- That the fleet vehicles are protected against damages, theft, and abuse.
- See that all fleet vehicles are licensed once a year and all trucks to be sent for Certificate of fitness according to traffic regulations.
- Adequate monitoring of fleet usage/cost of fleet.
- Monitoring the fuel usage of each vehicle and small plant.
- Adequate monitoring of the tracker system.
- To give adequate reports regarding all cost of maintaining vehicles.

Preparedness

The seventeen (17) employees, of which five (5) are office bound, strive to do their utmost best towards the service and up keeping of Kouga Municipality's fleet and plant. Our day-to-day service helps to keep the two hundred and thirty (230) vehicles in a proper running condition so that in the event of an emergency, there will always be enough vehicles in a roadworthy condition. This may include conducting risk assessments (likelihood and severity), planning for the continued availability of essential services, and identifying ways to mitigate the potential impacts of an emergency.

Fleet department is proud to state that during the lockdown period the normal operations of fleet were only lightly affected. Fleet could see to it that during the 2021-2022 financial year between 94% and 95% of all municipal vehicles had been in operational condition continuously. All challenges that were encountered by the fleet department during the lock down could be successfully accomplished.

Legal requirements

The fleet department of Kouga Municipality has the responsibility to ensure the roadworthiness of all municipal vehicles are in order, to comply with the requirements of the national Road Traffic Act 93 of 96 and occupational health and safety regulations.

Daily operations.

During 2021/2022 this service handled a total of 4 866 incidents, this comes to an average of 405 job cards opened and completed per month, which includes servicing and repairing of vehicles, repairing COF faults, and doing preventative maintenance as well as fitment of tyres and tyre repairs.

BELOW IS A TABLE OF JOB CARDS, REQUISITIONS AND MONEY SPENT FOR 01 JULY 2021 TO 30 JUNE 2022

ITEM	JUL/AUG/SEPT & OCT 2021	NOV/DEC 2021	JAN/FEB 2022	MARCH/APRIL 2022	MAY/JUNE 2022	TOTAL
Workshop Job Cards	715	325	334	367	288	2029
Service Provider Job Cards	324	138	136	141	124	863
Tyre Job Cards (Procured)	124	68	129	70	42	433
Tyre Job Cards (Repaired)	256	134	128	129	67	714
Tyres procured	248	120	129	99	74	670
2 nd Hand tyres used for various purposes (Spare wheel etc.)	40	31	19	17	46	153
Tubes Procured	0	1	1	1	1	4
TOTAL JOB CARDS						4 866
Tubes amount procured	0	R226.88	R226.88	R226.88	R195.85	R876.49
Tyres amount procured	R596 923.22	R301 111.97	R317 555.26	R 176 672.72	R186 542.65	R1 578 805.82
Tyres repaired	239	132	141	117	142	771
Tubes repaired	9	0	0	0	1	10
Vehicle license amount paid	R 340 539.34	R 66 214.00	R82 289.50	R 35 620.90	R130 043.42 No vehicles licensed June 2022	R654 707.16
COF amount paid	R57 554.70	R 44 890.00	R5 500.00	R550.00	No vehicle sent for COF May and June 22	R108 494.70
Hired vehicle amount paid	R114 394.99	R303 359.00	R238 194.00	R125 661.64	R1 500.00	R783 109.63
Requisitions to SCM	906	235	227	258	4	1630
Orders received	903	229	227	257	3	1619
Order amount paid to service provider inclusive of vehicle hire	R6, 300 389.42	R1 548 939.95	R1 565 340.48	R1 361 171.56	R53 520.60	R10,829 362.01
Fuel usage vehicles and small plan 01 July 2021 TO 30 June 2022	R3 301 643.63	R2 031 334.69	R 2 045 534.44	R 2 531 382.64	R 1 606 497.33	R11 516 392.73

Refurbishment and upgrading of the Kouga Fleet

Some of the Municipal vehicles were in a bad state due to worn engines and badly rusted bodies, and either it had to be replaced or refurbished. The fleet section took it upon themselves to start refurbishing the badly rusted bodies of the vehicles to a fraction of the cost to purchase new vehicles.

Newly purchased vehicles for 2021/2022

QUANTITY	TYPE & MAKE OF VEHICLE	VALUE
2	BULL BACKHOE LOADERS	2 206 320.00
5	MAHINDRA 6075 4WD TRACTORS	1 750 000.00
4	BUSH SLASHERS	200 000.00
1	LAND FILL COMPACTOR	6 110 930.00
1	GRADER SEM 919	3 135 000.00
1	BOMAG ROLLER SINGLE DRUM	2 180 000.00
1	SANTUI BULLDOZER	3 950 000.00
10	ISUZU D-MAX 250 S/CAB 1 TON LDV	3 800 000.00
1	KRUZER CAGE TRUCK	637 650.00
1	KRUZER FLAT DECK	600 000.00
4	REFUSE COMPACTOR 21M³	11 173 072.00
4	SUCTION TANK 6000L	5 022 444.00
4	TIPPER TRUCK 10M³	7 541 880.00
1	WATER TANKER 16000L	1 487 290.00
1	CRANE TRUCK	1 621 311.00
1	COMBINATION JET VAC	4 066 069.00
1	NISSAN NAVARA 4X4	510 000.00
1	NISSAN NAVARA 1 TONNER	400 000.00
2	ISUZU DOUBLE CAB	900 000.00
TOTAL (inclusive of VAT)		54 471 966.00

TRAINING AND DEVELOPMENT

The Kouga Municipality, like all other local authorities, must submit a Workplace Skills Plan to LGSETA in terms of the Skills Development Act, (Act 97 of 1998) and related legislation.

No training is currently provided for mechanical technicians and this department relies on the Skills Development Department for training. All training must be funded by Kouga Municipality.

DIRECTORATE COMMUNITY SERVICES

3.8 ENVIRONMENTAL MANAGEMENT: WASTE MANAGEMENT

The Department Waste and Environmental Management includes all activities relating to integrated waste management, management of two operational landfills, illegal dumping eradication, environmental health, waste minimization, coastal and environmental related management programmes.

3.8.1 WASTE MANAGEMENT

The strategic objective of the Waste and Environmental Management section is that all the communities of Kouga Municipality live in a clean and healthy environment that is maintained and managed in a sustainable manner.

Kouga Municipality's Waste and Environmental Management department's approach to changing course is informed by the Integrated Development Plan (IDP) paradigm and Service Delivery and Budget Implementation Plan (SDBIP), which responds to the global, national, and regional challenges of climate change, resource constraints, the triple challenge of poverty, unemployment, and inequality, as well as improving the overall governance and compliance environment in the municipality. This changing course requires increased focus on activities that will lead to waste minimisation and waste diverted away from landfill sites. It focuses on improved modes of collection, infrastructure, recycling, and production partnerships and aims to change behaviour and create awareness.

To align with IDP, SDBIP and the Polokwane Declaration of zero waste to landfill sites, Kouga Municipality's Waste and Environmental Management department is changing its approach to waste management. A paradigm shift is needed to understand that waste is not "rubbish", but a resource or a raw material. This requires a 'full cycle' approach to waste management, with waste products becoming input materials to other value chains.

Kouga Municipality's Waste and Environmental Management department will take leadership in changing course, however, the public's participation in waste minimisation initiatives is key to the programme's success. Kouga Municipality's Waste and Environmental Management department will commit to implementing separation at source projects across Kouga Municipality area, however, communities will also need to be mobilised to sort waste at a household level to reduce waste. Kouga Municipality's Environmental Management department are in the process of developing the following tactical points to commence the changing course programme:

- Do away with the culture of abundance - change the way we do things within the constraints of limited resources.

- Increase productivity – doing more with less and managing our resources effectively, including landfill airspace, human capital, budget, and others.
- Develop measurable output indicators, which address the desired outcomes in the IDP.
- Utilise an integrated approach to ensure co-ordination of programmes and to work towards greater impact, working with all departments within Kouga Municipality with various responsibilities.
- Develop ward by ward, based remodelling programme, to align with the changing course.

Key issues for 2021/22

The waste management section identified several challenges that is impacting on service delivery:

- Rapidly growing population
- Growing per capita waste disposal from rising income and consumption levels
- Pervasive throw away culture of disposal and illegal dumping.
- Aged fleet with high reliance on 3rd party vehicle hiring.
- Broader development imperatives with financial implications.
- Aged workforce and vacant posts.
- COVID-19 challenges regarding absenteeism, compliance.
- Vandalism of infrastructure.
- Lack of security at landfills with number of waste pickers growing.

Households play a key role in waste management as waste generators. Unemployment rate, role and working conditions of waste pickers on landfills and streets, legislation on waste disposal and landfill management are all signals for a need to change the current waste management system. Household's perceptions are key to the realisation of an integrated waste management system. A system where waste pickers can play a major role of recycling effectively and efficiently within the formal waste management system. An integrated waste management system could create employment and support entrepreneurial initiatives. Household's role in an integrated waste management system will not only be limited to waste generation but will extend to waste management.

Achievements 2021/22

The department participated in the following events:

- Mandela Day 18 July 2021 – clean ups in Humansdorp, Pellsrus and main Beach Jeffreys.
- International Coastal Clean Up - 21 September 2021.
- The Waste Management section procured new fleet that includes 2 Refuse Compactors, 1 recycling truck, 5 LDV's, 6 skip bins for designated areas for litter and waste disposal.

The “**Dorp van Drome**” continues to play a major role in beautification of the Jeffreys Bay area and has partnered with the Poplar and Cedar street residents to beautify the Poplar Park as well as beautification of Zoetelief Park. Activities takes place every Thursday.

Ratepayers from Paradise Beach got together to beautify the entrance to Paradise Beach and will continue with projects to clean and green the area.

JBay Surfers focussed their beautification programme at the main surfing areas at the Point, Spertubes and Albatros.

3.8.1.1 REFUSE COLLECTION

Overview

The planning, control and alignment of all refuse collection and transportation services that provides for specific waste management measures, will be aligned to the norms and standards in terms of the Waste Management Act and Integrated Waste Management Plan.

Strategic objectives

That communities enjoy a clean and healthy environment that is managed and maintained in a sustainable manner.

Description of activities

The refuse collection functions of the municipality are administered as follows:

- Waste Avoidance
- Waste Stream Composition
- Waste Characterisation Results
- Domestic and Commercial Refuse Removal

The table below indicates areas serviced once a week, by Kouga Municipality.

Table: Areas serviced for round collected refuse

Jeffreys Bay	Humansdorp	Oyster Bay
Aston Bay	Kwanomzamo	Hankey
Pellsrus	Vaal dam	Patensie
Paradise Beach	Arcadia	Pola Park
St Francis Bay	Loerie	Shukushukuma
Cape St Francis	Thornhill	

Residential areas, both formal and informal in the larger towns (Humansdorp) are serviced twice weekly and the other towns (Jeffreys Bay, Hankey, Patensie, St Francis, Cape St Francis, Oyster Bay, Loerie, Thornhill) are serviced once a week.

CONSUMERS SERVICED	2016/17	2017/18	2018/2019	2019/2020	2020/2021	2021/2022
Total Number of Businesses	1 106	1 106	1 246	1 296	1238	1244
Total Number of formal households	22 130	29 641	30 032	30 032	30 120	32 128
Total Number of informal settlement households	3 990	7 939	9 779	9 779	9 779	10105
Total Number of backyard dwellers	3 977	3 977	4 122	4 344	4 544	4 544
Total Number of Flats	223	223	242	242	242	242

Refuse Collection is done 3 times a week at all commercial businesses.

Equipment for Round Collected Refuse (RCR), skip bins and illegal dumping Collection

AREA SERVICED	2021/2022 EQUIPMENT
Jeffreys Bay	2 x Compactor Trucks (1 scrapped, 1 hired), 2 new 1 x 3 Ton Truck/ 1 X Skip Trucks/1 TLB/Tipper hired
Humansdorp	2 x Compactor Trucks (1 hired) 1 TLB/Tipper hired/1 Skip truck
Gamtoos Valley	1 x Hired Compactor Truck 1 TLB/Tipper hired
St Francis Bay	1 x Compactor Truck

Weekly Refuse Removal Programme
St Francis Bay

DAY	VEHICLE REGISTRATION	DESCRIPTION OF WORK CARRIED OUT
MONDAY	FMJ 516 EC	Phillipa Place to Otters Landing, St Francis Bay and Cape St Francis (Business + Domestic)
TUESDAY	FMJ 516 EC	Shore Rd to Diana Crescent, Assissi Drive to Lyme Rd (Domestic refuse)
WEDNESDAY	FMJ 516 EC	Cape St Francis, St Francis Bay and Cape St Francis (Business + Domestic)
THURSDAY	FMJ 516 EC	Oyster Bay (Domestic, shops and Industrial area)
FRIDAY	FMJ 516 EC	Sea Vista domestic, businesses and Shops

Gamtoos Valley

DAY	VEHICLE REGISTRATION	DESCRIPTION OF WORK CARRIED OUT
MONDAY	CTW 361 EC	Patensie, Hankey, Weston (Business)
TUESDAY	CTW 361 EC	Gamtoos mouth, Thornhill, Crossways, Nulaid, Loerie (Business + Domestic).
WEDNESDAY	CTW 361 EC	Old Hankey, Phillipsville Ext 4, Rosedale, Plakkerskamp Domestic/Business
THURSDAY	CTW 361 EC	Patensie town, (Business + farms).
FRIDAY	CTW 361 EC	Ramaphosa village, Centerton

Jeffreys Bay

DAY	VEHICLE REGISTRATION	DESCRIPTION OF WORK CARRIED OUT
MONDAY	JBG 856 EC JBD 519 EC DWV 246 EC JBG 916 EC	Beaufort Flats, Jeffreysrus, Paradise (Business + Domestic). Businesses. Caravan Parks + Businesses. All Parks along the beach, entrances, town and townships. Litter Picking bags.
TUESDAY	JBG 856 EC JBD 519 EC DWV 246 EC	Wavecrest East, Old Town Domestic, C/Place, Central town domestic, Wavecrest East, Ferreira Town

	JBG 916 EC	All Parks along the beach, entrances, town and townships. Litter Picking bags.
WEDNESDAY	JBG 856 EC JBD 519 EC DWV 246 EC JBG 916 EC	Jeffreysrus, Ocean View (part) Domestic Business, Oceanview (part) Domestic Business, Caravan park, Island Vibe, Supertubes All Parks along the beach, entrances, town and townships. Litter Picking bags.
THURSDAY	JBG 856 EC JBD 519 EC DWV 246 EC JBG 916 EC	Wavecrest (part) Domestic, Wavecrest (part) Domestic Wavecrest (part), Kabeljous Domestic, All Parks along the beach, entrances, town and townships. Litter Picking bags.
FRIDAY	JBG 856 EC JBD 519 EC DWV 246 EC JBG 916 EC	Pellsrus (part), Tokyo Sexwale domestic, Business, Mandela bay domestic, Business, Caravan park, Pellsrus (part) All Parks along the beach, entrances, town and townships. Litter Picking bags.

Humansdorp

DAY	VEHICLE REGISTRATION	DESCRIPTION OF WORK CARRIED OUT
MONDAY	FMX 511 EC BCX 587 EC	West side of Town, Melt Melville Business in Voortrekker weg, Panorama, Main Street, Kynoch, Koelkor, Midas, Jet, Saverite, Motolek, Midas, Spar, 95 on Main, Kouga Kitchen, Madida House, Hospital, Country Club, Nico Malan and Arcardia Shopping Centre
TUESDAY	FMX 511 EC BCX 587 EC	East side of town, Boskloof, Ambulance Boblok, Graslaagte, St Patrics School, PeP Stores, Mr Price, Mzingisi School, Lungiso, Trade Value, P.Z. Meyer Hospital, All Shops and Taverns in Kwnaomzamo and Moeras Rivier formal houses
WEDNESDAY	FMX 511 EC BCX 587 EC	Kwanomzamo, Main Street, Kekkel and Kraai, Old Mutual Building, Engine, Spar, Kruisfontein School and Kruisfontein and Vaaldam household refuse
THURSDAY	FMX 511 EC BCX 587 EC	Maak n Laas, 7 de Laan, Drankenhoek, Gill Marcus, Johnson Ridge, Arcadia- Graslaagte School, ClinicKoelkor, Midas, Jet, Saverite, Motolek, Midas, Spar, 95 on Main, Kouga Kitchen, Madida House, Hospital, Country Club, Nico Malan, Kooperasie, All Shops and Taverns in

		Kwnaomzamo and Arcardia Shopping Centre. Pola Park, Golf Course and Old Arcardia household refuse.
FRIDAY	FMX 511 EC BCX 587 EC	West Side of Town, Mat Melville, Engine, Main Street, Kynoch, East of town and Spar, P. Z. Meyer Hospital and Arcardia Shopping Centre.

Business, Commercial and Other Waste Collection

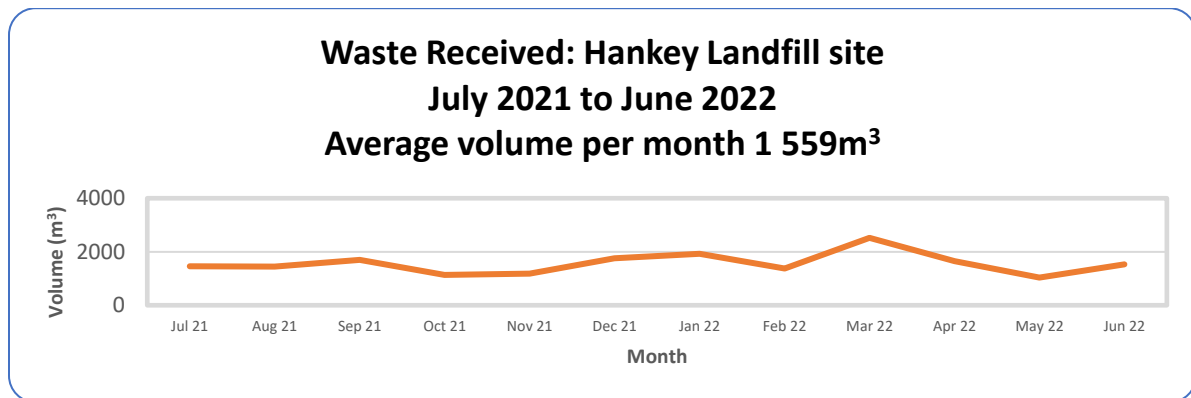
Waste is collected from businesses weekly in all towns in Kouga Municipal area. Some of the main commercial centres in Humansdorp are serviced twice a week, because many of the businesses in these areas have limited space for waste storage. Other commercial businesses in Jeffreys Bay receives a collection three times a week.

Waste is removed from schools and retirement villages weekly and from the hospital in Humansdorp three times per week, excluding medical waste.

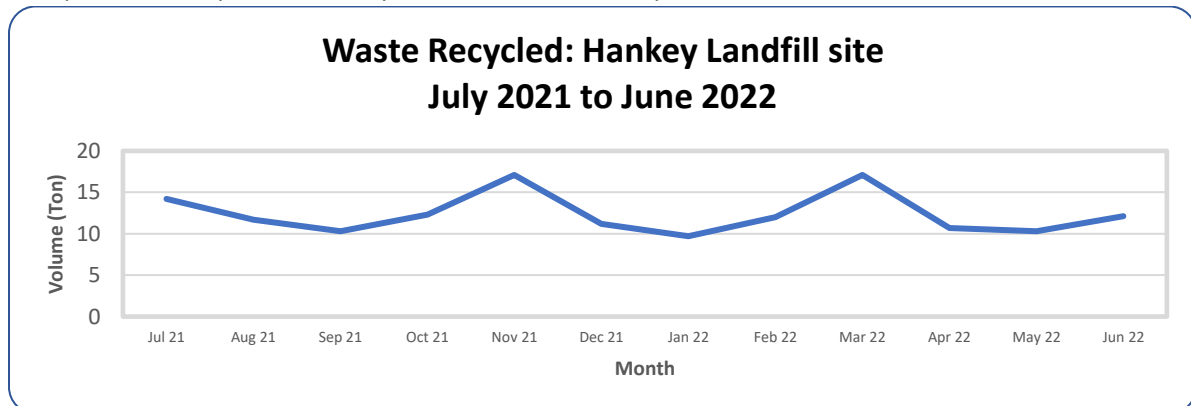
Illegal dumping spots have been identified and a programme is in place to eradicate and beautify these spots.

LANDFILL MANAGEMENT

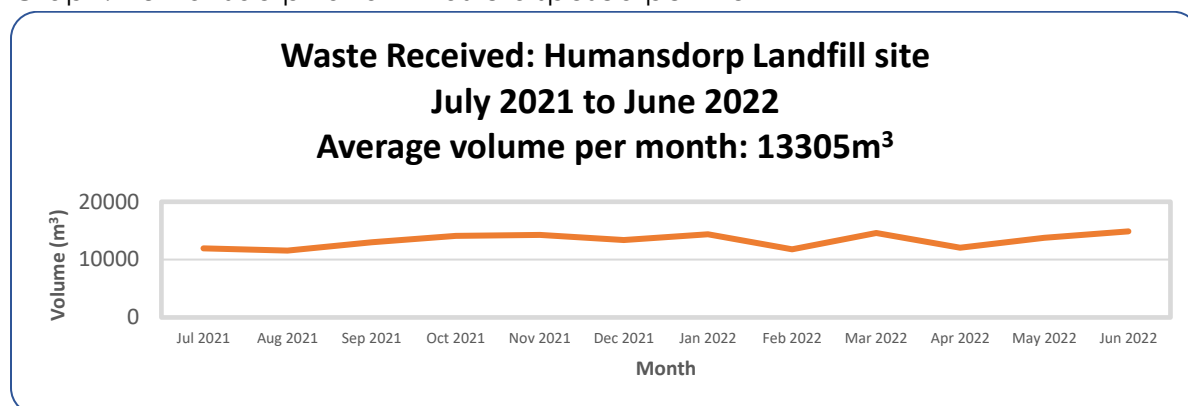
Graph: Hankey Landfill waste disposed per month



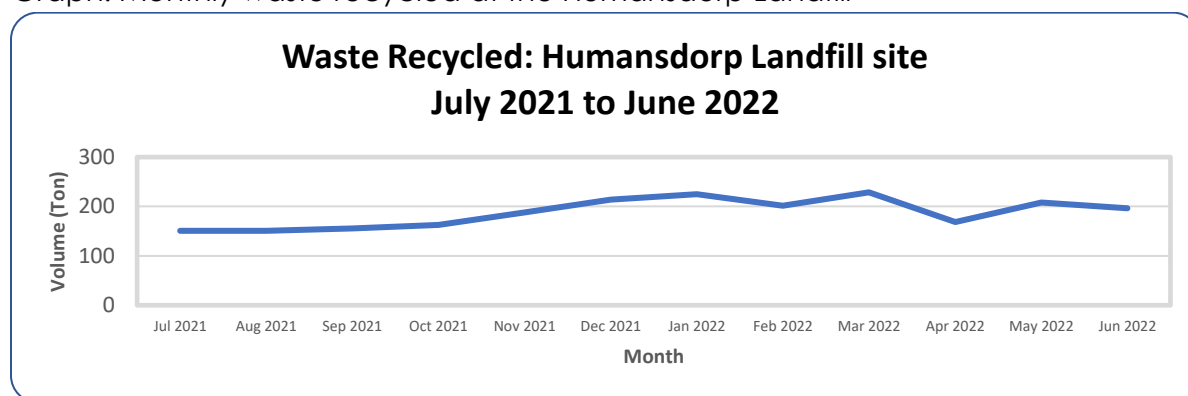
Graph: Monthly waste recycled at the Hankey Landfill



Graph: Humansdorp Landfill waste disposed per month






Graph: Monthly waste recycled at the Humansdorp Landfill



The Table below represents the actions carried out at the Humansdorp and Hankey landfill during July 2020 – June 2021.

Landfill action report

Item	Action	Remarks	
1.	Installation of new flood light at Humansdorp landfill site.	Provide lighting for landfill office area for security purposes.	
2.	New Bulldozer received 1 April 2022		

			
7.	Rehabilitation provisions for landfill	Report compiled and submitted to Finance for annual landfill provisions	<p style="text-align: center;">KOUGA LOCAL MUNICIPALITY</p> <p style="text-align: center;">Rehabilitation provisions for Landfill: May 2022</p> <ol style="list-style-type: none"> 1. Introduction <ol style="list-style-type: none"> 1.1 Background 1.2 Statutory and Regulatory Framework 1.3 Landfill sites requiring rehabilitation <ol style="list-style-type: none"> 1.3.1 Operational landfill site 1.3.2 Closed landfill sites 1.3.3 Drop-off sites 2. Valuation methodology <ol style="list-style-type: none"> 2.1 Progressive closure and rehabilitation (Recurring cost) <ol style="list-style-type: none"> 2.1.1 Annual monitoring 2.1.2 Annual Daily cover 2.1.3 Annual survey: Operational landfill sites 2.2 Once-Off non-Recurring cost <ol style="list-style-type: none"> 2.2.1 Establishing Monitoring Boreholes 2.2.2 Fencing 2.2.3 Land survey – closed sites 2.2.4 Non-Recurring rehabilitation costs applicable to final closure and capping of the landfill sites <ol style="list-style-type: none"> 2.2.4.1 Site classification 2.2.4.2 Location Images (Google Earth) 2.2.4.3 Closure design 2.2.4.4 Cost Calculation 3. Remaining Useful Life (RUL) <ol style="list-style-type: none"> 3.1 Humansdorp landfill 3.2 Hankey Landfill 3.3 Remaining useful life summary 4. General declaration

COMPONENT D: COMMUNITY AND SOCIAL SERVICES
3.9 LIBRARIES, MUSEUMS AND COMMUNITY FACILITIES
3.9.1 LIBRARIES

Overview

Kouga Municipality Libraries provide the community of Kouga with access to educational, informational, and recreational material in general or for specific users regardless of race, gender, age, language, financial or educational status.

Strategic objective

- To ensure that the communities of Kouga have access to facilities and resources that libraries offer.
- To develop skills, preserve and conserve their culture and natural heritage.
- Provision of a safe and free library service for reading and learning.
- Provision of a free and guided access to knowledge and information to support formal and informal education.

LIBRARY INFORMATION SERVICES STATUS QUO

Library name	Internet	Computers for staff	Computers for public	Telephone Line
Hankey South Library	NO	1-NOT WORKING	5-NOT WORKING	NOT WORKING
Hankey North Library	NO	1	3-NOT WORKING	NOT WORKING
N. B Mathodlana	NO	1-NOT WORKING	3	NOT WORKING
7de Laan Library	YES	1	2-NOT WORKING	NOT WORKING
Humansdorp Library	YES	2	3 4-NOT WORKING	YES
Kruisfontein Library	YES	1	6-NOT WORKING	YES
Ukhanyiso Library	YES	1	6-NOT WORKING	NOT WORKING
Jeffreys Bay Library		2	26 – NOT WORKING	NOT WORKING
Tokyo Sexwale	WIFI	1	3-NOT WORKING	DON'T HAVE
Loerie Library	NO	1	4	NOT WORKING
Mbuyiseli Nkosinkulu Library	NO	1	6-NOT WORKING	NOT WORKING
Patensie Library	YES	1	3	NOT WORKING
Thornhill Library	NO	1-NOT WORKING	2-NOT WORKING	DON'T HAVE
Sea Vista Library	WIFI	2	16	WIFI PHONE

Helpdesk Computers, Network and Telephones

Out of fourteen libraries of Kouga Local Municipality, the computers and network connections of twelve are fully operational. Thornhill and Ukhanyiso Libraries both have working computers but no network connection. Seven Libraries have working telephones. Hankey North & South, Patensie, Mbuyiseli Nkosinkulu, N.B. Mathodlana, Tokyo Sexwale, Ukhanyiso and Thornhill Libraries that have no telephones.

Gamtoos Valley Telephone lines and internet in most Municipal Offices not working due to connectivity problems in the entire GV Areas. The connectivity problem in the area is being attended to.

		Reference	Data Element	Q1	Q2	Q3	Q4	Sources
HS3.6	Average number of library visits per library	HS3.6(1)	(1) Total number of library visits	6377	8 205	10 063	9522	Community Services
		HS3.6(2)	(2) Count of municipal libraries	14 LIBRARIES	14	14	14	Community Services

Jeffreys Bay Library Renovation and Extensions Project

Jeffreys Bay Library is being renovated and extended; the project is funded by DSRAC at the estimated cost of **R12 949 842.15**. It is a 12-month project, and the implement agent is DPWI and it is estimated that it will be handed over to the municipality mid-August 2022

Circulation Services

Due to COVID-19 Alert level 4 libraries were closed to the public from 27 June to 25 July 2021.

- Circulation of books from 26 July 2021 – 30 June 2022 = 64 891.
- Total number of Walk in Patrons that used the library = 32 060.
- Total number of Registered members of the library that used the library = 161 498.

Financial Performance: Libraries; Archives; Museums; Galleries; Community Facilities; Other				
Details	2020/21	2021/22		Actual
	Actual	Original Budget	Adjustment Budget	
Total Operational Revenue				
Expenditure:				
Employees	6 131 882	5 865 152	6 258 369	6 446 517.52
Repairs and Maintenance	73 974	55 895	60 000	49 706.35
Other	615 408	448 799	571 123	330 217.49
Total Operational Expenditure	6 821 264	6 369 846	6 889 762	6 826 441.36

Overview

The establishment and maintenance of public open spaces within the Kouga area.

Strategic objective

The Communities have access to Public Open Spaces and Gardens which are well managed and maintained.

Description of activities

- Mowing of Grass (Verges, Picnic Areas, Public Open Spaces, Play Parks, Municipal installations, and offices)
- Alien Vegetation/ Bush Clearing.
- Removal of debris.
- Beautification of open spaces, gardens, and entrances.
- Development of new play parks.
- Planting, Trimming, and felling of trees.

Reference	Performance Indicator	2021/22	Source
C53.	Square meters of maintained public outdoor recreation space	185859,6sq meters	Community Services
C54.	Number of municipality-owned community halls	13	Community Services

Achievements

- Procurement of 5 x brush cutter.
- Procurement of 3 x pole pruners.
- Installation of Play Park – Supertubes.
- Upgrading of the Spekboom Park, Kabeljous Park which included the installation of benches, installation of waste containers, installation and painting of poles, landscaping, erection of braai stands.
- Procurement of 12 x Outdoor benches and 19 x bins for parks along the beach.

PARTNERSHIPS:

Kouga participated in activities initiated by different partners ("Dorp van Drome, Patensie Pronk, J-Bay Surfers and Woodlands Dairy to keep Kouga clean and green.

Overview

The identification of land, planning and co-ordination of all cemetery management activities throughout the Kouga (15 cemeteries).

Strategic objective

Communities to have access to affordable and adequate cemetery services.

Description of activities

- Identification and applications for the establishment of new cemeteries.
- Maintenance of existing cemeteries.
- Digging, trimming, and closing of graves.
- Cleaning and beautification of cemeteries.
- Cleansing of public amenities at cemeteries.
- Administration and maintenance of The Wall of Remembrance.

Challenges

- Most cemeteries have reached full capacity.
- There is no dedicated team to provide the maintenance service at all the cemeteries.
- Fencing of new and old Cemeteries.

Solutions

- Apply for Environmental authorization for more new Cemeteries.
- Budget provisions for Fencing of Cemeteries.

Status Quo of Cemeteries

AREA	WARD	BURIALS PER YEAR 2020/21	BURIALS PER YEAR 2021/22	AVAILABLE SPACE
HUMANSDORP				
Town	15	192	274	Yes
Kwanomzamo	6	77	106	Yes
Graslaagte	15	None	None	Full
Jeugkamp	4	None	None	Full
JEFFREYS BAY				
C-Place	11	191	205	Yes
Dr BB Keet	8	None	5	Full
Pellsrus Duine Weg	2	None	None	Full
Pellsrus Roman street	2	None	None	Full
GAMTOOS VALLEY				

AREA	WARD	BURIALS PER YEAR 2020/21	BURIALS PER YEAR 2021/22	AVAILABLE SPACE
Centerton	9	2	5	Full New Hankey Cemetery approved through EIA process
Hankey Town	9	81	110	Full, reserved plots available
Milton	9	111	24	Full. Congregational Church cemetery used
Weston	13	4		Almost full. Congregational Church cemetery used
Ramaphosa	10	None	None	Full
Patensie Town	10	75	99	Almost Full New Patensie Cemetery approved through EIA process
Thornhill Private Land	7	9	8	New Thornhill Cemetery approved through EIA process
Loerieheuwel	7	22	19	Almost full Explore new Cemetery

Financial Performance: Cemeteries and Crematoriums				
R'000				
Details	2020/21	2021/22		Actual
	Actual	Original Budget	Adjustment Budget	
Total Operational Revenue				
Expenditure:				
Employees	403 964	684 700	594 700	448 610
Repairs and Maintenance	300 000	160 000	130 000	127 963
Other	401 752	487 426	287 426	275 634
Total Operational Expenditure	1 105 716	1 332 126	1 012 126	852 207
Net Operational Expenditure				

Overview

Environmental resource management is the management of the interaction and impact of human societies on the environment. It is not, as the phrase might suggest, the management of the environment itself. Environmental resources management aims to ensure that ecosystem services are protected and maintained for future human generations, and also maintain ecosystem integrity through considering ethical, economic, and scientific (ecological) variables. Environmental resource management tries to identify factors affected by conflicts that rise between meeting needs and protecting resources. It is thus linked to environmental protection, sustainability and integrated landscape management. Kouga Municipality strives to have zero impact on the environment throughout its operations.

The long-term vision is to manage, protect and sustainably use the natural assets of all Kouga areas, in partnership with the relevant communities, to preserve and ensure the continued existence of our rich biodiversity and its associated ecological processes and services of our environment.

HIGHLIGHTS: ENVIRONMENTAL MANAGEMENT SERVICES

Keep Kouga Green

The Keep Kouga Green campaign was launched on 7 February 2020 at Nico Malan High School, Humansdorp and has continued during 2021/22. The purpose of Keeping Kouga Green is to offset Greenhouse gases emitted by human activities that can range from complex industrial production processes to simply driving a car. The projects include awareness campaigns regarding green communities to planting trees and beautifying the environment. The trees planted will absorb carbon dioxide from the atmosphere and provide health benefits, as well as environmental benefits, such as water and air quality preservation, and biodiversity protection. The KKG campaign is to mitigate and adapt to Climate Change.

The campaign seeks to establish a way to raise awareness about climate change and how to respond to global warming. It focuses on communities by promoting positive environmental behaviour and facilitating the sustainable growth within communities.

The Objective of Keep Kouga Green is to:

- Improve climate change adaptation through minimization of biodiversity loss and planting of indigenous trees,
- Encourage use of greener technologies to mitigate against environmental degradation, protection and enhancement of ecosystems,
- Restoration, enhancing, protecting and rehabilitation of open spaces,

- Maximize measures towards pollution mitigation,
- Recycling initiatives.

Community Services established a food garden at the St Francis drop off site and has reopened the nursery in Humansdorp. The food gardens assist the food nutrition programme at schools and food kitchens in the areas.

TREE PLANTING

Kouga Municipality has initiated a tree planting drive as a commitment to combating climate change. Trees do not only create the oxygen we breathe and need to survive, but they also remove harmful greenhouse gases from the air and plays a major role in cooling down the planet. During the financial year 2021/2022 Kouga Municipality planted over 1 000 trees around Kouga. As part of Nature Conservation legislation Kouga Municipality needs to develop a Management Plan for all the relevant nature reserves and coastal areas.

TREES IN CITIES CHALLENGE – UNECE



Kouga Local Municipality was welcomed into the Trees in Cities Community Challenge in February 2022 as per letter in Annexure B. With the inclusion of KM into the project, KM is allowed to use the below logo on all documentation.

Keep Kouga Clean

Kouga Municipality embark on Operation Coca – Maak Skoon for the residents of Kouga as part of the Keep Kouga Clean programme. The programme started on Monday 17 January until 28 January 2022. The residents were allowed to place unwanted goods on the pavement for collection by the Municipality. The Municipality also identified central areas where skip bins were placed for Garden refuse and builders' rubble. Part of the programme was Painting of Streets, Compliance and Enforcement inspections by the Environmental Health Practitioners and Law Enforcement.

Education and awareness were conducted on the following items:

- General knowledge on COVID-19.
- Hand hygiene and handwashing as a primary prevention measure.
- General Environmental Hygiene including sanitizing of premises and surfaces.
- Social Distancing.
- Donning of masks as a measure of curbing the spread of the virus.
- General food safety and hygiene requirements in terms of Regulation R638.
- General hygiene requirements for food premises.

A total of 129 food premises were reached with the programme and the owners were also issued with an inspection report detailing the reason for the visits & different dates

which areas will be serviced with the Coca-Maak Skoon campaign. A total of R 115 000 was issued in fines for non-compliance of Spaza Shops and formal shops.

Grass Cutting, Bush Clearing and Removal of unwated goods in all areas was conducted. Traffic services conducted road marking and painted a total 47 roads during the operation and covered all the areas.

St Francis Spit:

Kouga Municipality has constructed a 3.5 m wide access road from Aldabara Run to the St Francis Spit. An aggregate road surface was constructed, with a 135 mm thick G5 wearing course and 150 mm thick G7 subbase layer. The access road is there to provide access for construction & emergency vehicles to minimise the risk of the Spit.

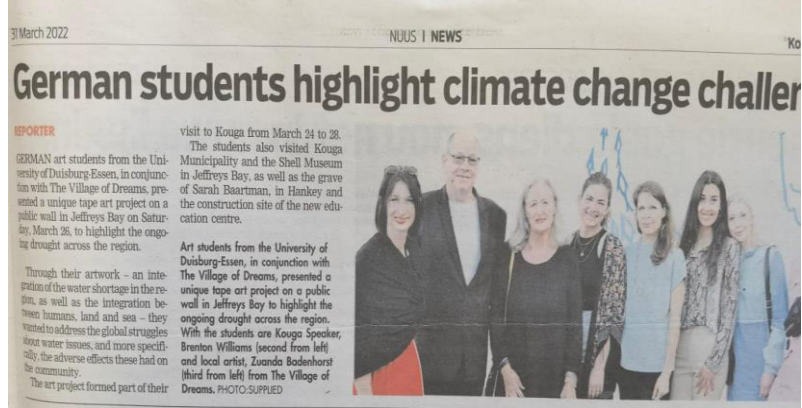
Maintenance of the revetment will be required every 3 to 5 years to avoid massive repairs to the revetment in future.

PLOT CLEARING

Overgrown plots have been a challenge in all Kouga areas and creates a health and fire risks. The department started with a private plot clearing programme to reduce the risk.

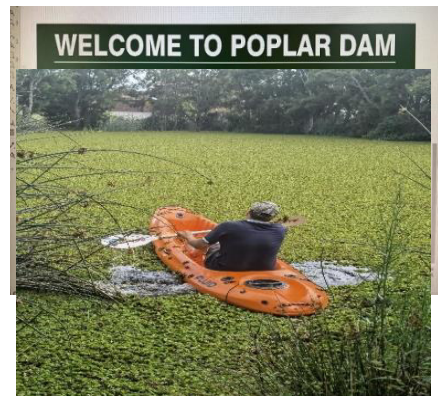
ART PROJECT WITH UNIVERSITÄT DUISBURG-ESSEN

A Collaborative Tape Art Project of German Art Students, Local Artist Group "The Village of Dreams" & Kouga Municipality took place on 26 March 2022. A group of German art students from the University of Duisburg-Essen and the local artist group with Zuanda Badenhorst presented a tape art project on a public wall at 22 Diaz Road, Supertubes. The project was greatly supported by the Kouga Municipality which made the collaboration possible. The project touched upon the topic of water shortage. Water shortage is an issue which does not only affect communities in South Africa but becomes more and more relevant for the rest of the world due to climate change. Through art, the artists want to address the global struggles about water issues but also the specific themes that are significant for the community. The art project is understood as a collaboration in which the artists wanted to bring their different perspectives together to address collective problems related to climate change. The used media were different colored tapes which were applied onto a public wall. In terms of content, the artwork depicted an abstract form of cartography, referencing flowing rivers and the ocean, as well as different motifs that are related to water issues. The artists' worked on the project from the 25th to the 26th and the process was open to visit. The vernissage was on 26th of March at 22 Diaz Road.



POPLAR DAM

Poplar dam is suffocating under the current infestation of the salvinia weed. *Salvinia molesta*, also known as Kariba weed or giant salvinia, is a free-floating aquatic fern that originates from South America. The aquatic fern is sterile (does not produce seeds) and populations grow rapidly through vegetative growth and fragmentation. In optimal conditions, the plant can double its biomass in less than six days. This rapid growth leads to the formation of dense mats of *S. molesta*, up to 30 cm thick, that can cover the entire surface of a water body, reducing water quality (e.g. dissolved oxygen concentration) and native biodiversity, resulting in severe socioeconomic impacts. Rhodes University has released insects to try and reduce the impact. A follow up meeting was held onsite with Rhodes University. The insects are going to work slow due to the cold weather and will function better in Summer. The University will assist Kouga Municipality to rear the insects in Kouga. A resident volunteered his property for the rearing of the insects. Rhodes University will organise the rearing license. Kouga Municipality to supply greenhouse and supporting structures.



ANIMAL RESCUE RABIES VACCINATIONS AND DIPPING

In February 2022, KM were informed by the State Veterinarian that there is an outbreak of Rabies in the Nelson Mandela area and that it could spread to Kouga. An emergency meeting with all Private Veterinarians & Animal Welfare Organisations were organised. Pamphlets and short clip audio visual material were shared on social media sites as well as the publication of vaccination programmes in a local newspaper. Regular vaccinations are done by the SPCA, Jeffreys Bay animal welfare and St Francis Animal Care.

Rabies is transmitted to people by a dog bite or even contact with saliva from a rapid dog. Treatment is possible if a person suspects they have had contact with a rabid dog, but they must be treated early. Rabies is spread when a rabid dog bites another animal.

Vaccination protects dogs from getting the disease, so the more dogs that are vaccinated, the smaller the chance that the disease will spread further.

The Municipality and the Vet from Humansdorp, JBay Animal Rescue, St Francis Bay Animal Rescue and the SPCA immediately took action to prevent the spread by offering rabies vaccinations.

3.11.1 ENVIRONMENTAL PROTECTION

Environmental protection is a practice of protecting the natural environment on an individual, organization and government level, for the benefit of both the environment and humans.

Due to the pressure of overconsumption, population and technology, the biophysical environment is being degraded, sometimes permanently. This has been recognised, and government has started placing restraints on activities that cause environmental degradation.

Kouga Municipality landfill sites are licensed through the National Environmental Management: Waste Act of 2008 and Environmental Conservation Act of 1989 that set out the conditions which we must comply with to ensure that the environment is protected against any degradation or pollution. To comply with the set conditions and to ensure that there is minimal damage to the environment, legal compliance audits are conducted quarterly and annually by an independent auditor and on an ad-hoc basis by the licensing authorities. In addition, inspections are conducted monthly at waste drop off sites and landfill sites to monitor the level of compliance with the various statutory licenses and best environmental practices.

The department's strategy is premised on waste minimisation to remedy and minimise the negative environmental impact caused by its operations to the environment and has appointed a recycling service provider. The recycling programme is aimed at socio-economic upliftment of communities as they are based on partnerships with the community. The implementation of the programme recovers recyclable material from drop off centres, commercial businesses, and events.

The section is increasing its focus on partnerships and stakeholder involvement to change behaviour and create awareness. During the year various successful events were held in collaboration with various partners including the "Keep Kouga Clean" campaigns in collaboration with the Mayor in some instances and special day events such as Mandela Day.

COMMUNITY WORKS PROGRAMME

The Community Work Programme (CWP) was launched in 2009 as an outcome of the Second Economic Strategy process that was commissioned by the Presidency in 2007 to review why government strategies targeting poor and economically marginalised groups were not delivering the impacts intended and, following such, to develop strategies to accentuate the impact of government's economic development strategies targeting poor and marginalised communities across South Africa.

Since its establishment in 2007, the CWP has undergone several changes in institutional and implementing arrangements. Considering the current economic context, government (led by the Presidency and the Department of Cooperative Governance) has recommitted itself to the CWP as one of the instruments to address structural unemployment and poverty in South Africa.

This commitment requires the establishment of the CWP on a firmer footing, including the development of a clear Policy Framework and revised implementation arrangements that consider the lessons from the last decade, support the effective scaling of the programme, and enable opportunities for innovation.

3.11.2 POLLUTION CONTROL

Sarah Baartman District Municipality has embarked on development of a District Wide Environmental Pollution Control plan and other environmental management strategies.

Pollution Control is the process of reducing or eliminating the release of pollutants (contaminates, usually human – made) into the environment. It is regulated by various environmental agencies that establish limits for the discharge of pollutants into the air, water, and land. A wide variety of devices and systems have been developed to control air and water pollution and solid waste.

Air pollution control can be divided into two categories: the control of particulate emissions and the control of gaseous emissions.

Environmental Management and Environmental Health share this mandate due to the nature of contaminants that affect people and the environment. Pollution cases that have been reported were pertaining to sewage spills and illegal dumping have been referred to the relevant department.

The department is also running environmental awareness campaign to address illegal dumping.

Beaches are cleaned constantly and further provides protection services to ensure discipline, but there is currently not enough capacity to do this on a fulltime basis. Visits are seasonal and weather permitting.

3.11.3 BIODIVERSITY PROTECTION

The functions of biodiversity reside with Department of Economic Development and Environmental Affairs as the municipality does not have capacity. The municipality supports the mission to conserve the rich biodiversity and promotes initiatives to proclaim protected areas in terms of NEM: Protected Areas Act while enhancing ecotourism through our nature reserves.

Our mission is to conserve the rich biodiversity, diverse natural ecosystems, and cultural heritage characteristics of our environment through the implementation of management programmes that have clearly defined management goals and objective for the enlightenment, enjoyment, and benefit of present and future generations.

The municipality has partnered with FOSTER to protect the nature reserves in Cape St Francis. Additional properties have been identified of high ecological and biodiversity importance and will be consolidated into the Erma Booysen Nature Reserve.

Reference	Performance Indicator	Reference	Data Element	2020/21 Baseline	2021/22 Annual	Source
ENV4.11	Percentage of biodiversity priority area within the municipality	ENV4.11(1)	(1) Total land area in hectares classified as "biodiversity priority areas"	Not available (To be determined)	198ha	Community Services
		ENV4.11(2)	(2) Total municipal area in hectares		241800ha	Community Services/ IDP
ENV4.21	Percentage of biodiversity priority areas protected	ENV4.21(1)	(1) Area of priority biodiversity area in hectares which is protected	Not available (To be determined)	127ha	Community Services/ IDP
		ENV4.21(2)	(2) Total area identified as a priority biodiversity area in hectares	Not available (To be determined)	75ha	Community Services

3.11.4 COASTAL MANAGEMENT

The District Municipality developed a Coastal Management Plan with a section for Kouga Municipality which will be adopted and implemented as the local coastal management plan during the year 2019/2020.

Coastal Management is currently a new concept within the municipality and Kouga municipality has adopted a Coastal Management Plan in terms of the Integrated Coastal Management Act. Coastal Management will have an impact on various functions within the Municipality such as Planning & Development as well as Infrastructure and Engineering.

Oyster Bay – Dune Rehabilitation

In February 2019 the department commenced with the removal of sand which were encroaching on Brander Street and adjacent properties in Oyster Bay.

A total of 85 000m³ sand was moved during the operation, while opening of Brander Street and adjacent properties have been proclaimed. Approximately 80% of the dunes overrunning Brander Street have been pushed back, except for one dune where the Black Oyster birds were nesting. The photos below show work completed. The residents of Oyster Bay were pleased with the work that had been carried out. The maintenance of dunes will be priority in new financial year.

Seekoei Estuary Management

The artificial breaching of the estuary mouth commenced on March 2022 after NEMA Section 30A application was approved by the East Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

The opening of the estuary mouth was clearly successful with respect to objectives set.

Prior to the operation, Seekoei Estuary had reached a stage when large-scale mortality of different biotic groups had occurred.

St Francis Bay – Rock Revetment

Kouga Municipality constructed 202 meters emergency rock revetment after unusual storm surges that caused the spit to breach.

Boat Launching

Kouga Municipality has applied to reopen the Paradise Beach and the Kromme River Boat launching sites in terms of the Integrated Coastal Management Act from the Department of Economic Development, Environmental Affairs and Tourism.

Kouga Municipality in partnership with the Paradise Neighborhood Watch, Kromme Joint Trust has increased security in these areas with surveillance cameras and appointment of

Peace Officers. Kouga Municipality was also invited to present these boat launching sites at the Provincial Coastal Technical Committee in Port Elizabeth. Kouga Municipality is currently awaiting the Gazetting of the Boat Launching site by DEDEAT.

3.12 ENVIRONMENTAL HEALTH

SERVICE DELIVERY STRATEGY

- To improve the health status of communities through the identification, evaluation and control of critical factors that affect the physical, social, and mental well – being of communities.
- Environmental Health Services are mainly preventive health services and are therefore largely protecting public health and preventing health hazards / risks and diseases.

FUNCTIONS OF ENVIRONMENTAL HEALTH SERVICES

The functions of Environmental / Municipal Health Services for the Municipality are as follows:

- Water Quality Monitoring,
- Food Control,
- Waste Management: illegal dumping,
- Health Surveillance of premises,
- Pauper Burials: attending to applications for exhumations and reburials,
- Surveillance and Prevention of Communicable Diseases,
- Vector Control,
- Environmental Pollution Control, attending to complaints and health nuisances,
- Evaluation of Cemeteries, Mortuaries, and funeral undertakers' premises,
- Active Environmental Education Sessions and Awareness Campaigns / Programmes,
- Business registration & hawker programmes

The above functions as rendered by the Municipality excludes Port Health, Malaria Control and Hazardous Substances which are functions and competency of the Eastern Cape Department of Health

ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN ENVIRONMENTAL HEALTH SERVICES

Description of the Activity and Analysis of the Function	Environmental Health	2020/21 No. of Facilities	2020/21 No. of Visits	2021/22 No. of Facilities	2021/22 No. of Visits
Surveillance of premises	Inspection and evaluation of food premises, milk farms and other facilities to ensure compliance to all Health Regulations and to ensure that products sold to the public is fit for consumption	823	3192	827	2399
Water Quality Monitoring	Water Quality Monitoring: Sampling of water for bacteriological and chemical analysis to ensure compliance with SANS 241 and to ensure that the water is fit for human consumption.	35 Sampling Points 12 x 35 Bacteriological 4 x 35 Chemical Extra for COVID-19: 253 Bacteriological Samplesq	813	35 Sampling Points 12 X 35 Bacteriological Samples 4 X 35 Chemical Samples Extra for Covid19: 156 bacteriological samples Failure resamples: 90 samples	806
Waste Management	Waste Management: identification of illegal dumping sites to ensure a clean and healthy environment.	18 Illegal dumping sites	22	15 Illegal dumping sites	25

Description of the Activity and Analysis of the Function	Environmental Health	2020/21 No. of Facilities	2020/21 No. of Visits	2021/22 No. of Facilities	2021/22 No. of Visits
Health Surveillance of Premises	Health Surveillance of Premises: Assessment of factors including ventilation, lighting, moisture, and approval of building plans to ensure safety.	105 Building Plans	105	235 Building Plans & Land Use Applications	235
Surveillance & Prevention of communicable diseases	Surveillance & Prevention of communicable diseases: Health and hygiene promotion to prevent communicable diseases and disease outbreaks.	Ongoing as per visit to facilities	Ongoing as per visit to facilities	Ongoing as per visit to facilities	Ongoing as per visit to facilities
Vector Control	Vector Control: Vector control of public health interest including the control of anthropoids, rodents, and other alternative hosts of diseases.	15 Facilities (Municipal Buildings)	9	15 Facilities (Municipal Buildings)	10
Environmental Pollution Control	Environmental Pollution Control: Identification of polluting agents and their sources to ensure hygienic working living and recreational environment, e.g., management of overgrown plots.	1140 Notices for Plot Clearing	299 Cleared	319 notices issued	Cleared by owners: 17
Disposal of the Dead	Disposal of the Dead: Manage, control and monitoring exhumations and reburial or disposal of human remains	15 Applications	15 Approved	16 Application	16 Approved

Description of the Activity and Analysis of the Function	Environmental Health	2020/21 No. of Facilities	2020/21 No. of Visits	2021/22 No. of Facilities	2021/22 No. of Visits
Business Registration & Hawkers Programme	Business Registration & Hawkers Programme: Registration of all new businesses in terms of the Business Act, including hawkers.	52 Applications	52 Approved	67 Applications	67 Approved

KEY ISSUES FOR 2021/22:

JOINT OPERATION FOR COVID-19, HYGIENE & FOOD SAFETY COMPLIANCE: SIT – DOWN RESTAURANTS

The Joint COVID-19 and Hygiene Compliance Operation between Kouga Environmental Health and Law Enforcement took place during different dates within July 2021, at several sit – down restaurants within the Kouga Municipal Area, namely Jeffreys Bay & St Francis Bay. The purpose for inspecting restaurants, was after the President announced on Sunday, 11 July 2021, that the country moved to adjusted alert level 4, and restaurants being allowed to have patrons for sit down.

The main purpose for conducting the joint operation was to check on these shops' compliance to:

- COVID-19 regulations and guidelines (adjusted alert level 4), and
- Compliance with the general health and hygiene requirements.

The operation was also aimed at providing ongoing education and awareness relating to COVID-19, the necessary precautionary measures that needs to be in place and are critical in curbing the spread of the virus and health / hygiene and food safety.

The following totals of restaurants were reached during the joint operation:

DATE:	WARD:	AREA:	PREMISES:
Thursday 15 July 2021	11	Jeffreys Bay	<ul style="list-style-type: none"> • Magic Wok • KFC • Nina's Real Food • Tasty Table • Catch of the Day • Jbay 60's Diner • Die Vismandjie & Kospot • Gisters • Kitchen Windows • Tampa Bay Spur • Die Viswif • The Greek Restaurant

DATE:	WARD:	AREA:	PREMISES:
Thursday 29 July 2021	12	St Francis Bay Cape St Francis	<ul style="list-style-type: none"> • Coastal Collective • Full Stop Café • Joe Fish Restaurant • St Francis Ski Boat & Yacht Club • Nevermind • Fresh Oysters • Rambling RosePizza@167 • Bean Tree Coffee • Denude Kitchen • Scuro Café • The Big Time Taverna • St Francis Links • Quayside • Café Bijoux • Mr. Gavin's Sushi • Legends Sports Entertainment Bar & Restaurant • Ganesha

A total number of 30 restaurants were identified and visited for inspections during the operation and the programme is ongoing.

JOINT OPERATION FOR COVID-19, HYGIENE & FOOD SAFETY COMPLIANCE: PUBS, RESTAURANTS & SHEBEENS

The Joint COVID-19 and Hygiene Compliance Operation between Kouga Environmental Health, Law Enforcement and the South African Police Services took place during different dates within December 2021, at several sit – down restaurants, Pubs and Shebeens within the Kouga Municipal Area, namely Jeffreys Bay, St Francis Bay and Humansdorp.

The main purpose for conducting the joint operation was to check on these facilities' compliance to:

- COVID-19 regulations and guidelines and
- Compliance with the general health and hygiene requirements.

The operation was also aimed at providing ongoing education and awareness relating to COVID-19, the necessary precautionary measures that needs to be in place and are critical in curbing the spread of the virus and health / hygiene and food safety.

The following totals of facilities were reached during the joint operations:

Type of operation	Date & Time	Area/Ward	Number of premises reached
1. Joint Operation with Law Enforcement, SAPS and Liquor Board: ILLEGAL SHEBEENS	03 December 2021 10:00 – 12:00	Ward 14: Jeffreys Bay	Total: 2 Premises 1. Madcophotlo Shebeen 2. Jacob Notesi Shebeen
2. Joint Operation with Law Enforcement and SAPS: RESTAURANTS, PUBS & GRUBS	15 December 2021 18:00 – 20:00	Ward 8 and 11: Jeffreys Bay	Total: 8 Premises 1. Nina's Real Food 2. Je Vista Social Cafe 3. Sovereign & 2 Floors up 4. Anchor Down 5. Savoy Hotel 6. The Mexican 7. Brewhaha 8. Jolly Dolphin
3. Joint Operation with Law Enforcement and SAPS: RESTAURANTS, PUBS & GRUBS	17 December 2021 18:00 – 20:00	Ward 15, 6 and 12: Humansdorp and Kwanomzamo	Total: 9 Premises 1. Hen Den 2. Mr. Dee's 3. La Dee Das 4. Twisters 5. Humansdorp Hotel 6. 4 Rand 7. Diamond Lounge 8. Zali's Tavern 9. Container Tavern
4. Joint Operation with Law Enforcement and SAPS: RESTAURANTS, PUBS & GRUBS	18 December 2021 15:00 – 17:00	Ward 12: St Francis Bay	Total: 9 Premises 1. Legends 2. St Francis Brewing Co 3. The Quays Restaurant 4. Gavin's Sushi 5. St Francis Brew Co 6. Mauro's Restaurant 7. The Yacht Club 9. Port View Diner/ 6312

A total number of 28 facilities were identified and visited for inspections during the operation and the programme is ongoing.

JOINT INITIATIVE: FOOD PREMISES' COVID – 19 COMPLIANCE & OPERATION: COCA MAAK SKOON

The above COVID-19 and Health & Hygiene programme was conducted during January 2022 and focused on food premises as one of the business sectors that is frequented by the public residing in and around the Kouga municipal area.

The main purpose for conducting the COVID-19 related programme was to provide ongoing education and awareness relating to COVID-19 and the necessary precautionary measures that needs to be in place that are critical in curbing the spread of the virus.

The main purpose for focusing on health & hygiene was therefore to create awareness on the importance of cleanliness, safety, and hygiene measures with the aim of preventing communicable diseases. The programme was also conducted to ensure compliance with Regulation 638 which governs the general hygiene requirements of food premises.

Education and awareness were conducted on the following items:

- General knowledge on COVID-19
- Hand hygiene and handwashing as a primary prevention measure
- General Environmental Hygiene including sanitizing of premises and surfaces
- Social Distancing
- Donning of masks as a measure of curbing the spread of the virus
- General food safety and hygiene requirements in terms of Regulation R638 and
- General hygiene requirements for food premises

A total of 129 food premises were reached with the programme and the owners were also issued with an inspection report detailing the reason for the visits & different dates which areas will be serviced with the Coca-Maak Skoon campaign.

ENVIRONMENTAL HEALTH EVALUATION OF SCHOOLS FOR COVID-19 READINESS FEBRUARY 2022

The schools were visited during the first month of reopening and receiving learners back for the 2022 school year. The visits were conducted in collaboration with the Department of Education and the focus of the visits was to check compliance with the general guidelines relating to COVID-19 as well the general hygiene and safety requirements for learners and these included:

- Guidelines for receiving learners at school
- Sanitizing facilities for learners, teachers, premises, and surfaces are in place
- Learners and teachers PPE
- Measures for monitoring of symptoms for both learners and teachers
- Monitoring by school staff to ensure compliance

A total number of 23 school were visited and evaluated during the above period (please see table below)

The programme was however suspended because of the Safety Recall Notice that was issued by the National Department of Health through the Directorate: Food Control. The Environmental Health Section had to focus on this safety recall due to its urgency.

The programme school readiness programme will therefore commence on completion of the safety recall programme.

Jeffreys Bay Unit	Humansdorp Unit	St Francis Unit	Gamtoos Unit
- Jeffreys Bay Comprehensive High School	- Humansdorp Senior Secondary	- Seavista Primary	- Vukani Primary School
- Pharos School	- Graslaagte Primary School		- Laerskool Hankey
- Jeffreys Bay Primary School	- St Patricks Primary School		- Hankey Primary School
- Jbay Academy Primary School	- Kruisfontein Primary School		- Loerie Heuwel Primary School
- Jbay Academy High School	- Lungiso High School		- Pumlile Primary School
- Pellsrus Primary School	- Mzingisi Primary School		- Thornhill Combined School
- Makhukanye Primary School			
- Oakridge Primary School			
- Global Leadership Academy			
- Kings College			

FOOD SAFETY RECALL OF SIMILAC ALIMENTUM POWDERED BABY FORMULA REPORT: FEBRUARY 2022

Abbott, the company manufacturing and distributing Similac Alimentum Powdered Infant Formula, informed the National Department of Health in terms of Section 10 (18) of Regulation R638 of a voluntary recall of the above product with details as follows:

- Product/s: Similac Alimentum
- Description: Powdered Infant Formulae

- Packaging: Can/Tin
- Size: 400g
- Batch/Identification Code/s: 27938Z26 & 29284Z26
- Use By Date: 01 April 2023 & 1 June 2023

The stated reason for the recall was due to Potential Contamination with Cronobacter Sakazaki & Salmonella Newport. The Company advised that no products distributed have tested positive for the implicated microorganisms, however, given the nature of microbiological contamination, the recall action was deemed extremely critical due to the serious risk to human health.

Although the company did a Recall with communication in the media & to the Retailers it has distributed to, there remained a possibility that some products may have reached the consequential potential bulk buyers in particular the informal sector such as spaza shops, as well as rural settings. For this reason, the National Department of Health requested Environmental Health Practitioners in Municipalities to ascertain the success of such recall by visiting these facilities.

Consumers were also advised to return the product to the place of purchase for a refund. If infants presented with Diarrhea and/or vomiting or if consumers were concerned about their children's health, they were advised to seek medical consultation/advice. The Environmental Health Section of Kouga Municipality also conducted the recall process by putting the following measures in place:

- A signed recall notice was placed on the Kouga Municipality's social media Page (Facebook) alerting retailers and residents of the recall
- Physical visits to facilities especially Spaza shops were done to ascertain that no products remained on the shelves

A total number of 144 shops were visited during the recall process as per the following table:

Ward	Area	Number of Premises visited
Ward 2	Jeffreys Bay	• 23
Ward 14	Jeffreys Bay	• 18
Ward 7	Thornhill & Loerie	• 11
Ward 10	Patensie	• 11
Ward 6	Kwa – Nomzamo	• 18
Ward 15	Golf Course	• 5
Ward 1	Sea vista	• 11
Ward 9 & 13	Hankey	• 24
Ward 4	Humansdorp	• 20
Ward 5	Humansdorp	• 3

JOINT OPERATION FOR COVID-19, HYGIENE & FOOD SAFETY COMPLIANCE & WASTE MANAGEMENT: SPAZA SHOPS

The Joint COVID-19 and Hygiene Compliance Operation between Kouga Environmental Health and Law Enforcement took place during different dates, within the month of May and June 2022 at several spaza shops within the Kouga Municipal Area.

The main purpose for conducting the joint operation was to check on these shops for COVID-19 compliance, waste management, compliance with the health and hygiene requirements and food safety compliance in terms of the sale of food products past the shelf life. The operation was also aimed at providing ongoing education and awareness relating to COVID-19, waste management and the necessary measures that needs to be in place for health / hygiene and food safety.

The operation was conducted at spaza shops within Ward 1, 2, 4, 5, 6, 7, 9, 10, 11, 13, 14 & 15 during the month of May and June 2022 with the purpose of checking on compliance with health and hygiene regulations as well compliance to other applicable legislation at these facilities.

A total number of 106 businesses were identified and visited for inspections during the operation and the programme is ongoing.

COMPONENT F: SAFETY AND SECURITY

3.13 FIRE AND RESCUE SERVICE

FIRE SERVICES AND DISASTER MANAGEMENT

The Kouga Fire and Disaster Services had a busy year, dealing with drought and Covid-19 simultaneously. Our hard-working fire fighters responded to over 505 incidents for the financial year. This equates to an emergency request for services daily.

The Kouga Fire Department continually strides to meet this growth and increased demand. Kouga Fire Department procured a new fire fighting vehicle with anticipated completion and delivery by the end of July 2022. This vehicle will replace older vehicles to ensure reliable equipment to serve our residents in their time of need.

Expanding our service abilities is also a priority. This year, fire fighters completed firefighting, hazmat training as well as specialized training in fire prevention and vehicle rescue and extrication. To keep fire fighter trained forms part of our mandate to protect and serve our community through risk reduction and prompt emergency response by professionals.

Fire Services is responsible for the following functions:

- Firefighting of structural fires, veld and bush fires and any other fire.
- Fire safety (the application of the National Building Regulations, Fire codes and municipal by-laws with regard to fire safety).

- Rescue services.
- Support services to municipal and other instances.
- Fire pre-planning and related preparedness plans.
- Testing and basic maintenance work on emergency vehicles and equipment.
- Fire communications facilities for the particular service.

The Disaster Management Act 57 of 2002 provides for an integrated & coordinated disaster management plan that focuses on:

- Preventing or reducing the risk of disasters (Prevention).
- Mitigating the severity of disasters (Mitigation).
- Emergency preparedness.
- Rapid & effective response to disasters.
- Post-disaster recovery and rehabilitation.

Our fifty-one (51) permanent employees and fifty (50) seasonal employees help safeguard the Kouga residents, workers, and visitors along with assets and infrastructure worth millions of Rands. Our day-to-day service covers an area of over 2670 square kilometres. Our significant resources can also be called on to support emergency management anywhere in Kouga.

Our operational unit responded to a total number of emergencies responded to is five hundred and five (505), which include fire suppression, emergency medicals, motor vehicle accidents, hazardous materials response and all other emergency related incidents.

The Fire Service response time to incidents less or within 15minutes is 75% for the year.

Firefighting incidents (Structural)

Reference	Performance Indicator	Reference	Data Element	2020/21 Baseline	2021/22				Source
					Q1	Q2	Q3	Q4	
FD1.11	Percentage of compliance with the required attendance time for structural firefighting incidents	FD1.11(1)	(1) Number of structural fire incidents where the attendance time was less than 15 minutes		37 Structural fires in July and August 2021	25 Structural fires in October and November 2021	23 Structural fires	34 Structural fires	Fire
		FD1.11(2)	(2) Total number of distress calls for structural fire incidents		37 distress calls for structural fires in July and August	25 distress calls for structural fires in October and November	23 distress calls for structural fires	34 distress calls for structural fires	Fire

Reference	Performance Indicator	Reference	Data Element	2020/21 Baseline	2021/22				Source
					Q1	Q2	Q3	Q4	
			received		2021.	r 2021			

Reference	Performance Indicator	2021/22				Source
		Q1	Q2	Q3	Q4	
C18.	Number of approved demonstrations in the municipal area (Fire)	10	7	10	7	Community Services
C69.	Number of 'displaced persons' to whom the municipality delivered assistance (Fire)	71	28	12	+ -473	Community Services
C73.	Number of structural fires occurring in informal settlements	13	9	12	30	Fire
C74.	Number of dwellings in informal settlements affected by structural fires (estimate)	49	37	9	30	Fire

Fire fighters are responsible for the protection of life and properties. This is accomplished through suppression of fires, rescuing persons from danger, mitigation of hazards. Work is usually performed under adverse conditions and requires the use of sound judgment and the ability to make rational decisions under stressful and emergency circumstances.

The Fire Prevention unit is charged with upholding all fire prevention regulations for life safety and property preservation.

- Plans reviewed - 610
- Inspections - 145
- Controlled fire permits issued - 30
- Flammable liquid certificates - 49

The main duties of firefighters are to help protect the public in emergency situations. They respond to a wide variety of calls, such as car crashes, chemical spills, flooding, water rescue, and general rescue as well as fires.

Fire kills. Preventing fires saves lives and reduces injuries.

Statistics of Kouga in its analysis of the cause of death is mainly informal structure fires and motor vehicle accidents.

The fire problem is further compounded by the living conditions in informal settlements characterized by narrow streets which are inaccessible to fire service vehicles as well as the lack of street names which complicates endeavours to reach people in need.

These informal settlements comprise of shacks built with highly combustible materials (frequently wood and plastic) and positioned close to each other which increases the risk of fires spreading in these areas.

To keep up with the demand, fire stations are situated in Humansdorp (headquarters), and satellite fire stations in Jeffreys Bay, Hankey and St Francis Bay.

Satellite fire stations are intended to reduce the response time to incidents to render a more effective firefighting service.

Kouga Fire Service aims to eliminate or reduce the incidence or severity of emergencies. Prevention activities include both physical and legal measures, such as compliance inspections, approval of building plans, controlled burn, public awareness, and educational campaigns. The Fire Service works with the community, other emergency management agencies, government, and the private sector to ensure the knowledge, behaviours and regulatory and legislative frameworks exist to protect life and minimize injury and damage to assets.

Kouga Municipality advocates for safety in the built environment and the community, with the goal of reducing the occurrence, impact and severity of fires and other emergencies. Preparedness activities include ensuring response plans and arrangements are in place before emergencies occur. This may include conducting risk assessments (likelihood and severity), planning for the continued availability of essential services, and identifying ways to mitigate the potential impacts of an emergency.

Functional strategies:

- Improve firefighting and rescue capabilities
- Improve personal safety of all staff
- Improve public knowledge of fire safety as well as risk management measures
- Improve training levels of all staff

Staff Compliment

We are a professional service (originally referred to as a Fire Brigade). We currently consist of 4 fire stations in the municipal area, namely, Humansdorp, St Francis Bay, Jeffreys Bay and Hankey.

This service responds to and deals with all types of fires and emergencies, ranging from structural, informal settlement, mountain and veld fires to small vessel and motor vehicle fires. The service extends its work to medical emergencies and rescues including urban

search and rescue, diving, motor vehicle extrications and high angle incidents, as well as hazardous material emergencies.

The department strives to provide a safer environment for the residents and visitors, by creating awareness of the dangers associated with fire in the communities.

Number of Staff Trained	Firefighter 1 & Awareness Training	Firefighter 2 & Operational HAZMAT Training	Other Training
Manager: Fire & Disaster	1	1	1
Deputy Chief	2	2	2
Divisional Officer	1	1	1
Senior Fire Fighter	8	8	8
Fire Fighters	33	30	32
Admin officer	0	0	1
Total	45	41	45

Vehicles

The section works over a vast and wide area within the municipal boundaries, covering the entire municipal area. Reaching emergencies in outlying areas has in the past been challenging, but with the procurement of new fleet within the section, such challenges will be met. The procurement of the additional vehicles for the section will also help to improve the response time to emergencies.

Type of vehicle	Model	Stationed in	Operational	Need replacement Yes/No
Ford LDV - Rescue	2007	Humansdorp	Yes	No
Toyota Land Cruiser – Bush fire fighting	2007	Humansdorp	Yes	No
Toyota Hino – structural fire fighting	2005	Humansdorp	Yes	No
Dennis – Structural fire fighting	1985	Humansdorp	Yes	Yes
Iveco – bush and structural fire fighting	2018	Jeffreys Bay	Yes	No
Nissan Tanker – structural fire fighting	1989	Jeffreys Bay	Yes	No
Nissan Patrol 4x4 – Bush fire fighting	2007	St Francis Bay	Yes	No

Type of vehicle	Model	Stationed in	Operational	Need replacement Yes/No
Toyota Tanker – structural fire fighting	1989	St Francis Bay	Yes	No
GMC – structural fire fighting	1987	St Francis Bay	Yes	Yes
Toyota Land Cruiser – Bush fire fighting	2007	Hankey	Yes	No
Dennis – Structural fire fighting	1984	St Francis Bay	No	Yes
Iveco -Pumper	2018	Jeffreys Bay	Yes	No
Iveco -Pumper	2020	Hankey	Yes	No
Iveco -Tanker	2020	Humansdorp	Yes	No
Ford Ranger - Disaster Management	2020	Humansdorp	Yes	No
Ford Ranger - Lifesaving	2020	Humansdorp	Yes	No
Isuzu LDV- Disaster Management	2006	St. Francis	Yes	Yes
Toyota LDV -Rescue2	2021	Humansdorp	Yes	No

Training and Development

The Kouga Municipality, like all other local authorities, must submit a Workplace Skills Plan to LGSETA in terms of the Skills Development Act, (Act 97 of 1998) and related legislation. No specialized firefighting training is currently provided to fire fighters and this department relies on the Sarah Baartman District Municipality for such training.

Awareness and Training	1st Quarter July - Sep 2021	2nd Quarter Oct - Dec 2021	3rd Quarter Jan - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
Number of civilians reached	165	154	36	89	444
Type of institutions visited (e.g. Old age home/Hospital / Clinic / Factory / Govt. buildings / Library etc.)	Awareness and training were conducted at various institutions and community members. Taverns, Spaza Shops, Restaurants, Humansdorp & Isivivana Hospital, Woodlands Diary, Old Age Homes, Townhouse complexes				
Number of children and teachers reached	89	212	100	1003	1404

Awareness and Training	1st Quarter July - Sep 2021	2nd Quarter Oct - Dec 2021	3rd Quarter Jan - March 2022	4th Quarter April - June 2022	Grand Total 2021/2022
Number of schools covered	3	5	4	7	19

Achievements

- Appointment of two (2) firefighters
- Completion of Fencing at Humansdorp Fire Station
- The fencing at Humansdorp Fire station continued during this financial year and is totally completed to safeguard all municipal property.
- Procurement of 1 x 2.5 Ton firefighting vehicle (Mini Pumper). This vehicle will be stationed in St Francis Bay and will be an added advantage to the current fleet. It will be delivered by end of July.
- Working on Fire has joined forces with Kouga Municipality to address the issues faced by the municipality with public open spaces (ongoing).
- The contract with Working on Fire has been extended to 31 December 2022 and a new base was also opened in Humansdorp with twelve (12) firefighters.
- This section received one (1) woodchipper from Working on Fire
- Achieved a response time within 15 minutes from leaving the station to the scene
- A response time within 15minutes from leaving the station to the scene achieved an average 75,27% for the year.
- Fire Awareness Campaigns at Schools and Wards:
 - A total of 19 Fire Awareness Campaigns were conducted at schools for during this financial year.
 - A total of 25 Fire Awareness Campaigns were conducted at wards during this financial year.

Legal requirements

In terms of Section 84(1)(j) of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), the district is responsible for the functions mentioned below:

- Planning, co-ordination and regulation of fire services.
- Specialized firefighting services such as mountain, veld and chemical fire services.
- Coordination of the standardization of infrastructure, vehicles, equipment and procedures.
- Training of fire officers.

Kouga Municipality entered into a service level agreement with the Sarah Baartman District to perform the services on behalf of the district.

The Fire Brigade Service Act 99 of 1987, SANS 10090, Community Protection against fire, National Veld & Forest Act 101 of 1998, National Building Regulations Act 103 of 1977, and Occupational Health and Safety Act 85 of 1993.

3.14 DISASTER RISK MANAGEMENT



Overview

The purpose of Disaster Management is to promote integrated, coordinated, and multi-disciplinary disaster management for the community of Kouga. Kouga Municipality faces increasing levels of disaster risk. It is exposed to a wide range of weather hazards, including drought, severe storms, and diseases that can trigger widespread hardship and devastation as well as fires. Climate change is altering the face of disaster risk, not only through increased weather-related risks and sea-level and temperature rises, but also through increases in societal vulnerabilities. Kouga Municipality also dealt with the devastating effects of the COVID-19 pandemic.

Legislative mandate

The Disaster Management Act, 2002 (Act 57 of 2002) provides:

- An integrated and coordinated disaster management focused on rapid and effective response.
- Recovery from disasters as well as the reduction of disaster risk.
- The establishment municipal disaster management centres.
- A framework under which the municipal disaster management centre operates and liaises with all spheres of government and relevant stakeholders on disaster-related matters.

The focus of Disaster Management is to establish the necessary institutional arrangements for implementation of a Disaster Risk Management Plan within Kouga Municipality. It also emphasizes the involvement of all stakeholders in strengthening the capabilities of the Municipality to reduce the likelihood and severity of disasters.

Staff Compliment

A coordinated local response during an emergency is expected, and it is important that the municipality meets this expectation. Fulfilling these expectations, however, takes many partners, and it is important to have a clear idea of who is involved in emergency preparedness and the response of each partner's role. The Disaster Management section currently has no staff, following the resignation of the previous employee.

Position	Number of Positions	Number of positions filled
Disaster Management Specialist	1	1
Disaster Management Coordinator	1	0
Disaster Management Practitioner	2	0
Control Room Supervisor	1	0
Control Room Officer	4	4
Total	9	5

The section works over a vast and wide area within the municipal boundaries, covering the entire municipal area. Reaching emergencies in outlying areas has in the past been challenging, but with the procurement of the new fleet within the section, such challenges will be met. The section operates with 2 x LDV's one Ford Ranger procured during the previous financial year and a 2009 Isuzu Double Cab for the section and will also help to improve the response time to emergencies.

Joint Operations Command Meetings

During the COVID-19 pandemic the Joint Operation meetings had to be chaired by a practitioner but in absence, the Manager Fire & Disaster has taken up the role.

Kouga JOC Meetings		
Quarter 1		
July 2021	August 2021	September 2021
5 July 2021	2 August 2021	3 September 2021
12 July 2021	19 August 2021	
19 July 2021	26 August 2021	
	2 August 2021	
	19 August 2021	
Quarter 2		
October 2020	November 2021	December 2021
none	25 November 2021	15 December 2021
		20 December 2021
Quarter 3		

January 2022	February 2022	March 2022
5 January 2022	2 February 2022	2 March 2022
12 January 2022	16 February 2022	16 March 2022
19 January 2022	-	-
26 January 2022	-	-
Quarter 4		
April 2021	May 2021	June 2022
6 April 2022	18 May 2022	1 June 2022
20 April 2022	-	8 June 2022
-	-	15 June 2022
-	-	20 June 2022
-	-	22 June 2022

Risk within the different areas in Kouga

COVID-19 continued during the past year and the activities of the disaster volunteers assisted greatly to combat and contain the virus. The activation of the disaster volunteers was funded by a grant received from Germany.

Drought JOC Meetings and Task team meetings were held from April to May 2022, since the declaration of Kouga as a state of disaster due to the ongoing drought.

AREA	HIGH	LOW	Challenges
Humansdorp	Floods Domestic Fire		Storm Water System Maintenance. Informal Settlement Areas. Social factors
St Francis Bay	Domestic Fire Structure Fire Flooding	Sea level	Domestic fires are high in the formal and informal areas due to social challenges. Structure fires are a high-risk due to electrical and social factors. Sea Risen due to Climate Change and Global Warming factors. Formal and informal areas get flooded due to lack of storm water system and maintenance.
Oyster Bay	Flooding Domestic Fire	Sea	Formal and informal areas get flooded due to lack of storm water system and maintenance. Domestic fires are high in the formal and informal areas due to social challenges.

AREA	HIGH	LOW	Challenges
		level	Sea Risen due to Climate Change and Global Warming factors.
Jeffreys Bay	Domestic Fire Flooding	Sea level	Domestic fires are high in the formal and informal areas due to social challenges Formal and informal areas get flooded due to lack of storm water system and maintenance. Sea risen due to Climate Change and Global Warming factors.
Thornhill	Flooding Domestic Fire	Veld Fire (Bush Plant)	Formal and informal areas get flooded due to lack of storm water system and maintenance. Domestic fires are high in the formal and informal areas due to social challenges. Bush fires and Plantation forestry.
Hankey	Domestic Fire Flooding		Domestic fires are high in the formal and informal areas due to social challenges. Informal Settlements.
Patensie	Domestic Fire Flooding		Domestic fires are high in the formal and informal areas due to social challenges. Flooding is more in the low line farm areas.
Hankey	Xenophobic attacks		Foreigners from Lesotho were attacked and chased from the area by some locals. They were assisted by the Municipality and community until the buses from Lesotho arrived to take them home.

Achievements

- Appointment of one Disaster Specialist
- Disaster Management Plan

Kouga Municipality is committed to build a safer environment for its community. The Disaster Management Plan of Kouga Municipality which has been compiled in terms of Section 53(1)(a) of the Disaster Management Act, 2002 (Act 57 of 2002).

The Disaster Management Act states that "Disaster Management is a continuous and integrated multi-sectorial and multi-disciplinary process of planning and implementation

of measures aimed at disaster prevention, mitigation, preparedness, response, recovery, and rehabilitation".

1. Emergency Disaster Relief

Kouga Local Municipality offers emergency disaster relief following incidents within the area. The Disaster Management section responds promptly to the affected victims by issuing of blankets, mattresses as well as food parcels to fire and flooding affected victims.

2. Disaster Management Volunteers

The disaster management volunteers were appointed as a contingency measure to address the spike in Covid-19 cases within the Kouga municipal area. They perform this function with the cooperation of Law Enforcement and the South African Police Services.

The objective was to flatten the curve with the introduction of control and monitoring measures within the community. They monitor and control the high congested areas with social distancing, wearing of masks and sanitizing the public's hands. They worked actively at funerals and were roaming the streets of Kouga to execute this function. Kouga Municipality received a donation from Germany for Covid-19 related activities, especially for the activation of the disaster volunteers.

Compliance with the Implementation of Covid-19 Risk Departmental Workplan

The departmental COVID-19 Risk Operational Plan was adhered to throughout the year. All positive employees were isolated correctly, as per the plan and received the necessary personal protective equipment. The entrances were manned by security to take temperatures and ensure compliance with sanitization of all entries. The stations were regularly sanitized as per schedule. The staff has been trained with regards to COVID-19. Daily sanitizing was conducted at all premises of all the frequently touched areas. All premises were fogged with decontaminating liquid after a positive test has been received. The department thus was in 100% compliance with the Implementation of COVID-19 Risk Departmental Workplan.

3.14.1 LIFESAVING SERVICES

Overview

The main duties of lifeguards are to maintain constant surveillance of patrons within the aquatic environment, to prevent any incidents, injuries and drownings in and around the aquatic environment. They act immediately and appropriately to secure safety of patrons in the event of emergency. Provides emergency care and treatment as required until the

arrival of emergency medical services. They also enforce rules and regulations within the aquatic environment.

Prevention

The Lifesaving Service section focuses on creating awareness through water safety programmes towards schools and the community, providing training for locals, preventing or reducing the risk of drownings, mitigating the severity of emergencies, emergency preparedness, rapid and effective response to emergency situations and post-emergency assistance.

Lifesaving is an essential life skill.

Preparedness

Kouga advocates for safety in the aquatic environment and the community, with the goal of reducing the occurrence, impact and severity of drownings and other water related emergencies. Preparedness activities include ensuring response plans and arrangements are in place before emergencies occur. This may include conducting risk assessments (likelihood and severity), planning for the continued availability of essential services and identifying ways to mitigate the potential impacts of an emergency.

Functional strategies:

- Improve lifesaving capabilities.
- Improve personal safety of all staff.
- Improve public knowledge of water safety as well as risk management measures.
- Improve training levels of all staff.
- Improve staff interaction with the public.

Staff Compliment

The Lifesaving section consists of 2 permanent Senior Lifeguards, 50 contractual Lifeguards, and 2 contractual Shark Spotters for the summer festive season annually. The lifeguards ensure that all swimming beaches within Kouga Local Municipality are safe for patrons during the summer festive season. The contractual staff are monitored and coordinated by the permanent staff during this time.

Position	Number of Positions	Staff trained in Lifeguard Awards, PWC (Jet Ski) Skippers, Lifeguard Instructors, Maritime Emergency Care First Aid, Quad (ATV), Navigation, Coxswain Qualification, Radio Operations, Shark Spotter
Permanent Staff		
Senior Lifeguard	2 (filled)	2 Senior Lifeguards are trained in: <ul style="list-style-type: none"> • Lifeguard Awards,

		<ul style="list-style-type: none"> • Personal Watercraft (Jet Ski) Skippers, • Lifeguard Instructors, • Maritime Emergency Care First Aid, • Quad (ATV), • Navigation, • Coxswain Qualification, • Radio Operations • Shark Spotters Training
Contractual Staff		
Blue Flag Lifeguards	12	12 Lifeguards are trained in: <ul style="list-style-type: none"> • Lifeguard Awards
Shark Spotters	2	2 Shark Spotters are trained in: <ul style="list-style-type: none"> • Shark Spotters Training
Lifeguards	38	38 Lifeguards are trained in: <ul style="list-style-type: none"> • Lifeguard Awards
Total	54	54

The lifeguards work over a vast and wide area within the municipal boundaries, covering the coastline from Oyster Bay to the Gamtoos Mouth.

The safety of Kouga's beaches is a big drawing card for tourists and the municipality continues in its efforts to strengthen the lifeguard section year on year.

The lifesaving section operates with the following vehicles:

- 1x quad bike
- 1x 4x4 Single Cab
- 1x jet ski

This is to ensure that lifeguards respond speedily and efficiently to emergencies be it on land, surf or shore. The vehicle is also used to ensure that all seasonal staff arrive and commence duty at their allocated beaches.

Kouga Municipal Grant-In-Aid Recipient National Sea Rescue Institute (NSRI – Station 37)

Kouga Municipality supports organizations and bodies who qualify for financial assistance in terms of the criteria and prescriptions contained in the Grant-In-Aid Policy and Section 67 of the MFMA 2003. The NSRI work in conjunction with the Kouga Local Municipality to provide training to the Kouga community to create lifeguard jobs on local beaches. The partnership between the municipality and the NSRI has been strong, and the programme has created some excellent lifeguards.

The focus of Sea Rescue Lifeguards is prevention. The teams are chosen from residents who are trained to understand their area of operation intimately. The skills that are taught emphasize anticipating dangers and educating visitors about these dangers, thus

reducing the need for rescues. Sea Rescue lifeguarding protocols are designed to reduce the dangers that visitors face. This includes a mobile app that gives the local and national managers real-time information on exactly what is happening in the area, including weather conditions and incidents. The very best equipment available is used, including 4x4 vehicles, quad bikes and custom-designed jet skis. This allows lifeguards to respond to incidents faster and in a wider area than just between the flags, as statistics show that most drownings happen outside of the flags. The Sea Rescue Lifeguard unit uses its own training curriculum for volunteers, the Surf Rescue Swimmer qualification. This allows them to bridge that gap between lifeguards and sea rescue crew and brings their skill level closer together. Sea Rescue Lifeguards are on standby 24 hours a day to respond to emergencies.

The NSRI – Station 37, successfully applied for the Grant-In-Aid for the 2020/21 financial year and these are the achievements for the year.

Achievements

Lifeguard Training

Lifeguard training was conducted by the NSRI during this financial year, where volunteers from all areas within Kouga could join. The training was catered for individuals with swimming backgrounds as well as those who have no swimming experience.

Lifesaving Containers

A new satellite sea rescue and lifesaving station was opened at the Aston Bay Beach in a joint venture by Kouga Municipality and the National Sea Rescue Institute (NSRI). A container, fitted with rescue equipment such as a radio, oxygen cylinders, automated external defibrillators (AED), and a patient bed was placed in the area to help improve lifesaving operations. The container has been modified to have a lifeguard tower on top and will also be equipped with a quad bike, a jetski and other medical supplies to help with emergency cases.

Lifesaving Awareness Campaigns and Meetings

A total of 8 Lifesaving Awareness Campaigns were conducted at wards for this financial year. The annual target was 8 Lifesaving Awareness Campaigns for the year.

Meetings with NSRI

A total of 3 meetings were held with the NSRI, Lifesaving Eastern Cape and Kouga Municipality

Signage

Twenty-five (25) beach warning signs were installed in all areas that were identified as high risk for swimming from Kabeljous to Oyster Bay.

Challenges and Solutions

Description	Challenge	Solutions
Vehicles and Equipment	<p>Training during the COVID-19 pandemic was a challenge, as the candidates became demotivated and some even resigned from the programme.</p> <p>The beaches have closed several times with the new lockdown regulations.</p>	To stress the importance and change the mindset of the community, through education and awareness programme on importance of compliance with COVID-19 measures.
Awareness and training	<p>Lack of water knowledge and swimming ability within the communities.</p> <p>The public does not adhere to the regulations and are swimming at high risk and non-designated areas.</p>	<p>Increase of water awareness programmes and introducing lifesaving skills through training.</p> <p>Media and social awareness initiative to be introduced to defer public that does not adhere to regulations and swim at high risk and non-designated areas.</p> <p>Twenty-five (25) beach warning signs were installed at high-risk areas for swimming.</p>

3.15 SAFETY AND SECURITY

This Department includes Traffic, By- Law enforcement and Security services.

The aim of Council is to ensure that all residents and visitors live in a safe and harmonious environment within Kouga municipal area, through high visibility and presence of law enforcement agencies.

Currently municipal law enforcement officers work closely with the South African Police Services (SAPS) to combat crime. Traffic law enforcement focus on keeping the local roads and streets in the municipal area safer and minimize road fatalities. Integrated operations are held to prevent crime increase in this municipal area through proper planning. The section works closely with other enforcement agencies within Kouga municipal area to fight crime in all forms.

3.16.1 TRAFFIC LAW ENFORCEMENT

Overview

Traffic and Licensing Services aims to provide a professional service to all road users and the community of Kouga Municipality by promoting road safety and creating a safe road environment through effective management, education, engineering, and enforcement. The goals and functions are to educate road users to comply with the rules and regulations of the road and to enforce it. Traffic Law enforcement is guided by the National Road Traffic Act 93/1996, National Land Transportation Act 5/2009 and supported by the Criminal Procedure Act 51/1977.

Functions:

Traffic Safety is the mandate of the Department of Transport and has been delegated to Provincial and local authorities, guided by the National Road Traffic Act, 93 of 1996, The Criminal Procedure Act 51 of 1977 and the National Land Transportation Act 5 of 2009.

Our operational activities include roadblocks at strategic areas, high visibility in identified hotspots zones.

High visible traffic policing is essential daily to ensure safer road environment. The Traffic Law enforcement section works closely with other relevant law enforcement stakeholders for example the South African Police Service (SAPS) and the Department of Justice to enforce the law and bring perpetrators to book.

Patrols are performed on various National, Provincial and Local roads/ streets in the Kouga area. Roadblocks are held to check driver driving behaviour and vehicle fitness. Speed checking by camera and manual operation is conducted on daily basis. There are nine (9) schools that are participating in the scholar patrol programme. They receive regular training and are supplied with the necessary equipment.

SCHOOL	WARD	AREA
Graslaagte primary school	5	Acadia
St. Patrick's primary school	15	Graslaagte
Stulting primary school	15	Humansdorp
Mzingisi primary school	6	Kwa Nomzamo
Hankey primary school	9	Phillipsville
Makhukanye primary school	2	Tokyo Sexwale
Sea-Vista primary school	1	Sea vista
Jeffreys Bay Primary school	11	Central J-Bay
Kings College	14	Ocean view

Traffic Control Activities

Description	2017/18	2018/19	2019/20	2020/21	2021/22
	Total	Total	Total	Total	Total
Handwritten fines	4238	3523	2602	4296	6146
Paid fines	26 000	7868	682	875	1142
Disable Parking discs	160	162	166	107	117
Warrant of Arrests	1201	333	161	114	554
Notices/Fines		Description		Issued	Rate
		Handwritten fines		6862	100%
Successful		Admission of guilt paid		1616	24%
		Warrants paid		714	10%
Unsuccessful		Notice withdrawn by court		1781	26%
Outstanding		Unfinalized		153	2%
		Warrants of arrest		2598	38

Challenge

- Payment rate is low due to current social economic environment and covid 19
- No municipal court to deal with traffic related and bylaw cases only.
- No approval by DoT to perform eNatis blocking.
- During Loadshedding internet networking is slow or not available, whereby the eNatis system is not functioning properly although a generator was installed.

Achievements

The Safety and Security Section went out on tender for Speed camera enforcement equipment, a service provider was appointed on the 24 May 2022 and Speed Camera operations are operational.

Weekly and monthly Roadblocks/Joint operations with Roleplayers are being planned and executed.

Two Senior Traffic officers were appointed 01 June 2022.

A total number of 27 roadblocks (warrants and drunk and driving) were conducted

A total number of 108 joint operations (driver and vehicle fitness) were conducted by traffic and law enforcement and other stakeholders.

3.16.2 REGISTRATION AND LICENSING/ DRIVERS LICENSE/ VEHICLE TESTING

OVERVIEW: Registration and Licensing

Municipalities act as Agents for the Department of Transport to register and license vehicles and conducting driver/ learners' licenses. The municipality receives a 19% agency fee for rendering this service.

Function

- The registration and licensing as well as Deregistration of Motor vehicles within the jurisdiction of the Kouga Area.
- The capturing of data onto the e-Natis system is done daily.
- The forwarding of complicated vehicle registration transactions to the Provincial Department of Transport helpdesk for support and advice.
- Motor Vehicle Disbursement Reports are compiled on a weekly basis for direct payment to the Provincial Department of Transport. Audits are being performed by the Provincial Department of Transport once a year to determine compliance of the National Road Traffic Act.

REGISTRATION & FILING CUBICLES

FILING

Filing of documentation is done daily according to Motor Vehicle Register Numbers to ensure correct classification during Audit Inspections.

ACHIEVEMENTS IN THE REGISTRATION & LICENSING SECTION:

- 4 Filing Clerks have been appointed on a Permanent basis.
- The registration clerk cubicles were changed to all be front facing.
- Burglar bars were installed at the outside windows and new blinds were fitted.
- Filing is conducted daily for better control measures.

Description	2017/18 Total	2018/19 Total	2019/20 Total	2020/21 Total	2021/22 Total
HUMANSDORP					
Duplicate Certificates	230	399	171	273	207
Special Permits	95	44	23	13	19
Temporary Permits	41	117	14	22	39
Search Fees		1	-	-	

Hankey					
Duplicate Certificates	0	17	12	16	11
Special Permits	0	13	1	3	6

REGISTRATION & LICENCING TRANSACTIONS

DRIVERS LICENCE SECTION(DLTC)

Overview: Driving Licence Testing Centre and Vehicle Testing Station

The driving license testing centre (DLTC) makes provision to test learners' licences, light and heavy motor vehicles licences, as well as renewal of driver licenses and professional driving permits for the community of Kouga municipality and neighbouring municipalities. Humansdorp centre operates 5 days a week.

Computerised learners licence testing equipment was installed at Humansdorp and Hankey driving licence testing centres.

Hankey driving license testing centre is fully operational and does renewal of driving licences and professional driving permits.

The Vehicle Testing Station (VTS) in Humansdorp is operational. A play detector was installed in September 2021.

Driving License testing centre (DLTC) statistics: Humansdorp and Hankey

Description	2017/18 Total	2018/19 Total	2019/20 Total	2020/2021 Total	2021/22 Total
Learners License Applications	3815	4357	2679	3280	2744
Applicants passed	2354	2785	1959	2394	1690
Driving License Renewals	5357	5594	3908	4160	5512
Driving License tests light m/v	1631	1966	1128	1266	1231
Driving License tests heavy m/v	3140	3469	2260	2010	766
Applicants passed	2625	3155	2508	2374	1038
Roadworthy tests conducted	0	283	243	71	57

Challenges

- Poor response in communication from the Department of Transport.

Achievements

- Two posts for examiner of driving licences are to be advertised.
- A generator was installed to service the Humansdorp Traffic department during loadshedding.
- A container has been rented for additional filing space.

3.17 SECURITY AND LAW ENFORCEMENT

3.17.1 SECURITY

Overview

Performing access control, monitoring and visible patrolling on a 24/7 basis. To ensure Municipal key points e.g., water treatments plants, sewerage & plants are guarded 24/7. A current staff compliment of 29 permanently employed guards ensuring safety in 20 municipal sites. During the festive season, the municipality employs guards on fixed term contracts.

Functions

- Performing access control.
- Adhering to National guidelines of Covid-19 Protocol.
- Monitoring and response to incidents.
- Visible patrolling on a 24/7 basis on sites.
- Investigation and reporting of theft and vandalism to SAPS.
- This section strives to ensure that municipal assets/property is protected against theft, burglary, and vandalism. Its mandate is also to ensure the human capital is safeguarded when on duty.
- Temporarily guards are contracted as and when needed. Private security is being procured to guard high risk areas, e.g., water treatment plants etc.

Challenges

- Budget was reallocated.
- Service provider for alarm monitoring and response cancelled the contract before the term expired (GAP Management).

Solutions

- CCTV cameras are being put up at Municipal Buildings.
- Upgrade the entire security system with digital security equipment is in an on-going process.
- Additional nineteen (19) contractual security officers were appointed to assist with guarding of municipal assets.

- Renovation was conducted to accommodate the CCTV operations room at the Humansdorp Fire department.
- 12 Licence Plate Recognition (LPR) cameras were installed.
- 12 Monitored cameras at LPR sites have been installed.
- 6 Cameras were installed on Dolphin Road, Jeffreys Bay.
- A Pan, Tilt, Zoom (PTZ) camera were installed on NSRI tower, Jeffreys Bay.
- We are also currently monitoring an additional two PTZ cameras in the Jeffreys Bay area.
- 4 Cameras installed at Kruisfontein Sports field.
- 4 Cameras installed outside Humansdorp Secondary School.
- Numerous KLM buildings and assets have been supplied with CCTV cameras.
- KLM has linked to National Vehicle Information Cloud (NAVIC) throughout the Eastern Cape consisting of approximately 400 cameras.
- We have been instrumental in the launch of a Public Safety Application (URsave) that is being co-monitored by KLM Operations Room.
- Cameras are instrumental in crime reduction and has assisted SAPS in tracking suspects as well serve as evidence court evidence.

3.17.2 LAW ENFORCEMENT

Overview

The Law Enforcement Section is responsible for Law Enforcement through Municipal Law Enforcement which is mandated by Government Gazette 23868 of 26 September 2002, to address short falls and hardships experienced by Municipalities in South Africa relating by-law empowerment. To ensure all municipal bylaws are adhered too, and that the law and order in respect to the regulations of Kouga Municipality legislation are adhered to by the residents and visitors.

Functions: Daily duties entail patrol duties on the main beaches, CBD areas and other high priority areas. High visibility in residential areas is important.

Operations in co-operation with other law enforcement agencies are done on a regular basis.

High visibility and patrols are carried out by-law enforcement officers during events hosted in Kouga Municipality.

The Impoundment of stray animals is part of the monthly programmes;

- The removal of illegal signage erected.
- Assistance of other department and relevant law enforcement agencies.

Description	2018/19 Total	2019/20 Total	2020/21 Total	2021/22 Total
Impoundment of animals, (cattle, goats, and pigs)	133	185	148	57
Complaints investigated	412	472	620	670
Arrests	27	13	9	12
Fine issued	749	934	709	702
Operations in Humansdorp Joint Hankey, Patensie, St Francis Bay and Thornhill, Loerie	13	21	57	60
Illegal Signage	279	313	309	219
Funerals monitored: COVID-19 (July 2021 – June 2022)	-	231	636	258

Challenges

Roaming and Stray animals remain a concern as municipal boundaries are not properly fenced.

Achievement

Kouga Municipality entered into an agreement with a private landowner to operate an animal pound on its behalf. Multi Law Enforcement Stakeholder relationships with private Security forces and Neighbourhood watches was established to strengthen visibility and curb crime in Jeffreys Bay.

A WhatsApp group was established to distribute information which is very effective. Weekly meetings are being held to plan and strategize effective execution of crime combat.

Training (Peace Officer) has been given to 6 Law Enforcement via Nelson Mandela University.

Additional eight (8) contractual law enforcement officers were appointed to assist with bylaw enforcement.

A quadbike was acquired for law enforcement to do beach patrols in November 2021.

COMPONENT H: SPORTS AND RECREATION

3.18 CARAVAN PARKS AND CAMPING

Strategic objective

The Communities have access to caravan parks and resorts which are well managed and maintained

Description of activities

- The maintenance of all Council Caravan Parks and Resorts
- To identify needs and respond to customer complaints to ensure customer satisfaction.
- Reconciliations of bookings and invoices.
- Reservations and bookings

Challenges

No marketing plan for the parks.

Vandalism at Gamtoos mouth Caravan Park and Yellowwoods

Solutions:

Plans are in progress to develop a marketing strategy in conjunction with Tourism sector.

Security Cameras were installed at some facilities

Achievements

- Upgrading of 2 x Caravan Parks (Pellsrus Caravan Park and Jeffreys Bay Caravan Park).

3.19 SPORTS AND RECREATION

Strategic Objective

Communities have access to affordable sporting and community recreation facilities that are well maintained and managed.

Description of the Activity:

The provision of various community and social services within the municipality is administered as follows and includes:

- Control of all existing sport facilities
- Control of all existing community recreation facilities
- Maintenance programs for both sport & recreation facilities
- Marking of pitches
- Preparation for special events at all facilities.
- Identification and application for new facilities as the need arises
- Handling of reservations
- Reconciliations

- Procurement of required amenity equipment.

Challenges

- Vandalism of Community halls and Sport fields is still a challenge
- Insufficient budget for establishment of new sports fields and maintenance thereof.
- No proper Indoor or Multi-Purpose Centre for Kouga Region.

Solutions:

- Installing Security Cameras to all hotspot facilities
- Council is in a process of entering into a custodianship with sport clubs for the upkeep and maintenance of the existing sport facilities.
- Business plans were submitted to the Department of Sport, Recreation Arts and Culture for the upgrading of Sport facilities as well as the development of new sport facilities.

Achievements

- Upgrading of Sea Vista Sport field through MIG Funding
- Completion of designs for Loerie Sport field through MIG Funding
- Clubhouse upgraded (Tokyo Sport field & Kruisfontein Sport field)
- Upgrading of Community halls (Weston Hall, Sea Vista Hall and Aston Bay Hall)
- Completed fencing at Loerie Hall, Sea Vista Hall, Kruisfontein Sport field clubhouse, Kruisfontein Sport field Caretakers house, and Oyster Bay hall

UPGRADING OF COMMUNITY HALLS

Sea Vista Hall: Painting (roof, inside and outside), installation of hand basins and toilet cisterns, tiling and painting of the toilets, installation of a sign boards and fencing

Weston Hall: Works included Painting (roof, inside and outside), installation of hand basins and toilet cisterns, tiling and painting of the toilets, installation of a sign boards

Aston Hall Upgraded, works included: Electrical Wiring, painting in and out, plumbing, tiling, installation of windows and burglar doors

SPORT FIELDS

Two Clubhouse upgraded (Tokyo Sport field & Kruisfontein Sport field).

Kruisfontein Sportfield Caretakers house upgraded, works included Electrical Wiring, plumbing, tiling, painting in and outside, fencing the house and fencing the Kruisfontein Sportfield Club house, and installation of the crowd control fence.

3.20 BEACHES AND ABLUTION FACILITIES

Strategic Objective

Communities have access to clean beaches with clean facilities that are well maintained.

Description of the Activity:

The provision of various beach ablution facilities within the municipality is administered as follows and includes cleaning ablution facilities and the beach areas.

Challenges

Vandalism of facilities especially after hours.

Solution

- Installing Security Cameras to all hotspot facilities

Achievements:

- Upgrading of public ablution facilities (Kabeljous, Pellsrus, Cape St Francis)
- Major repairs were implemented to all the ablution facilities

The following facilities in these units were upgraded (Jeffreys Bay, STF Bay, Gamtoos Valley)

St Francis Bay: Shore Road 1, Aldabara, Shearwater drive, granny's toilet, main beach, Seal point, CSF main beach.

Granny's Pool: Land scaping at Grannys Pool Toilet, Installation of Umbrellas, Repairing of braai stands

Jeffreys Bay Unit:

Kabeljous 1 & 2, Tacoma, Pagoda, Checkers, Super tubes, Main beach, Friendly, Pellsrus, Aston Bay, Paradise Lagoon, Dawn View, Botha Street

DIRECTORATE PLANNING, DEVELOPMENT AND TOURISM

COMPONENT G: PLANNING AND DEVELOPMENT

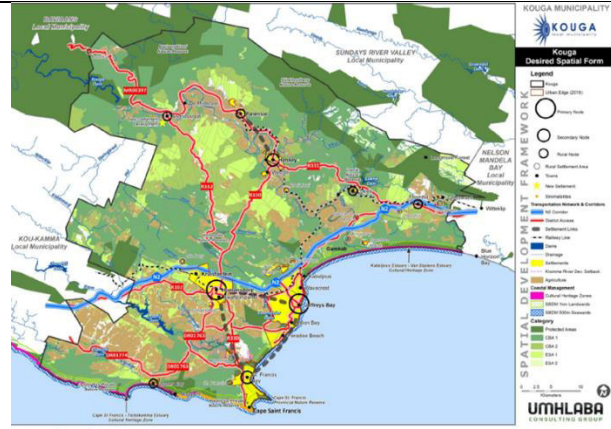
3.21 SPATIAL PLANNING AND LAND USE MANAGEMENT

SPATIAL PLANNING

The municipality has a credible SDF that meets the required standards as set by the Eastern Cape Provincial Government through the implementation of the Comprehensive SDF Guidelines developed by Department of Rural Development & Land Reform, 2014.

The Reviewed Spatial Development Framework document has been adopted with amendments, after the public participation process has lapsed. Council Resolution No. 21/02/PD11, dated 26 February 2021.

In terms of the SPLUM Act (Act No. 16 of 2013) the SDF must be Gazette to comply with the Act and was Gazetted in the Provincial Gazette on the 18 March 2021.

	<p>The Status Quo Analysis for KLM is based on 3 themes, i.e. Biophysical, Socio Economic and the Built Environment (refer to Chapter4). In support of the KLM vision, the following outlines the key issues and objectives based on the 3 SDF themes.</p> <ol style="list-style-type: none"> 1. Built Environment 2. Biophysical 3. Socio Economic <p>(Pg. 50; Chapter 6.1 SDF 2021)</p>
<ul style="list-style-type: none"> • 1. Built Environment: • Lack of Municipal owned land for expansion of lower income and indigent populations • Inadequate land for provision of basic social facilities, i.e., churches, community halls, sports facilities, etc. • Lack of land for expansion and development of commonages and promotion of urban agriculture • Re-assessment of existing urban edges and urban structure • Strategic land portions include Thyspunt, Gankab area, Kromme River, Critical Biodiversity Areas, the coastline, and estuaries • Ensure well-defined and structured urban areas including urban edge, identification of growth nodes and strengthening of accessibility and transportation corridors • Residential integration and the promotion of mixed-use development to support sustainability to be encouraged • Ensure and maintain an adequate land use management system to ensure the implementation of the Spatial Development Framework 	<ul style="list-style-type: none"> • 2. Biophysical Environment: • Low levels of investment in the rural area and limited opportunities for development, job creation and tourism development • Identify areas for future rural livelihood prioritisation • Support and expansion of the smaller rural nodes to provide services and function to the surrounding area, with emphasis on the Oyster Bay / Gamtoos River and Loerie / Thornhill areas • Impact of Climate Change: • 2.06 decrease in Mean annual precipitation • 3.2% increase in mean annual evaporation • 10.17% decrease in mean Annual runoff • Increase in average temperature of less than 2.5 C • Inadequate environmental management and environmental support strategic plans • Lack of environmental by-laws and environmental management strategies

<ul style="list-style-type: none"> • Lack of capacity to deal with SPLUMA requirements and SPLUMA readiness • Defragmented land use schemes and the need for an Integrated Land Use Scheme for the entire Kouga area • Inadequate land for future expansion of human settlements with emphasis on subsidy dependent beneficiaries • Subsidised future residential developments to be based on sustainability principles, integration and acceptable densities • Slow housing delivery process and unavailability of pre-planned and surveyed land • Lack of acceptable service levels and service maintenance • Lack of land for bulk service provision and service integration • Lack of land for 'commonage' purposes. • There is a need develop a food gardens plan to enhance food security for the urban poor. 	<ul style="list-style-type: none"> • 3. Socio-Economic Environment: • SDF should promote economic development and proactive planning to ensure economic growth • Expansion of CBD areas and opportunities for industrial development • Support tourism industry based on environmental sustainability principles • Environmentally sensitive areas to be identified and protected through the Spatial Development Framework
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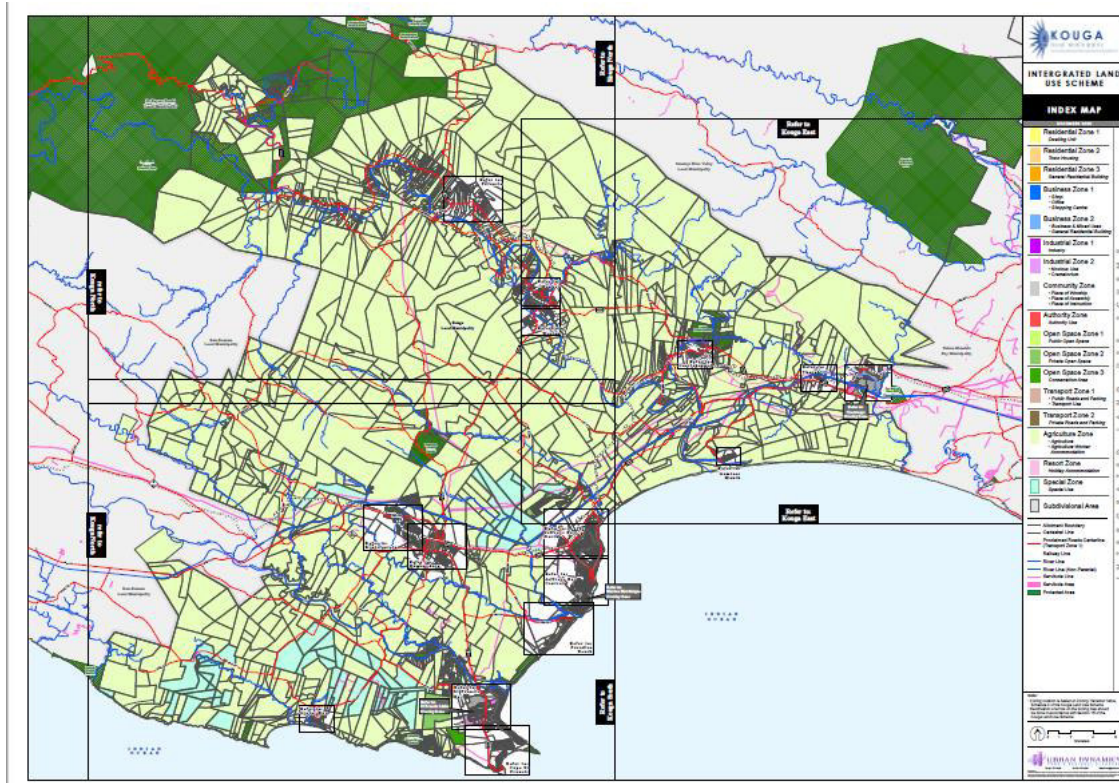
INTEGRATED LAND USE SCHEME (ILUS)

The Draft Integrated Land Use Scheme (ILUS) was finalised in the 2020/2021 financial year and tabled to Council for adoption on the 26 February 2021.

On the 19th of March 2021 the Kouga Integrated Land Use Scheme was promulgated in the Provincial Gazette (No.EC 4245).

The main objective is to create an Integrated Land Use Scheme that will replace the old Section 8 Scheme, Act 4 Regulations and the Jeffreys Bay Town Planning Scheme which exist for the towns in the Kouga Municipal area. The Kouga ILUS complies with the current legislative framework, and with the provisions of the Spatial Planning and Land Use Management Act, (Act 16 of 2013) as well as the Kouga Spatial Planning and Land Use Management By-law, 2016. It must also fit within the policy parameters established by the Provincial Government in the Eastern Cape, the Eastern Cape Spatial Development Framework, and the Kouga Spatial Development Framework.

In terms of the Spatial Planning and Land Use Management Act, 2013, all municipalities must adopt a wall-to-wall land use management scheme before the end of 2020.



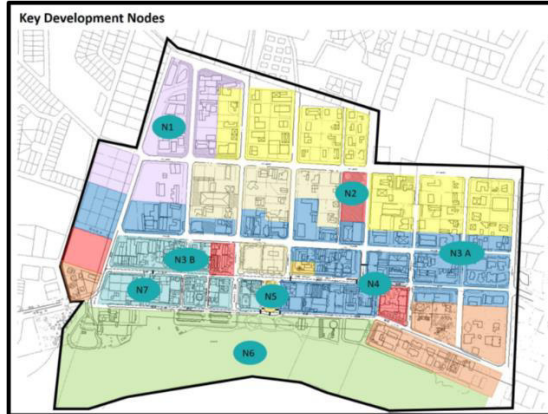
**LOCAL DEVELOPMENT FRAMEWORK: PRECINCT PLANS:
JEFFREYS BAY PRECINCT PLAN:**

The municipality developed the Jeffreys Bay Precinct Plan on 03 June 2020. The draft document was Published for comments from 29 April 2021 until 27 June 2021. After receipt of the updated document, the PSC resolved that an extension be granted until 30 July for comments. It is the intention of the department to submit the updated 3rd draft to the next Council meeting for adoption.

PROJECT OBJECTIVES

- To develop a spatial vision for the Jeffreys Bay CBD.
- To leverage private and community/ public investment within Jeffreys Bay.
- To enhance the collateral value of properties within the CBD.
- To create conditions for broadening of capital formation and business development.
- To achieve efficiency in the movement of goods and people by restructuring the spatial form of the CBD by introducing proper land use zones and supporting the introduction of activity nodes and movement corridors.
- To create vibrant public and economic spaces.
- To build institutional and development capacity that will contribute to social and economic cohesion.

KEY DEVELOPMENT NODES:



PUBLIC PARTICIPATION



KEY DEVELOPMENT ZONES



Built Environment

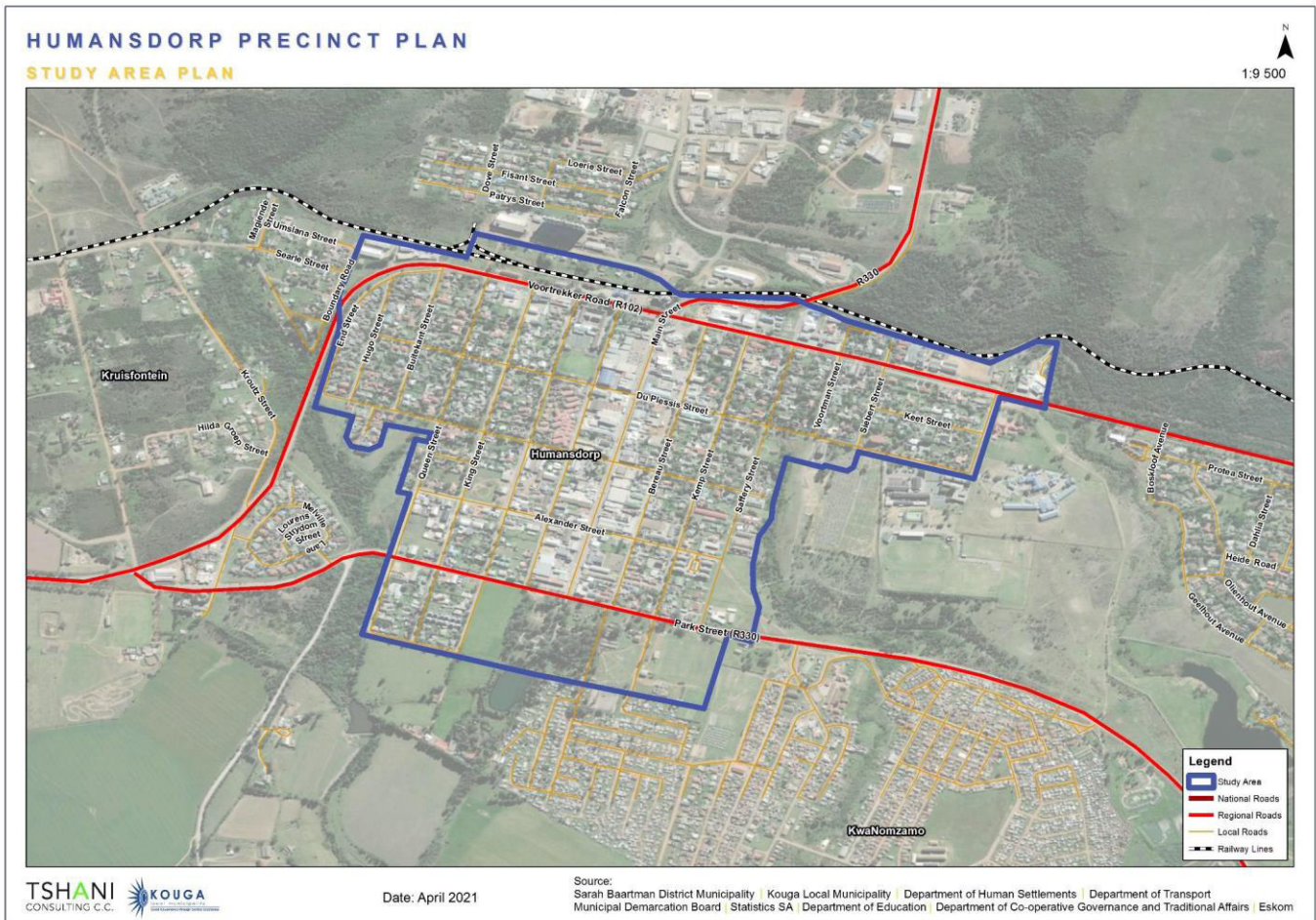


HUMANSDORP CBD PRECINCT PLAN

In February 2021, the municipality initiated a process to develop a precinct plan for the Humansdorp CBD. The inception report spells out the milestones that needs to be achieved by the service provider.

A Status Quo report was draft for discussion by the various stakeholders, through workshops and virtual platforms. Workshops were conducted with stakeholders for their inputs and comments.

The Draft Precinct Plan document was completed and was advertised for final public comments, and thereafter the document was tabled before Council for adoption. The approved precinct Plan has been uploaded on the website of the municipality.



LYNCH ANALYSIS HAS BEEN DEVELOPED FOR THE HUMANSDORP CBD.

A Lynch analyses two qualities of the built environment: *legibility*, 'the ease with which its parts can be recognised and can be organised into a coherent pattern' and *imageability*, 'that quality in an object which gives it a high probability of evoking a strong image in' the observer'.

The Lynch Analysis encompasses the following **five (5) STRUCTURING ELEMENTS**:

Paths - the streets, sidewalks, trails, and other channels in which people travel.

Nodes - intersections where paths cross. These focal points and intersections become the hub of everyday street-life.

Edges - the walls that define and contain streets, nodes and all other public space.

Districts - deal with the precinct size and character. A nice size for a precinct is an environment that fits into a 400m radius. This is easily walkable in 5 minutes.

Landmarks - physical markers that marks position in the environment. Normally tall in nature it quickly announces the way to the user.

The following was noted when developing the lynch analysis for our study area.

Five (5) districts were identified

- CBD District
- Mixed-use District
- Residential District
- Industrial
- Open Space District

CBD District – This district can be found on the Main Road of Humansdorp CBD, all the properties located on this Main Road are being currently used for business purposes. These businesses vary, they are either supermarket, clothing store, butchery, etc.

Mixed-Use District – In this district, we can find urban development, urban planning that blends residential, commercial, cultural, institutional, or entertainment uses into one space, where those functions are to some degree physically and functionally integrated. In this District we can find, shops, offices, schools, churches, and many other different uses.

Residential District – In this district, there is only development for residential purposes.

Industrial District - In this district, there is only development for industrial purposes.

Open Space District- In this district, we find active & passive open spaces for purposes such as parks.

Five (5) landmarks were identified, but there are more

- Taxi Rank
- Spar
- Humansdorp Museum
- NG Kerk (building with the long pointy structure)
- Home Affairs

Three (3) pathways were identified

- N2 (which leads to Kruisfontein, the N2, Jeffery's Bay and into the Humansdorp CBD through the Main Road)
- Park Street which can be seen as Minor Pathway
- Pedestrian pathways coming from the Kwa Nomzamo Area

Two (2) nodes were identified

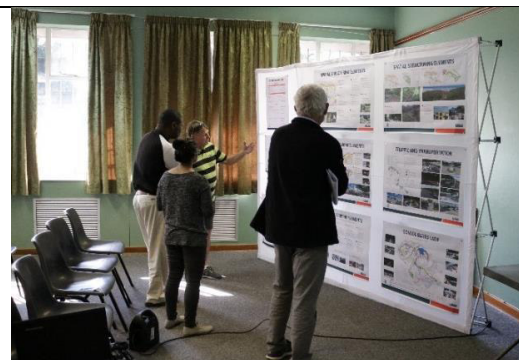
- Primary Node- this is where there is a perceived area of continuous activity surrounded by a building density that supports it.
 - Secondary Node – this is where activity and density are anticipated to increase over time.



Public Participation

A detailed close-out report will be prepared which will identify challenges, opportunities, lessons learnt short- and long-term benefits as well as the actual budget used, etc. so that the Local Municipality can relate to these highlights for future projects.

The final consolidated report will include: -



Prioritising Projects and Interventions

- Development scenarios or opportunities will be assessed and evaluated in terms of a decision matrix, and selected criteria. Potential criteria include:
 - Sustainable job creation
 - Linkages with other sectors to create multiplier/leverage-effects.

<ul style="list-style-type: none"> • Final Report with maps, tables, and figures (hard and soft copies), • A0 Plan • Executive Summary • All maps in electronic format (Jpeg format), and • All shape files 	<p>Implementation time frame of the projects</p> <ul style="list-style-type: none"> • Capital gearing ratio of the project • Environment friendliness of project • Potential of project to enable communities to benefit from integrated development • Financial feasibility of the project • Economic sustainability of the project.
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LAND USE MANAGEMENT AND ADMINISTRATION

All Land Use Management is done in accordance with legislation requirements e.g., Zoning Scheme Regulations, Kouga Spatial Planning and Land Use Management By-law, 2016, and other applicable legislation.

The land use management application process has also been converted to an online submission via the OVVIO portal. All planning applications are captured on the land use application portal. The Town Planning section can now monitor all the necessary processes that have to be followed for an application to be finalized and approved.

The following **Land Use Management applications for 2021/2022** have been dealt with in terms of said legislation: The table underneath depict the number of applications received during the financial year.

	0 Site Development Plan Submission	0_2 Occupational Practice - Other Rights	0_4 Zoning Certificate	57 Not in Use - Other Applications	57(n) Site Development Plan Amendment	59 Sub-division application (Into 2 Erven)	59_1 Sub-division application (Into 3 - 250 Erven)	59-1-c Combined Application - Rezoning, Sub-Division, Departure (Into 3 - 250 Erven)	59-c Combined Application - Rezoning, Sub-Division, Departure (Into 2 Erven)	64 Extension of the validity period of an approval - fee to be determined
Amaninzi					1					
Aston Bay	2				1	1				
Crossways	1							2	1	
Hankey										
Humansdorp	2									
Humansdorp RD	3						3	1		1
Jeffreys Bay	12	2	1	1	5	2			3	
Kaap St Francis	1									
Oesterbaai	2									
Paradysstrand										
Patensie	1				2	1				
Pellsrus										
Sea Vista	1		2		4	2			2	
St Francis Links										
Uitenhage RD								1		
Loerieheuwel		1								
Grand Total	25	3	3	1	13	6	3	4	6	1

	65 Amend ment of Subdivisi on Plan - Sec 57 Splum by-law	66 Application for exemption from Municipal Approval (Sec 66 SPLUM by-law)	68 Rezonin g applicati on	69 Removal of restrictive title deed conditions	69_com Combined Application - Removal of restrictive title deed conditions and Departure	71 Consolidation	74 Consent use applicati on	76 Departure application (Permanent/Temporary)	76_1 Permanent departure (Building Line)	76_2 Permanent departure (Building Line) RDP	76a Not in Use - Temporary departure	Grand Total
Amaninzi												1
Aston Bay		1			3		3	6	8			25
Crossways						1		2				7
Hankey									2			2

Humansdorp		1	3				1	1	2			10
Humansdorp RD		1	3			1	3	1			2	19
Jeffreys Bay			9	10	3		23	19	11	1		102
Kaap St Francis			1	1	2		3	2	1			11
Oesterbaai				3	4			1				10
Paradysstrand			1	2				4	1	1		9
Patensie				1				1	1			7
Pellsrus							1			1		2
Sea Vista	1		5	3	4	1	3	7	2		1	38
St Francis Links									1			1
Uitenhage RD		1	1				1					4
Loerieheuwel												1
Grand Total	1	4	23	20	16	3	38	44	29	3	3	249

A total of 249 land-use applications was recorded for abovementioned period.

OFFICIAL RESOLUTION REGISTER: 1 July 2021 – 30 June 2022

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 1: 1 July 2021 – 30 September 2021					
	Item	Property description	Date submitted	Application type	Decision
1.	01/06/2021-AO	ERF: 2304, Sea Vista	29/06/2020	Application for Subdivision	Approved
2.	14/06/2021- AO	Erf: 5807, Jeffreys Bay	25/02/2020	Application for Consent Use for Town Housing & Departure from Zoning Scheme Provisions to Relax Common Open Space Requirement	Approved
3.	02/09/2021-AO	Erf 6018, Jeffreys Bay	25/01/2021	Application for Subdivision	Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 2 : 1 October 2021 – 31 December 2021					
	Item	Property description	Date submitted	Application type	Decision and Date
4.	01/12/2021-AO	ERF: 404, Sea Vista	10/06/2021	Application for Subdivision	14/12/2021 Approved
5.	05/10/2021-AO	Erf: 903, Jeffreys Bay	05/10/2021	Application for Consent Use for Medical Practice	22/10/2021 Approved
6.	11/10/2021-AO	Erf 1656, Aston Bay	27/05/2021	Application for permanent Departure	22/10/2021 Approved
7.	15/10/2021-AO	Erf 3781, Humansdorp	18/01/2021	Application for Subdivision	21/10/2021 Approved
8.	19/11/2021-AO	PTN 63 of the Farm Estate Klein Zeekoe River No.335.	26/09/2018	Application for Subdivision	14/12/2021 Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 3 : 1 January 2022 – 31 March 2022					
	Item	Property description	Date submitted	Application type	Decision and Date
9.	24/01/2022-AO	ERF: 237, Jeffreys Bay	10/06/2021	Application for Departure to Relax Building Lines	31/03/2022 Approved
10.	24/01/2022-AO	Erf: 472, Jeffreys Bay	28/06/2021	Application to Relax Building Lines	28/02/2022 Approved
11.	24/01/2022-AO	Erf 1734, Sea Vista	25/03/2021	Application for Departure	07/02/2022 Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 4 : 1 April 2022 – 30 June 2022					
	Item	Property description	Date submitted	Application type	Decision and Date
12.	23/05/2022-AO	ERF: 1656, Aston Bay	10/06/2021	Application for SDP Approval	23/05/2022 Approved
13.	23/05/2022-AO	ERF 2177 Jeffreys Bay	14/04/2021	Application For Departure to Relax Building Lines:	23/05/2022 Approved
14.	23/05/2022-AO	Erf 5858, Jeffreys Bay	06/04/2021	Application For Departure to Relax Building Lines	23/05/2022 Approved
15.	23/05/2022-AO	ERF 6212, JEFFREYS BAY	06/10/2021	Application For Departure to Relax Building Lines	23/05/2022 Approved
16.	27/06/2022-AO	ERF: 118, PELLSRUS, JEFFREYS BAY	17/05/2020	Departure For Telecommunication Mast & Relaxation of Height Restriction	27/06/2022 Refused
17.	27/06/2022-AO	ERF: 386, HUMANSDORP	08/07/2021	Departure For Telecommunication Mast & Relaxation of Height Restriction	27/06/2022 Approved
18.	27/06/2022-AO	ERF: 811 HUMANSDORP	26/10/2022	Departure For Telecommunication	27/06/2022 Approved
19.	27/06/2022 – AO	ERF: 1084, HUMANSDORP	09/12/2022	Departure for Telecommunication Mast & Relaxation of Height Restriction	27/06/2022 Approved
20.	27/06/2022- AO	ERF: 2265, JEFFREYS BAY	27/01/2021	Departure To Allow Telecommunication Facility	27/06/2022 Approved
21.	27/06/2022-AO	ERF: 7294, OCEAN VIEW, JEFFREYS BAY	08/04/2020	Departure For Telecommunication Mast & Relaxation of Height Restriction	27/06/2022

MUNICIPAL PLANNING TRIBUNAL MEETING: 10 AUGUST 2021					
	Item	Property description	Date submitted	Application type	Decision
1.	10/08/2021 – MPT 1	Erf: 124, Cape St Francis	10/11/2020	Application for Removal of Title Deed Restriction and Departure	Approved
2.	10/08/2021 – MP T2	Erf: 500, Cape St Francis	29/09/2020	Application for Removal of Title Deed Condition & Departure	Approved
3.	10/08/2021 – MPT 3	Erf: 1246, Jeffreys Bay	02/02/2010	Application for Removal of Restrictive Title Deed Conditions	Approved
4.	10/08/2021 – MPT 4	Erf: 45, Sea Vista	14/08 2020	Application for Removal of Restrictive Title Deed Conditions Departure From The Zoning Scheme Provisions	Approved
5.	10/08/2021 – MPT 5	Erf: 368 & 369 Kruisfontein	07/07/2020	Application for Subdivision and Consolidation	Approved
6.	10/08/2021 – MPT 6	Erf: 393, Sea Vista	21/10/2020	Removal of Restrictive Title Deed Conditions & Departure.	Approved
7.	10/08/2021 – MP T 7	Erf: Ptn 1 Of The Farm Estate Klein Zeekoe River No. 335	29/06/2020	Application for Subdivision	Approved
8.	10/08/2021 – MPT 8	Erf: 9945, Jeffreys Bay	26/10/2020	Application for Removal of Title Deed Condition & Rezoning	Approved
9.	10/08/2021 – MPT 9	Erf: 521, Cape St Francis	24/09/2020	Application for Removal of Title Deed Restriction & Departure	Approved
10.	10/08/2021 – MPT 10	Erf: 578, St Francis Links	23/03/2020	Application for Departure for a Lamppost Mast	Approved

MUNICIPAL PLANNING TRIBUNAL MEETINGS: 1 JULY 2021 – 30 JUNE 2022

SPECIAL MUNICIPAL PLANNING TRIBUNAL MEETING: 31 AUGUST 2021					
	Item	Property description	Date submitted	Application type	Decision
11.	31/08/2021 – MPT 1	Erf: Remainder of Portion 1 of Farm Estate Klein Zeekoe River No. 335, Humansdorp Rd	08/06/2017	Application For Subdivision And Rezoning	Approved
12.	31/08/2021 – MPT 2	Erf: 798 Sea Vista	24/07/2020	Application For Removal of Title Deed Restriction And Departure	Approved
13.	31/08/2021 – MPT 3	Erf: 1239, Sea Vista	14/08/2020	Application For Removal of Title Deed Restriction And Departure	Approved
14.	31/08/2021 – MPT 4	Erf: Remainder Portion 180, Farm 745, Humansdorp Rd	11/02/2020	Application For Departure For Telecommunication Tower	Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: 20 SEPTEMBER 2021

	Item	Property description	Date submitted	Application type	Decision
15.	20/09/2021 – MPT 1	Erf: 105, Jeffreys Bay	09/09/2020	Application for Removal of Restrictive Title Deed Conditions, Rezoning and Departure from Zoning Scheme Provisions	Removal of Restrictive Title is Approved Rezoning is refused Departure is deemed not necessary
16.	20/09/2021 – MPT 2	Erf: 161, Oyster Bay	21/01/2021	Application for Departure from Zoning Scheme Provisions	Approved
17.	20/09/2021 – MPT 3	Erf: 925, Sea Vista	24/11/2020	Application for Removal of Restrictive Title Deed Conditions and Departure From the Zoning Scheme Provisions	Approved
18.	20/09/2021 – MPT 4	Erf: 330, Kruisfontein	07/12/2020	Application for Departure For Cellular Tower	Approved
19.	20/09/2021 – MPT 5	Erf: Ptn 1 Of The Farm Estate Klein Zeekoe River No. 335	17/03/2021	Application for Rezoning, Subdivision and Consolidation	

SPECIAL MUNICIPAL PLANNING TRIBUNAL MEETING: 10 OCTOBER 2021

	Item	Property description	Date submitted	Application type	Decision
20.	10/10/2021 – MPT 1	Erf: Remainder Erf 459, Kruisfontein	26 February 2021	Application for Rezoning	Approved
21.	10/10/2021 – MPT 2	Erf: A Portion of Portion 3 of Farm Zwartenbosch No.	24 January 2019	Application for Rezoning, Consent Use and Departure	Approved

		347, Humansdorp Rd			
22.	10/10/2021 – MPT 3	Erf: 5563, Jeffreys Bay	31 October 2019	Application for Rezoning and Removal of Restrictive Title Deed Conditions	Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: 28 OCTOBER 2021

	Item	Property description	Date submitted	Application type	Decision
23.	28/10/2021 – MPT 1	Erf: 100, Oyster Bay	30 March 2021	Removal of Restrictive Title Deed Conditions	Approved
24.	28/10/2021 – MPT 2	Erf: 562, Jeffreys Bay	27 May 2021	Removal of Restrictive Title Deed Conditions	Approved
25.	28/10/2021 – MPT 3	Erven: 122,123,124,125 & 126 Hankey	25 April 2021	Application For Rezoning, Consolidation, Consent Use & Departure	Approved
26.	28/10/2021 – MPT 4	Erf: 6292 (Kabeljauws) Jeffreys Bay	05 November 2020	Removal of Restrictive Title Deed Conditions & Departure	Approved
27.	28/10/2021 – MPT 5	Erf: 754, Sea Vista	29 March 2021	Removal of Restrictive Title Deed Conditions & Departure from Zoning Scheme Provisions	Approved
28.	28/10/2021 – MPT 6	Erf: 2304, Sea Vista	10 November 2020	Application for Removal of Title Deed Restriction	Approved
29.	28/10/2021 – MPT 7	ERF: 2398, Jeffreys Bay	22 May 2020	Application for Rezoning & Departure from The Zoning Scheme Provisions	Departure is deemed not applicable Rezoning is Approved

30.	28/10/2021 – MPT 8	ERF 706, Pellsrus, Jeffreys Bay	15 December 2020	Removal of Restrictive Title Deed Conditions	Approved
31.	28/10/2021 – MPT 9	Erf: 858, Sea Vista (St Francis Bay)	16 April 2021	Application for Removal of Title Deed Restriction & Departure	Approved
32.	28/10/2021 – MPT 10	Erf: ERF 3249 Sea Vista (St Francis Bay)	12 August 2019	Application for Rezoning & Subdivision	Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: 15 DECEMBER 2021

	Item	Property description	Date submitted	Application type	Decision
33.	15/12/2021 – MPT 1	Erf: 399, Sea Vista	7 May 2021	Application for Rezoning, Consent Use & Removal of Restrictive Title Deed Conditions	Approved
34.	15/12/2021 – MPT 2	Erf 2093, Jeffreys Bay	14 March 2021	Application for Consent Use to Operate a Guest House	Approved
35.	15/12/2021 – MPT 3	Erf 45, Aston Bay	05 November 2020	Application for Removal of Restrictive Title Deed Conditions & Departure	Approved
36.	15/12/2021 – MPT 4	Erf: 101, Cape St. Francis	26 November 2018	Application for Removal of Restrictive Title Deed Conditions & Departure from the Zoning Scheme Provisions	Approved
37.	15/12/2021 – MPT 5	Erf: 728, Cape St. Francis	7 July 2021	Application for Departure from Zoning Scheme Provision for Relaxation of Coverage	Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: 11 FEBRUARY 2022

	Item	Property description	Date submitted	Application type	Decision
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38.	11/02/202 – MPT 1	Erf: 556, Paradise Beach	25 June 2021	Removal of Restrictive Title Deed Conditions & Departure From the Zoning Scheme Provisions	Deferred: pending a trust resolution to be submitted with the application.
39.	11/02/2022 – MPT 2	Erf: 125, Paradise Beach	25 June 2021	Removal of Restrictive Title Deed Conditions & Departure From the Zoning Scheme Provisions	Deferred: to obtain the correct power attorney and to determine validity of the company resolution
40.	11/02/2022 – MPT 3	Erf: Portion Of Erf 1 & Erf 8, Cross Ways	11 November 2020	Departure: Airfield, Amendment of a Subdivision Plan & Amendment of Conditions of Approval	Approved
41.	11/02/2022 - MPT 4	Erf 10, Cross Ways	11 November 2020	Application For Subdivision, Rezoning, Consent Use & Departure	Approved
42	11/02/2022 – MPT 5	Erf: 168, Sea Vista	20 May 2021	Removal Of Restrictive Title Deed Conditions & Departure from The Zoning Scheme Provisions	Approved
43.	11/02/2022 – MPT 6	ERF: 305, ASTON BAY	2 June 2021	Removal Of Restrictive Title Deed Conditions & Departure from the Zoning Scheme Provisions	Deferred: to obtain the correct power attorney and to determine validity of the company resolution
44.	11/02/2022 – MPT 7	ERF: 3804, SEA VISTA	August 2021	Rezoning	Deferred: for investigation with the consideration of the

					<p>Kouga S DF. Valid Power of Attorney to be submitted. A "DRAFT" letter of comments from the applicant on the objections is not acceptable.</p>
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MUNICIPAL PLANNING TRIBUNAL MEETING: 16 MARCH 2022

	Item	Property description	Date submitted	Application type	Decision
45.	16/03/2022 – MPT 1	Erf: 125, Paradise Beach	19 June 2021	Removal Of Restrictive Title Deed Conditions & Departure from the Zoning Scheme Provisions	Approved
46.	16/03/2022 – MPT 2	Erf: 153, Aston Bay	29 June 2021	Removal of Restrictive Title Deed Conditions & Departure from the Zoning Scheme Provisions	Approved
47.	16/03/2022 – MPT 3	Erf: 305, Aston Bay	2 June 2021	Removal of Restrictive Title Deed Conditions & Departure from The Zoning Scheme Provisions	Approved
48.	16/03/2022 – MPT 4	Erf: 556, Paradise Beach	25 June 2021	Removal of Restrictive Title Deed Conditions & Departure from the Zoning Scheme Provisions	Approved
49.	16/03/2022 – MPT 5	ERF: 7991, JEFFREYS BAY	August 2020	Rezoning, Consent Uses & Departure	Approved
50.	16/03/2022 – MPT 6	ERF: 2900, SEA VISTA	23 July 2021	Amendment of A Subdivisional Plan	Approved
51.	16/03/200 – MPT 7	ERF: 2095, JEFFREYS BAY	8 October 2021	Subdivision & Rezoning & Removal Of Restrictive Condition	Approved

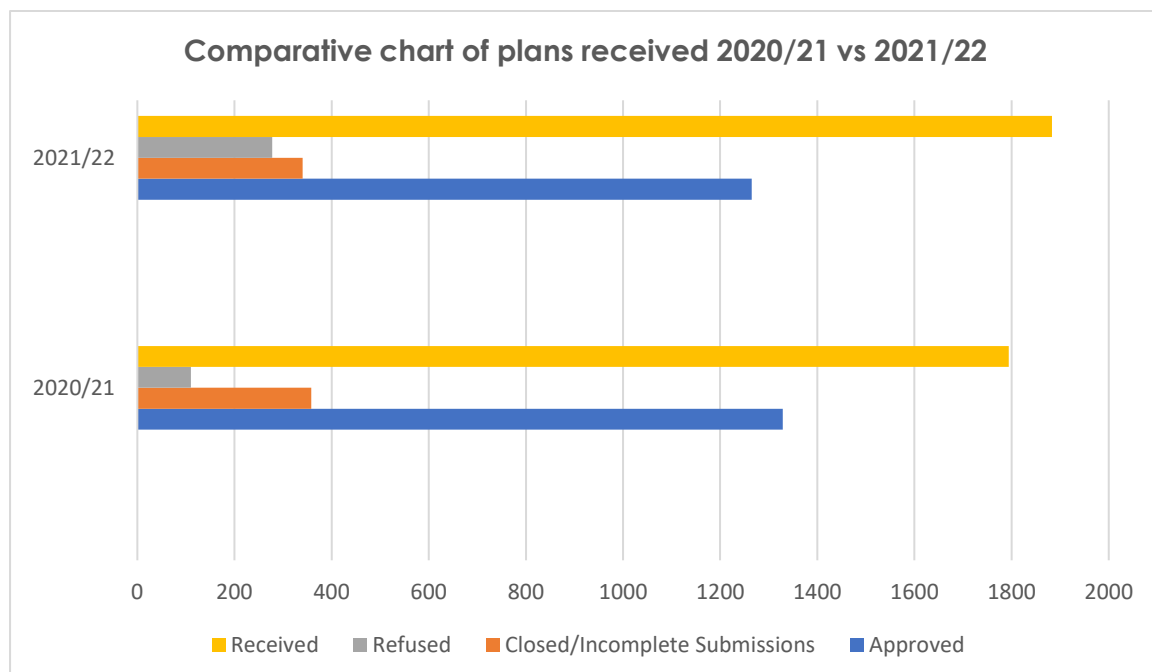
MUNICIPAL PLANNING TRIBUNAL MEETING: 30 MAY 2022					
	Item	Property description	Date submitted	Application type	Decision
60.	30/05/2022 – MPT 1	ERF: 67, PATENSIE	15 March 2020	Removal of Restrictive Title Deed Conditions & Consent Use Application	Deferred: To obtain legal opinion concerning the transitional arrangements, To obtain a correct POA
61.	30/05/2022 – MPT 2	PTN. 4 of THE FARM ROOIHOEK NO.342 HD	31 October 2016	Subdivision	Deferred: To obtain legal opinion concerning the transitional arrangements
62.	30/05/2022 – MPT 3	ERF: 5518, JEFFREYS BAY	18 March 2020	Removal of Restrictive Title Deed Conditions & Permanent Departure from Zoning Scheme Provisions	Partially Approved
63.	30/05/2022 – MPT 4	ERF: 553, JEFFREYS BAY	27 July 2021	Removal of Restrictive Title Deed Conditions, Permanent Departure from Zoning Scheme Provisions & Consent Use for additional dwelling Unit	Approved
64.	30/05/2022 – MPT 5	ERF: 107, OYSTER BAY	29 July 2021	Removal Of Restrictive Title Deed Conditions	Approved
65.	30/05/2022 – MPT 6	ERF: 106, OYSTER BAY	29 July 2021	Removal Of Restrictive Title Deed Conditions	Approved
66.	30/05/2022 – MPT 7	ERF: PORTION OF ERF 1 & ERF 8, CROSS WAYS	11 Nov 2020	Departure: Airfield, Amendment of a Subdivision Plan & Amendment of Conditions of Approval	Approved

3.21.1 BUILDING CONTROL

The 2022/23 financial year was the second of the implementation of the electronic plan submission using the Ovvio portal. This enables Registered Professionals (RPs) of the South African Council for the Architectural Profession (SACAP) from anywhere in South Africa, and the world, to submit building plans in a fully electronic and paperless channel to Kouga Municipality.

Primary data from the 2021/21 financial year shows the following key trends:

- 1883 building plan applications were received in the 2021/22 financial year. This represents a 4% year on year increase compared to plans received for the 2021/22 financial year (See “**Comparative chart of plans received 2020/21 vs 2021/22**”), **Table 1** shows the detailed breakdown of areas where building plan submissions occurred in the 2021/22 financial year.
- Of the 1883 plans received, a total of 1265 plans were approved (-4.9%), 278 were refused (60.4%) which is reflective of the removal of the “deferment” of plans that were not complaint to align with the legislative requirement of the National Building Regulations and Building Standards Act (107 of 1977 as amended) for a local authority to give decision in the stipulated time periods (30 days for building plan applications with 500m² or less and 60 days for building plan applications greater for work greater than 500m²).



The following tables are a detailed overview of building plans received, approved and refused in the 2021/22 financial year.

Building Applications between 1 Jul 2021 and 30 Jun 2022													
AREA	Boundary Wall	Exempt Building Work	Garden Walls & Fixed Fences - (RDP & Sub economic area)	General Building Work	Industrial Rural	Minor Building Work	Minor Work - Internal Changes	RDP + Informal Housing	Revised Plan / Alterations: Other	Revised Plan / Alterations: RDP Informal	Pools	Test Work Type	Total
Not Defined	0	0	0	22	0	0	0	0	0	0	0	0	22
Aston Bay	2	2	0	69	0	10	1	0	15	0	2	0	101
Crossways	0	0	0	22	0	0	0	0	7	0	0	0	29
Gamtoos Mouth	0	0	0	47	0	8	0	0	6	0	0	0	61
Hankey	0	0	0	1	0	0	0	0	0	0	0	0	1
Humansdorp	0	0	0	15	2	5	1	0	5	0	0	0	28
Humansdorp RD	0	0	0	30	0	5	1	0	8	0	0	0	44
Jeffreys Bay	20	8	0	579	0	75	12	19	163	1	4	3	884
Cape St Francis	1	0	0	68	0	9	4	0	17	0	0	0	101
Kruisfontein	1	0	1	12	0	0	0	2	0	0	0	0	16
Oyster Bay	0	0	0	19	0	1	0	0	1	0	0	0	21
Paradise Beach	4	0	0	80	2	9	0	0	16	0	1	0	112
Patensie	0	0	0	6	1	0	0	0	10	0	0	0	17
Pellrus	0	0	0	1	0	1	0	5	1	0	0	0	8
Sea Vista	2	0	0	221	1	36	1	0	35	0	6	0	302
St Francis Links	0	0	0	96	0	8	1	0	8	0	6	0	119
Twin Valley	0	0	0	1	0	0	0	0	0	0	0	0	1
Uitenhage RD	0	0	0	10	0	5	0	0	1	0	0	0	16
GRAND TOTAL	30	10	1	1299	6	172	21	26	293	1	21	3	1883

Table 1: Building Plan Applications - 2021/22 Financial Year

Building Application Evaluations – Complaint plans Supported and Approved applications 1 Jul 2021 and 30 Jun 2022			
AREA	Floor Area (square metres)	Estimated Cost	Number
Aston Bay	9439,39	R70 273 150,00	74
Crossways	4339,50	R32 453 350,00	25
Gamtoos Mouth	6046,88	R39 723 500,00	51
Hankey	210,00	R1 573 950,00	1
Humansdorp	855,60	R4 272 150,00	11
Humansdorp RD	4685,00	R34 926 700,00	23
Jeffreys Bay	56719,56	R415 277 580,00	581
Cape St Francis	9262,28	R66 825 450,00	82
Kruisfontein	514,00	R2 923 050,00	7
Oyster Bay	855,00	R6 520 650,00	8
Paradise Beach	10526,99	R76 494 000,00	78
Patensie	1768,30	R7 045 300,00	15
Pellsrus	215,09	R1 124 250,00	2
Sea Vista	26750,82	R192 846 500,00	208
St Francis Links	21491,87	R161 217 600,00	87
Uitenhage RD	1313,80	R9 968 350,00	12
Total	154994,08	R1 123 465 530,00	1265

Table 2: Number of Compliant Building Plan Applications supported and approved in 2021/22 Financial Year

Building Application Evaluations Refused 1 Jul 2021 and 30 Jun 2022			
AREA	Floor Area (square metres)	Estimated Cost	Number
Aston Bay	3218,86	R22 410 050,00	16
Crossways	1640,70	R12 291 800,00	6
Gamtoos Mouth	625,05	R4 571 950,00	9
Hankey	114,00	R824 450,00	1
Humansdorp	2323,00	R9 443 700,00	10
Humansdorp RD	635,19	R4 796 800,00	5
Jeffreys Bay	10996,19	R73 900 700,00	131
Cape St Francis	1951,08	R14 615 250,00	13
Kruisfontein	495,50	R3 747 500,00	6
Oyster Bay	571,00	R4 272 150,00	5
Paradise beach	2652,73	R18 437 700,00	17
Patensie	1318,00	R9 893 400,00	3
Pellsrus	96,27	R0,00	1
Sea Vista	8615,85	R64 681 850,00	36
St Francis Links	4640,00	R34 551 950,00	17
Uitenhage RD	127,60	R974 350,00	2
Total	40021,02	R279 413 600,00	278

Table 3: Number of Compliant Building Plan Applications supported and Refused in 2021/22 Financial Year

Building plan applications and

approvals and occupation certificate issuance should be viewed as major barometers for economic activity. The estimated costs of building plans approved provides a leading indicator in the kind of economic activity, job creation and downstream Local Economic Development (LED) for what is likely to be generated over the subsequent financial year.

Additionally, Tracking the issuance of occupation provides an even clearer picture of the actual economic activity over a financial year (lagging indicator).

In the 2020/21 financial year the economic data revealed that:

- A total proposed new and additional building area of 1 55 010 m² at an estimated value of R1,1 billion was approved for construction by Kouga Municipality in the 2021/22 financial year (See **Table 4**). This represents an 51.7% growth (in rand value) in proposed building work compared to the R725 million in estimated value reported in the 2020/21 financial year.
- A total amount of **R4 816 176,95** in building plan application fees was received for the 2021/22 financial year. This was a 34.3% increase in revenue from application fees as compared to 2020/21.

Building Application Evaluations		
Approvals (Estimated Value and New Floor Area) 1 Jul 2021 and 30 Jun 2022		
Decision is Approved		
AREA	Floor Area (square metres)	Estimated Cost
Aston Bay	9439,39	R70 273 150,00
Crossways	4339,5	R32 453 350,00
Gamtoos Mouth	6046,88	R39 723 500,00
Hankey	210	R1 573 950,00
Humansdorp	855,6	R4 272 150,00
Humansdorp RD	4685	R34 926 700,00
Jeffreys Bay	56719,56	R415 277 580,00
Cape St Francis	9276,88	R66 900 400,00
Kruisfontein	514	R2 923 050,00
Oyster Bay	855	R6 520 650,00
Paradise Beach	10526,99	R76 494 000,00
Patensie	1768,3	R7 045 300,00
Pellsrus	215,09	R1 124 250,00
Sea Vista	26751,82	R192 846 500,00
St Francis Links	21491,87	R161 217 600,00
Uitenhage RD	1313,8	R9 968 350,00
Total	155009,68	R1 123 540 480,00

Table 4: Total floor area (square metres) and estimated cost of building activity approved in 2021/22 Financial Year

BUILDING PLAN AMNESTY APPLICATIONS

Council had approved a waiver of penalty fees for homeowners who had constructed structures and buildings without approved building plans. This amnesty period commenced in the 2019/20 financial year and after an extension it has now come to an end on 30 June 2022.

BUILDING INSPECTIONS AND OCCUPATION CERTIFICATES ISSUED

The National Building Regulations and Building Standards Act (107 of 1977 as amended) gives local authorities the responsibility to regulate all construction that takes place within its area of jurisdiction. Building inspections, conducted according to the prescripts of the Act with the technical guidance of South African National Standards 10400 (SANS 10400) are an integral part in ensuring that building work takes place according to legislation.

Successful building inspections terminate with the issuance of an Occupation Certificate (OC) which signifies compliance of a building with the Act. Occupation Certificates issued are important data informing the municipality of the actual economic spending and activity that took place in the financial year 2021/22. The findings are:

- A total of 624 OCs were issued in 2021/22 against 468 in 2020/21 (a 33.3% increase) where an estimated R383 million in 2021/22 was spent by built environment stakeholders against R289 million spent in 2020/21 (a 32.5% increase). A total of 57 364 m² of building area was added in 2021/2022 against 45 115 m² in 2020/21 (a 27% increase). This new built area is equivalent to 8 football fields of new building work added in Kouga Municipality.

Occupation Certificates issued between 1 Jul 2021 and 30 Jun 2022			
AREA	Floor Area (squares metres)	Estimated Cost	Number
Aston Bay	4723,01	R33 961 300,00	46
Crossways	1204	R9 068 950,00	12
Gamtoos Mouth	2360,23	R13 206 500,00	27
Humansdorp	30	R195 000,00	5
Humansdorp RD	1409,6	R10 284 700,00	11
Jeffreys Bay	25291,07	R175 992 160,00	316
Cape St Francis	3085,42	R19 765 800,00	34
Kruisfontein	71	R455 000,00	1
Oyster Bay	4	R74 950,00	1
Paradise Beach	3688,97	R25 744 950,00	37
Patensie	2002,8	R3 749 700,00	8
Pellsrus	321	R2 080 000,00	3
Sea Vista	6965,24	R43 791 710,00	87
St Francis Links	5969,75	R42 865 150,00	33
Uitenhage RD	237,6	R1 798 800,00	3
Total	57 363,69	R383 034 670,00	624

Table 5: Occupancy Certificates issued in the 2021/22 Financial Year

- A total of 2094 stage inspections were conducted in the 2021/22 Financial year with the following breakdown:
 - 786 Foundation inspections
 - 36 Re-inspections of foundations
 - 544 Drainage inspections
 - 7 Re-inspections of drainage
 - 714 Final inspections
 - 7 Final re-inspections
- An additional 1246 general and routine inspections were conducted to respond to resident complaints and tip-offs of unauthorised or suspected illegal building work, with an average 103 general and routine inspections conducted per month.

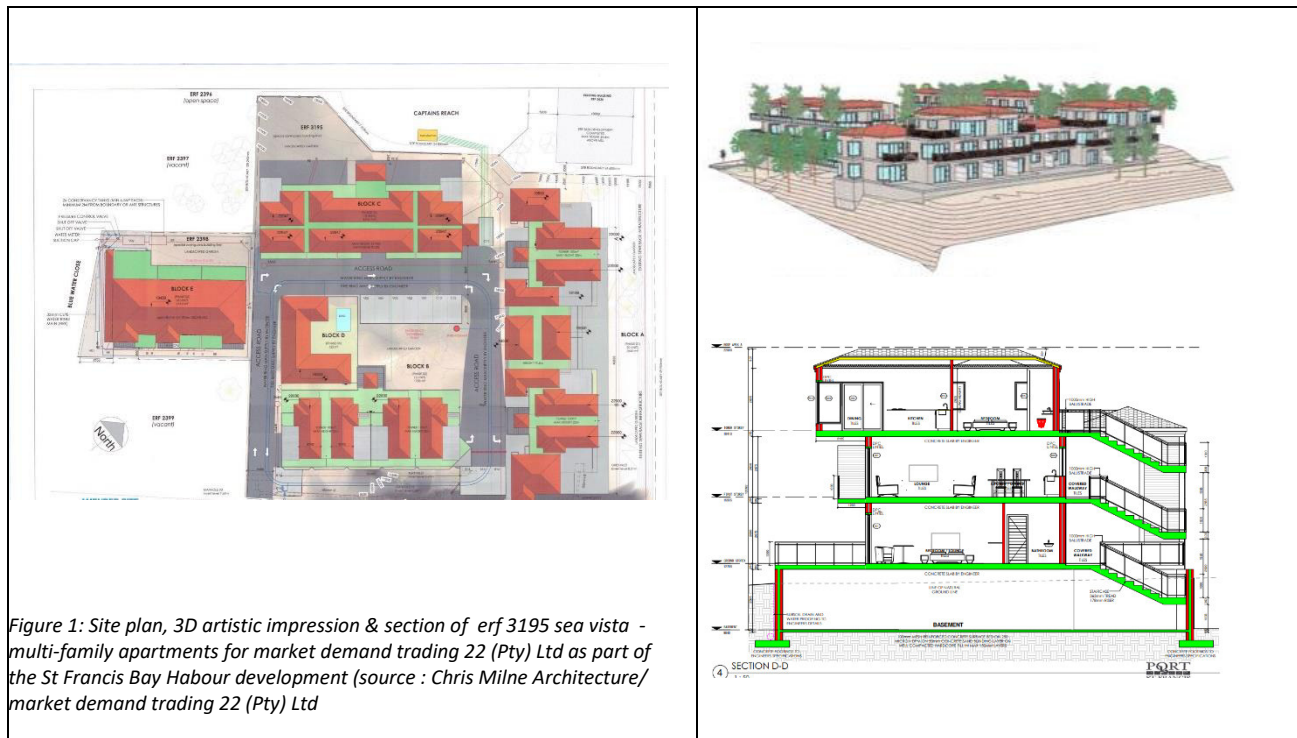
DEVELOPMENT FACILITATION COMMITTEE – FAST TRACKING OF APPROVAL HIGH VALUE DEVELOPMENT PROJECTS IN 2021/22 FY

The Planning, Development and Tourism Directorate (PDT), led by the Portfolio Councillor H. Bornman as chairperson and Director PTD F.F Mabusela as deputy chair, established the Development Facilitation Committee (DFC) in Q3 of the 2021/22 . The committee was established as a multi-directorate committee to fast tract development with a minimum value of R10 million and above. This is in line with the *Keep Kouga Growing* strategic pillar by creating operational incentives to attract and accelerate development in Kouga Municipality.

The following selected DFC and high value projects were approved in the 2021/22 FY.

1. ERF 3195 SEA VISTA - MULTI-FAMILY APARTMENTS FPR MARKET DEMAND TRADING 22 (PTY) LTD AS PART OF THE PORT ST FRANCIS DEVELOPMENT

The development is a multi-phase apartment development with the initial building plans for apartments with a 1316 m² area and a value of over R10 million approved in the 2021/22 FY. A 2 656 m² block worth an estimated building value of R20 million is due to be approved in Q1 of 2022/23 having been submitted in Q4 of 2021/22 FY(June 2022, see 3D artistic impression below)



2. ERF 424 ST FRANCIS GOLF LINKS (PTY) LTD – MIXED USED RESIDENTIAL DEVELOPEMENT

Over 6000 m² with over R45 million in building value was approved in the St Francis Golf Links development, which is part of an approximately R200 million development.

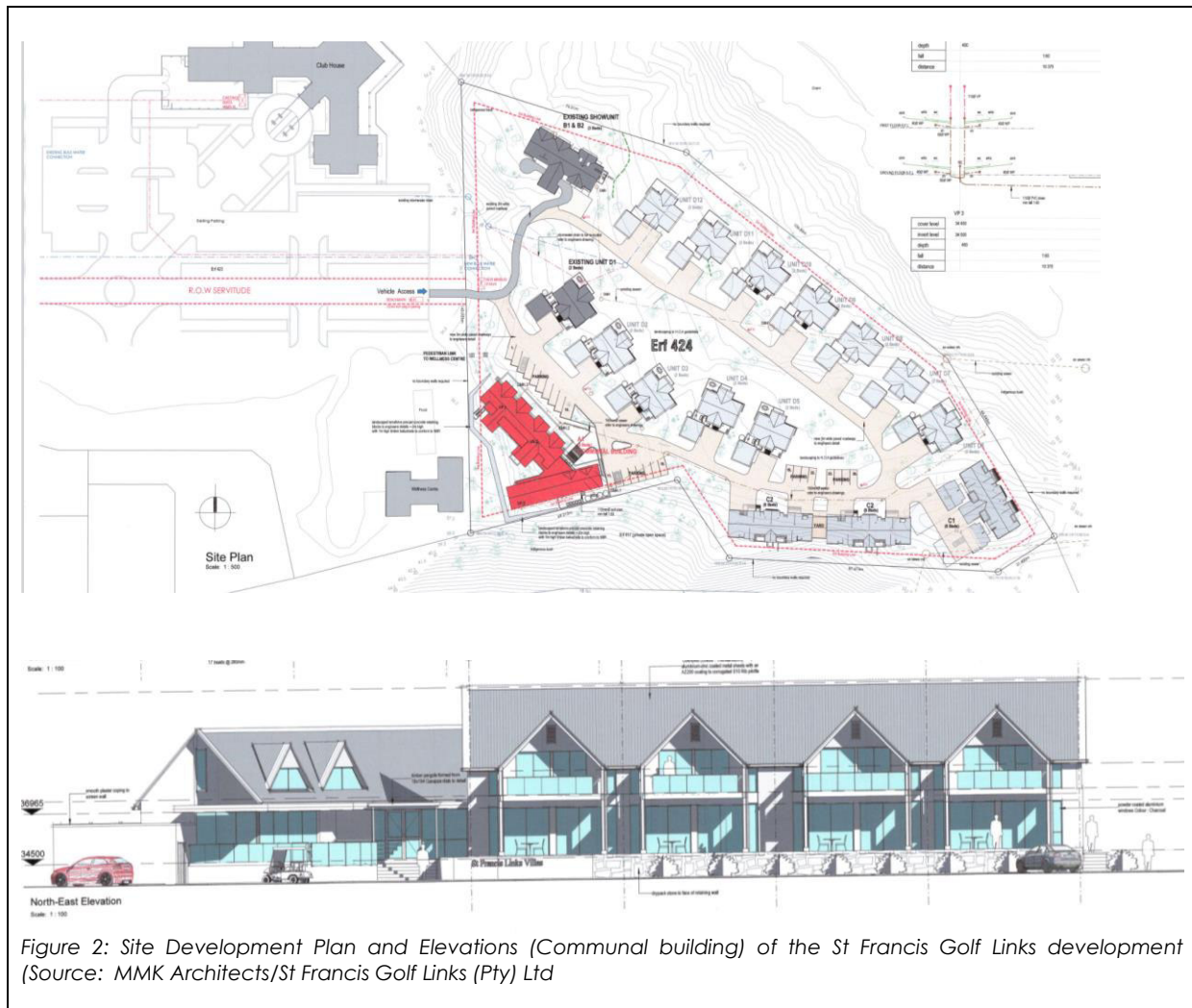


Figure 2: Site Development Plan and Elevations (Communal building) of the St Francis Golf Links development (Source: MMK Architects/St Francis Golf Links (Pty) Ltd)

3. ERF 8624 – NEW SHELL FUEL SERVICE STATION

A new contemporary full service Shell petrol filling station with a Spar express convenience store and Beantree express coffee shop and eatery was approved for construction on the corner of Outinque and St Francis Street near the in Jeffrey's Bay Mall. Construction has commenced and should be completed in Q2 of 2022/23 FY.



Figure 3: Artistic Impression of new Shell fuel filling station in Jeffrey's Bay (Source: Schnitter Architects & Interiors/ Elderberry Investments 93 (Pty) Ltd

The efficiencies with regard to transversal/multi-departmental coordination which were successfully piloted in the DFC will continue to be a key strategy to fast-track plan approval and attract development to Kouga Municipality in the 2022/23 FY.

3.22 LOCAL ECONOMIC DEVELOPMENT

National Youth Development Agency Training

This was a collaboration effort between Kouga Municipality and the National Youth Development Agency and was held on the 8 -12 November 2021, and its aim was to equip young and upcoming entrepreneurs on how to start and manage their businesses. The programme was aimed to create a conducive environment for young entrepreneurs to access relevant entrepreneurship skills, knowledge, values, and attitudes for their businesses. About 18 young people participated in the training which included the following aspects.

- | | |
|----------------------------------|-----------------------------|
| ▪ Generating your business idea, | Business Plan |
| ▪ Start your business, | Marketing Plan |
| ▪ Improve your business, | Organization and Management |
| ▪ Business Plan, | Financial Plan and Costing |
| ▪ Marketing Plan | Organization and Management |

National Lotteries Commission Workshop

- The purpose of the workshop is to present funding opportunities offered by the National Commission and to educate entities regarding the funding process.

Kouga BIGM closing conference

On the 22 June 2021, Kouga Municipality in partnership with SALGA successfully hosted the BIGM closing conference in Mentorskraal. The purpose of the closing conference was to highlight BIGM results, showcase the progress made within BIGM thematic areas and results provide policy guidance in the integration of all dimensions of Asset Management, Climate Change, and local economic development.

Kouga SMME Roadshow

This was a partnership event between Kouga Municipality, Sarah Baartman District Municipality, Department of Economic Development, Environmental Affairs and Tourism and the Eastern Cape Development Corporation. The was held on the 20th of October 2021 and the purpose of the road shop was to introduce various programmes and offerings which the various Department have in support of Small Micro Medium Enterprise. The municipality played a major role in mobilizing local SMME's to attend the roadshow.

SMME COVID-19 Personal Protective Equipment Hand-Over (BIGM)

Through the Building Inclusive Green Municipalities programme (BIGM) in partnership with SALGA, the Local Economic Development and Tourism Office handed over PPE to local SMME's. This initiative was aimed at assisting mainly Women Owned SMME's to remain COVID-19 compliant in their business. Since the outbreak has increased overheads /expenses of small business as they had extra costs of ensuring covid -19 compliance in terms of their daily operation, the municipality assisted the with PPE.

Ocean View Business Support Centre

The LED & Tourism Department has renovated what was the Ocean View bakery into a business support centre located in Ocean View. The purpose of centre will be to provide expert business training, advice, and facilitate linkages to



the

emerging entrepreneurs with a desire to succeed in business.

Main Role Players

Political Role Players

The Unit reports to the Planning, Development and Tourism Portfolio Committee which is chaired by the Portfolio Chairperson for Planning, Development and Tourism.

Staff Role Players

The staff component comprises of the current staff:

Filled

- Director Planning, Development and Tourism
- PA to Director Planning, Development and Tourism
- LED Officer x 1
- Tourism, Marketing and Information officer x1
- LED Agriculture Officer x1
- Events officer x1

Vacant

- Manager LED
- LED Officer x 1
- Admin assistant x1

Other Role Players

As part of inter-governmental relations, the LED/Tourism department works in collaboration with many partners to facilitate the functioning of the department. These include amongst others: Building Inclusive Green Municipalities Programme facilitated by South African Local Government Association (SALGA) and Federation of Canadian Municipalities, Dept. of Rural Development and Land Reform (DRDLR), Dept. of Rural Development and Agrarian Reform (DRDAR), Dept. of Economic Development, Environmental Affairs and Tourism (DEDEAT), Dept. of Trade and Industry (DTI), Dept. of Social Development, Coega Development Corporation (CDC), National Youth Development Agency(NYDA), Small Enterprise Development Agency(SEDA), Gamtoos Irrigation Board (GIB), Dept. Water and Sanitation, Fishing and Forestry (DAFF), Cooperative Governance and Traditional Affairs (COGTA), Sarah Baartman District Municipality (SBDM), Kouga Business Forum (KBF) and Kouga Wind Farms, Eastern Cape Parks and Tourism Agency (ECPTA), South African Tourism (SAT).

Community Role Players

These include the Kouga Local Economic Development Forum, Kouga Business Chamber, Kouga Business and Rural Chamber, Kouga Emerging Farmers Forum, Kouga Cooperatives Forum, Kouga SMME Forum, Kouga Local Tourism Organization (KLTO), and various events organizers that are responsible for staging and organizing events in the Kouga area members of the public who visit the LED offices daily.

The LED department also collaborates with the Wind farms to bring about career opportunities for the youth as well as creating an ambling platform for job opportunities for SMME's.

Annual Performance as per Key Performance Indicators in Local Economic Development, including Tourism	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement during the 2020/21 year	Achievement during the 2021/22
1	Existence of LED Unit	Fully functional LED unit	Functionality of the unit has improved since the appointment of 3 LED personnel in 2020/2021 financial year, however full functionality can be obtained by filling of vacant budgeted positions.	80%	100%
2	Percentage of LED Budget spent on LED related	90%	Full Budget was spent	60%	100%

Annual Performance as per Key Performance Indicators in Local Economic Development, including Tourism	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement during the 2020/21 year	Achievement during the 2021/22
	Activities				
3	Number of LED Stakeholder Forum Meetings held	4	LED Forums are successful held quarterly	100% (4 Meetings held)	4 meetings held
4	Number of SMME's that have benefited from an SMME Support Programme	550 SMME's	Local SMME's are being exposed and supported through Trainings, Outreaches collaborating with other sector departments	736	169
5	Number of job opportunities created through PPP: (LED and Tourism).	100	The LED Department promotes an enabling environment for job creation.	431	690

TOURISM

The priorities of this section are Local Economic Development, Tourism development, destination marketing and, museums development as well as promoting and managing events in Kouga area.

This section's annual implementation strategy was derived from the IDP and approved budget of the financial year. From the Service Delivery, Budget and Implementation Pan

(SDBIP), work plans were created to determine the detailed implementation plans for the year. This was monitored continuously and reported to the Portfolio Committee at least once per quarter.

The municipality continues to have strategic private partnerships with the private sector that serves and project implementing agents for tourism, heritage, and events.

Each of these partners are constituted and registered Non-Government Organizations. A memorandum of agreement is in place with each of these private partners. Grant-in-aid, as well as funding for special projects are allocated to each for administrative purposes and furthering the development and marketing of tourism and museums in the Kouga Municipal area.

Tourism Development and Marketing

KOUGA DESTINATION AWARENESS

Concept document was developed for the project and approved by management. Invitations sent to ECPTA and the district municipality. Engagement with the petrol stations, Storms River, Mentors kraal, Wind farm and Nanaga petrol station and farmstall. Some of the petrol stations added to the goodie bags, three offered advertising space, for brochures, wall advertising and screen advertising. The project was received well, and the LED office had an agreement with the petrol stations for an annual campaign. The campaign purpose was to increase the number of visitors to Kouga and advertising and marketing purposes.

Programme started on the 25 November 2021 to the 28 November 2021, handing out of branded cooler bags, sunscreen, keyrings, and marketing material that included all the municipal towns and attractions.

Budget spent **R67 685.34** Taken from operational budget under destination marketing.

KOUGA ATTENDED WORLD TRAVEL MARKET (WTM)

Kouga Municipality attended the WTM Cape town under the SDM stand. In the stand we had Kouga representative from the KLTO for marketing the municipality. The municipality was able to set up meeting with tour operators for leisure travel, conferencing, Agri-tourism and marketing companies this was done with KLT.

SDM paid for exhibition stand, marketing materials, and tags. Kouga catered for travelling accommodation, Covid test at total of R36 926.41

From the trade show Kouga networked with Travel Africa Network, a company that deals with marketing and Kouga is in a process of sourcing Virtual reality product and TV content production that will be aired across the globe.

TOURISM STAKEHOLDER ENGAGEMENT

The tourism office hosted a stakeholder engagement to share Kouga tourism plans and create working relationships with the private sector, Eastern Cape Parks and Tourism Agency (ECPTA) and Sarah Baartman District municipality shared their planned programmes for the financial year.

Communication was sent to all three tourism offices and advertised on the Kouga express, catering for the stakeholders was prepared at a total cost of R4570.00

Council resolved that the fisherman's grave be refurbished to for maintenance and ownership by the community. The project was allocated R150 000.00 for fencing, due to the budget allocation being limited fencing was replaced with other projects.

A total number of 155 crosses were installed on site as to commemorate the fishermen that are buried on the site. In addition to a pathway was created for viewing purposes that will allow members of the community and tourist to be at proximity.

The project manager submitted a heritage declaration application for the site to be recognized a heritage site, this there will allow the municipality to fully utilize the site as historical tourism site and generate income.

PROCUREMENT OF PROMOTIONAL MATERIAL AND BRANDING

The LED and tourism office has procured promotional material in preparation of our tourism events at a total cost of 15 511.90.

The tourism and LED office has procured branding that highlights Tourism Events and LED. These will be used at all the sponsored events, training, project handover and any other event for the LED and Tourism section. The total cost R 2408.00.

MR PELL's grave Mr Pell's grave refurbishment was addition to the fisherman's grave. Project implementation was painting of steel fence, installation of an interpretative board and cutting of grass. Total committed funds for both projects R125 980.00.

Planning and implementation of Kouga Tourism Indaba

That Council approves R500 000.00 (Five Hundred Thousand rand) to appoint a service provider that will plan and facilitate the Kouga Tourism indaba launch in St Francis in 2022/23 FY and hosting the main Kouga tourism indaba 2023 exhibition planned for the 2023/2024 financial year. **22/06/PDT7**

A concept document was developed and submitted to council for approval of host a Kouga tourism indaba for Kouga tourism and Agri-tourism products.

A council resolution for Kouga tourism indaba to be implemented during the 2022/23-23/24 financial year at a budget of R500 000.00, for an appointment of an event company. A media launch to be hosted during the Calamari festival in St Frances in September 2022 and the main event in September 2023 which is tourism month.

Kouga Entrepreneurship Academy Portal Launch

That Council authorizes the Accounting Officer to conclude a partnership agreement with Start-up tribe for the setting up of the Kouga -Entrepreneurship Academy web-based platform. 22/03/PDT2

A council resolution was given for partnership with the start Up Tribe that offers youth development, The Startup Tribe is a global initiative led by York Zucchi to provide organisations tools to tackle youth unemployment and support small businesses. They do this by giving a free custom branded entrepreneurship academy which the organisation can deploy in their communities. This academy offers free online courses to people who are wanting to start or grow their businesses.

An MOU has been submitted to the municipality by the organisation, after signing of the MOU the LED and tourism office will formally launch the academy.

EVENT SUPPORT

21/09/LED&T3

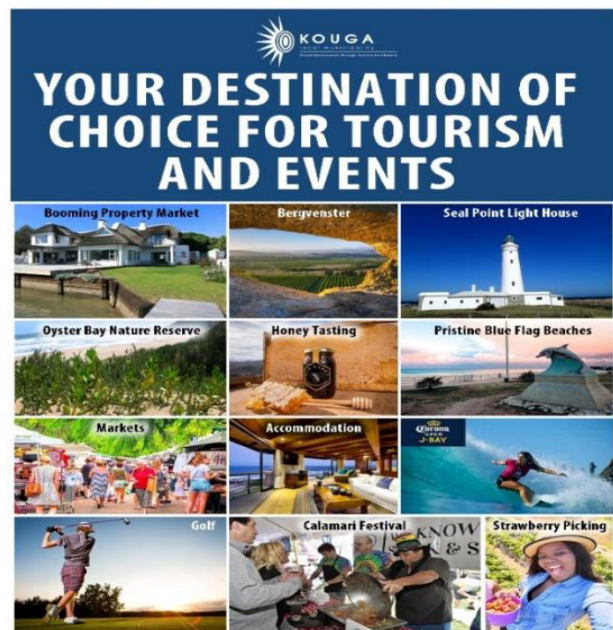
Funding Amount - R275 000.00 (excl. vat) each year for each year.

Sponsorship request: 3-Year Term – Professional Golfers Association (PGA) Tournament in Kouga, Links Golfing Estate

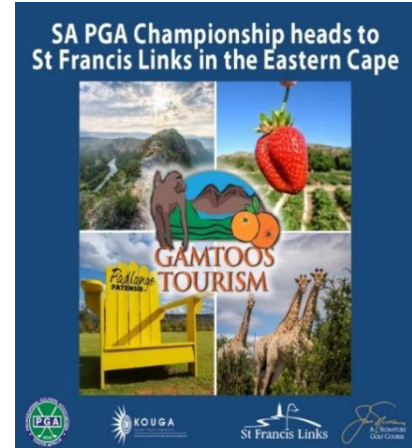
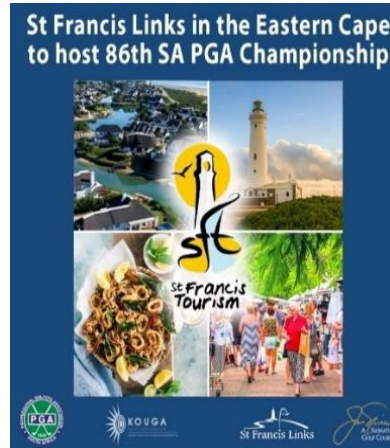
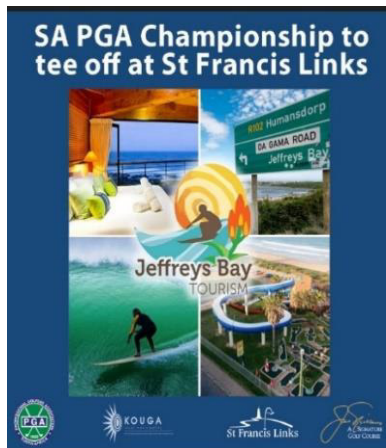
Background:

In June 2021 Kouga Local Municipality received a sponsorship/partnership proposal from the PGA organizers for government funding/support, to stage the PGA golf tournament at St Francis Links for 2021- 2023. The tourism exposure that this event offered Kouga was immense as the event was hosted virtually as well.

Kouga Local Municipality in partnership with Kouga Local Tourism Organization successfully co-hosted 4 waterholes at the tournament's PRO-AM corporate golf day on the 2nd of November 2021. During the



tournament, Kouga Municipality successfully marketed and promoted Kouga as the choice destination for tourism on the global broadcasting of the PGA on Supersport, billboards at all international airports in South Africa and all the social media accounts of the PGA South Africa and Sunshine Tour.



21/09/LED&T3

Funding Amount: R51500 2021/2022

Summer of Lights – Social Media Campaign #MyKougaSummer

Considering the cancellation of the Festive Season programme hosted annually by KLM the Kouga Local Tourism Office submitted a proposal to run a social media campaign to promote Kouga on Facebook and Instagram as the destination of choice for vacations, staycations, breakaways, day visits and events. In return, the campaign supported local tourism businesses and gave back to residents, and the summer holiday visitors.

The campaign was a series of giveaways on Facebook and Instagram, offering the massive potential to increase the followers of Kouga Local Tourism Organisation, Kouga Local Municipality and all 3 the Kouga Tourism Offices: St Francis Bay Tourism, Gamtoos Tourism and Jeffreys Bay Tourism.

To optimize traction and engagement, the campaign was driven from the Kouga Tourism Routes social media pages, tagging all 3 tourism offices and Kouga Local Municipality on each post.

The LED & Tourism Department worked closely with the E-Specialist appointed by Kouga Local Tourism Organisation, creating content, and approving all posts before publication on the social media pages.

The competition ran as follows.

Giveaway Dates: 17, 20, 22, 24, 27, 29 and 31 December 2021.

Entries Closing Dates: at 12:00 PM on 20, 22, 24, 27, 29 and 31 December 2021.

Winners Announcement Dates: 21, 23, 25, 28, 30 December 2021, 1 and 3 January 2022.



EASTERN CAPE - SOUTH AFRICA

JEFFREYS BAY, ST FRANCIS BAY, HUMANSDORP, THORNHILL, LOERIE, HANKEY, PATENSIE, BAVIAANSKLOOF

15 December 2020

Kouga Local Municipality
LED and Tourism Department
Woltemade Building
Jeffreys Bay

Re: 2021 Summer of Lights Social Media Campaign

Attached please find our partnership proposal with Kouga Municipality for the 2021 Summer of Lights Social Media Campaign.

Due to the cancelation of the planned events over the holiday season with the increase in positive Covid cases we propose a series of giveaways over social media from 17 December 2021 to 3 January 2022.

This campaign will give back to our local tourism establishments and our visitors over the festive period.

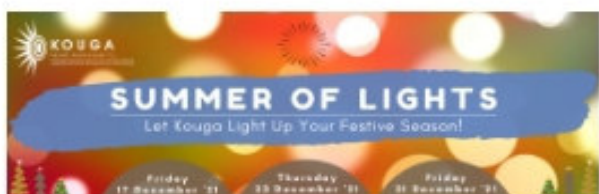
Please do not hesitate to contact us if you have any questions.

Kind regards

A handwritten signature in black ink, appearing to read 'Hantie van der Westhuizen'.

Hantie van der Westhuizen
Secretary

Kouga Municipality Summer of Lights - Giveaway campaign 2021/2022
Administered by The Kouga Local Tourism Organisation



Summary:

The first competition announcement post was published on December 16th. A total of **7** competition rounds took place on the KLTO's "Kouga Tourism Routes" Facebook (facebook.com/KougaTourismRoutes) and Instagram pages. Participants were encouraged to "like" the posts, tag 3 friends and use the hashtag #MyKougaSummer.

Between the 16th of December 2021 and the 3rd of January 2022 - a total of **19** posts were compiled and published in order to promote and raise awareness of the draws and to announce the lucky winners. A total of **34** winners were picked at random.

Method/Audit:

1. Following the closing date & time for each new draw, the names of the persons in the comments section was entered onto a spreadsheet and checked for entry requirements.
2. The list of names was sorted alphabetically in order to identify and remove duplicate entries.
3. Each name was manually entered into an app called "Spin the Wheel" which is designed to pick a random name from those entered. A photo was taken of each winner shown together with the prize on offer.

The original posts and comments/entries remain on the Kouga Tourism page. The spreadsheets containing the names of entrants, along with winning photo and videos of each draw have been saved and are available at request.

22/02/PDT5

Funding Amount: R255 000.00 2021/2022

Sponsorship/Partnership Agreement from BS Sport (PTY) Ltd T/A Amanzi Challenge requested to co-host the St Francis Amanzi Challenge with Kouga Local Municipality from 18 – 20 MARCH

The St Francis Amanzi Challenge was possible with the alignment of other tourism bodies in the Eastern Cape, like Sunshine Coast and the knowledge that the St Francis Bay and Cape St Francis area is very suitable for beach and water sports events. This year the event offered 5 sporting codes with 2 being national events.

The National Inflatable Boat Racing association hosted their first calendar event for the first time with a total of 40 boats entering the 2-day race. All the teams and their supporters were from outside Kouga and that meant at least 200 people staying over for the duration of the event, and spending money in the area.

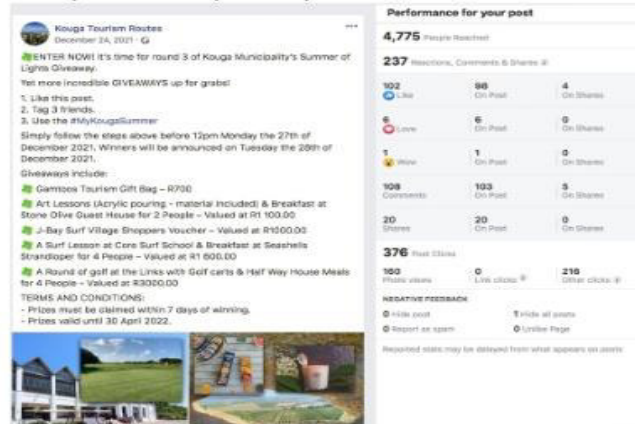
Another national event was the National Body Boarding with 45 entrants, all from outside of Kouga. The organisers plan to host the SA Champs during the 2023 Amanzi Challenge in Cape St Francis.

St Francis hosted its first time ever Open water night swim with 34 swimmers braving the dark waters for a 1.5km swim.

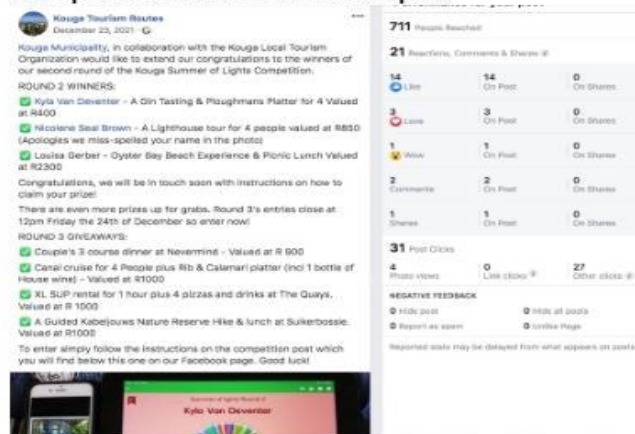
The Thula Moya Trail run had 146 entries with about 20% of entrants from outside Kouga.

The Paddling challenge hosted 49 participants, including paddlers from as far as KZN and the Western Cape. 9 youngsters from Sea Vista were sponsored for the paddling challenge which included their entry fee and a meal after the race.

Example of a competition post:



Example of winner announcement post:



A total of 38 jobs were created over the duration of this event – this only includes the jobs at the actual events.

4 – 6 March 2022

Funding Amount: R130 000.00 2021/2022

South African National Open Water Swim Championships, hosted by the Nelson Mandela Bay Aquatics

SA Open Water Swim event has become one of the key annual events in Kouga and was hosted by KLM in 2018 and 2019. In 2022 R130 000.00 was funded in support of the national event hosted at the Marina Martinique.

22/03/PDT6

Funding Amount: R70 000.00

3-Year sponsorship agreement for event support for hosting the Aloe Cup Rugby and Netball Tournament.

Jeffreys Bay Primary School is the proud host of the annual Aloe Cup rugby and netball tournament. The tournament draws top sporting schools from all over South Africa. These schools include the likes of Eikestad Primary School (Stellenbosch), Gene Louw (Durbanville), Outeniqua Primary School (George), Stellenbosch Primary School, Grey College (Bloemfontein) Handhaaf Primary (Uitenhage), Knysna Primary School (Knysna) and Hartenbos Primary School.

Past surveys suggested that 78% of parent's travel with their u/11 boys, as it is their first school tour. They tournament participants and their families enjoy the beautiful beaches of Jeffreys Bay and with many families staying on after the event, making holiday of the event. Many parents stay on after the event. These families support local accommodation, restaurants, and clothing shops.

Due to the loss of their major sponsor, the school submitted a 3-year sponsorship proposal to council requesting the financial support of R70 000 (excl. vat,) for each year from 2022 to 2024.

2022/04/PDT12

Funding Amount: R490 000.00 for 2021/2022

Funding Amount: R1 million in 2023/2024

Sponsorship for the Adventure Racing World Championships

Kinetic Events is licensed to host the Adventure Racing World Championships in South Africa in October 2023.

After an extraordinarily successful event in the Kouga region in 2017 they believe the Kouga will be the ideal location to host the championships. The event will cover approximately 700km and will traverse through a vast area of the Kouga region. Cape St Francis has been selected to be the host town and the Press conference, Prologue Race and Flag parade will take place in Jeffreys Bay.

TV coverage, social media coverage and press coverage of the Kouga area will receive continuous exposure over a 16-month period – from the announcement of event to the publishing of promotional video to the actual event - and it will ensure a long-term focus on the area and the offerings of Kouga to the public.

The event organisers offered Kouga Local Municipality the naming rights to the support of R490 000.00 for pre-marketing and launch of the event and R1 million to host the event in 2023.

2022/04/PDT13

Funding Amount: R1.5 million for 2021/2022

3-Year Sponsorship Agreement for the Corona J-Bay Open Surf Competition from 12 – 21 July 2022

Each year since 1976, the World Surf League presents the World Title trophy to the undisputed best male and female surfers in the world. Every year in July, the WSL stage the renowned J-Bay Open at the legendary Supertubes. The last event was hosted in 2019 coming to an unforeseen halt due to Covid-19 in 2020. The WSL planned to host the event from 12 – 21 July 2022 however due to the swell of the waves, the surf competition was only for 3 days from the 13 – 15 July 2022.

This is one of 10 events on the worldwide Championship Tour 24 men and 12 women elite surfers from all over the globe. The line-up includes top SA surfers like Jordy Smith. These elite surfers compete for approximately R14 million in prize money, making this one of the richest sport events in Africa.

The event has a live broadcast of 26 hours streamed throughout the world to an audience of over 3 million. It is estimated that the event will draw over 20,000 visitors to Kouga with a huge economic injection of millions of rands.

A detailed budget for the funding amount for each year is requested from the WSL to ensure budget expenditure is transparent. The funds requested are R1,5 million in 2022, R1,6 million in 2023 and R1,7 million in 2024.

The event organisers requested funding support for 3 years from 2022 – 2024. The WSL requested a renewal due to their longstanding relationship with Kouga Local Municipality

to continue using the event platform to showcase Kouga as the destination of choice and positioning Kouga as the events capital of South Africa.

2022/06/PDT14

Funding Amount: R200 000.00 for 2021/2022

Sponsorship for the World Surf League requesting event support to host the 2022 J-Bay Surf Festival in Jeffreys Bay

In addition to the R1.5 million the WSL requested R200 000.00 towards hosting the J-Bay Surf Festival, staging various events in support of the Corona J-Bay Open Surf Competition like the J-Bay Surf Music Festival, Skins Fishing Competition, J-Bay Surf Festival Beach Touchies & Netball, the Funduro and the J-Bay Surf Festival Paddle Board Competition. The support events were staged from 12 – 17 July 2022.

Events Planning Committee

July 2021 – June 2022

In terms of the Kouga Municipal events policy, Kouga Municipality is responsible to ensure that all events hosted in the Kouga Municipal area are done so legally and as well as to ensure that the prevention of injury, suffering or death that may occur because of poor planning or preventable misadventure at public events is avoided. The Kouga Municipality is responsible for guiding those that run events, it can run safely and thereby creating a conducive environment for Kouga to be promoted as a prime destination for tourism and events. Over the last 12 months, the following event applications were received and approved by the Kouga Municipality Event Planning Committee.

27 August 2021

Event	Location	Date
2021 FOUNTAINS MALL RALLY	Fountains Mall Jeffreys Bay and Longmore Forest	02 October 2021
THE PEOPLES TRIATHLON	Quayside, St Francis Bay	06 March 2022
MARINA MILE	Marina Martinique, Jeffreys Bay	30 December 2021
SWIM SERIES	Marina Martinique, Jeffreys Bay	10 & 24 October 2021, 7 November 2021, 9 January 2022
NMB AQUATICS CHAMPIONSHIPS	Marina Martinique, Jeffreys Bay	22 & 23 January 2022
SA NATIONAL OPEN WATER SWIMMING CHAMPIONSHIPS	Marina Martinique, Jeffreys Bay	4-6 March 2022
EXODUS MCC THORNHILL HOTEL	Thornhill Hotel	11 September 2021

Event	Location	Date
LUKHANYO MEMORIAL SOCCER TOURNAMENT	Thornhill Sports Field	26 – 28 November 2021
JBAY DECEMBER MARKET	Corner of St Francis and Nautilus Street, Jeffreys Bay	10 December 2021 – 11 January 2022
SA JUNIOR SURFING CHAMPIONSHIPS	Lower Point, Jeffreys Bay	1-5 October 2021
EXPEDITION AFRICA 120 KM ADVENTURE	Cape St Francis Resort and Area	18 September 2021
HERITAGE CUP TOURNAMENT	Humansdorp Stadium & Kruisfontein	24 – 26 September 2021
SA KNEEBOARDING CHAMPIONSHIPS	Magna Tubes, Jeffreys Bay	21 – 24 October 2021

27 September 2021

Event	Location	Date
Helicopter Rides	Jeffreys Bay	20 December 2021 – 02 January 2022
USN Jbay Beach Touchies	Dolphin Beach, Jeffreys Bay	26 December 2021
AFM DEO DOXA Celebration Service	Main Beach Amphitheatre Jeffreys Bay	19 December 2021
Aqua Spirit Challenge	Marina Martinique, Jeffreys Bay	15 November 2021 – 15 January 2022
Dutch Reform Church Bazaar	Humansdorp	02 October 2021
October Fest	Humansdorp Hotel	30 October 2021
PGA Championship	St Francis Links	11 September 2021
South African Longboarders Championship	Lowerpoint, Jeffreys Bay	23 – 28 August 2022
ST FRANCIS MARKET	St Francis Bay	October 2021 - September 2022
VOLLEYBALL FUNDRAISER	Jeffreys Bay	30 October 2021

22 October 2021

Event	Location	Date
Fun4u Amusement Rides - Dolphin Beach	Jeffreys Bay	1 December 2021 - 31 January 2022
Billie's Beach	St Francis Bay	26 -31 December 2021 and 1 - 2 January 2022

Event	Location	Date
St Francis Sport Summer Series 2021	St Francis Bay	19 – 31 December 2021
The 6312 Amazing Race	St Francis Bay	20 November 2021
2 Week Revival	Jeffreys Bay	08 – 20 November 2021
FunZone – Gypsy Events	Jeffreys Bay	15 - December 2021 – 16 January 2022

19 November 2021

Event	Location	Date
“Summer of Lights” Kouga Municipality Festive Season Programme	Jeffreys Bay	16, 17, 23 and 31 December 2021
The Coastal Social	Cape St Francis	26 November 2021
All for One Worship Event	Jeffreys Bay	31 December 2021
St Francis Amanzi Challenge	St Francis Bay and Cape St Francis	19 – 21 March 2022
Edge Fitness and Smhart Security – Festive Season Programme	Jeffreys Bay	20 – 30 December 2021
Jeffreys Bay Boardriders Summer Event	Jeffreys Bay	08 – 20 November 2021
Seekoei River Wine Festival	Paradise Beach	18 December 2021
St Francis Summer Paddling Series	St Francis Bay and Cape St Francis	23 Dec 28 Dec 2021 & 1 Jan 2022
Oasis FM Broadcasting at Dolphin Beach – Festive Season	Jeffreys Bay	14 - December 2021 – 2 January 2022
Jbay Skins Fishing Competition	Jeffreys Bay	20 December 2021
PE PLETT	Jeffreys Bay and Thornhill	4 – 7 February 2022

28 January 2022

Event	Location	Date
Corona J-Bay Open	Jeffreys Bay	9 - 18 July 2022
Unity in Christ Ministries – One Month Revival	Jeffreys Bay	14 February - 11 March 2022
The Coastal Social	Cape St Francis	25 February 2022 25 March 2022 29 April 2022
The St Francis Bay Concours Sur Mesure	Jeffreys Bay	27 - 30 October 2022
McLaren Circus	Jeffreys Bay	14 - 16 February 2022
Hier Gaan Dit Lekker Feeste	Jeffreys Bay	25 March – 18 April 2022
Slake Funduro	Humansdorp	12 February 2022
7 Summit Enduro	Humansdorp	8 - 9 October 2022
Mighty Men Conference – Eastern Cape	Jeffreys Bay	18 – 20 March 2022
Hier Gaan Dit Lekker Feeste	Jeffreys Bay	25 March – 18 April 2022
Slake Funduro	Humansdorp	12 February 2022

25 March 2022

Event	Location	Date
Kouga Easter Festival	Jeffreys Bay	15 – 18 April 2022
Easter Festival Fun Run & Swim	Jeffreys Bay	16 - 17 April 2022
Easter Soccer Tournament	Jeffreys Bay, Tokyo Sexwale & Pellsrus Sport	15 – 18 April 2022
Je Vista Easter Touchies	Jeffreys Bay	16 April 2022
King of the Kromme Paddling Event	St Francis Bay	16 April 2022
Billy's Beach	St Francis Bay	25 March – 18 April 2022

28 April 2022

Event	Location	Date
Aloe Cup Rugby & Netball Tournament	Jeffreys Bay	23 – 25 June 2022
Kromme River Descent	St Francis Bay	6 - 7 May 2022
J-Bay Music Festival	Jeffreys Bay	12 – 21 July 2022
Trans Eland MTB Marathon	Thornhill	4 June 2022

- No meeting in February 2022 due to no application received

2 June 2022 (May Meeting had to be moved to a later date)

Event	Location	Date
Algoa National Rally	Jeffreys Bay & Longmore Forest	15 – 16 July 2022
Celebrate the Youth	Jeffreys Bay	16 June 2022
Coastal Collective	Cape St Francis	25 June, 29 July, 27 August and 23 September 2022

24 June 2022

Event	Location	Date
J-Bay Animal Welfare Charity Day	Thornhill Hotel	30 July 2022
Exodus Rally	Thornhill Hotel	9 – 11 September 2022
BRC Carnival	Humansdorp	15 – 17 July 2022
Calamari Festival	St Francis Bay	23 – 24 September 2022
St Francis Market	St Francis Bay	29 Oct '22 to 30 Sept '23 (Dates listed on the application)
Lukhanyo Memorial Soccer Tournament	Thornhill Sports Field	25 November 2022
Melkfees	The Ferry Hotel	23 – 24 September 2022
Nautical Half Marathon	St Francis Bay	25 September 2022
Pam Golding Canal Winter Challenge	St Francis Canals	25 September 2022
Rip Curl Grom Search Surf Contest	Cape St Francis	22 – 24 July 2022
7 Bay Skins Fishing Competition	Jeffreys Bay	9 July 2022
J Bay Surf Fest – Paddle Board Classic	Jeffreys Bay	17 July 2022
Beach Market (Cancelled)	Aston Bay	1 – 31 December 2022
USN Jbay Touchies	Jeffreys Bay	26 December 2022
J-Bay Surf Festival Touchies	Jeffreys Bay	16 – 17 July 2022

FESTIVALS/EVENTS	BUDGET
PGA Golf Tournament	R275 000.00
Corona J-Bay Open	R1.5 million
J-Bay Surf Festival	R200 000.00
Adventure Race World Championship	R490 000.00
Aloe Cup Rugby & Netball Tournament	R70 000.00
St Francis Amanzi Challenge	R255 000.00
South African Open Swim Championship	R130 000.00

Tourism Development through participation with our private partner, Kouga Local Tourism

Organization:

Background

The Kouga Tourism Organization consists of member representatives of our three geographic Tourism Information Centres in Jeffreys Bay, St Francis Bay and Gamtoos. Their grant-in-aid from the Kouga Municipality was R 320 000.00 for the 2021/22 financial year which included the support to the smaller tourism offices, general administration, office operations and eMarketing. The Kouga Local Tourism Office then submits quarterly reports to Kouga Municipality throughout the year on performance and expenditure and regular meetings held for monitoring and evaluation purposes.

Grant-in-aid Budget and expenditure report:

NAME OF APPLICANT	BUDGET ALLOCATED
Kouga Local Tourism Organisation:	R320 000.00
Humansdorp Museum Association:	R150 000.00
Jeffreys Bay Recycling Project:	R50 000.00
On Eagles Wings Multi-Purpose Centre:	R8000.00
SPCA ASSISI:	R270 000.00
Jeffreys Bay Animal Rescue:	R90 000.00
St Francis Bay Animal Rescue:	R90 000.00
National Sea Rescue Institute:	R250 000.00

Tourism Trainings

- Kouga Tourism & Heritage Month Ambassador Programme
- Service Excellence and Complaints Management Training; organised by ECPTA and facilitated by South African Tourism (SAT) attendee Kouga tourism offices and member and Kouga tourism officer.
- Trade Engagement Sessions being conducted by South African Tourism.

28 – 30 September 2021

Budget Used: R 1645.05

Tourism and Heritage Month – Ambassador Programme

The programme was adopted from the Canadian Partnership formed from the BIGM Initiative. 9 Young Adults were selected to partake in the programme. The 4-day programme was part training and part experiential. The programme was a collaborative project between Kouga Local Municipality and Kouga Local Tourism Organization. The programme was funded out of the 2019 Grant in Aid funding received by Kouga Local Tourism Organization from Kouga Local Municipality.

FICE and Destination Marketing workshops were done on the 28th of September 2021 prior to the 2-day and 1-night experiential tour on the 29th and 30th of September 2021. The Ambassadors toured Jeffreys Bay, Gamtoos, St Francis Bay and Cape St Francis. FICE surveys were completed by the Ambassadors on each of the places visited. R 1645.05 was used for promotional goods for the goodie bags. The rest of the programme was funded through the KLTO budget.

MUSEUMS

Background:

We have two museums in the Kouga Municipal area, namely the Humansdorp Museum and the Shell Museum in Jeffreys Bay. Both buildings housing the museums belong to the Kouga Municipality.

The artefacts in the Humansdorp Museum belong to the Humansdorp Museum Association, whereas the artefacts in the Shell Museum belongs to the Kouga Municipality. Both Shell Museum and Humansdorp Museum are managed by the Humansdorp Museum Association, a private partner of the Kouga Municipality, registered as a non-profit organization.

During the 2021/22 financial year Kouga municipality through its grant in aid funded the Humansdorp Museum Association with an amount of R 150 000.00 for general administration, events and repairs and maintenance.

The Museum Association submits quarterly reports on progress, and the Kouga Municipality has meetings and monitors and manages their performance. The Museum Association submitted 4 quarterly reports to indicate how they spent their grant-in-aid.

The refurbishment of the fisherman's grave was done through the Museum, an appointment of a service provider to install grave crosses at a total cost of R8 8100.00.

Museum priorities:

To develop and promote heritage in the Kouga area.

To build a positive image and manage museums as sought-after heritage and tourism destinations.

Maintain museums and preserve heritage assets linked to the museums.

The Humansdorp Museum is open to visitors and tourists 5 days a week and the Shell Museum six days a week. The museums are manned with one full time staff each, and managed by the Museum Association, a voluntary Non-Profit-Organization.

Improvements, Repairs, and maintenance to Heritage assets:

Humansdorp Museum

- Plumbing for water supply at the bathroom
- Replacement of four signs
- Locks for shell Booths
- Building of bookshelves
- Furniture
- Frames

Shell Museum

- Electrical appliances
- Paint
- Shelves
- Plumbing
- Keys

Inter-governmental Relations

- ECPTA Tourism Monitors Programme
- BIGM Programme with Kouga Municipality and Prince Edward County
- PGA Golf Tournament
- Corona J-Bay Open Surf
- St Francis Amanzi Challenge
- Adventure Race World Championship

JOBS CREATED DURING YEAR BY LED INITIATIVES (Excluding EPWP Projects)				
Total Jobs created / Top 3 initiatives	Jobs created through LED & Tourism No.	Jobs lost / displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created / lost

JOBS CREATED DURING YEAR BY LED INITIATIVES (Excluding EPWP Projects)				
Reporting Period	429	No info	No info	No info

TRAINING

LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP						
Service Objectives (i)	Outline Service Targets (ii)	Year 2016/17		Year 2017/2018		
		Target	Actual	Target		Actual
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)
	People trained through LED & Tourism	No info	645	550	347	347

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES

Job Level	Employees No.	Posts No.	Employee No.	2016/17 Vacancies (full-time equivalents) No.	2016/17 Vacancies (as a % of total posts)	2017/18 Vacancies (full-time equivalents) No.	2017/18 Vacancies (as a % of total posts)
0 – 3	3	3	3	0	0		
4 – 6	4	5	4	1			
7 – 9							

	Adjustment Budget 2016/17	Actual Expenditure 2016/17	Variance 2016/17	Adjustment Budget 2017/18	Actual Expenditure 2017/18	Variance 2017/18
Total Operational Revenue	8,658,434	7,445,600	.86	445,000	0	445,000
Expenditure:						
Employment	4,654,538	4,121,766	.88	2,530,781	2,504,034	26,747
Repairs & Maintenance	50,000	46,212	.08	50,000		50,000
Other	3,953,896	3,277,622	.83	3,969,635	2,618,632	1,351,003
Total Operational	8,658,434	7,429,398	.86	6,550,416	5,122,666	1,427,750

	Adjustment Budget 2016/17	Actual Expenditure 2016/17	Variance 2016/17	Adjustment Budget 2017/18	Actual Expenditure 2017/18	Variance 2017/18
Expenditure						

COMMENT ON LOCAL ECONOMIC DEVELOPMENT CAPITAL PERFORMANCE OVERALL:

Mini Fresh Food and Crafts Market for Hankey & Jeffreys Bay

Quarter 1: Target not met pending designs approval.

Quarter 2: Item returned to lead department from BSC for further amendments.

Quarter 3: The project and allocated was moved to Project Management Unit in I&E Directorate in line with Adjustments budget.

Mbhashe Municipality Benchmarking Exercise

The Mbhashe Municipality's Mayor, Cllr. S Janda and his delegation visited KLM from 9-10 June 2022 for a benchmarking exercise in LED & Tourism, Town Planning, Building Control, Land & Properties, Human Settlements and Coastal Management. Interactive sessions hosted by each of the KLM Departments and project site visits like Sakhe Singamadoda in Kwanomzamo, Fishermen's Gravesite in Pellsrus, and the KLM Building Control Department at the Woltemade Building in Jeffreys Bay.

3.23 LAND AND PROPERTY ADMINISTRATION

The Land and Properties Administration Department has recorded the following activities and progress during the 2021/22 financial year:

The accumulative amount of municipal land disposed during the 2021/22 financial year amounts to R13,800,000.00.

Some of the most significant including high value municipal land disposal includes the following:

Disposal of erven 2078, 2079, 2081, 2082, 3296, 3297 – Woodlands Dairy

The disposal of erven a number of municipal erven to Woodlands Dairy was concluded in August 2021. The erven include erf number 2078, 2079, 2081, 2082, 3296 and 3297 in Humansdorp Industrial Area. The municipal erven were secured by Woodlands Dairy for future expansion of the current dairy plant in the Humansdorp Industrial Area.

Woodlands Dairy plays a major role from socio-economic perspective being one of the biggest employers of local labour in the Kouga municipal area. Securing the land means that there is a good chance that more job opportunities will arise in the future which is a positive sign for the Humansdorp area and surrounding towns from an employment point of view.



Disposal of erf 1382 Sea Vista – Grand Comores Retirement Estate

Erf 1382, Sea Vista is a totally landlocked municipal property, enclosed by Portion 32 of the Farm Goedgeloof No 745, adjacent St. Francis Drive and Spray Avenue. The property is 5000m² in extent.

The erf was originally set out for depositing spoil when dredging the canals when the Marina was developed in 1983. However, the erf was never utilized this purpose as initially intended and has ever since been vacant and unused.

Application was received from Edge Projects who expressed their interest in purchasing erf 1382 from the municipality to make the development possible. Edge Projects has purchased a portion of Portion 32 of the Farm Goedgeloof No. 745 from Sea Glades Holding (Pty) Ltd for retirement housing development. Erf 1382 falls in the middle of the proposed development, hence the incorporation of erf 1382 into the development is essential to make the development feasible. Council granted final approval for disposal of erf 1382 Sea Vista. The disposal process and transfer are almost completed.

The envisaged capital investment for this development is estimated to be in the vicinity of R350 million. This will be Retirement development and will generate a much-needed financial injection into the Kouga Region by creating 250 direct jobs to all sectors of the community. On completion it will the development will ensure an increased source of revenue to the municipality in the form of rates, taxes and services.



Disposal of erf 2896 Sea Vista – Nexus Yachts

An application was received from Nexus Yachts to purchase a portion of erf 2896 to rebuild the existing factory which was destroyed in the fire on 9 July 2021. The company intends to expand the factory therefore the application to purchase the adjacent public open space for such purposes.

Nexus Yachts currently employs ±100 people from Jeffreys Bay, Humansdorp and Sea Vista and has a training programme in place for employees for the upliftment of specific skills. In purchasing the said erf will increase floor area of the factory which will result in more employment and improved skills development of the local communities.

In line with legislative provisions for disposal of municipal immovable assets the property was disposed by virtue of an onsite auction on 31 May 2022. The property was initially valued for R1,500 000.00 but received such interest that it was ultimately sold for R2,400 000.00. Council granted final approval on 29 June 2022 and resolved that the land be sold for the abovementioned amount.

The construction of the new factory is due to commence as soon as the rezoning and building plans are finalised and approved.

Donation of 16 Municipal Houses to municipal employees who have been renting

Kouga Municipality donated 16 houses, built pre-94, to qualifying Sea Vista residents on Thursday, October 28 – forming part of 27 municipal owned houses in the St Francis Bay area.

All recipients were first time homeowners and have not benefited from any government housing scheme before.

The Municipality has approached the Provincial Department of Human Settlements to seek assistance in the form of grant funding to cover the cost of transfers to the beneficiaries. The request was favourably received by the Human Settlements Department, and it was agreed that transfer cost will be covered through the Extended Enhancement Benefit Scheme which deals with the transfer of pre-1994 housing to beneficiaries.

A legal firm has been appointed and the transfer documents will be lodged during the first quarter of the 2022/23 financial year.

Sea Vista resident, Amelia Juries (middle), received her house from Kouga Community Services Director, Daniel Benson (left), and Kouga Executive Mayor, Horatio Hendricks (right).



Land availability – erf 353 Humansdorp for development of Social Housing development

The CBD of these areas experiences urban decay and has limited formal and affordable rental housing opportunities accessible to the low to moderate incomes.

This erf is ideally located for a Social Housing Development project and by availing this municipal erf to Department of Human Settlement was considered favourably as the department is strategically positioned to execute such a development similarly to the Jeffreys Bay Social Housing Development which will commence later in this financial year.



Land Acquisition

The Department also acquired erf 449 portion 77 which is in Thornhill. The property was bought at a cost of R139 000.00 in May 2022.

The land was procured from a private owner to secure the elevated water tank that has been built previously on a portion of the private property. The water tank is of high importance to the municipality as it provides water to the local residents and relocating the tank was confirmed not feasible.

It was important for the Municipality to purchase the land to secure the municipal infrastructure and for possible future expansion of bulk services for the local community.



Successful award of the tender no 137/2021

Appointment of a Panel of Estate Agents who will be responsible for the selling of municipal residential properties.

The Department has started to implement Tender No. 137/2021 which was awarded in November 2021, and which dealt with the appointment of a panel of estate agents for the selling of municipal residential properties. A total of four different estate agencies were appointed.

An advert was placed in the local newspaper and municipal website during June 2022 to invite prospective buyers to submit offers for vacant municipal residential properties. Several offers have been received so far from the estate agent and which offers will be dealt with in accordance with the stipulated legislative processes.

Appointment of A Professional Service Provider to Investigate & Address Anomalies in the Cadastre Register of Kouga Municipality

Tender No. 93/2022 seeks to appoint a service provider who needs to address the anomalies that was found in the municipal cadastre register. The tender was advertised on 6 June 2022 to invite prospective service providers and has closed on 6 July 2022.

The Municipality has noted that there exist several anomalies in approximately 10 000 land parcels in the current cadastre register. This required for urgent intervention as this has a negative impact on strategic planning, decision making and revenue collection ability. This is particularly important about unregistered land that belongs to the municipality, and which needs to be transferred, and same with state- and privately-owned land.

The purpose of this is to ensure land ownership completeness, by addressing those properties with anomalies. The anomalies which have been found in the cadastre register inter alia includes properties that are not registered at the deed's office, properties not registered with the surveyor-general, properties with no ownership, property discrepancies in the valuation roll and billing system.

New Leases and On-going (Month-to-Month) Leases for the 2021/22 financial year

LEASING ENTITY	TYPE	PROPERTY DESCRIPTION	COMMENCEMENT DATE	TERMINATION DATE	CONTRACT	MONTHLY RENTAL AMOUNT
LERIZO INTERNATIONAL INVESTMENT CC	COMMERCIAL	ERF 32, LOERIEHEUWEL	8 JUNE 2021	7 JUNE 2024	Y	270.00
LERIZO INTERNATIONAL INVESTMENT CC	COMMERCIAL	ERF 259, PATENSIE	8 JUNE 2021	7 JUNE 2024	Y	320.00
LERIZO INTERNATIONAL INVESTMENT CC	COMMERCIAL	ERF 7294, JEFFREYS BAY	1 SEPTEMBER 2021	30 AUGUST 2024	Y	960.00
LERIZO INTERNATIONAL INVESTMENT CC	COMMERCIAL	ERF 1826, HANKEY	8 JUNE 2021	13 MAY 2024	Y	280.00
JEFFREYS BAY GOLF CLUB	RECREATIONAL	ERF 873, JEFFREYS BAY	2021/06/22	2031/05/22	Y	7,460.00
J. ACKERMAN	COMMERCIAL	ERF 13, ASTON BAY	28 JULY 2021	27 JULY 2024	Y	100.00
LITTLE URCHINS MONTESSORI	PRIVATE PRE-SCHOOL	ERF 3087, SEA VISTA	1 JANUARY 2022	31 DECEMBER 2022	Y	2,800.00
TOTAL						12,190.00

LEASING ENTITY	TYPE	PROPERTY DESCRIPTION	COMMENCEMENT DATE	TERMINATION DATE	CONTRACT	ANNUAL RENTAL AMOUNT
JEFFREYS BAY EDUCARE	CRECHE	ERF 33 Pellrus	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
BIMBO CRECHE	CRECHE	ERF 85 Kruisfontein	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
ELDRID GROEP CRECHE	CRECHE	ERF 1568 Pellrus	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
TOKYO SEXWALE CRECHE	CRECHE	ERF 492 Pellrus	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00

LEASING ENTITY	TYPE	PROPERTY DESCRIPTION	COMMENCEMENT DATE	TERMINATION DATE	CONTRACT	ANNUAL RENTAL AMOUNT
MKHUSELI KOLITI CRECHE	CRECHE	ERF 74 Thornhill	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
UMZAMOMHLE CRECHE	CRECHE	ERF 2236 Hankey	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
PHILLIPSVILLE CRECHE	CRECHE	ERF 15 Hankey	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
LOERIEHEUWEL CRECHE	CRECHE	ERF 47 Loerie	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
KABOUTER HESS & FREE CRECHE	CRECHE	ERF 1057 Patensie	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
NOXOLO CRECHE	CRECHE	ERF 570 Patensie	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
NOAH'S ARCH CRECHE	CRECHE	ERF 190 Pellsrus	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
HAASBEKKIES	CRECHE	ERF 5060 Kruisfontein	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
KOKKEWIET SPEELSKOOL	CRECHE	ERF 500 Oyster Bay	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
DINKY DOT CRECHE	CRECHE	ERF 1853 Kruisfontein	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
NKQUBELA CRECHE	CRECHE	ERF 2739 Humansdorp	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
ETHEMBENI DAY CARE	CRECHE	ERF 2014 Hankey	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
MASIKHULE CRECHE / PRE SCHOOL	CRECHE	ERF 1301 Humansdorp	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
SIEMBAMBA CRECHE	CRECHE	ERF 2 Kruisfontein	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
MADIBA BAY CRECHE	CRECHE	ERF 1244 Pellsrus	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
DISNEY CRECHE	CRECHE	ERVEN 2596, 2597, 2598 Sea Vista	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00
TOTAL						200.00

LEASING ENTITY	TYPE	PROPERTY DESCRIPTION	COMMENCEMENT DATE	TERMINATION DATE	CONTRACT	MONTHLY RENTAL AMOUNT
NM MVIMBELI	MUNICIPAL HOUSES	ERF 6175 Jeffreys Bay	1 NOVEMBER 2014	MONTH TO MONTH	Y	1,446.44
F WINDVOGEL	MUNICIPAL HOUSES	ERF 187 Pellsrus	1 JULY 2013	MONTH TO MONTH	Y	1,114.35
WB BOSCH	MUNICIPAL HOUSES	ERF 1044 Sea Vista	WHEN APPOINTED	MONTH TO MONTH	Y	2,877.17

NA MALGAS-GOEDA	MUNICIPAL HOUSES	ERF 2293 Sea Vista	1 JULY 2015	MONTH TO MONTH	Y	1,877.49
VACANT	MUNICIPAL HOUSES	ERF 2291 Sea Vista	N/A	N/A	N/A	N/A
VACANT	MUNICIPAL HOUSES	ERF 1053 Sea Vista	N/A	N/A	N/A	N/A
LR VAALTYN	MUNICIPAL HOUSES	ERF 437 Humansdorp	2 MARCH 2010	MONTH TO MONTH	Y	943.92
N MTYALI	MUNICIPAL HOUSES	ERF 440 Humansdorp	3 MARCH 2010	MONTH TO MONTH	Y	1,254.56
GE NDADAMBI	MUNICIPAL HOUSES	ERF 440 Humansdorp	3 MARCH 2010	MONTH TO MONTH	Y	677.29
B JAFTA	MUNICIPAL HOUSES	ERF 13 Patensie	1 JUNE 2017	MONTH TO MONTH	Y	1,254.56
DF SWEPU	MUNICIPAL HOUSES	ERF 1324 Humansdorp	3 JULY 2015	MONTH TO MONTH	Y	1,254.56
VACANT	MUNICIPAL HOUSES	ERF 543 Hankey	N/A	N/A	N/A	N/A
MM VAN DER MERSCHT	MUNICIPAL HOUSES	ERF 543 Hankey	23 FEBRUARY 2018	MONTH TO MONTH	Y	499.22
TOTAL						13,199.56

LEASING ENTITY	TYPE	PROPERTY DESCRIPTION	COMMENCEMENT DATE	TERMINATION DATE	CONTRACT	MONTHLY RENTAL AMOUNT
M & J ENTERPRISES	STORAGE	ERF 2094, HUMANSDORP	15 DECEMBER 2021	15 NOVEMBER 2030	Y	4,400.00
BET-EL REVIVAL CENTRE	CHURCH	ERF 6199, KRUISFONTEIN	7 APRIL 2022	6 APRIL 2025	Y	560.00
TOTAL						4,960.00

CONSENT USES (R0,0 RENTAL)

LEASING ENTITY	TYPE	PROPERTY DESCRIPTION	COMMENCEMENT DATE	TERMINATION DATE	CONTRACT	MONTHLY RENTAL AMOUNT
GAM-INQUA KHOISAN TRIBAL HOUSE	TRIBAL HOUSE	PTN 2 OF FARM 781	JUNE 2021	MAY 2024	Y	0.00
GAM-INQUA KHOISAN TRIBAL HOUSE	TRIBAL HOUSE	PTN OF ERF 2	JUNE 2021	MAY 2024	Y	0.00
SUPERTUBES SURFING FOUNDATION	NURSERY	ERF 2716, JEFFREYS BAY	2 SEPTEMBER 2021	1 SEPTEMBER 2024	Y	0.00
JBSD T/A HYDRO RUBBER	MAINTAINING PROPERTY	ERF 445, JEFFREYS BAY	3 AUGUST 2021	2 AUGUST 2024	Y	0.00
TOTAL						0.00

APPOINTMENT OF SERVICE PROVIDER FOR THE CONSTRUCTION OF 200 TOP STRUCTURE IN OCEAN VIEW 1500 HOUSING PROJECT

The Provincial Department of Human Settlements appointed Kontinental Engineering on 29 April 2022 for the construction of 200 Top Structures as phase one in Ocean View 1500 Housing Project. The Official site hand-over was on the 14th of June 2022 and was attended by all stakeholders.

The first phase of this project will cater for the most vulnerable beneficiaries approved in this project, namely your elderly and disabled beneficiaries. Currently there are 16 disabled beneficiaries and 186 elderly beneficiaries listed in this project. Several housing meetings were held with the project beneficiaries, and SMME's so as to get buy in and ownership of the project.

APPOINTMENT OF SERVICE PROVIDER FOR THE INSTALLATION OF SERVICES IN HANKEY 990 HOUSING PROJECT

The Municipality was appointed as implementing agent by the Eastern Cape Department of Human Settlements. The Municipality after being appointed as the Implementing Agent, started with the procurement process to identify a suitable Service Provider for the installation of services. Thusega Maps JV was appointed on 29 November 2021. The anticipated date for completion of this project is in December 2022.



HANDOVER CEREMONY OF PPC LAND IN HANKEY

The official handover of the PPC land in Hankey was done on Thursday 21 April 2022. The donation of the 1.9 hectares of land by PPC will ensure that there is enough land available for the construction of the 990 services and the provision of 990 top-structures planned. The municipality has already started with planning on this piece of land, which includes the provisional layout plan and the submission of the application for Environmental Approval.

RELOCATION AND ELECTRIFICATION OF 200 TEMPORARY INFORMAL STRUCTURES IN HOPEVILLE INFORMAL SETTLEMENT IN KRUISFONTEIN

The Human Settlements Department with the assistance from the Infrastructure and Engineering Department embarked on process to relocated more than 200 beneficiaries

from the Vaaldam Informal area to newly established Hopeville Informal Settlement with the primary goal to provide these beneficiaries with a formalized erf as well as electricity. The official switch on of electricity to these beneficiaries was on 22 April 2022. The total value of this project was R 7.8 million, which included a substation.

ELECTRIFICATION OF WESTON 71 AND LOERIEHEUWEL 154 INFORMAL SETTLEMENTS

Eskom appointed Likhanye Consulting Engineers for the provision of electricity supply to 215 informal houses in Weston (62) and Loerieheuwel (153) in December 2021. The official site handover was on 10 December 2021. The project commenced in February 2022 and was completed on 18 July 2022



LAUNCH OF SOCIAL HOUSING AND FLISP DEVELOPMENT

Finance Linked Individual Subsidy Programme is an instrument that assists qualifying households by providing a once off down payment to those households who have secured mortgage finance to acquire a residential property for the first time.

Depending on their income level, a qualifying beneficiary will qualify for a subsidy of between R 27 000 – R 121 626.

Social Housing programme provides for grant funding to establish, capacitate and capitalise social housing institutions which may develop, hold and administer affordable rental units within identified restructuring zones.

The FLISP and affordable Social Housing rental opportunities will be constructed at the corner of Koraal Street and Dolphin Street in Oceanview. Launched in February 2021, the project will open housing opportunities for residents that do not qualify for Breaking New Ground Houses opportunities (RDP). The appointed Service Provider for this pilot project is Own Haven Housing Association. They submitted the layout plans to the PD&T portfolio meeting and plans were approved on 29 June 2022.

This programme targets moderate income households, earning between R 1,850 -R 22 000,00 per month with quality and affordable rental housing opportunities in well located areas. Construction will commence in the 2023/24 financial year. Planning and environmental issues are being finalized.

APPROVAL OF NATIONAL UPGRADING SUPPORT PROGRAMMES (NUSP)

A funding application for the upgrading of informal settlements was submitted to the ECDHS. Funding approval of **R 18 055 384.92** for the upgrading of nine informal settlements was approved and announced by the MEC for Human Settlements on 31 July 2020.

Funding approval is for the provision of basic services like water, sewer, electricity, access roads, refuse points and removal.

The following informal settlements were approved for upgrading under the NUSP Programme;

The municipality submitted a claim of R 14 000 000.00 to the HDA for interim services rendered by the municipality for the Informal Settlements below.

1. Donkerhoek 363
2. Oceanview 730
3. Cyril Ramaphosa 278
4. Polar Park 350
5. Shukushukuma 250
6. Thornhill 160
7. Bungalows 103
8. Golf Course 153
9. No. R10 190

The upgrading of the remaining 12 informal settlements will be approved in the 2022/23 financial year.

Funding agreement for the approved upgrading plans was entered between ECDHS and HDA who will act as an Implementing Agent.

ECDHS and the HDA appointed a District Professional Resource Team (PRT) to assist the Municipality with the implementation of upgrading plans. Interim and permanent engineering designs are being finalised.

Levels and Standards in Housing Services

The objective of the levels and standards for the provision of sustainable and integrated human settlements is to be fully in compliance with the minimum norms and standards as outlined in the provisions of the National Housing Code of 2009. It spells out the minimum standard that a municipality may use for the connection and installation of internal reticulated infrastructure for subsidised housing. Quality control is also monitored internally by the building control section, provincial inspectors, as well as the National Home Builders Regulatory Council (NHBRC).

Annual Performance as per Key Performance Indicators in Human Settlements Services

	Indicator name	Total number of households/customers expected to benefit	Estimated backlogs (Actual numbers)	Target set for the FY under review	Number of households/customers reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	100%	12218	200	200	100%
2	Percentage of informal settlements that have been provided with basic services	100%	9473	5450	5450	100%
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	100%	8997	220	220	100%

CHAPTER 4: FINANCIAL PERFORMANCE

4.1 FINANCIAL HEALTH OVERVIEW

In order to provide an overview of the financial outcomes for the 2021/22 financial year, it is necessary to compare the 2021/22 Adjustments Budget, the actual financial results, the actual cash inflows and outflows, and the actual expenditure and revenue trends for the period, 1 July 2021 to 30 June 2022.

The financial performance highlights, based on the audited results, are as follows:

4.1.1. STATEMENT OF FINANCIAL PERFORMANCE (refer to AFS page 8)

Actual operating revenue (excluding capital grants) amounted to R 951,136 million, whilst actual operating expenditure amounted to R 1,043 billion, resulting in an actual operating deficit of R 91,427 million. The 2021/22 Adjustments Budget for operating revenue (excluding capital grants) amounted to R 973,163 million, whilst operating expenditure amounted to R 1,112 billion, resulting in a budgeted deficit of R 138,346 million. It should be noted that the 2021/22 actual operating revenue of R 1,012 billion, includes an amount of R 60,630 million, which relates to capital grants.

The following, however, needs to be noted:

Property Rates (refer to AFS page 8)

The actual property rates revenue raised amounted to R 224,326 million (100.11%), compared to the Adjustments budgeted amount of R 224,085 million.

Service charges – Electricity Revenue (refer to AFS page 81, note 23)

The actual electricity revenue raised, amounted to R 327,234 million (95.59%), compared to the Adjustments budgeted amount of R 342,329 million.

Service charges – Water Revenue (refer to AFS page 81, note 23)

The actual water revenue raised, amounted to R 83,125 million (101.81%), compared to the Adjustments budgeted amount of R 81,646 million.

Service charges – Sanitation Revenue (refer to AFS page 81, note 23)

The actual sanitation revenue raised, amounted to R 56,405 million (97.67%), compared to the Adjustments budgeted amount of R 57,754 million.

Service charges – Refuse Revenue (refer to AFS page 81, note 23)

The actual refuse revenue raised, amounted to R 54,526 million (94.32%), compared to the Adjustments budgeted amount of R 57,811 million.

Property Rates and Services Revenue: (refer to AFS page 8, 81, note 23)

Description	2021/22 Financial Year		
	Adjusted Budget (Including Indigent Subsidies)	Actuals as at 30 June 2022 (Including Indigent Subsidies)	Variance
R thousands			
<u>Revenue By Source</u>			

Property rates	224,084,646	224,326,476	(241,830)
Service charges revenue	539,540,248	521,290,057	18,250,191
Service charges - electricity revenue	342,329,023	327,234,203	15,094,820
Service charges - water revenue	81,646,345	83,125,109	(1,478,764)
Service charges - sanitation revenue	57,753,510	56,405,147	1,348,363
Service charges - refuse revenue	57,811,370	54,525,598	3,285,772
Total	763,624,894	745,616,533	18,008,361

Fines, Penalties and Forfeits: (refer to AFS page 8)

The actual revenue amounted to R 5,881 million, compared to the adjustments budgeted amount of R 0,794 million. Fines, penalties and forfeits mostly relate to traffic and building fines. The traffic fines revenue is significantly higher than initially budgeted for, due to the appointment of a service provider for speeding camera fines.

Rental from Fixed Assets: (refer to AFS page 8)

The actual revenue amounted to R 3,094 million (110.50%), compared to the adjustments budgeted amount of R 2,800 million. This relates to the rental of municipal buildings, community halls and other municipal facilities. The revenue is influenced by the extent of rental agreements.

Transfers and Subsidies: (refer to AFS page 8)

The actual revenue amounted to R 214,511 million (100.21%), compared to the Adjustments budget amount of R 214,061 million.

Licences and Permits: (refer to AFS page 8)

The actual licences and permits revenue amounted to R 9,593 million (74.52%), compared to the adjustments budgeted amount of R 12,873 million.

Licences and permits mostly relate to motor vehicle, drivers, and learners' licences. The licences and permits revenue are largely influenced by lower than anticipated revenue on operators and public drivers permits.

Interest Earned – External Investments: (refer to AFS page 8 and note 27)

The actual interest earned – external investments amounted to R 3,225 million (114.72%), compared to the adjustments budgeted amount of R 2,811 million. This is largely influenced by the extent of municipal investment portfolio.

Interest Earned – Outstanding Debtors: (refer to AFS page 8 and note 27)

The actual interest earned – outstanding debtors amounted to R 13,878 million (108.26%), compared to the adjustments budgeted amount of R 12,820 million.

Interest is also influenced by the extent of outstanding debtors. The interest raised on outstanding debtors may not necessarily result in a cash inflow for the Municipality.

Sales of Goods and Rendering of Services: (refer to AFS page 8)

The actual sales of goods and rendering of services revenue amounted to R 9,603 million (113.64%), compared to the Adjustments budgeted amount of R 8,450 million.

Operational Revenue: (refer to AFS page 8)

The actual operational revenue amounted to R 3,805 million (26.11%), compared to the Adjustments budgeted amount of R 14,571 million. The revenue was negatively influenced by the unrealised land sale for an amount of R 10,525 million and budgeted insurance refunds amounting to R 3,000 million.

Employee Related Costs: (refer to AFS page 8)

Employee related costs amounted to R 331,398 million (87.82%), compared to the adjustments budgeted amount of R 377,340 million.

Remuneration of Councilors: (refer to AFS page 8)

The remuneration of councilors amounted to R 13,395 million (98.12%), compared to the adjustments budgeted amount of R 13,651 million.

Depreciation and Amortization: (refer to AFS page 8)

The Depreciation and Amortization amounted to R 91,119 million (99.23%), compared to the adjustments budgeted amount of R 91,830 million.

Impairment losses: (refer to AFS page 8)

Bad debts are written off upon Council's approval. Debt impairment amounted to R 38,639 million (84.33%), compared to the adjustments budgeted amount of R 45,818 million.

Bulk Purchases - Electricity: (refer to AFS page 8)

The Bulk purchases electricity amounted to R 295,222 million (98.41%), compared to the Adjustments budgeted amount of R 300,000 million.

Inventory Consumed: (refer to AFS page 8)

The inventory consumed amounted to R 93,046 million (136.29%), compared to the Adjustments budgeted amount of R 68,271 million.

Inventory consumed comprises of consumables, materials and supplies used in daily operations of the municipality and include the bulk water consumption. The inventory consumed is largely influenced by the bulk water account received from the Nelson Mandela Bay Municipality amounting to R 14,943 million, based on the correction of previous months billings. There was no budget provision made for the adjusted bulk water account.

Interest: (refer to AFS page 8)

The interest costs amounted to R 4,662 million (651.19%), compared to the Adjustments budgeted amount of R 0,716 million.

Interest, Dividend and Rent on Land mostly relate to finance cost paid on Development Bank of South Africa (DBSA) loan, which was fully paid during the 2021/22 financial year.

Interest, Dividend and Rent on Land expenditure amount is largely influenced by the landfill site interest provision raised.

Contracted Services: (refer to AFS page 8)

The contracted services amounted to R 75,039 million (90.24%), compared to the Adjustments budgeted amount of R 83,152 million.

Contracted services are broken down as follows:

Item Description	Adjusted Budget 2021/22	Audited Actuals as at 30 June 2022	%
Animal Care	476,575	473,780	99.41%
Burial Services	180,000	161,456	89.70%
Call Centre	185,000	182,100	98.43%
Catering Services	590,852	480,321	81.29%
Clearing and Grass Cutting Services	1,703,790	1,642,067	96.38%
Consultants and Professional Services	10,132,834	7,090,358	69.97%
Drivers Licence Cards	520,000	512,947	98.64%
Dune Stabilisation	3,578,000	3,456,490	96.60%
Employee Wellness	440,000	222,713	50.62%
Event Promoters	961,174	754,185	78.47%
Internal Auditors	325,000	324,950	99.98%
Laboratory Services:Water	551,000	375,686	68.18%
Leak Detection Project	75,000	62,984	83.98%
LED Strategic Plan	50,304	63,804	126.84%
Legal Advice and Litigation	4,150,000	4,168,892	100.46%
Legal Cost:Collection	1,000,000	687,858	68.79%
Litter Picking and Street Cleaning	1,250,000	1,089,370	87.15%
Maintenance of Buildings and Facilities	6,348,832	5,945,357	93.64%
Maintenance of Electrical Infrastructure	2,211,839	1,102,395	49.84%
Maintenance of Equipment	453,950	440,276	96.99%
Maintenance of Sanitation Infrastructure	1,565,000	1,450,152	92.66%
Maintenance of Vehicles	7,312,973	7,608,784	104.05%
Maintenance of Water Infrastructure	1,420,000	1,081,001	76.13%
Medical Health Services & Support	1,150,000	1,009,809	87.81%
Occupational Health and Safety	21,000	-	0.00%
Other Contracted Services	1,712,800	1,595,192	93.13%
Personnel and Labour	7,689,772	7,948,762	103.37%
Professional Staff	437,000	419,571	96.01%
Qualification Verification	1,028,000	872,674	84.89%
Restricted Water Flow	800,000	709,635	88.70%
Roads Maintenance	10,000,000	9,850,312	98.50%
Security Services	4,650,000	4,910,721	105.61%
Special Rating Area	7,500,000	7,735,921	103.15%
Transport Services	189,100	131,147	69.35%
Valuer	2,280,102	265,823	11.66%
Water Saving Initiatives	212,000	211,561	99.79%
Total	83,151,897	75,039,055	90.24%

Operating Leases: (refer to AFS page 8)

The operating leases amounted to R 5,789 million (80.70%), compared to the Adjustments budgeted amount of R 7,174 million. The operating leases relate to the rental of photocopy machines, IT related network equipment and other assets. The operating leases paid is lower than anticipated.

Operational Costs: (refer to AFS page 8)

The operational costs amounted to R 83,522 million (67.90%), compared to the Adjustments budgeted amount of R 123,007 million.

Operational Costs are broken down as follows:

(Refer to AFS page 8)

Item Description	Adjusted Budget 2021/22	Actuals as at 30 June 2022	%
Accommodation	946,174	631,764	66.77%
Achievements and Awards	1,470,553	1,105,116	75.15%
Advertising, Publicity and Marketing	2,176,590	1,909,585	87.73%
Air Transport	228,966	89,242	38.98%
Bank Charges	900,000	984,769	109.42%
Bargaining Council	3,200,000	3,422,255	106.95%
Cellular Contract (Subscription and Calls)	2,855,364	2,391,099	83.74%
Claims paid to Third Parties	250,000	246,290	98.52%
External Audit Fees	4,500,000	4,394,028	97.65%
External Computer Service:Internet Charge	4,264,541	4,254,288	99.76%
Gifts and Promotional Items	153,300	138,864	90.58%
Hire Charges	28,872,430	26,852,364	93.00%
Insurance Claims	316,460	235,325	74.36%
Insurance Underwriting:Premiums	3,087,456	2,796,389	90.57%
Motor Vehicle Licence and Registrations	1,046,294	621,543	59.40%
Municipal Services	31,562,951	0	0.00%
Non-employees	645,196	563,805	87.39%
Other	1,411,553	967,616	68.55%
Own Transport	753,960	287,167	38.09%
Postage/Stamps/Frinking Machines	1,912,500	1,672,566	87.45%
Printing, Publications and Books	1,343,625	1,075,737	80.06%
Registration Fees:Professional and Regulatory Bodies	319,140	220,343	69.04%
Registration Fees:Seminars, Conferences, Workshops	1,958,260	1,718,630	87.76%
Remuneration to Ward Committees	2,137,200	2,640,793	123.56%
Riparian Levies	5,933,700	5,719,854	96.40%
Signage	401,739	342,913	85.36%
Skills Development Fund Levy	3,861,813	3,290,416	85.20%
Software Licences	3,615,779	3,205,280	88.65%
Storage of Files (Archiving)	450,000	267,317	59.40%
Tenders	700,000	630,194	90.03%
Third Party Vendors	5,600,000	5,243,275	93.63%
Uniform and Protective Clothing	3,840,902	3,079,626	80.18%
Vehicle Tracking	625,715	728,644	116.45%
Workmen's Compensation Fund	1,664,930	1,794,647	107.79%
Total	123,007,091	83,521,743	67.90%

Conclusion:

The Municipality recorded an actual operating deficit of R 91,427 million, compared to the adjustments budgeted deficit of R138,346 million.

4.1.2 STATEMENT OF FINANCIAL POSITION (refer to AFS page 7)

Net Assets: (refer to AFS page 7)

Net Assets decreased from R 2,141 billion (2020/21) to R 2,110 billion (2021/22) due to the following:

Non-current Liabilities: (refer to AFS page 7)

- Long-term liabilities increased from R Nil million in 2020/21 to R 22,813 million in 2021/22, due to the new vehicles finance lease taken up during the 2021/22 financial year.
- The Employee Benefit Liabilities increased during the 2021/22 financial year, based on an actuarial valuation.
The liabilities consequently increased from R 101,797 million in 2020/21 to R 105,496 million in 2021/22. The Employee Benefit Liabilities consist of Post-Retirement Health Care Benefits and Ex-Gratia Pensions.
- Non-current Provisions increased from R 89,160 million in 2020/21 to R 106,420 million in 2021/22, due to the increase in Long Service Awards and the Rehabilitation of Landfill Sites provisions.

The net result is that the increase in non-current liabilities, accounted for a movement of R 43,773 million in the net assets of the municipality.

Current liabilities:

Consumer Deposits (refer to AFS page 7)

Consumer deposits increased from R 20,774 million in 2020/21 to R 23,673 million in 2021/22, mainly due to an increase in applications for new water and electricity connections.

Provisions (refer to AFS page 7)

The current provisions increased from R 27,574 million in 2020/21 to R 31,986 million in 2021/22, mainly due to the leave provision and long service awards, being increased in the 2021/22 financial year.

Unspent conditional grants and receipts (refer to AFS page 7)

It is to be noted that unspent conditional grants decreased from R 6,199 million in the 2020/21 financial year to R Nil million in the 2021/22 financial year.

Lease payables (refer to AFS page 7)

Lease payables increased by R 6,845 million from R 0,619 million in 2020/21 to R 7,464 million in 2021/22. This is attributed to the new vehicles finance lease.

Payables – Exchange Transactions (refer to AFS page 7)

Payables have increased by R 17,938 million from R 87,641 million in 2020/21 to R 105,579 million in 2021/22.

Payables from Non-exchange Transactions (refer to AFS page 7)

Payables from non-exchange transactions decreased from R 0,751 million in 2020/21 to R Nil million in 2021/22.

Current Portion of Long-Term Liabilities (refer to AFS page 7)

The current portion decreased from R 6,128 million in 2020/21 to R Nil million in 2021/22.

Employee benefit liabilities (refer AFS page 7)

The employee benefit liabilities decreased by R 0,429 million from R 7,873 in 2020/21 to R 7,444 million in 2021/22.

The net result is that the increase in Current liabilities, accounted for a movement of R 18,586 million in the Net Assets of the Municipality.

Non-current Assets: (refer to AFS page 7)

- Property, Plant and Equipment increased from R 2,057 billion in 2020/21 to R 2,065 billion in 2021/22.
- Intangible Assets decreased from R 1,295 million in 2020/21 to R 0,870 million in 2021/22.
- Investment Property decreased from R 262,625 million in 2020/21 to R 262,608 million in 2021/22.

The net result is that the increase in non-current assets accounted for a movement of R 8,001 million in the Net Assets of the Municipality.

Current Assets:**Inventories** (refer to AFS page 7)

Inventories increased by R 4,480 million from R 12,570 million in 2020/21 to R 17,050 million in 2021/22.

Receivables from exchange transactions (refer to AFS page 7 and 44 note 2)

The increase in receivables amounted to R 31,217 million, or 69%, when compared to the previous financial year.

Year	Gross Balances	Impairment Allowance	Carrying Amount
	R	R	R
2020/21	235 786 736	190 683 500	45 103 236
2021/22	293 945 098	217 624 472	76 320 626
Increase	58 158 362	26 940 972	31 217 390

Statutory receivables from non-exchange transactions (refer to AFS page 7)

The Receivables from non-exchange transactions increased by R 10,670 million from R 9,951 million in 2020/21 to R 20,621 million in 2021/22.

Cash and Cash Equivalents (refer to AFS page 7)

Cash and cash equivalents decreased by R 25,543 million from R 53,394 million in 2020/21 to R 27,851 million in 2021/22.

VAT Receivable (refer to AFS page 7)

VAT Receivable increased by R 2,693 million from R 47,750 million in 2020/21 to R 50,443 million in 2021/22.

Lease Receivables (refer to AFS page 7)

Lease Receivables increased from R 0,108 million in 2020/21 to R 0,153 million in 2021/22.

The net result is that the increase in Current assets accounted for a movement of R 23,561 million in the Net Assets of the Municipality.

Conclusion:

The Municipality's financial position has been influenced by the following factors:

- Cash and cash equivalents decreased by R 25,543 million (48%) from R 53,394 million in 2020/21 to R 27,851 million in 2021/22.
- Current Liabilities increased by R 18,586 million (12%) from R 157,560 million in 2020/21 to R 176,145 million in 2021/22.
- Current assets increased by R 23,561 million (14%) from R 168,877 million in 2020/21 to R 192,438 million in 2021/22.

4.1.3 FINANCIAL INDICATORS (refer to AFS pages 7 - 10)

The following ratios reflect the municipality's relative financial viability and sustainability:

Borrowing Management		Actuals as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Actuals as at 30 June 2020	Actuals as at 30 June 2021	Actuals as at 30 June 2022
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	2.51%	1.78%	1.21%	1.22%	1.13%	0.67%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%

Borrowing Management		Actuals as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Actuals as at 30 June 2020	Actuals as at 30 June 2021	Actuals as at 30 June 2022
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.03	0.02	0.01	0.01	0.01	0.01
Current Ratio	Current assets / current liabilities	0.97	1.58	1.44	1.26	1.07	1.09
Liquidity Ratio	Monetary assets / current liabilities	0.47	0.75	0.87	0.61	0.34	0.16
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	95.81%	90.73%	97.62%	95.42%	94.41%	94.32%

Other indicators		Actuals as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Actuals as at 30 June 2020	Actuals as at 30 June 2021	Actuals as at 30 June 2022
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	1.62 Months	1.73 Months	1.90 Months	1.79 Months	0.65 Months	0.37 Months
Employee Costs	Employee Costs / Total Operating Expenditure	33.39%	33.21%	31.15%	32.53%	34.22%	31.79%
Capital Expenditure	Capital Expenditure / Capital Budget	72.92%	72.98%	44.59%	75.33%	71.67%	122.54%
Repairs and Maintenance	Repairs and Maintenance / Total Operating Expenditure	4.94%	3.82%	4.99%	6.68%	6.99%	4.48%

Other indicators		Actuals as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Actuals as at 30 June 2020	Actuals as at 30 June 2021	Actuals as at 30 June 2022
ce as % of Total Operating Expenditure							
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.65%	1.41%	2.18%	2.90%	3.33%	2.26%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	78.69%	80.22%	75.36%	71.88%	77.14%	78.80%

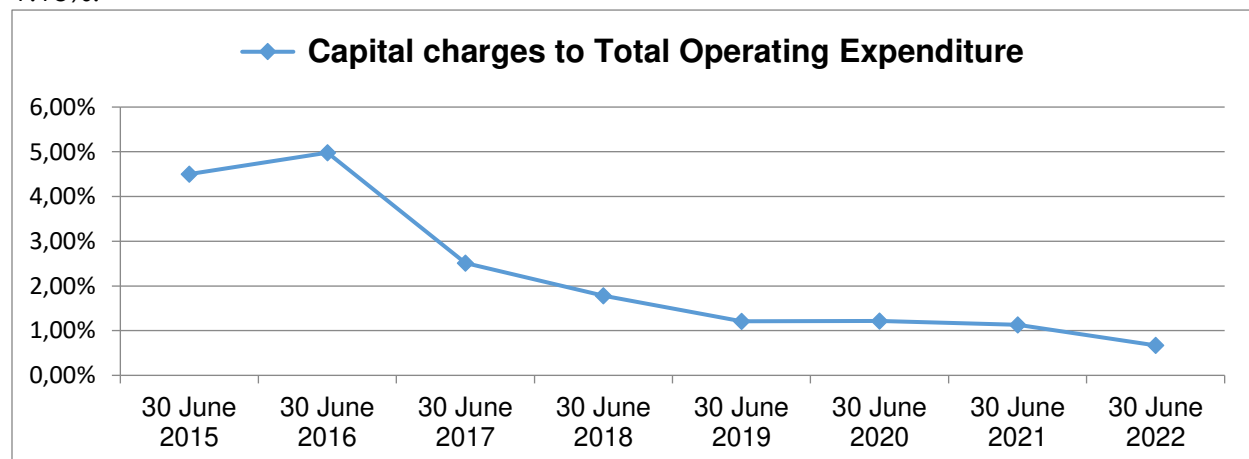
The above table is discussed in detail below.

4.1.3.1 CAPITAL CHARGES TO OPERATING EXPENDITURE

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as percentage of Total Operating Expenditure.

Capital charges/Total Operating Expenditure to date

The ratio indicates that 0.67% of the Total Operating Expenditure was utilised for capital charges as at 30 June 2022, whilst the Municipality's audited ratio as at 30 June 2021 was 1.13%.



4.1.3.2 BORROWED FUNDING OF CAPITAL EXPENDITURE

This ratio indicates the proportion of borrowed funding to actual capital expenditure to date (excluding transfers and grants). The ratio also indicates the extent of capital expenditure being financed from borrowed funding compared to own and other funding sources, excluding transfers and grant funded expenditure.

The ratio is determined as follows:

Capital expenditure funded from Borrowings/Total Capital Expenditure to date (excluding transfers and grants)

As at 30 June 2022, the was 0% as no capital expenditure was funded from borrowings, whilst the Municipality's audited ratio as at 30 June 2021 was also 0%.

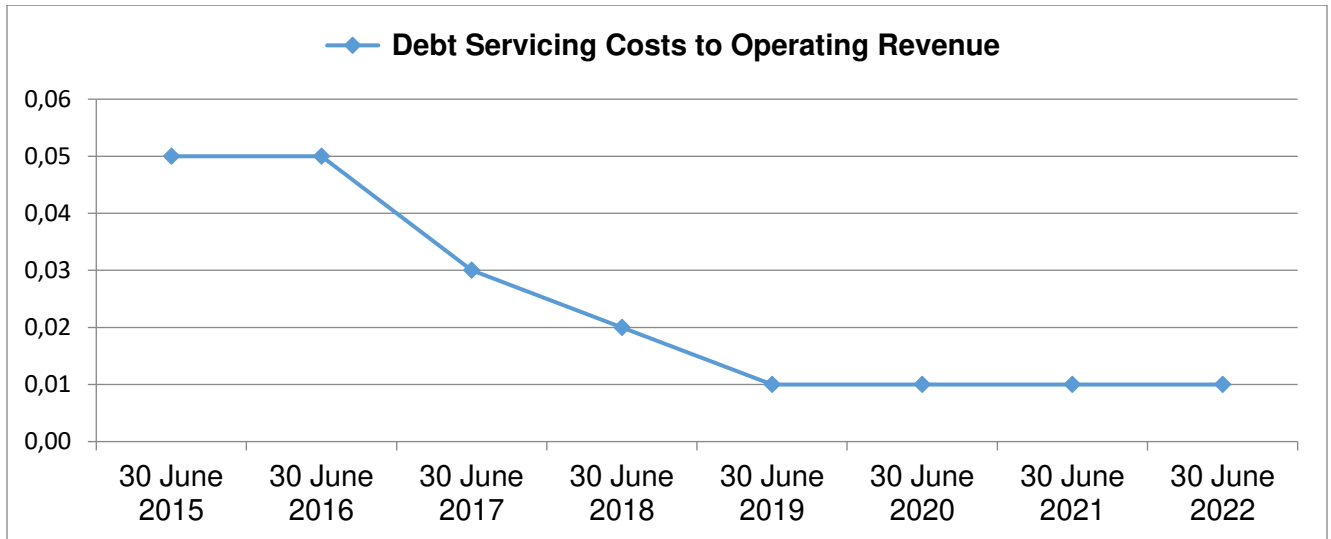
4.1.3.3 DEBT SERVICING COST TO OPERATING REVENUE RATIO

This ratio indicates the proportion of debt servicing costs (interest and principal paid on borrowing) to actual operating revenue to date.

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 30 June 2022 the ratio was 0.01:1, compared to the audited ratio of 0.01:1 as at 30 June 2021.



4.1.3.4 CURRENT RATIO

The Ratio assesses the Municipality's ability to meet its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables etc.).

The ratio is determined as follows:

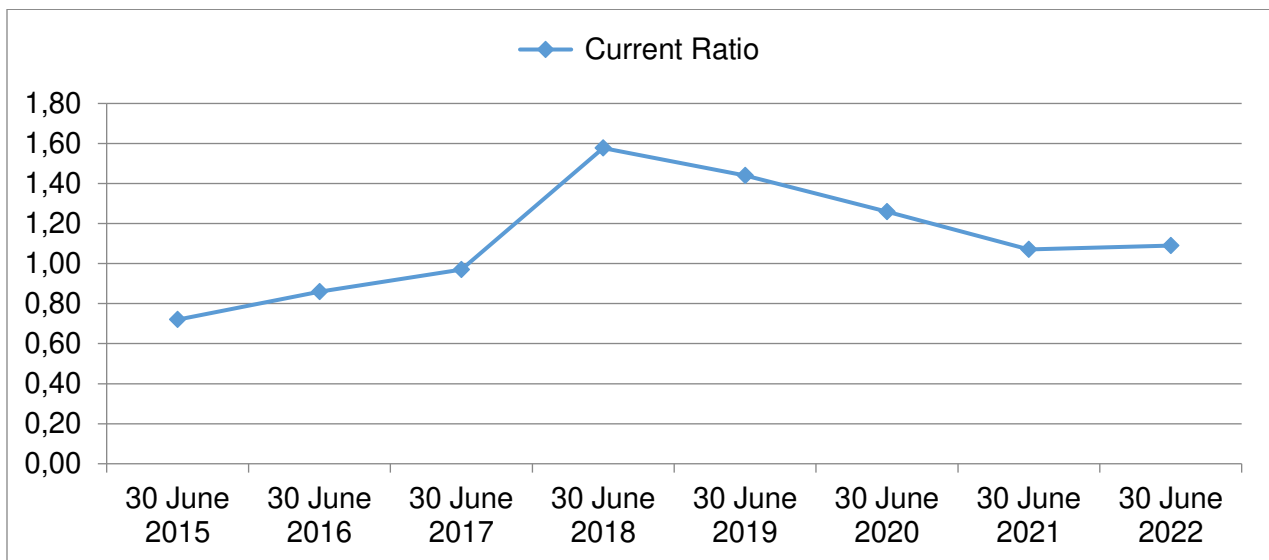
Current assets/Current liabilities

As at 30 June 2022, the Ratio was 1.09:1, whilst the Municipality's audited ratio as at 30 June 2021 was 1.07:1

In terms of the MFMA Circular No. 71, the norm is 1.5:1 to 2:1

The higher the current Ratio, the stronger the Municipality's financial capacity to meet its current obligations.

A ratio of below 1:1 would suggest that the Municipality would be unable to meet all its current obligations as and when they fall due.



4.1.3.5 LIQUIDITY RATIO

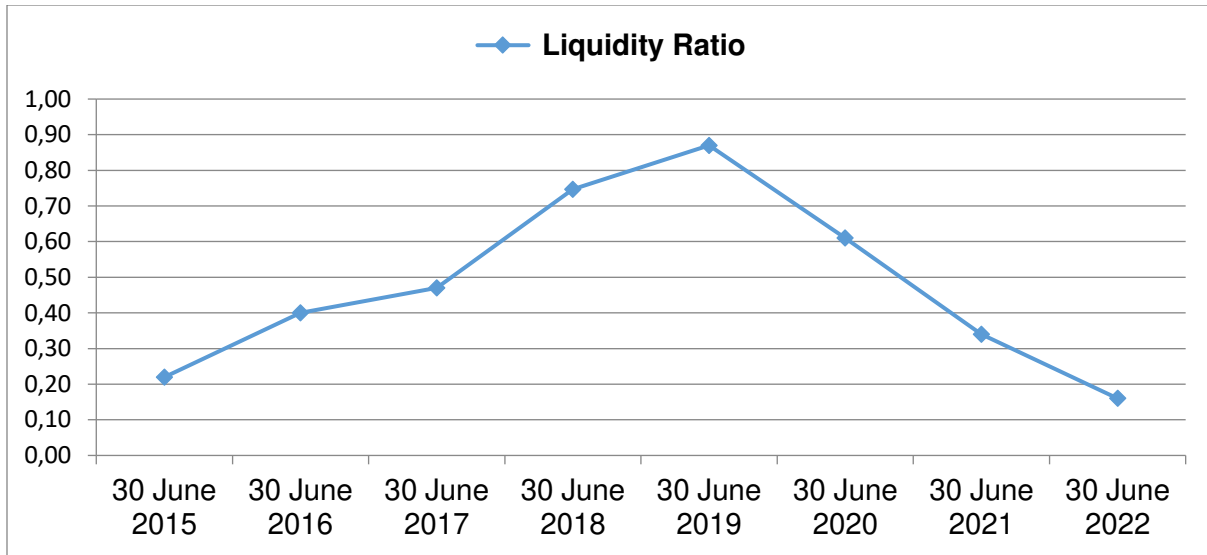
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 30 June 2022 was 0.16:1, whilst the Municipality's audited ratio as at 30 June 2021 was 0.34:1.

The liquidity ratio is of the utmost importance to measure the financial liquidity and sustainability of the municipality.



4.1.3.6 ANNUAL DEBTORS' COLLECTION RATE

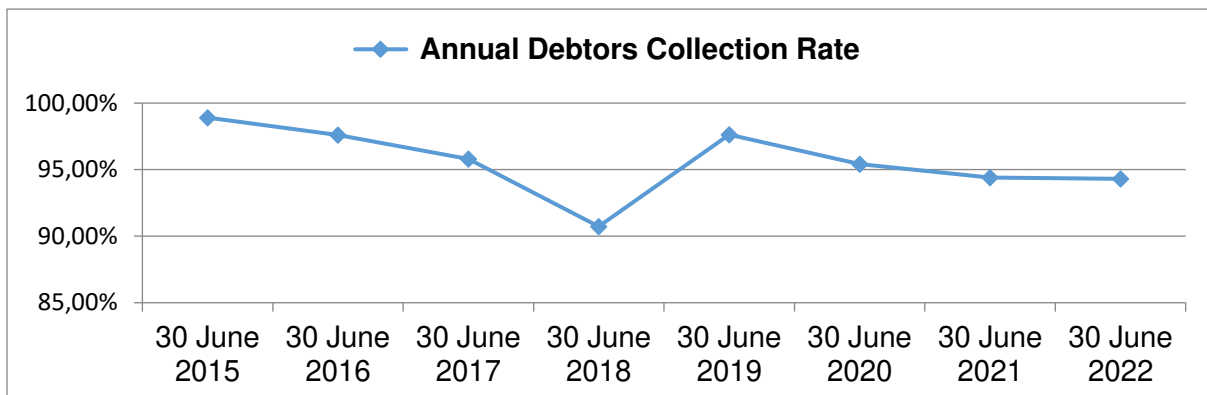
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

The ratio to determine the percentage collection rate is as follows:

Total Payments Received in Current month/Total Value of Accounts Rendered in the Previous Month X 100

Note: the reason for using the previous month's billing is due to the accounts only being payable the following month (i.e. accountholders are given one calendar month to pay their current accounts).

The average collection rate as at 30 June 2022 was 94.32%, compared to the average collection rate of 94.41% for the 2020/21 financial year. These percentages are calculated based on revenue received, compared to revenue billed on a month-to-month basis.



4.1.3.7 COST COVERAGE

The Ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue, during that month.

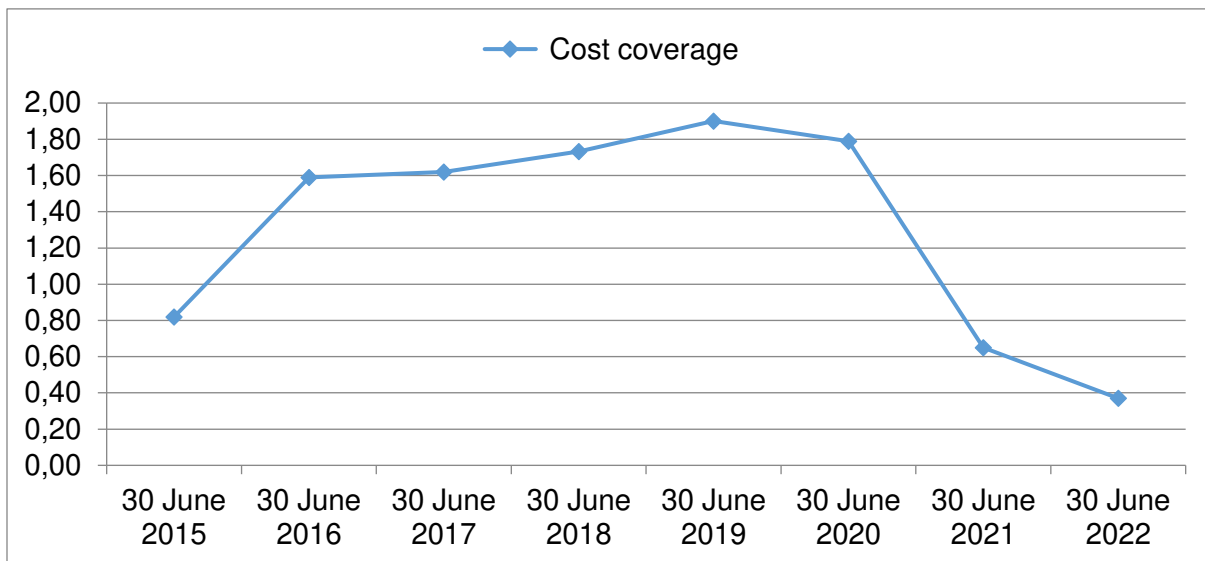
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

Cash and cash equivalents – unspent conditional grants – overdraft + short-term investments/ monthly fixed operational expenditure excluding (depreciation, amortisation, provisions for bad debts, impairment and loss on the disposal of assets)

As at 30 June 2022, the Ratio was 0.37 months, whilst the Municipality's audited ratio as at 30 June 2021 was 0.65 months.

In terms of MFMA Circular No. 71, the norm is 1 month to 3 months



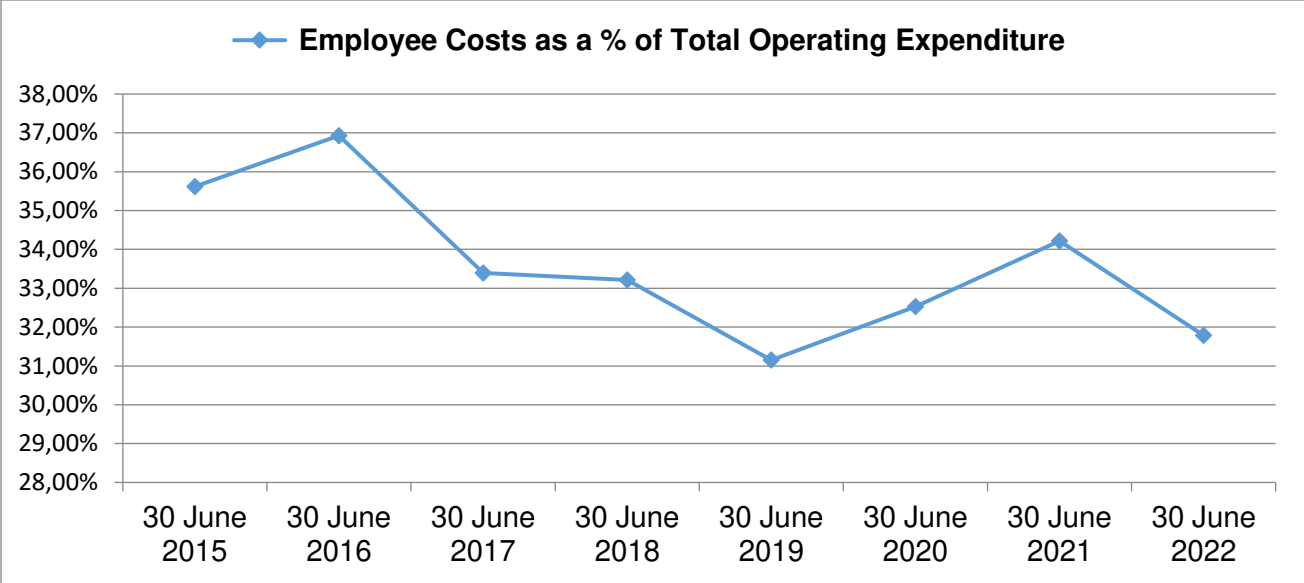
4.1.3.8 EMPLOYEE COSTS AS A % OF TOTAL OPERATING EXPENDITURE

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the employment of human resources.

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 30 June 2022, Employee Related Costs constituted 31.79% of the Total Operating Expenditure, whilst the Municipality's audited ratio as at 30 June 2021 was 34.22%.



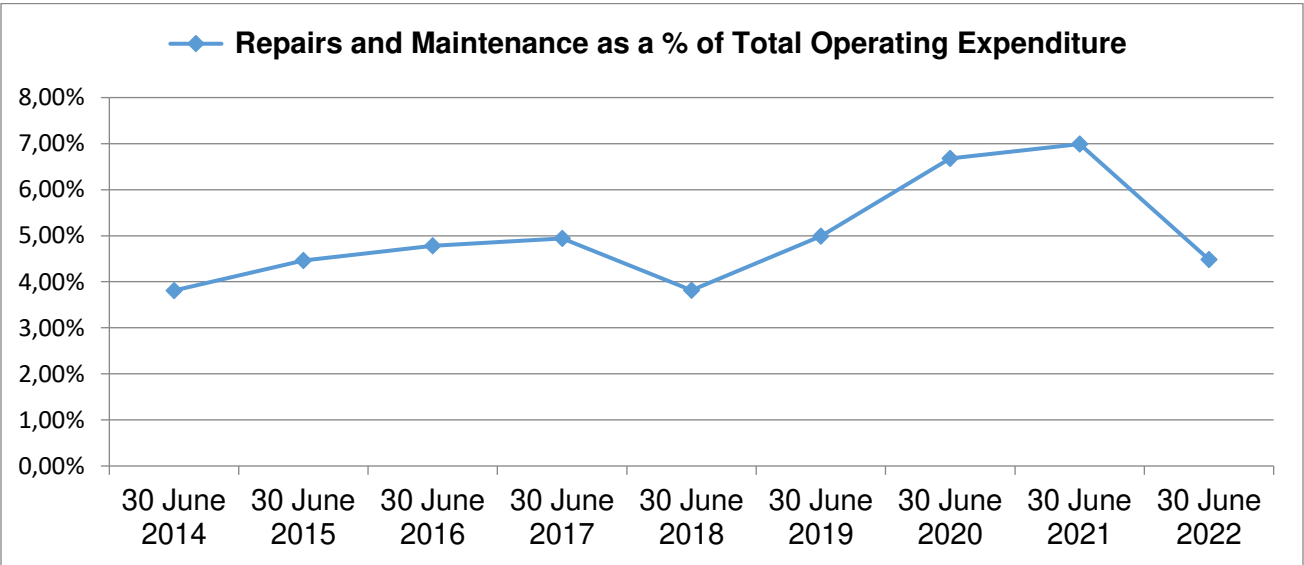
4.1.3.9 REPAIRS AND MAINTENANCE AS A % OF TOTAL OPERATING EXPENDITURE

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the repairs and maintenance of its assets.

The ratio is determined as follows:

$$\text{Repairs and maintenance expenditure to date} / \text{Total Operating Expenditure to date}$$

As at 30 June 2022, the Ratio was 4.48%, compared to the Municipality's audited ratio of 6.99% as at 30 June 2021.



4.1.3.10 REPAIRS AND MAINTENANCE AS A % OF THE BOOK VALUE OF PROPERTY, PLANT AND EQUIPMENT (PPE)

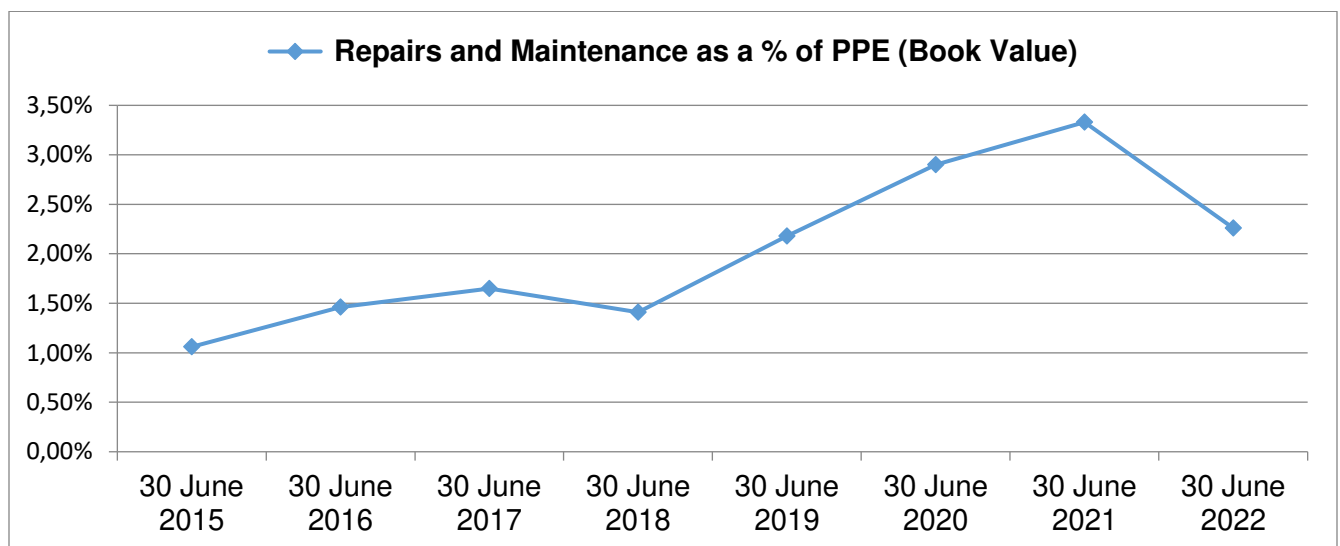
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Book value of PPE to date

As at 30 June 2022, repairs and maintenance expenditure constituted 2.26% of the book value of PPE. The Municipality's audited ratio as at 30 June 2021 was 3.33%.

In terms of the MFMA Circular No.71, the norm is 8%.



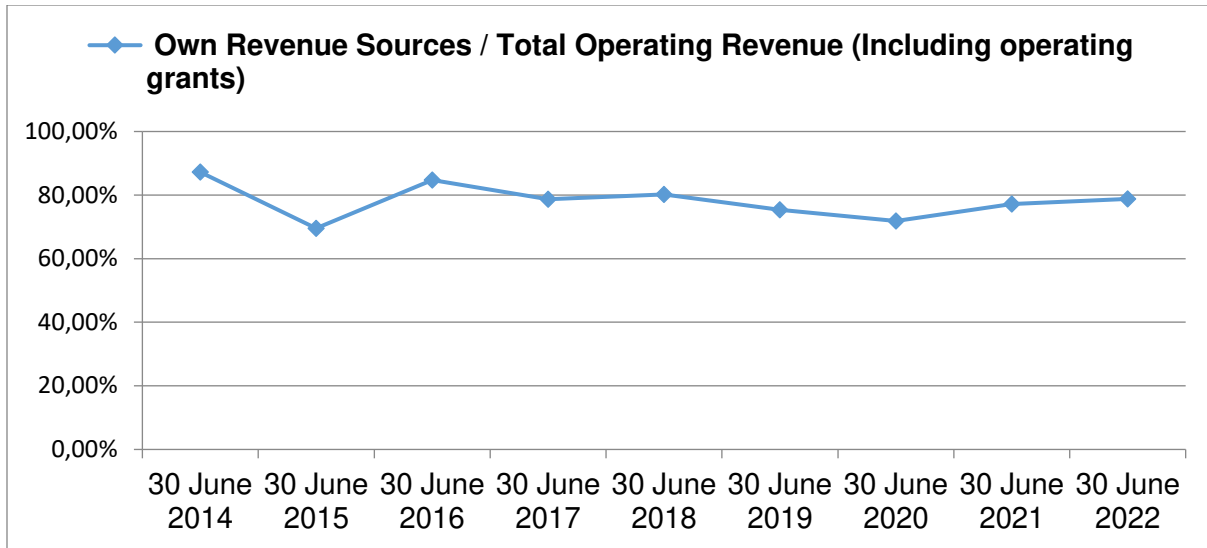
4.1.3.11 OWN REVENUE GENERATION

This ratio measures the extent to which the Municipality has control over its revenue sources, i.e. what percentage of its revenue is generated locally. The higher the ratio, the less reliant a Municipality is on Provincial and National Government to support its operations.

The ratio is determined as follows:

Own Revenue Sources / Total Operating Income (includes operating grants)

As at 30 June 2022, the Municipality's own revenue sources constituted 78.80% of its total Operating Income. The Municipality's audited ratio as at 30 June 2021 was 77.14%.



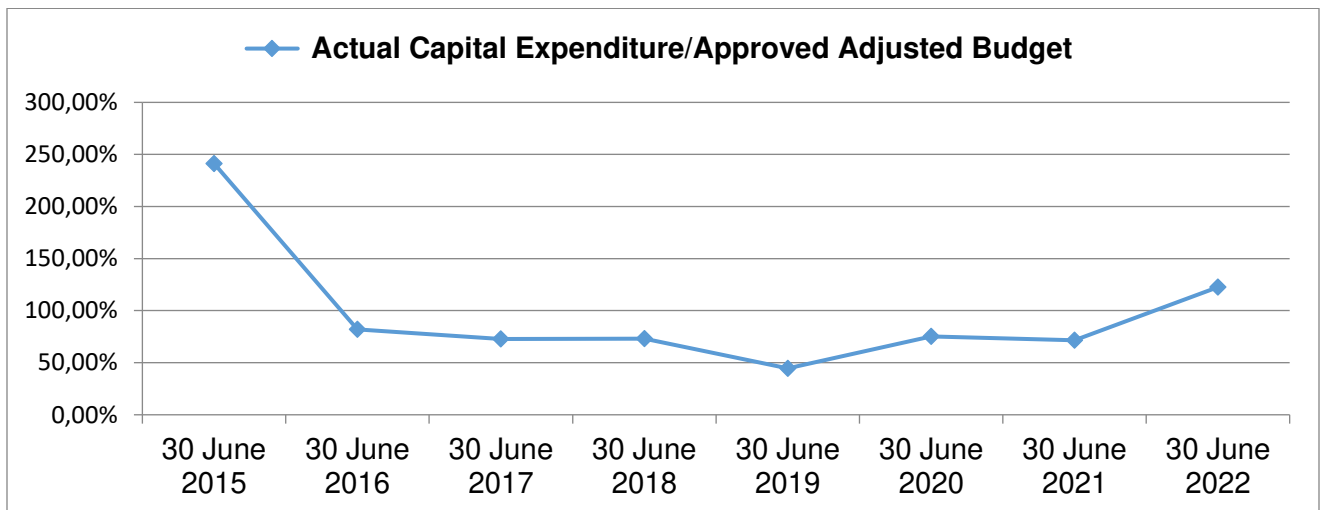
4.1.3.12 CAPITAL BUDGET SPENDING

This ratio assesses the level of actual capital spending, compared to the budgeted capital expenditure.

The ratio is determined as follows:

Actual Capital spending / Approved Capital Budget

The actual spending as at the end of June 2022 amounted to 122.54%, compared to the 2021/22 Capital Adjustments Budget. The Municipality's audited ratio as at 30 June 2021 was 71.67%.



4.1.3.13 FINANCIAL VIABILITY AND MANAGEMENT

1.	Indicator Name	Status of Audit Outcome (2021/22)			Unqualified
2.	Indicator Name	Submission of AFS after the end of the financial year			Draft AFS submitted by 31 August 2022
	Indicator Name	Target set for the year	Achievement level for the year (Absolute expenditure figure R (000) against capital budget R(000))	Percentage spent on capital budget during the year vs actual revenue (2021/22)	
3.	Percentage of expenditure of Capital Budget	95%	122.54%	11.27%	
	Indicator Name	Operational Budget for the 2021/22 year	Amount spent on employee related cost & Councilor remuneration (Expenditure on salaries budget) against operational budget.	Achievement Percentage during the year	
4.	Percentage of salary budget as of total operational budget	1,111,508,246	35.18%	33.07%	
	Indicator Name	Target set for the year (Own revenue) R (000)	Achievement level Trade Creditors during the year R(000)	Achievement Percentage during the year.	
5.	Total municipal trade creditors	101,573,140	60,363,161	59.43%	
	Indicator Name	Target set (actual total budget) in the year under review	Achievement level (Own revenue in the year under review)	Achievement percentage during the year.	
6.	Total municipal own revenue as a percentage of the total actual budget	1,204,527,899	797,255,630	66.19%	
	Indicator Name	Indicate previous financial year's municipal debtors	Indicate municipal debtors for the year under review	Achievement percentage (Reduction rate)	
7.	Rate of municipal consumers debtor's reduction	283,212,788	344,313,347	21.57%	
	Indicator Name	Indicate MIG budget for the year under review	Indicate actual expenditure on MIG budget	Achievement Percentage	
8.	Percentage of MIG budget appropriately spent	39,375,915	39,375,915	100%	
	Indicator Name	The information should reflect the status quo (Summary report on the functionality of the Audit Committee)			
9.	Municipalities with a functional Audit Committee				

4.1.3.14 ARREARS IN PROPERTY RATES AND SERVICE CHARGES

(Refer to pages 44 to 52 of the Annual Financial Statements)

COMPONENT B:	OTHER FINANCIAL MATTERS
4.2	SUPPLY CHAIN MANAGEMENT

Introduction

In terms of paragraph 6 of the Supply Chain Management Policy, the Council must maintain oversight over the implementation of this policy to ensure that the Accounting Officer implements all Supply Chain Management activities in accordance therewith.

Monthly and Quarterly reports

Monthly deviations reports are submitted in terms of the SCM policy for the procurement of goods and service (See paragraphs 5 below).

Quarterly reports are required to be submitted to Provincial and National Treasury in respect of procurement of goods and services. These reports were submitted in accordance with paragraph 6 of the Supply Chain Management Policy.

Regular reports are submitted to the Finance Portfolio Committee meetings

Bid Committees

The below mentioned committees are established and functioning in accordance with the SCM Policy:

- Bid Specification Committee (BSC)
- Bid Evaluation Committee (BEC)
- Bid Adjudication Committee (BAC)

The committees are responsible to ensure that the required procurement processes are followed in respect of formal tenders.

Training- Supply Chain/ Stores Section

The following SCM Officials is doing the Municipal Finance Management Programme:

- Nerina Malgas
- Elvin Felix
- Althian Alexander
- Sibusiso Khuzwayo

Delays in Tender processes resulting from Constitutional Court Order on Preferential Procurement Regulations 2017

The Supreme Court of Appeal made a finding that, exercising of power by Minister of Finance under section 5 of the Preferential Procurement Policy Framework Act 5 of 2000 to make Preferential Procurement Regulations 2017, that Minister exceeded his powers, that the regulations are declared invalid and are set aside. That the order of declaration of invalidity is suspended for 12 months.

The Minister filed an application for leave to appeal against the judgment and order of the Supreme Court of Appeal. The Supreme Court of Appeal held that the Preferential Procurement Regulations 2017, promulgated by Minister of Finance, were inconsistent with the Preferential Procurement Policy Framework Act 5 of 2000 and were thus invalid. The leave to appeal application was granted by the Constitutional Court and the matter was set down for hearing on 25 May 2021. At the end of the arguments the judgment was handed down on 16 February 2022, it dismissed the appeal with costs, including the costs of two Counsel.

National Treasury have communicated that they will be seeking confirmation from the Constitutional Court that the invalidity of the Procurement Regulations has been and continues to be suspended. It contended that confirmation will be sort by way of declaration, variation and/or clarification. What National Treasury is going to be seeking is to whether the Procurement Regulations remain invalid until 15 March 2023, unless repealed sooner. The National Treasury advise that, whilst awaiting the outcome of the above guidance from the Con-Court- Organs of state are advised that:

- Tenders advertised before 16 February 2022 be finalised in terms of the Procurement regulations of 2017.
- Tenders advertised on or after 16 February 2022 be held in abeyance and
- No new tenders be advertised (available on National Treasury website)

The following tenders were advertised after the 16 February and were evaluated:

Notice No.	Tender Description
14/2022	Appointment of Internet Service Provider for the provision of Internet Service for a period of 36 months to Kouga Local Municipality
15/2022	Renovation of the Oceanview business Support Centre
18/2022	The Compilation of the Valuation Roll and Supplementary Valuation Rolls and Maintenance thereof for the financial years starting 1 July 2022 to 30 June 2025 for Kouga Local Municipality
19/2022	Collecting revenue on overdue accounts, for a period 1 July 2022 ending 30 June 2025, on a commission basis, "no success no fee"
20/2022	The Provision of Services for the Disconnection & Re-connection of Municipal Services for the financial years starting 1 July 2022 to 30 June 2025
22/2022	The Design and Implementation of the construction of a New Multi-Storey Municipal Office Building on erven 5803 and 5804 in Jeffreys Bay

Notice No.	Tender Description
23/2022	Supply and Delivery of new One Ton Ldv's
26/2022	Provision of an Advanced Road Safety Law Enforcement Solution to Kouga Local Municipality for a period of three (3) years

For the period starting 25 February 2022 till 30 May 2022 no new tenders were advertised and advertisement of tenders started again on the 03 June 2022.

Seven Day Notices Awarded:

A Total of Twenty-Two (22) Seven Day Notices was awarded for the period 1 July 2021 to 30 June 2022, as detailed below:

Contract Description	Service Provider	Date of Award	Amount
Notice 142/2021 Supply and Delivery of Digital Screens for Brand Visibility, Advertising and Marketing	Innovo Networks	18 Aug 21	R95 530,50
Notice 168/2021 Supply, Delivery and Offloading of 50 Kva 2200/ 420v 3 Phase Transformer	Maboneng Electrical Distributors (Pty) Ltd	31 Aug 21	R190 194,03
Notice 177/2021 Supply, Delivery and Installation of New Hydraulic Play Detector Plates at Vehicle Roadworthy Testing Station	Cinogen Trading Cc T/A Fulcrum Technologies	07 Sep 21	R178 250,00
Notice 15/2021 Supply And Delivery Of Filter Sand At The Hankey Water Treatment Works	Dudumashe Trading	07 Oct 21	R192 000,00
Notice 160/2021 Subdivision, Rezoning Of Portion 8 & 13 Of The Farm Dieprivier 689, Humansdorp	Ilizwe Planners	10 Dec 21	R199 705,00
Notice 197/2021 Supply, Delivery And Offloading Of 3m X1.8m Single Axle Trailers To Kouga Local Municipality	Phakamisa Fleet Services	14 Oct 21	R194 912,98

Contract Description	Service Provider	Date of Award	Amount
Notice 198/2021 Supply, Delivery And Offloading Of 6 Cubic Meter Skip Bins To Kouga Municipality	Daniels Engineering and Manufacturing (Pty) Ltd	17 Dec 21	R199 548,00
Notice 199/2021 Supply, Delivery and Offloading Of a 22kv Pole Mounted Load Break Switch Unit; 2-Way, 3 Position (On-Off-Earth) Manually Operated Sf6	Memotek Trading Cc	13 Oct 21	R 141 673,86
Notice 200/2021 Supply, Delivery and Offloading of Lifesaving Equipment To Kouga Local Municipality	Daniels Engineering and Manufacturing (Pty) Ltd Etrostax (Pty) Ltd Maluyo General Trading (Pty) Ltd	10 Nov 21	R123 102,44
Notice 201/2021 Supply And Delivery Of Lifeguard And Shark Spotter Uniform	Black Fama House	19 Oct 21	R151 548,00
Notice 202/2021 Supply, Delivery And Installation Of 3 Phase Standby Generator To Traffic Department	Tyzach Projects (Pty) Ltd	18 Nov 21	R199 978,00
Notice 206/2021 Supply, Delivery And Offloading Of 315 Kva 1100/ 420v 3 Phase Transformer	Actom Electrical Products A.D.O Actom (Pty) Ltd	17 Nov 21	R146 672,15
Notice 216/2021 Supply And Delivery Of One (1) New 4x4 Atv Quadbike For Safety & Security Section	Mesrazest (Pty) Ltd	07 Oct 21	R109 937,50
Notice 217/2021 Cleaning And Clearing Of Waste Around Skips And Education Of Community In Jeffreys Bay And Humansdorp For An Estimated Period Of One Month	Mesrazest (Pty) Ltd Martinash Trading (Pty) Ltd	02 Dec 21	R152 569,00
Notice 247/2021 Supply And Delivery of Festive Lights	Candilite Cables Cc	23 Nov 21	R102 011,04
Notice 257/2021 Supply, Delivery and Installation of Cctv Camera Equipment and Infrastructure	Gap Management	10 Dec 21	R144 451,75

Contract Description	Service Provider	Date of Award	Amount
Notice 270/2021 Supply And Collection of 6 Cubic Meter Skip Bins for The Festive Season aor Jeffreys Bay, St Francis Bay And Paradise Beach	Nu-Plant Projects Cc	22 Dec 21	R126 500,00
Notice 246/2021 Supply, Delivery and Offloading Electrical Material for Electrification of Informal Settlement in Oceanview	Aberdare Cables Maboka Contractors t/a UFA Electrical Artivolt (Pty) Ltd	18 Jan 2022	R197 697,5
Notice 251/2021 Supply And Delivery of Wifi Access Points	Innovo Networks Omni Technologies (Pty) Ltd	10 Feb 2022	R 55 200.00
Notice 271/2021 Refurbishment of Backhoe	Phakamisa Fleet Services	01 Feb 2022	R195 363.03
Notice 272/2021 Supply, Delivery, and Offloading of a 66kv Double Side Break Line Isolator/Disconnecter, including Earth Switch	Artivolt (Pty) Ltd	13 Jan 2022	R132 195.50
Notice 21/202 Supply, Delivery and Offloading of Tables	Heico Project Management (Pty) Ltd	07 Jun 2022	R89 999.70

Competitive Bids awarded for the period:

A total of 48 bids were advertised. A total of 10 bids were cancelled and 38 was successfully awarded for the period from 1 July 2021 to 30 June 2022.

Description	Service Provider	Date of Award	AMOUNT
Notice 01/2021 Anti-Fraud and Corruption Hotline - To be advertised 20 Jan 2021	Cancelled	22 Sept 2021	Cancelled
Notice 24/2021 Supply and Delivery of One (1) New 2.5 Ton 4x4 Chassis Complete	TFM Industries (Pty) Ltd	08 September 2021	R 2 489 645,95
Notice S16/2021 Supply, Delivery and	Aberdare Cables Actom Electrical Products	25 Aug 2021	Various rates

Description	Service Provider	Date of Award	AMOUNT
Offloading of Electrical Cables	Malesela Taihan Electric Cable (Pty) Ltd t/a M-Tec		
Notice 85/2021 Electrification of 200 Sub Economic Houses	VE Reticulation (Pty) Ltd	23 Jun 2021	R 7 167 863,75
Notice 88/2021 Upgrading of Gravel Roads in Kouga Local Municipality -Phase 1	Scribante Construction	11 Aug 2021	R32 353 959,88
Notice 96/2021 Supply and Delivery of Laptop Devices for a period of Two Years	Cancelled	25 Aug 2021	Cancelled
Notice 102/2021 Supply and Delivery of Server and Screen	SMS ICT Choice	23 Jun 2021	Various rates
Notice 109/2021 Supply and Delivery of Promotional and Marketing Material for a period of twelve (12) months	Cassim ZM t/a Cassim's VIP Promotions (Pty) Ltd Relationship Reliability & Response Infinity Printing and Technology CC Kathabo Trading CC SKV Construction JK Tech Promo (Pty) Ltd Kasomzi Trading CC DPD Nocawe Lodge and Sales Distributors	25 Aug 2021	Various rates
Notice 117/2021 Hankey Bulk Water Supply Scheme - Phase 3	Fez Building Construction CC and Iphuphu Investments JV	08 Sept 2021	R2 673 944,35
Notice 155/2021 Humansdorp Groundwater Supply	Ikhono Techni (Pty) LTd	08 Sept 2021	R11 824 969,57
Notice 144/2021 Disinfection Fogging Services of Buildings/Facilities for a period of one (1) year to Kouga Municipality	Kouga Funerals	08 Sept 2021	Various rates
Notice 127/2021 Provision of Cash in Transit Services for a	Fidelity Cash Solutions	25 Aug 2021	Various rates

Description	Service Provider	Date of Award	AMOUNT
period of three years			
Notice S14/2021 Supply delivery and offloading of stationery- Part 2 for a period of three years	Vanmark Resources (Pty) Ltd Omni Technologies (Pty) Ltd Feni Z Trading Enterprise Circular Office Supplies & Printers T/A Valmac Office National Anderson & Viwe Properties (Pty) Ltd Cassim ZM t/a Cassim's Ikamvalethu Services Hulee Enterprises (Pty) Ltd	20 Oct 2021	Various Rates
Notice S15/2021 Supply delivery and offloading of paper and pre-printed paper for a period of three years	Vanmark Resources (Pty) Ltd Premier Attraction 528 Cc T/A ZJS Distributors Cassim ZM t/a Cassim's Feni Z Trading Enterprise	20 Oct 2021	Various Rates
Notice S17/2021 Supply and Delivery of STS Prepaid Electrical Meters	Landis and Gyr (Pty) Ltd Actom Electrical Products a Division of Actom (Pty) Ltd	10 Dec 2021	Various Rates
Notice 76/2021 Hankey Sanitation Upgrade (Phase 3) construction of new and upgrading of existing sewer pump stations in Hankey and Centerton	Cancelled	13 Oct 2021	Cancelled
Notice 48/2021 Supply and Delivery and Offloading of Electrical Requirements for a Period of Three (3) Years	Cancelled	10 Dec 2021	Cancelled
Notice 111/2021 Supply and Delivery of New Plant and Vehicles on a Operating Lease for a period of 36 months and or 60months (closing Date extended from 28 June	MDZ Fleet Solutions (Pty) Ltd ABSA Vehicle Management Sky Metro Equipment Fleet Africa (Pty) Ltd	27 Oct 2021	Various Rates

Description	Service Provider	Date of Award	AMOUNT
2021)			
Notice 138/2021 Facilitation of Municipal Finance Management Programme	Fachs Business Consulting and Training	15 Sept 2021	Various Rates
Notice 139/2021 Supply and Delivery of Corporate Wear for a period of 1 year	Premier Attraction 528 CC t/a ZJS Distributors Sunday Kit Uniforms CC	13 Oct 2021	Various Rates
Notice 143/2021 Supply and Delivery of Hardware materials for a period of 1 year	Take 5 Construction and Projects CC Tuligyn t/a Build It Lupha Enterprise (Pty)Ltd	15 Sept 2021	Various Rates
Notice 151/2021 Hankey Housing Development	Thusega Building Construction and Mapitsi Civil works Joint Venture / Thusego Maps JV	12 Nov 2021	R30 766 569,42
Notice 116/2021 Supply, Delivery and Installation of street pole advertising structures	Daniels Engineering and Manufacturing	22 Sept 2021	Various Rates
Notice 137/2021 Appointment of a panel of Estate Agents for the selling of residential immovable properties for Kouga Local Municipality for a period of three (3) years	Hancke Realtors Ardene Properties t/a Pam Golding Properties Jada Properties t/a Pam Golding Minou Estates (Pty) Ltd T/A Fine and Country	22 Sept 2021	Various percentages
Notice 161/2021 Phase 3 of new Municipal 66kV Double Circuit overhead line between Melkhout substation Humansdorp and the Main intake substation in Jeffreys Bay	VE Reticulation (Pty) Ltd	15 Sept 2021	R1 445 386,70
Notice 157/2021 Supply, delivery, and installation of fixed LED	Integrating Skills Training and Consulting CC t/a Visual Advertising	20 Oct 2021	R258 416,50

Description	Service Provider	Date of Award	AMOUNT
display screens.			
Notice 175/2021 Consumer Account Printing and Mailing	Mailtronic Direct Marketing CC	27 Oct 2021	Various rates
Notice 207/2021 Facilitation of Customer Care Training to Kouga Local Municipality for a period of three (3) years	Cancelled	10 Dec 2021	Cancelled
Notice 208/2021 Facilitation of Peace Officer Training to Kouga Local Municipality for a period of three (3) years	Cancelled	10 Dec 2021	Cancelled
Notice 215/2021 Supply and Delivery of Laptop Devices for a period of Two Years	Sirah Group (Pty) Ltd Metro Computer Services	27 Oct 2021	Various Rates
Notice 55/2021 Contract S13/2021 Supply, Delivery and Offloading of 2Piece Royal Blue Conti suit Overall for a period of three (3) years	Maluyo General Trading (Pty) Ltd Bamb iAfrika Trading CC	10 Dec 2021	Various Rates
Notice 235/2021 Appointment of PSP for the Design and Implementation of the Upgrading of Loerie Sports Facility	Bosch Projects (Pty) Ltd	16 Feb 2022	R1 057 793.00
Notice 233/2021 Contract I&E 1 of 2021 Supply, Delivery and Offloading of Concrete Poles and Street Name Plates within KLM for a period of three (3) years	Memotek Trading	16 Feb 2022	Item 1: R515.11 Item 2: R433.48
Notice 233/2021 Contract I&E 2 of 2021 Supply, Delivery and Offloading of	Memotek Trading Jbay Plant hire	19 Jan 2022	Various Rates

Description	Service Provider	Date of Award	AMOUNT
Engineering Aggregate within KLM for a period of three (3) years			
Notice 233/2021 Contract I&E 3 of 2021 Supply, Delivery and Offloading of Pre-Cast Kerbs, Various Pre-Cast Concrete Units and Pavers within KLM for a period of three (3) years	Daniels Engineering and Manufacturing (Pty) Ltd	16 Feb 2022	Various Rates
Notice 237/2021 Supply and Delivery of Branded Headwear for a period of one year	Cancelled	30 Mar 2022	Cancelled
Notice 158/2021 Appointment of a Service Provider for the Development of Hankey CBD Precinct Plan	Urban Dynamics	16 Feb 2022	R391 000.00
Notice 159/2021 Appointment of a Service Provider for the Development of St Francis Bay CBD Precinct Plan	Urban Dynamics	16 Feb 2022	R391 000.00
Notice 253/2021 Supply and Delivery of Specialized PPE for Electrical Department	Premier Attraction 528 CC t/a ZJS Distributors Etrostax Pty Ltd t/a Etros Civils	16 Feb 2022	Various Rates
Notice 13/2022 Completion of Sea Vista Sports Facility Upgrade	Vitsha Trading	15 Sept 2021	R3 098 449.00
Notice 252/2021 Supply, Delivery and Offloading of Engineering Aggregate within KLM for a period of three (3) years	KFC Engineering & Industrial Supplies Veena Kandhai T/A VK Distributors	22 Apr 2022	Various Rates
Notice 55/2020 Contract I&E3/2020 High Pressure Jetting	Pelepele Investments (Pty) Ltd	17 May 2022	Various Rates

Description	Service Provider	Date of Award	AMOUNT
and Vacuum Cleaning of Sewer and Storm Water Pipelines to Kouga Local Municipality for a period of three (3) years			
Notice 55/2020 Contract I&E4/2020 Hire of Suction Tankers to Kouga Local Municipality for a period of three (3) years	Pelepele Investments (Pty) Ltd	17 May 2022	Various
Notice 26/2022 Appointment of Service Provider for the Provision of Advanced Road Safety Law Enforcement Solution to Kouga Local Municipality for a period of three (3) years	TMT Services and Supplies	6 May 2022	R143.75 (per finalized Infringement)
Notice 22/2022 The Design and Implementation of the construction of a New Multi-Storey Municipal Office Building on erven 5803 and 5804 in Jeffreys Bay - Closing date extended from the 22 March 2022	Cancelled	17 Jun 2022	n/a
Notice 15/2022 Renovation of the Oceanview business Support Centre	Cancelled	17 Jun 2022	n/a
Notice 14/2022 Appointment of Internet Service Provider for the provision of Internet Service for a period of 36 months to Kouga Local Municipality	Cancelled	17 Jun 2022	n/a

Section 36 Deviations in terms of Supply Chain Management Policy

The section 36 deviations for the period amounted to R 37 861 284.69, below table details the breakdown per section and directorate:

Department	Tenderer	Reason	Amount
Finance	Various (22)	"Various reason like impracticality/emergency/ single provider /urgency"	R1 890 696,76
Infrastructure & Engineering	Various (72)	"Various reason like impracticality/emergency/ single provider /urgency"	R27 164 980,58
Corporate Services	Various (13)	"Various reason like impracticality/emergency/ single provider /urgency"	R797 194,43
Office of MM	Various (17)	"Various reason like impracticality/emergency/ single provider /urgency"	R912 931,71
Community Services	Various (20)	"Various reason like impracticality/emergency/ single provider /urgency"	R6 640 990,03
Planning, Development & Tourism	Various (7)	"Various reason like impracticality/emergency/ single provider /urgency"	R454 491,18

Annual Stock Take

Annual Stocktake was done on the 30 June 2022. The stock on hand as at 30 June 2022 amounts to R 17 049 849.00

	2022	2021
	R	R
INVENTORIES		
Materials and Supplies	16 251 171	11 805 644
Water - At Cost	798 678	764 722
Total Inventories	17 049 849	12 570 366

Supply Chain Management Staff Component

The section consists of 9 permanent staff members, 3 contract workers and 1 finance intern.

Below details the staff members:

Mr. L. Landu (Manager)

Supply Chain Management	Stores
Mrs. C. Groenewald (Permanent)	Mr. E. Felix (Permanent)
Mrs. N. Malgas (Permanent)	Mr. A. Alexander (Permanent)
Ms. A. Smith (Permanent)	Mr. D. Volontiya (Permanent)
Ms. A. Gorden (Permanent)	Mr. F. Msolo (Permanent)
Mr. S. Khuzwayo (Contract worker)	Mr. C. Didloft (Contract worker)
Ms. N. Mandeka (Finance Intern)	Mr. T.J. Konza (Contract worker)

4.3 RISK MANAGEMENT

Risk management is as much about identifying opportunities as avoiding or mitigating losses. It is a logical and systematic process of establishing the context, analysing, evaluating, treating, monitoring, and communicating risks associated with any activity, function, or process, in a way that enables an organisation to minimise losses and maximise opportunities.

The drive for local government transformation with limited resources has tended to force municipalities into taking a less conservative approach to service delivery with a proportional increase in their risk exposure. Ongoing local government reforms have provided a broad administrative framework for further improvements to occur. These include more stringent corporate governance requirements, greater flexibility and a focus on results and accountability.

Risk management trends and components already overlap with those of internal auditing, performance management, programme and project management, financial management, change management, customer care, communication, etc. and require incremental inclusion in current and future plans of the entire organisation.

The management of risk by implication is a managerial function, even though individual sections, departments and directorates differ in their exposure and reaction to risks and thus departments, sections and individuals form a vital part of the overall risk management process within the Municipality.

In our continuously changing governance environment, it is imperative that Council remains updated on key changes and challenges and how this affects the operation of business in today's environment. This will not be achieved without an effective, efficient, soundly funded, and managed risk strategy that seeks to maximize its impact on the organization with minimum resources at its disposal.

National Treasury Public Sector Risk Management Framework affirms that no organization has a luxury of functioning in a risk-free environment and public institutions are especially vulnerable to risk associated with fulfilling their mandates.

The table below indicate the top five risks within the Municipality:

	Risk	Root Causes
1	Water Security and Load Shedding	<ol style="list-style-type: none"> 1. Drought 2. Increase in demand for water 3. Increase in population 4. Limited allocations from Water supply sources 5. Eskom loadshedding during winter
2	<p>Increase in capacity of bulk infrastructure (Elec, water, sewerage)</p> <p>Too many residents- too small treatment capacity</p> <p>(Note : " Lack of" refers to land and illegal informal settlements that cannot be serviced by bulk due to, amongst other, location which makes it impossible to be connected to existing services roads, Stormwater, waste)</p>	<ol style="list-style-type: none"> 1. Inability to plan for informal developments occurring in Kouga (linked with no.4) 2. Lack of ability to provide strategic planning by Infrastructure Department for haphazard informal settlement formations(linked with no.4) 3. Lack of availability of land (cemeteries) 4. Lack of some bulk infrastructure master plan (Elec, water, sewerage, roads, Stormwater) 5. Lack of funding and management of augmentation (not utilized for upgrading of infrastructure) 6. Lack of integration in planning and development (housing and infrastructure) 7. Lack of housing bulk housing plan - I&E not being involved in process, shared with the plan
3	Water losses	<ol style="list-style-type: none"> 1. Linking of meters with Erven not completed 2. Tampering 3. Incorrect billing data and information 4. Old water meters running slower
4	Electricity losses	<ol style="list-style-type: none"> 1. Linking of meters with Erven not completed 2. Illegal connections 3. Tampering 4. Incorrect classification as qualifying for lower electricity 5. Incorrect billing data and information
5	Adverse Impact of COVID -19 on KLM	<ol style="list-style-type: none"> 1. COVID-19 pandemic occurring 2. Unplanned expenditure due to COVID 3. Loss of revenue due to residents being unable to pay (KLM having to give payment holidays, reduce property rates, unable to charge interest on overdue accounts)

	Risk	Root Causes
		4. Budgets need to be readjusted/realigned for COVID-19 Priorities

4.4 FRAUD AND ANTI-CORRUPTION

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimise the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identifies 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 supply chain management system to minimise the likelihood of corruption and fraud.

The Anti-corruption strategy and fraud prevention strategy were both approved on the 1 August 2017. There were no corrupt practices reported and therefore the employees seem to be aware of the section 3 contained in the Prevention and Combating of Corruption.

4.5 DIGITAL SERVICES

Kouga Local Municipality has identified improved connectivity as one of the critical strategic element for the municipality. A revised connectivity is in place and characterised by SD WAN Software Defined Wide Area Network features (i.e. efficiency, cost effectiveness, security, redundancy features and Disaster Recover features). GV Areas has had several connectivity challenges which are caused largely by socio-economic challenges of the area (illegal electricity connections). The strategy intended is aiming at separating the municipal operation from the current ailing problems. That will establish a different model and a point of KLM office connectivity.



Loadshedding also affected the performance of KLM data Centre / Servers negatively, since the functionality of the data centre depends on the availability

of the connectivity. Since the mentioned Data Centre challenges, Digital Services unit resolved go transform the organisation towards the total Cloud Service strategy. The combination of the above two strategies (SD WAN and Cloud Data Centre Strategies will complement each other and put KLM to the next level in terms of the services availability for both Internal and External digital service stakeholders.

The average performance for both services during the 2021/22 financial year was at 98,24, for the period of 12 months. The downtimes experience were during weekends and off business hours of the municipality, it is understandably those downtimes were for maintenance of the connectivity infrastructure and off business hours loadshedding.

4.5.2 ICT Corporate Governance

The following governance processes are in place:

1. ICT governance framework policy
2. ICT Charter
3. Risk Register and AG action plans are updated regularly (quarterly)

The following drafts policies are in place and prioritised for approval during 2022/23 financial year

1. User Access Management policy
2. Network Maintenance Policy

ICT Steering Committee was held three (3) times during the financial year 2021/22. The situation will be improved in the 2022/23 financial year to at least 4 times a year, as it is stated in the corporate governance policy to ensure regular monitoring, positioning and alignment of the ICT activities.

4.5.3 Other ICT Related Projects

1. The municipality has resolve to solve the shortage of computing equipment, budgeted figures and the procurement process were confirmed for the 2022/23 implementation;
2. Deployed VEEM licenses for the Data Centre backup processes; and
3. Improvement of Wireless connectivity in selected KLM offices

The following is the summary of the Operational activities -

ICT Operational systems overview

AREA	Indicator	TARGET	ACTUAL AVG
IT System Operational	Security of Hardware	Strict Security Measures	Access Controlled
	Security of Data	Only Authorized	100%

AREA	Indicator	TARGET	ACTUAL AVG
		Access	
	Uptime of Network	95 %	98,24 %
	Uptime of Hardware	99 %	99 %
	Licensing of Software	100 %	99%
Web Site	Internet - Up to Date and functional, though requires upgrading	100%	100%
	Web Site Statistics		2021/22 Average / month 11,704 - Users 9,217 - Visits 18,792 – Sessions

Software Platforms

No	Software Name	Description	SLA Status	Integration capabilities
1	Ovvio	Geographical Information System	Active	Limited
2	Samras	Financial System	Active	Limited
3	Veeam	ICT Infrastructure Backup Software	Active	Fully functional
4	ESET Endpoint Security	Anti-virus Software	Active	Fully functional
5	User Device OS	Windows 7-10 professional (MVLA)	OEM	Fully functional
6	Server Device OS	Linux, Win Server R2 2008 – R2 2012, Windows Server 2016, Win Server 2019	OEM	Fully functional
7	Hyper V	Imbedded – Microsoft Software	OEM	Fully functional
8	Leave System	Manual – Book	None	None
9	Requisition System	Manual – Book	None	None

CHAPTER 5: PERFORMANCE MANAGEMENT

COMPONENT A: INSTITUTIONAL PERFORMANCE

KEY PERFORMANCE A7.REA	
KPA 1	Infrastructure and Basic Service Delivery
KPA 2	Institutional Development and Transformation
KPA 3	Local Economic Development
KPA 4	Municipal Financial Viability and Management
KPA 5	Good Governance and Public Participation
	Target achieved
	Target not achieved

7.3.1 OFFICE OF THE MUNICIPAL MANAGER										
SOD 1.1		EXECUTIVE SUPPORT: To provide office management service to the Municipal Manager								
IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD 1.1	SOD 1.1	5	Institutional Performance	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	Performance Reporting	4	Number of Institutional performance reports submitted to Council	4	Target achieved	4
SOD 1.2		RISK MANAGEMENT AND INTERNAL AUDIT: To assess municipal risks and provide and independent appraisal of the adequacy and effectiveness of financial controls in the municipality								
SOD 1.2	SOD 1.2	4	Risk Management	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	Risk Management Meetings	4	Number of Risk Management Meetings Held	4	Target achieved	4
					Audit Committee	4	Number of Audit Committee Meetings held	4	Target achieved	4
					Risk Assessment	1	Number of Institutional Risk Assessment Reviews	1	Target Achieved	1

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
							completed by 30 June 2022			
SOD:1.3		INTEGRATED DEVELOPMENT PLANNING: To develop and coordinate a credible Integrated Development Plan that will address the developmental needs of the community.								
SOD 1.3	SOD 1.3	5	Integrated Development Planning	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	IDP Process Plan	1	Number of IDP Process Plans submitted to Council by 31 August 2021	1	Target achieved	1
					IDP Preparation	1	Number of draft IDP's submitted to Council by 31 March 2022	1	Target achieved	1
					IDP Preparation	1	Number of Final IDP's submitted to Council by 31 May 2022	1	Target achieved	1
					Public Participation	15	Number of Ward Public meetings held to determine Ward Priorities	23	Target exceeded	15
					Public Participation	2	Number of IDP Representative Forum Meetings held	2	Target achieved	3
					Public Participation	1	Number of Ward based planning sessions held with Ward Committees.	2	Target exceeded	1
					Strategic Planning	1	Number of Strategic Planning Sessions held to review IDP objectives	1	Target achieved	1
					IDP Communication	1	Number of approved IDP's uploaded to Web Site by 15 June 2022	1	Target achieved uploaded 2 June 2022	1
SOD:1.4		PERFORMANCE MANAGEMENT: To develop, maintain and monitor the institutional performance management system/SDBIP in the municipality.								
SOD 1.3	SOD 1.3	5	Performance Management	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service	Performance Planning	1	Number of SDBIP's submitted to the Mayor for approval within 14 days of adoption of the Annual Budget	1	Target achieved	1

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
				excellence	Performance Planning	1	Number of approved SDBIP's submitted to Council by 31 July 2021	1	Target achieved	1
					Performance Communication	1	Number of SDBIP's uploaded to web within 10 days of adoption by Council	1	Target achieved	1
					Performance Agreements	5	Number of signed performance agreements submitted to Council by 31 August 2021	5	Target achieved	6
						5	Number of Performance Agreements uploaded to Web Site within 10 days of approval	5	Target achieved	6
SOD:1.5		MEDIA AND COMMUNICATION: To provide comprehensive communications and intergovernmental relation services.								
SOD 1.5	SOD 1.5	5	Communication	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	Kouga News	1	Number of Kouga News publications prepared and circulated per annum	6	Target exceeded	1
					Communication and Policy	1	Number of Communications Policy and Strategy approved by 30 June 2022	0	Communication Policy and Strategy developed, in draft format awaiting Policy Workshop for consultation purposes prior to submission to Council.	New
					Municipal Web Site	30 June 2023	Due date compliance with the Overhaul the functionality of the website to include payment portals for various functions like traffic fines	0	Web Site continuously updated but does as yet not include payment portals, included as Departmental SDBIP Target for the 2022/23 year	New

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD:1.6		To provide professional, effective and efficient legal support To Council and Administration, to protect the municipality's interests and mitigate legal risks								
SOD 1.6	SOD 1.6	5	Legal Compliance	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	Legal Reports	4	Number of reports on legal risks submitted to Council	4	Target Achieved	4
					Delegation Framework	1	Number of Delegation Frameworks reviewed by 30 June 2022	1	Review of Delegation Framework completed, await approval by Council	1
					Municipal Code	1	Audit and review By-Laws by 30 June 2022	1	A number of By-Laws have been audited and where required reviewed	
					Municipal Court	1	Number of Municipal Courts Established by 30 June 2022	0	Council approval 31 March 2022, application submitted to Dept Law and Justice await outcome.	New
SOD:5.2		HUMAN RESOURCE MANAGEMENT: To render human resources management and support services to the municipality that will sustain the optimal utilization of the municipality's human capital.								
SOD 5.2	SOD 5.2	2	HR Management	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	Organogram	2.7%	Vacancy rate for approved budgeted posts	3.2%		
					Staff Costs	25%	% Staff costs compared to operational budget	31.78%	Target achieved	
					Employment Equity	3 AM 2 AF	Number of people from employment equity target groups employed in the three highest levels of management in accordance with the approved Employment Equity Plan by the end of June	3 AM 2 AF (Tactical Skill Level)		2 AM 2 AF
SOD:6.5		SUPPLY CHAIN MANAGEMENT (SCM): To manage supply chain management service to ensure proper systems, policies and procedures and control for demand, acquisition, logistics, assets and disposal management								
SOD 6.5	SOD 6.5	4	Capital Budget Expenditure		Capital budget expenditure	95%	% Capital budget expenditure	122.54%	Target exceeded	90%

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
					Capital Budget expenditure	6	Number of meetings held on the implementation of the procurement plan	10	Target exceeded	New
SOD:3.2		DEVELOPMENT (LED) AND TOURISM: To plan and develop a coherent and integrated framework for local economic development and tourism								
SOD 3.2	SOD 3.2	3	Local Economic Development	To provide planning services that encourage economic upliftment and Development I the Municipal Area.	Local Economic Development	4	Number of LED Forum Meetings Held in support of local economic development objectives	4	Target Achieved	4
						90%	% Expenditure of the budgeted allocation for LED programs and projects	96%	Target exceeded	90%
						20	Number of jobs created through PPP	690	Target Exceeded	New
						4	Number of LED training opportunities provided by Kouga Municipality to SMME's	5		4
-	-	4	Capital Budget Expenditure	To manage and develop financial services to ensure financial viability, compliance & reporting.	Procurement implementation	100%	% Compliance with the implementation of the Procurement Plan (Based on date of appointment	44.26%	Target not achieved, performance indicator for implementation of procurement plan report shall be included in the 2022/23 Departmental SDBIP for Finance to ensure improved oversight.	New

	DIRECTORATE COMMUNITY SERVICE									
KPA	INFRASTRUCTURE AND BASIC SERVICE DELIVERY									
Strategic Objective	SDO4: Directorate Community Services									
Directorate	Community Services									
Division	Solid Waste Management									
Function	Waste Management									
SOD:4.1	SOLID WASTE MANAGEMENT: To coordinate all functions/powers regarding solid waste management assigned to the municipality									
IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD 4.1	SOD 4.1	1	Infrastructure Master Plans	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Solid Waste Management Plan	1	Number of Solid Waste Management Plans reviewed by 30 June 2022	2	Target Achieved Plan approved 29 April 2022	New
SOD 4.2	SOD 4.2	1	Environmental Health	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Water sampling	420 (Bact) 140 (Chem)	Number of water samples submitted for bacteriological and chemical analysis	639 Bact 187 Chem	Target exceeded	420 (Bact) 140 (Chem)
					Environmental Health Surveillance	2 100	Number of food premises subjected to Environmental Health inspections	2 399	Target exceeded	740
SOD 4.2	SOD 4.2	1	Safety and Security	To manage and ensure the provision of basic municipal services and	Safety and Security	20	Number of roadblocks conducted to keep Kouga safe	27	Target exceeded	20

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
				the reduction of infrastructure backlogs.		24	Number of Joint Operations conducted to keep Kouga Safe	108	Target exceeded	24
						3 500	Number of fines issued	6 866	Target exceeded	3 500
SOD 4.4	SOD 4.4	1	Fire and Disaster Management	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Fire and Disaster Management Advisory Forum	4	Number of Disaster Advisory Forum Meetings held	6	Target exceeded	New
SOD 4	SOD 4	1	Environmental Management	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Environmental Protection	1	Number of CSF Dune Management and Maintenance Plans completed by 30 June 2022	1	Dune Management plan has been completed and submitted to DEDEAT who has requested for an independent review of the report. DEDEAT requested a meeting with DEN which was held on 23 June 2022, in the meeting DEDEAT requested that the Plan undergoes an external review. Prof. Fred Ellery a Coastal specialist from Rhodes university was appointed on 24 June 2022 to review the plan. The plan has been amended with recommendations from Prof. Fred Ellery. Interested and Affected Parties have been given 30 days since 27 June 2022 to comment on the amended plan.	New

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
					Environmental Awareness	4	Number of Environmental Awareness Campaigns conducted	7	Target exceeded	4
					Environmental Management	4	Number of Environmental Management Forum meetings held	6	Target exceeded	5
					Environmental Management	1	Number of Climate Change Strategies completed by 30 June 2022	0	No funding was made available for the development of a climate change strategy and the matter was removed from the SDBIP following the mid-year budget adjustment	N/a
KPA		FINANCIAL VIABILITY AND MANAGEMENT								
Strategic Objective		SDO6: Directorate Finance								
Directorate		Directorate Community Services								
Division		Supply Chain Management								
Function		Supply Chain Management								
SOD:6.5		SUPPLY CHAIN MANAGEMENT (SCM): To manage supply chain management service to ensure proper systems, policies and procedures and control for demand, acquisition, logistics, assets and disposal management								
IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD 6.5	SOD 6.5	1	Capital Budget Expenditure	To manage and develop financial services to ensure financial viability, compliance & reporting.	Capital Budget Expenditure	95%	% Capital budget expenditure	126%	Target exceeded	90%
SOD 6.1	SOD 6.1	4	Financial Viability	To manage and develop financial services to	Overtime reduction	5%	% Reduction in staff overtime compared to	+14%	Target not achieved	10%

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
				ensure financial viability, compliance & reporting.			previous year			
					Creditor Payments	100%	% compliance with the 5-day turnaround target for the certification of invoices for payment and resubmission to finance calculated from date of receipt by the Directorate	94.06%	Quarter 1: 75 Invoices received + Quarter 2: 135 invoices + Quarter 3: 161 invoices + Quarter 4: 235 invoices = 606 Invoices received 570 invoices showing between 2 to 3 days turnaround time (94,06%) 36 invoices are for the Service providers who first render the services before an order is generated	100%
					Financial Planning	28/2/22	Due date compliance with the submission of Tariff Review proposals for the Directorate for consideration with the budget preparations	23/2/22	Submitted before due date	28/2/21
					Financial Planning	28/2/22	Due date compliance with the submission of business plans for projects relevant to the Directorate to be considered for inclusion in the budget	23/2/22	Submitted before due date	28/2/21
Procurement Planning										
SOD 6.5	SOD 6.5	4	Financial Planning	To manage and develop financial services to ensure financial viability, compliance & reporting.	Procurement Planning	100%	% Compliance with the implementation of the Procurement Plan (Based on date of appointment	77%	Target not achieved, performance indicator for implementation of procurement plan report shall be included in the 2022/23 Departmental SDBIP for Finance to ensure improved	New

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
									oversight.	

6.3 DIRECTORATE CORPORATE SERVICES										
SOD:5.1		HUMAN RESOURCES: To render human resources management and support services to the municipality that will sustain the optimum utilization of the municipality's human capital								
IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD 5.1	SOD 5.1	5	Human Resource Management	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	Organogram	1	Number of Organograms reviewed by 30 June 2022	2	Target exceeded Organogram reviewed 31 July 2021, further review approved 30 June 2022	1
					Employment Equity	1	Number of Employment Equity Reports submitted to Dept Labour by 15 January 2022	1	Target exceeded Employment Equity Report submitted 10 January 2022	1
					Skills Development	95%	% Expenditure of budget allocation for skills development spent on skills development	98%		
					Skills Development	1	Number of Workplace Skills Plans submitted to LGSETA by 30 April 2022	1	Submitted 29 April 2022	1
					Workman's Compensation	1	Number of Workman's Compensation returns submitted by 31 May 2022	1	Submitted 5 May 2022	1
					Occupational Health and Safety	4	Number of OHS meetings held	7	Target exceeded	4

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD:6.1		BUDGET AND REPORTING: To manage and control the implementation of budget policies and procedures, statements and reporting processes to ensure legislative compliance.								
SOD 6.1	SOD 6.1	4	Financial Viability	To manage and develop financial services to ensure financial viability, compliance & reporting.	Overtime reduction	5%	% Reduction in staff overtime compared to previous year	9%	Target achieved	10%
SOD 6.1	SOD 6.1	4	Financial Planning	To manage and develop financial services to ensure financial viability, compliance & reporting.		100%	% Compliance with the 5-day turnaround target for the certification of invoices for payment and resubmission to finance calculated from date of receipt by the Directorate	100%	Target exceeded average turnaround time less than 3 days	100%
						28/2/22	Due date compliance with the submission of business plans for projects relevant to the Directorate to be considered for inclusion in the budget	25/2/22	Target exceeded submitted 25 February 2022	New

7.3.4 DIRECTORATE FINANCE										
SOD:6.1		BUDGET AND REPORTING: To manage and control the implementation of budget policies and procedures, statements and reporting processes to ensure legislative compliance.								
IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD 6.1	SOD 6.1	4	Financial Management	To manage and develop financial services to ensure financial viability, compliance & reporting.	Financial Reporting	100%	% Compliance with financial reporting as per national treasury reporting calendar	100%	Target achieved	
					Financial Reporting	1	Number of Financial Statements submitted to the Auditor General	1	Target achieved	1

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
							by 31 August 2021			
					Financial Planning	1	Number of draft budgets submitted to Council by 31 March 2022	1	Target achieved	1
					Financial Planning	1	Number of final budgets submitted to Council by 31 May 2022	1	Target achieved	
					Financial Planning	1	Number of adjustments budgets submitted to Council by 28 February 2022	1		
					Financial Planning	1	Number of Tariff Review proposals for the Directorate submitted by 15 March 2022	1	Target achieved	1
SOD 6.1	SOD 6.1	4	Financial Management	To manage and develop financial services to ensure financial viability, compliance & reporting.	Financial Planning	1	Number of business plans for projects relevant to the Directorate submitted by 28 February 2022 for budget considerations	1	Target achieved	1
					Financial Viability	0.2:1	Liquidity Ratio	0.24:1	Target achieved	
					Financial Viability	0.9:1	Current Ratio	0.12:1	Target achieved	
					Financial Compliance	1	Number of unqualified Audits from AG	1	1 Unqualified Audit Opinion by the AG issued on 31 March 2022	1
					Financial Viability	5%	% Reduction in staff overtime compared to previous year	183%	Target exceeded	
SOD:6.3		REVENUE: To implement and maintain revenue policies and credit control procedures to ensure sound revenue management practices and compliance								
SOD 6.3	SOD 6.3	4	Revenue Collection	To manage and develop financial services to ensure financial viability, compliance	Revenue Collection	94%	% revenue collection rate between revenue raised and revenue	94.32%	Target met	92%

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
				& reporting.			collected			
					Revenue Collection	1	Number of Phases of the Revenue Optimization Plan implemented by 30 June 2022	0	Target not achieved 1 phase was partially implemented	New
					Revenue Collection	4	Number of Bad Debt Committee meetings held in support of improved revenue collection	1	Target not achieved New Committee had to be established after the new Council was inaugurated. The Bad Debt Committee was established on 31 May 2022. The Committee will be fully functional in the new financial year.	New
					Indigent Support	100%	% of indigent residents as per the indigent register provided with access to free basic services	100%	Target achieved	100%
					Indigent Support	1	Number of Indigent Support Registration Drives conducted in support of service provision to the poor by 30 June 2022	0	Target not achieved A data cleansing exercise is planned for the new financial year which will assist in identifying household that qualify for the subsidy. A targeted approach will then occur to support any additional registrations of indigents.	1
SOD:6.4		ICT SERVICES: To plan, coordinate and render ICT services to the municipality to ensure efficient operations and support services in terms of the ICT strategy and policy								

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD 6.4	SOD 6.4	4	ICT	To manage and develop financial services to ensure financial viability, compliance & reporting.	ICT	4	ICT steering com 1 meeting per quarter	3	Target not achieved The ICT Section will be moved to the Corporate Section Department where the required focus and attention on ICT matters can be provided.	4
					ICT Policy	1	Number of ICT Policies reviewed by 30 June 2022	1	Target achieved The Corporate Governance of ICT Policy was approved by Council	1
SOD:6.5		SUPPLY CHAIN MANAGEMENT (SCM): To manage supply chain management service to ensure proper systems, policies and procedures and control for demand, acquisition, logistics, assets and disposal management								
SOD 6.5	SOD 6.5	4		To manage and develop financial services to ensure financial viability, compliance & reporting.		100%	% of Creditors paid within 30 Days of invoice	99%	Target not met A KPI requiring all Directorates to return all verified invoices to the Expenditure Section within 5 days was included in all Directors' Performance Plans. This will ensure that the 30 day payment requirement is met.	100%
SOD:6.6		DISPOSAL MANAGEMENT: To manage supply chain management service to ensure proper systems, policies and procedures and control for demand, acquisition, logistics, assets and disposal management								
SOD 6.6	SOD 6.6	4	Asset Management	To manage and develop financial services to ensure financial viability, compliance & reporting.	Asset Management	1	Number of Asset registers completed by 20 August 2021	1	Fixed Asset Register completed and balanced to ledger for AFS preparation. Afs was submitted on 31 August 2021	1
					Annual Auction	1	Number of Annual Auctions held by 30 April 2022	0	Target Not Achieved Auction was postponed as Council resolved to offer the assets to	New

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
									NPO first and only the assets left will continue to be auctioned. The auction was thus planned for 26 July 2022.	
SOD:6.1		BUDGET AND REPORTING: To manage and control the implementation of budget policies and procedures, statements and reporting processes to ensure legislative compliance.								
SOD 6.1	SOD 6.1	4	Financial Management	To manage and develop financial services to ensure financial viability, compliance & reporting.	Financial Planning	100%	% compliance with the 5-day turnaround target for the certification of invoices for payment and resubmission to finance calculated from date of receipt by the Directorate	-	Target not achieved A process to monitor the turnaround time was not implemented and thus a % achieved cannot be presented. The KPI to pay creditors within 30 days was used and reported on. A process has been developed to monitor the 5 day turnaround and will be reported on in the new financial year.	100%

6.5 DIRECTORATE INFRASTRUCTURE AND ENGINEERING

SOD:2.1 **WATER AND SANITATION SERVICES:** To manage the rendering of water services and to provide bulk and potable water and sanitation services to the community

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD 2.1	SOD 2.1	1	Water	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Water Losses	47%	% Reduction in water losses (Reduce losses to %)	54%	<ol style="list-style-type: none"> 1. A focus group is established to concentrate on water meters currently not been read and good progress are being made on this project, 90% of the meters labels as unreadable is not the case, finance should look into the conduct of meter readers and explain their importance within the organisation. 2. The Gamtoos, have bulk consumers, we are paying the Metro for water usage but the meters are not registered on our finance system and these consumers never received accounts, this information has been forwarded to finance for 	49%

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
									<p>actioning.</p> <p>3. We are in the process of installing bulk meters where required to determine more accurate water consumption.</p> <p>4. We are compiling a technical maintenance tender document as a supplementary of all job tasks to safeguard in the event of a strike or when we are unable to perform certain tasks and need additional resources. Replacement and installing of water meters will be part of this project, this will assist in installing water meters to residential units where no meters are installed.</p> <p>5. We also have the</p>	

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
									leak detection team who assist in detecting water leaks to curb wastage. 6. Trucking of water and distribution thereof doesn't seem to have been measured and no record could be found and tanks filled with water, we have put measures in place to measure that water as well.	
SOD:2.2		ELECTRICAL SERVICES: To manage the provision and maintenance of electrical services								
SOD 2.2	SOD 2.2	1	Electricity	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Electricity Losses	12%	% electricity losses (Reduce losses to %)	7.30%	Service provider will be appointed to assist electrical team to inspect each house within Kouga and also clean the data.	18%
					Electricity installations	95%	% Capital Budget Expenditure on electrical projects (DOE)	100%		
SOD:2.3		ROADS AND STORM WATER SERVICES: To manage the construction, repair and maintenance of roads and storm water systems								
SOD 2.3	SOD 2.3	1	Roads and storm water	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Road Construction	95%	% Capital expenditure for the construction of roads (MIG)	100%		New
SOD:2.4		PROJECT MANAGEMENT: To manage the coordination and implementation of project management processes with regard to engineering projects (MIG, EPWP and other grant funded projects)								

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD 2.4	SOD 2.4	1	MIG Project implementation	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	MIG Project implementation	95%	% MIG expenditure	100%	Target exceeded	95%
SOD 2		Fleet Management								
SOD 2	SOD 2	1	Fleet Management	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Fleet Management	95%	% Fleet operational (95%)	95%	Target achieved	95%
SOD:6.5		SUPPLY CHAIN MANAGEMENT (SCM): To manage supply chain management service to ensure proper systems, policies and procedures and control for demand, acquisition, logistics, assets and disposal management								
SOD 6.5	SOD 6.5	4	Capital Budget expenditure	To manage and develop financial services to ensure financial viability, compliance & reporting.	Capital Budget Expenditure	95%	% Capital budget expenditure	88.80%	the tenders awarded to MJM consulting for designs and tender documentation to be drawn up was incomplete. The consultant is liquidated and sold the company. I&E will be formulating a rollover application and might need to restart to process.	90%
SOD:6.1		BUDGET AND REPORTING: To manage and control the implementation of budget policies and procedures, statements and reporting processes to ensure legislative compliance.								
SOD 6.1	SOD 6.1	4	Financial Viability	To manage and develop financial services to ensure financial viability, compliance & reporting.	Overtime reduction	5%	% Reduction in staff overtime compared to previous year	15%	Target exceeded	
					Financial Planning	100%	% compliance with the 5-day turnaround target for the certification of invoices for payment and resubmission to finance calculated from date of receipt by the Directorate	65%	SP send invoices directly to finance, this is a challenge as a lot of work is not completed, I&E will then not sign and send an email to finance as to why payment cannot be	

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
									made. The invoice should come from the department for actioning at finance.	
					Financial Planning	28/2/22	Due date compliance with the submission of Tariff Review proposals for the Directorate for consideration with the budget preparations	28/2/22	Target achieved	
					Financial Planning	28/2/22	Due date compliance with the submission of business plans for projects relevant to the Directorate to be considered for inclusion in the budget	28/2/22	Target achieved	

6.6 DIRECTORATE PLANNING, DEVELOPMENT AND TOURISM										
SOD:3.1		TOWN PLANNING AND BUILDING CONTROL: To manage the rendering of spatial and land use planning, surveying, valuations and building control services								
IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
SOD 3.1	SOD 3.1	3	Local Economic Development	To provide planning services that encourage economic upliftment and Development in the Municipal Area.	Land Use	100%	% of land use applications finalized within 90 days for of a compliant submission	39%	119 compliant applications with 38 finalized within 90 days. Note as per legislative provisions period for finalization is set at 12 Months. Directorate has no control over publication of notices as it is done by applicant and there were some delays in this regard. Staff shortages impacts on the ability to meet the 90-day target set.	100%
					Building Control	30	Average Number of days for the approval of compliant building plans for structures less than 500M2	24.99 days	Target exceeded	30
					Building Control	60	Average Number of days for the approval of compliant building plans for structures bigger than 500M2	27.2 days	Target exceeded	60
					Spatial Development	30/6/22	Humansdorp Precinct Plan completed by 30 June 2022	30 June 2022	Approved by Council 29 June 2022(22/06/PDT4)	-
SOD:3.2		HUMAN SETTLEMENTS: To manage the funding administration of housing projects and administration of housing processes of housing applications provisioning to ensure proper service delivery								

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
to the community										
SOD 3.2	SOD 3.2	3	Housing	To provide planning services that encourage economic upliftment and Development in the Municipal Area.	2	Formalization of informal settlements	2 informal settlements formalized by 30 June 2022	5	Target exceeded	New
					200	Formalization of informal settlements	Number of beneficiaries on site (Vaaldam extension 200 informal household project) by 31 March 2022	200	Target achieved	New
					1	Formalization of informal settlements	Number of informal settlement Audits completed by 30 June 2022	1	Kruisfontein 200 Audit completed	New
					1	Human Settlement Planning	Number of Human Settlements Plan by 30 June 2022	0	Draft Human Settlements Plan developed and workshopped with Political Leadership, further inputs were requested. The Process Plan will be revised for the finalization of the Human Settlements Plan during the 2022/23 year.	New
SOD 3.2	SOD 3.2	3	Land Administration	To provide planning services that encourage economic upliftment and Development in the Municipal Area.	Land Admin	80%	% Outstanding Resolutions on Land executed	11.5%	Target not achieved. From the total of 96 Outstanding Council resolutions a total of 12 council resolutions was completed to date, whilst 2 council resolutions were completed in Q4 bringing the total percentage completions to 11.5%. The	New

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
									completed resolutions include Disposal of erf 2896 Sea Vista and Donation of 16 Municipal Houses, Sea Vista.	
					Asset Disposal	100%	Average % Completion of the disposal of erven 2078, 2079, 2081, 2081, 3296 and 3297 HUMANSDORP	100%	Target exceeded completed in quarter 1	New
					Asset Disposal	100%	% Completion of the alienation of Erf 353 Humansdorp	0%	Target not achieved. The land has been availed to the Human Settlements Department in order to do a Social Housing Development. The specification has been prepared and submitted to SCM. Awaiting the approval of said specification whereafter the tender will be advertised.	New
					Asset Disposal	9	Number of municipal owned residential properties disposed of by 30 June 2022	0	Target not achieved. Service level agreements signed by Estate Agents and advert were placed in local newspaper directing prospective buyers to appointed Estate Agents to submit offers.	New

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
					Land Admin	1	Number of Land Audits completed by 30 June 2022	1	Target achieved	New
SOD:3.1		DEVELOPMENT (LED) AND TOURISM: To plan and develop a coherent and integrated framework for local economic development and tourism								
SOD 3.1	SOD 3.1	3	Local Economic Development	To provide planning services that encourage economic upliftment and Development in the Municipal Area.	LED	4	Number of LED Forum meetings held	4	Target achieved	4
					LED	90%	% Budget expenditure for LED programs and projects	96%	Target exceeded	90%
					Job Creation	20	Number of jobs created through PPP	690	Target exceeded	-
					Job Creation	4	Number of LED training opportunities provided to SMME's and entrepreneurs	5	Target achieved	4
SOD:6.1		BUDGET AND REPORTING: To manage and control the implementation of budget policies and procedures, statements and reporting processes to ensure legislative compliance.								
SOD 6.1	SOD 6.1	4	Financial Viability	To manage and develop financial services to ensure financial viability, compliance & reporting.	Overtime reduction	5%	% Reduction in staff overtime compared to previous year	212%	Target exceeded	
					Financial Planning	100%	% compliance with the 5-day turnaround target for the certification of invoices for payment and resubmission to finance calculated from date of receipt by the Directorate	98%	98%.. This excludes Housing project invoices as funding is claimed from ECDHS after the work has been done.	
					Financial Planning	28/2/22	Due date compliance with the submission of Tariff Review proposals for the Directorate for consideration with the budget preparations	1	Target achieved	New
					Financial Planning	28/2/22	Due date compliance with the submission of business plans for projects relevant to the Directorate to be	1	Target achieved	New

IDP	PROJECT CODE	KPA	PRIORITY	OBJECTIVE	PROJECT	ANNUAL TARGET	KPI	ACTUAL ACHIEVEMENT	COMMENT/ CORRECTIVE ACTIONS	PRIOR YEAR ACHIEVEMENT
							considered for inclusion in the budget			

COMPONENT B: INSTITUTIONAL PERFORMANCE AS PER COGTA INDICATORS

KPA 1: ORGANIZATIONAL DEVELOPMENT AND INSTITUTIONAL TRANSFORMATION

	Indicator Name	Total number of people planned for the year	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1.	Vacancy rate for all approved budgeted posts	3%	3%	3.2%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	6	5	83%	The filling of the post of Director I&E has been a challenge with the municipality embarking on the third round of recruitment to fill the post
3.	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skills development training course within the FY	2	2	100%	
4.	Percentage of Managers in Technical Services with a professional qualification	3	3	100%	
5.	Level of PMS effectiveness in the DM (DM to	To be reported by the Sarah Baartman District Municipality			

	Indicator Name	Total number of people planned for the year	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	report)				
6.	Level of effectiveness of PMS in the LM (LM to report	Performance Management currently only rolled out to the Municipal Manager and Section 57 Managers			
7.	Percentage of staff that have undergone a skills audit (Including competency profiles) within the current 5-year term	874	874	100%	
8.	Percentage of Councillors who attended a skills development training within the current 5-year term	29	29	100%	
9.	Percentage of staff complement with a disability	1,5%	1,5%	1,5%	
10.	Percentage of female employees	35%	35%	35%	
11.	Percentage of employees that are aged 35 or younger	25%	25%	25%	
12.	Adoption and implementation of a HRD including a	Yes	yes	Completed	

	Indicator Name	Total number of people planned for the year	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	Workplace Skills Plan				

KPA 2: INFRASTRUCTURE AND BASIC SERVICE DELIVERY

A: WATER

	Indicator Name	Total Number of household/ customers expected to benefit	Estimated backlogs (actual Numbers)	Prior year achievement 2019/20	Target set for the year under review 2021/22	Number of households reached during the financial year	Achievement percentage during the year
1.	% Households with access to potable water	31 726	165	31 726	810	810	100%
2.	% Indigent households with access to free basic potable water	7138 (100%)	0	4 092	7138	7138	100%
3.	% of Clinics with access to potable water	No additional Clinics planned	0	100% of clinics	No additional Clinics planned	0	100% of clinics
4.	% of schools with access to potable water	No additional Schools planned	100%	100% of schools	No additional Schools planned	0	100% of schools

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

	Indicator Name	Target set for the year	Achievement level for the year (Absolute figure)	Achievement percentage during the year
1.	% of Ward Committees established	100%	100% (15 ward committees)	100%
2.	% of Ward Committees that are functional	100%	100% (15 ward committees)	100%
3.	Existence of an effective system to monitor CDW's	The CDW's are administered through the Office of the Speaker and the Public Participation Officer meet monthly with CDW's to track progress and receive submissions by CDW's.		
4.	Existence of an effective IGR Strategy	No adopted IGR Strategy		
5.	Effective IGR structural meetings	All Muni-Mec meetings are attended, all District IGR Meetings are attended, No IGR meetings held from Lockdown other than Covid-19 related meetings.		
6.	Existence of an effective communication strategy	Communication Strategy in place and communication is effective.		
7.	Number of Mayoral Imbizo's conducted	1 Mayoral Imbizo conducted		
8.	Existence of a fraud prevention mechanism	Anti-Corruption and Fraud Prevention Policy approved by Council 1 August 2017		

COMPONENT C: INDIVIDUAL PERFORMANCE

The Performance Management Section currently administers Institutional Performance and Individual Performance to the level of the Municipal Manager and Directors reporting directly to the Municipal Manager.

The purpose of the performance management section is to allow Councillors and Top Management the opportunity of oversight and timeous corrective action where it is evident that set institutional targets may not be achieved.

In compliance with the legislative provisions does the Integrated Development Plan for the year under review form the basis of the Institutional Service Delivery and Budget Implementation Plan.

The Institutional Service Delivery and Budget Implementation plan forms the basis for the individual performance agreements of the Municipal Manager and Directors.

Performance agreements are concluded annually before 31 July with the Municipal Manager and Directors and performance reviews must be conducted on a quarterly basis with the annual performance review conducted by an Evaluation Panel appointed in terms of the Performance Management Regulations.

Performance bonuses are only paid after evaluation and only on approval of the evaluation results by Council and the adoption of the annual report for the period under review.

Participation in the performance management system for employees below the level of senior management is mandatory as from 1 July 2022 as per the provisions of the Local Government Municipal Staff Regulations promulgated on 21 September 2021.

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Kouga Local Municipality

Report on the audit of the financial statements

OPINION

1. I have audited the financial statements of the Kouga Local Municipality set out in pages 327 to 452 of the Annual Report, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kouga Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTERS

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

MATERIAL IMPAIRMENTS

7. As disclosed in notes 2 and 3 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions had a provision for impairment of R217,6 million (2020-21: R190 million) and R65,9 million (2020/21: R69,7 million) respectively.

MATERIAL LOSSES

8. As disclosed in note 46.1.8 to the financial statements, the municipality incurred material losses relating to water and electricity of R42 million (2020-21: R34,2 million) and R21,1 million (2020-21: R20,1 million) respectively.

RESTATEMENT OF CORRESPONDING FIGURES

9. As disclosed in notes 41 and 42 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors and reclassification of accounts in the financial statements of the municipality at, and for the year ended, 30 June 2022.

OTHER MATTER

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

UNAUDITED DISCLOSURE NOTES

11. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of

achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality’s annual performance report for the year ended 30 June 2022:

Development priority	Pages in annual performance report
KPA 1 – infrastructure and basic service delivery	273 - 277

19. I performed procedures to determine whether the reported performance information consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected development priority.

OTHER MATTERS

21. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

22. Refer to the annual performance report on pages 258 to 282 for information on the achievement of planned targets for the year.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 1 – infrastructure and basic service delivery. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets and non-current liabilities identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

27. The performance management system and related controls over the performance planning, monitoring, review, reporting and improvement processes were established; however, those controls were not adequately implemented, as required by municipal planning and performance management regulation 7(1).

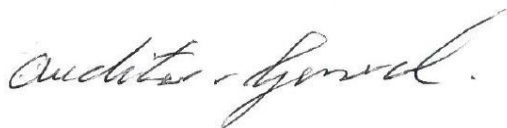
Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported in this auditor's report.
29. My opinion on the financial statements and report on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
33. Leadership was slow in responding to previous audit recommendations and did not implement adequate review processes over performance reporting.
34. The municipality did not adequately implement the controls over the processes for collection, collation, verification and capturing of performance information to ensure valid, accurate and complete reporting against planned objectives. Misstatements were identified on the performance information reported which were subsequently corrected.
35. The review processes over the preparation of the annual financial statements were not implemented adequately, resulting in material misstatements in the financial statements submitted for audit which were subsequently corrected.



East London

30 November 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs and the AGSA audit methodology, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected performance indicators and on the municipality’s compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Kouga Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

6.2 AUDIT CORRECTIVE ACTION PLAN							
FINANCIAL YEAR	PARA	RATING	SECTION	SUB - SECTION	DETAILS OF THE FINDING	ACTION	RESPONSIBLE PERSON
2021/2022	7	Matter Affecting The Auditors Report	Emphasis Of Matter	Material Impairments	As disclosed in note 2 and 3 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions had a provision for impairment of R217,6 million (2020-21:R190 million) and R 65,9 million (2020/21: R69,7 million) respectively.	A plan to reduce Receivables must be developed	CFO
2021/2022	8	Matter Affecting The Auditors Report	Emphasis Of Matter	Material Losses	As disclosed in note 46.1.8 to the financial statements, the municipality incurred material losses to water and electricity of R42 million (2021: R34,2 million) and R21,1 million (2021: R20,1 million), respectively.	A plan to reduce electricity and water losses must be developed.	I&E
2021/2022	9	Matter Affecting The Auditors Report	Emphasis Of Matter	Restatement Of Corresponding Figures	As disclosed in note 41 and 42 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors and reclassification of accounts in the financial statements of the municipality at, and for the year ended,30 June 2022.	No further action required.	-
2021/2022	11	Matter Affecting The Auditors Report	Other Matter	Unaudited Disclosure Notes	In terms of section 125(2) of the MFMA, the municipality is required to disclose the particulars of non - compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.	No further action required.	-

6.2 AUDIT CORRECTIVE ACTION PLAN							
FINANCIAL YEAR	PARA	RATING	SECTION	SUB - SECTION	DETAILS OF THE FINDING	ACTION	RESPONSIBLE PERSON
2021/2022	12	Matter Affecting The Auditors Report	Other Matter	Responsibility Of The Accounting Officer For The Financial Statements On Preparation	The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and DORA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.	No further action required.	-
2021/2022	13	Matter Affecting The Auditors Report	Other Matter	Responsibility Of The Accounting Officer For The Financial Statements On Going Concern	In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, the matter relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.	A financial analyses should be done to determine whether the financial position of the municipality in addition to the budget. A financial plan should be done to ensure the municipality is able to pay debt when its due.	CFO

6.2 AUDIT CORRECTIVE ACTION PLAN							
FINANCIAL YEAR	PARA	RATING	SECTION	SUB - SECTION	DETAILS OF THE FINDING	ACTION	RESPONSIBLE PERSON
2021/2022	17	Matter Affecting The Auditors Report	Report On The Annual Performance Report	Performance Management	<p>The AG's address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents.</p> <p>The AG has not evaluated the completeness and appropriateness of the performance indicators included in the planning documents.</p> <p>The AG's procedures do not examine whether the actions taken by the municipality enabled service delivery.</p> <p>The AG's procedures do not extend to any disclosure or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information.</p> <p>Accordingly my findings do not extend to these matters.</p>	The points on paragraph 17 of the audit report should be considered. A plan should be put in place on how the AG's points are considered.	PMS
2021/2022	23	Matter Affecting The Auditors Report	Report On The Annual Performance Report	Performance Management	The AG identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 1 - infrastructure and basic service delivery. As management subsequently corrected the misstatements, I did not raise any material findings on the	No further action required.	-

6.2 AUDIT CORRECTIVE ACTION PLAN							
FINANCIAL YEAR	PARA	RATING	SECTION	SUB - SECTION	DETAILS OF THE FINDING	ACTION	RESPONSIBLE PERSON
					usefulness and reliability of the reported performance information.		
2021/2022	26	Matter Affecting The Auditors Report	Report On Compliance With Legislation	Annual Financial Statements	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of s122(1) of the MFMA. Material misstatements of non - current assets and non - current liabilities identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the fincial statements receiving an unqualified audit opinion.	No further action required.	CFO
2021/2022	27	Matter Affecting The Auditors Report	Report On Compliance With Legislation	Strategic Planning And Performance Management	The performance management system and related controls over the performance planning, monitoring, review, reporting and improvement processes were established; however, those controls were not adequately implemented, as required by municipal planning and performance management regulation 7(1).	Implementation and monitoring over the controls should be actioned.	PMS

6.2 AUDIT CORRECTIVE ACTION PLAN							
FINANCIAL YEAR	PARA	RATING	SECTION	SUB - SECTION	DETAILS OF THE FINDING	ACTION	RESPONSIBLE PERSON
2021/2022	33	Matter Affecting The Auditors Report	Internal Control Deficiencies	Audit Recommendations	Leadership was slow in responding to previous audit recommendations and did not implement adequate review processes over performance reporting.	Implementation and monitoring over the controls should be actioned.	MM/PMS
2021/2022	34	Matter Affecting The Auditors Report	Internal Control Deficiencies	Performance Management	The municipality did not adequately implement the controls over the processes for collection, collation, verification and capturing of performance information to ensure valid, accurate and complete reporting against planned objectives. Misstatements were identified on the performance information reported which were subsequently corrected.	Implementation and monitoring over the controls should be actioned.	MM/PMS
2021/2022	35	Matter Affecting The Auditors Report	Internal Control Deficiencies	Annual Financial Statements	The review processes over the preparation of the annual financial statements were not implemented adequately, resulting in material misstatements in the financial statements submitted for audit which were subsequently corrected.	Adherence to the timeframes of the AFS Plan by officials is critical to ensure sufficient time for review before submission to Internal audit, Audit Committee and AG.	MM/CFO

APPENDICES

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCIL MEETING ATTENDANCE

NAME OF COUNCILLOR	PORTFOLIO COMMITTEES ALLOCATED	WARD	PARTY	PERCENTAGE OF ORDINARY COUNCIL & SPECIAL COUNCIL MEETINGS ATTENDED	APOLOGIES TENDERED IN WRITING TO THE OFFICE OF THE SPEAKER	ABSENT WITHOUT APOLOGY
H. Bornman	LED&T/ FIN	PR	DA	100%	0	0
H. Hendricks	PD/I&E	PR	DA	100%	0	0
B. Williams	I&E/COMM SERV/FIN	PR	DA	100%	0	0
F. Campher	I&E/COMM SERV	Ward 4	DA	31%	0	0
D. Benson	COMM SERV/	PR	DA	100%	0	0
B. Rheeder	PD/I&E	Ward 12	DA	31%	0	0
F. Baxter	LED&T/I&E	PR	DA	31%	0	0
B. Dhludhlu	CORP	PR	DA	100%	0	0
L. Vorster	LED&T/I&E	Ward 8	DA	31%	0	0
R. Jantjies		PR	DA	31%	0	0
T. Jantjes	CORP/	Ward 15	DA	100%	0	0
W. Gertenbach	I&E/FIN	Ward 3	DA	100%	0	0
C. August	PDT	Ward 9	DA	100%	0	0
M. Biko	I&E	Ward 5	DA	100%	0	0
M. van Niekerk	CORP SERV/COMM SERV/PDT	PR	DA	100%	0	0
W. Coenraad	CORP SERV/	Ward 5	DA	31%	0	0

NAME OF COUNCILLOR	PORTFOLIO COMMITTEES ALLOCATED	WARD	PARTY	PERCENTAGE OF ORDINARY COUNCIL & SPECIAL COUNCIL MEETINGS ATTENDED	APOLOGIES TENDERED IN WRITING TO THE OFFICE OF THE SPEAKER	ABSENT WITHOUT APOLOGY
J. Alexander	I&E/	Ward 4	DA	100%	0	0
S. Jujwana	FINANCE/I&E	Ward 9	ANC	15%	0	2
S. Makasi	COMM SERV/CORP SERV	Ward 14	ANC	31%	0	0
M. Peters	LED&T	Ward 13	ANC	23%	1	0
P. Oliphant	I&E	PR	ANC	85%	1	1
Z. Mayoni	I&E/FINANCE/COMM SERV	Ward 1	ANC	23%	0	1
P. Nkwalase	CORP SERV/LED&T/FIN	PR	ANC	31%	0	0
C. Matroos	CORP SERV	PR	ANC	31%	0	0
R. Dennis	FIN/I&E	Ward 2	ANC	31%	0	0
A. Mabukane	CORP SERV	Ward 10	ANC	15%	0	2
V. Vumazonke	CORP SERV/COMM SERV/I&E	Ward 6	ANC	15%	0	2
M. Dayimani	I&E/FIN	PR	ANC	62%	1	2
H. Murray	COMM SERV/CORP SERV	Ward 2	DA	69%	0	0
R. Foley	PDT/I&E	Ward 8	DA	69%	0	0
F. Heystek	COMM SERV/PDT	Ward 11	DA	69%	0	0
S. Ruth	FIN/CORP SERV	PR	DA	69%	0	0
L. Maree	I&E/FIN	Ward 12	DA	69%	0	0
M. Yali	CORP SERV	Ward 14	ANC	69%	0	0



NAME OF COUNCILLOR	PORTFOLIO COMMITTEES ALLOCATED	WARD	PARTY	PERCENTAGE OF ORDINARY COUNCIL & SPECIAL COUNCIL MEETINGS ATTENDED	APOLOGIES TENDERED IN WRITING TO THE OFFICE OF THE SPEAKER	ABSENT WITHOUT APOLOGY
V. Gunuza	FIN	PR	ANC	62%	1	0
K. Ndzaleni	M&E	Ward 6	ANC	69%	0	0
N. Ntshota	PDT	Ward 1	ANC	69%	0	0
M. Mbandana	COMM SERV	Ward 10	ANC	54%	0	2
B. Human	COMM SERV/CORP SERV/I&E/FIN/PDT/M&E	PR	PA	31%	0	0
F. Pietersen	COMM SERV/CORP SERV/I&E/FIN/PDT/M&E	PR	PA	23%	0	0
	CORP SERV	PR	ANC	69%	0	0
M Valgee	COMM SERV	PR	ANC	69%	0	0
V. Zana	PDT	Ward 13	ANC	54%	1	1
E. Mbuqu	M&E	Ward 7	ANC	54%	2	0
L. Nkilishane	M&E/FIN/COMM SERV/ PDT/CORP SERV/I&E	PR	EFF	54%	2	0
L. Van der Linde	M&E/FIN/COMM SERV/ PDT/CORP SERV/I&E	PR	VF/FFP	62%	1	0


**APPENDIX B : COMMITTEE AND COMMITTEE PURPOSE
(JULY 2021 – OCTOBER 2021)**


Corporate Services Portfolio	Committee Members	Alternate Members	Functions
	Timothy Jantjes		<ul style="list-style-type: none"> • Administration • Human Resources • Strategic Institutional Projects
	Marthina van Niekerk	Danny Benson	
	Melanie Biko	Robin Jantjies	
	Wilma Coenraad		
	Sibongile Jujwana	Amos Mabukane	
	Margaret Peters		
Ex-Officio	Horatio Hendricks		
Planning & Development	Committee Members	Alternate Members	Functions
	Ben Rheeder		<ul style="list-style-type: none"> • Human Settlements • Town & Regional Planning • MPT
	Cynthia August	Ludwig Vorster	
	Wilma Coenraad	Brenton Williams	
	Robin Jantjies		
	Cynthia Matroos	Phumza Nkwalase	
	Zolani Mayoni		
Ex-officio	Horatio Hendricks		
LED & Tourism Portfolio	Committee Members	Alternate Members	Functions
	Frances Baxter		<ul style="list-style-type: none"> • Tourism • Creative Industries • Crèches • Events Committee
	Brenton Williams	Ben Rheeder	
	Cynthia August	Robin Jantjies	
	Freddy Campher		
	Marthina van Niekerk		
	Velile Vumazonke	Phumza Nkwalase	
	Margaret Peters		
Ex-officio	Horatio Hendricks		
Community Services Portfolio	Committee Members	Alternate Members	Functions
	Daniel Benson		<ul style="list-style-type: none"> • Environmental Management • Community Amenities & Environmental Health • Protection Services • Beaches
	Willem Gertenbach	Wilma Coenraad	
	Timothy Jantjies	Bryan Dhludhlu	
	Cynthia August		
	Robert Dennis	Eldridge Februarie	
	Amos Mabukane		
Ex-officio	Horatio Hendricks		
Infrastructure and Engineering Portfolio	Committee Members	Alternate Members	Functions
	Willem Gertenbach		<ul style="list-style-type: none"> • Infrastructure • Civil services • PMU • Electrical Services Fleet
	Ben Rheeder	Jacques Alexander	
	Bryan Dhludhlu	Frances Baxter	
	Timothy Jantjies		



	Robert Dennis	Zolani Mayoni	Management
	Malibongwe Dayimani		
Ex-officio	Horatio Hendricks		
Finance Portfolio	Committee Members	Alternate Members	Functions
	Brenton Williams		<ul style="list-style-type: none"> • Budget & treasury • Revenue • Expenditure • Assets Management • Supply Chain Management • Information, Communication & Technology MSCOA
	Jacques Alexander	Marthina van Niekerk	
	Willem Gertenbach	Freddy Campher	
	Ludwig Vorster		
	Malibongwe Dayimani	Robert Dennis	
	Phumzile Oliphant		
Ex-officio	Horatio Hendricks		

(NOVEMBER 2021 TO DATE)

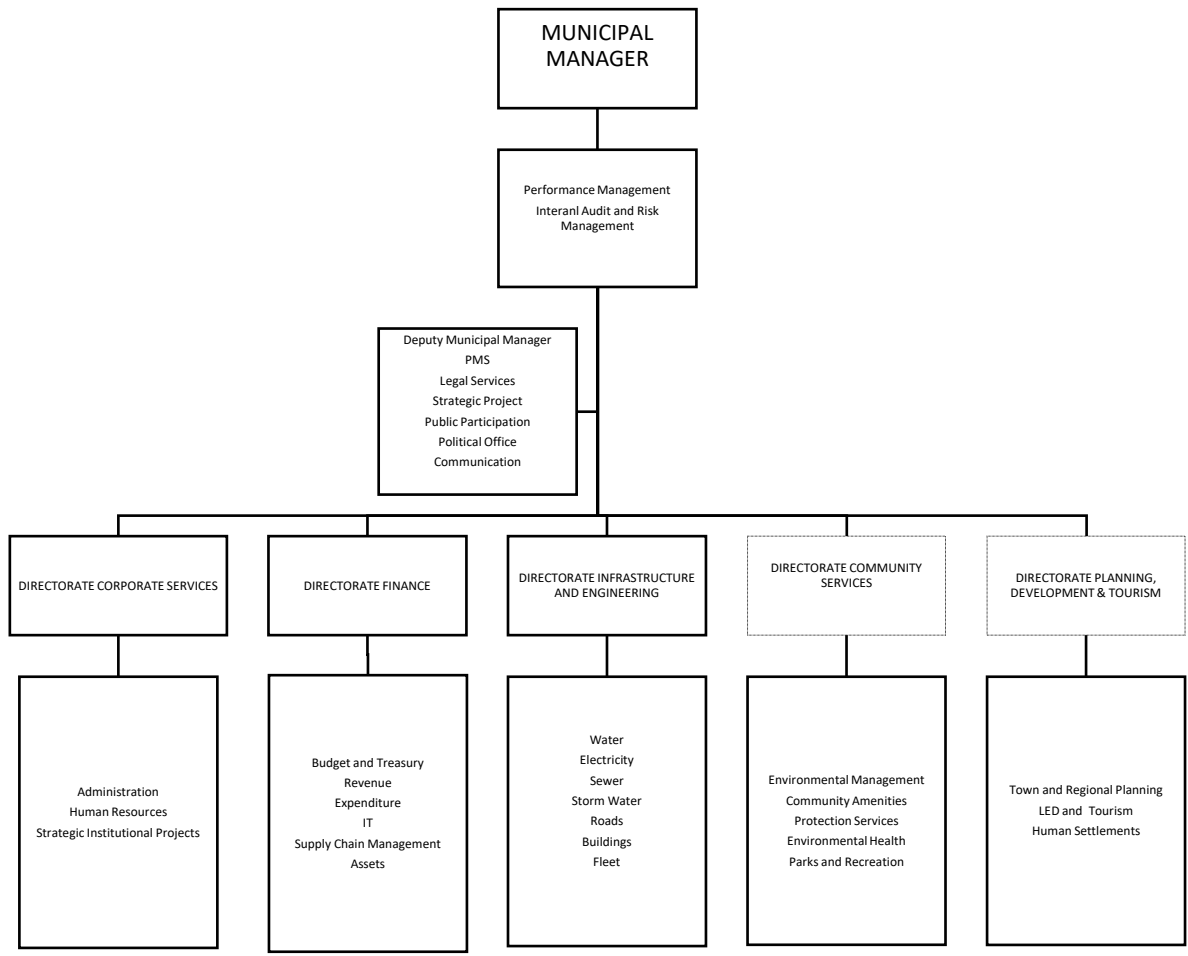
Corporate Services Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr T Jantjes		<ul style="list-style-type: none"> • Administration / Auxiliary Services • Human Resources • Internal Communication
	Cllr H Murray		
	Cllr S Ruth		
	Cllr B Dhludhlu	Cllr D Benson	
	Cllr M van Niekerk	Cllr M Biko	
	Cllr M Yali		
	Cllr N Ntengwane	Cllr K Ndzalani	
	Cllr L Nkilishane		
	Cllr W van der Linde		
	Cllr B Human		
Ex-officio	Executive Mayor Horatio Hendricks		
Ex-officio	Executive Deputy Mayor H Bornman <i>(pending approval of the Eastern Cape MEC for COGTA)</i>		
Planning, Development & Tourism Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr H Bornman		<ul style="list-style-type: none"> • Human Settlements • Town & Regional Planning • MPT • Tourism • Local Economic Development
	Cllr R Foley		
	Cllr C August		
	Cllr F Heystek	Cllr W Gertenbach	
	Cllr M van Niekerk	Cllr D Benson	
	Cllr V Zana		
	Cllr N Ntshota	Cllr M Valgee	

	Cllr L Nkilishane		<ul style="list-style-type: none"> • Creative Industries • Crèches • Events Committee
	Cllr W van der Linde		
	Cllr B Human		
Ex-officio	Executive Mayor Horatio Hendricks		
Ex-officio	Executive Deputy Mayor H Bornman (pending approval of the Eastern Cape MEC for COGTA)		
Monitoring & Evaluation Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr S Ruth		<ul style="list-style-type: none"> • Media, PR, External Communication • Public Participation • IDP • PMS • Legal • Internal Audit • Strategic Projects • Office of EM & Speaker
	Cllr M Biko		
	Cllr C August		
	Cllr L Maree	Cllr J Alexander	
	Cllr D Benson	Cllr T Jantjes	
	Cllr K Ndzaleni		
	Cllr E Mbuqu	Cllr V Zana	
	Cllr L Nkilishane		
	Cllr W van der Linde		
	Cllr B Human		
Ex-officio	Executive Mayor Horatio Hendricks		
Ex-officio	Executive Deputy Mayor H Bornman (pending approval of the Eastern Cape MEC for COGTA)		

Community Services Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr D Benson		<ul style="list-style-type: none"> • Environmental Management • Community Amenities & Environmental Health • Protection Services • Beaches • Mayoral Special programmes
	Cllr H Murray		
	Cllr F Heystek		
	Cllr T Jantjes	Cllr R Foley	
	Cllr M van Niekerk	Cllr S Ruth	
	Cllr M Mbandana		
	Cllr M Valgee	Cllr P Oliphant	
	Cllr L Nkilishane		
	Cllr W van der Linde		
	Cllr B Human		
Ex-officio	Executive Mayor Horatio Hendricks		
Ex-officio	Executive Deputy Mayor H Bornman (pending approval of the Eastern Cape MEC for		

COGTA)			
Infrastructure and Engineering Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr L Maree		<ul style="list-style-type: none"> • Infrastructure • Civil services • PMU • Electrical Services • Fleet Management
	Cllr W Gertenbach		
	Cllr J Alexander		
	Cllr M Biko	Cllr F Heystek	
	Cllr R Foley	Cllr M van Niekerk	
	Cllr P Oliphant		
	Cllr M Dayimani	Cllr V Gunuza	
	Cllr L Nkilishane		
	Cllr W van der Linde		
	Cllr B Human		
Ex-officio	Executive Mayor Horatio Hendricks		
Ex-officio	Executive Deputy Mayor H Bornman <i>(pending approval of the Eastern Cape MEC for COGTA)</i>		
Finance Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr W Gertenbach		<ul style="list-style-type: none"> • Budget & treasury • Revenue • Expenditure • Assets Management • Supply Chain Management • Information, Communication & Technology MSCOA
	Cllr J Alexander		
	Cllr L Maree		
	Cllr T Jantjies	Cllr H Murray	
	Cllr S Ruth	Cllr B Dhludhlu	
	Cllr M Dayimani		
	Cllr V Gunuza	Cllr E Mbuqu	
	Cllr L Nkilishane		
	Cllr W van der Linde		
	Cllr B Human		
Ex-officio	Executive Mayor Horatio Hendricks		
Ex-officio	Executive Deputy Mayor H Bornman <i>(pending approval of the Eastern Cape MEC for COGTA)</i>		

APPENDIX C : ADMINISTRATIVE STRUCTURE



APPENDIX D: FUNCTIONS OF THE MUNICIPALITY

FUNCTIONS - In terms of Circular 8/2009: Adjustment of Powers and Functions between District and Local Municipalities, the Kouga Municipality has the following powers and functions to fulfil:

POWERS AND FUNCTIONS	
Abattoirs	Air Pollution
Beaches and Amusement Facilities	Billboards and the Display of Advertisements in Public Places
Building Regulation	Cemeteries, Funeral Parlours and Crematoriums
Child Care Facilities	Control of Selling Liquor
Control of the Public Nuisances	Electricity Reticulation
Facilities for the Accommodation, Care and Burial of Animals	Fire Fighting
Health and Environmental Health Services	Licensing and Control of Food Sold to the Public
Local Amenities	Local Tourism and Economic Development
Local Sports Facilities	Markets
Municipal Airports	Municipal Planning
Public Transport	Sanitation
Storm Water	Trading Regulations
Water (Potable)	

APPENDIX E : WARD REPORTING

WARD COUNCILLOR	WARD	WARD COMMITTEE ATTENDED	JULY 2021	AUG 2021	SEP 2021	OCT 2021	NOV 2021	DEC 2021	JAN 2021	FEB 2021	MAR 2021	APR 2021	MAY 2021	JUNE 2021
Cllr Z Mayoni	1	10	01	05	08	04	NB: The term of office for Councillor ended on 31 October 2021 therefore no Ward Committee Meetings were held during Nov'21 – Feb'22							
Cllr R Dennis	2	10	01	05	09	05								
Cllr W Gertenbach	3	10	05	04	07	06								
Cllr F Campher	4	10	07	03	07	07								
Cllr W Coenraad	5	10	07	05	08	06								
Cllr V Vumazonke	6	10	06	04	09	05								
Cllr E Februarie	7	10	06	09	07	04								
Cllr L Vorster	8	10	07	05	02	06								
Cllr S Jujwana	9	10	08	10	01	07								
Cllr A Mabukane	10	10	05	09	09	11								
Cllr H Bornman	8	10	06	11	07	04								
Cllr B Rheeder	12	10	08	10	08									
Cllr M Peters	13	10	08	02	07	12								
Cllr S Mandeka	14	10	01	03	09	05								
Cllr H Hendricks	15	10	01	03	07	05								

**Ward Committee Meetings suspended during Covid-19 Lockdown*

WARD COUNCILLOR	WARD	WARD COMMITTEE ATTENDED	JULY 2021	AUG 2021	SEP 2021	OCT 2021	NOV 2021	DEC 2021	JAN 2021	FEB 2021	MAR 2021	APR 2021	MAY 2021	JUNE 2021	
Cllr N Ntshota	1	10	NB: The new Council term started on 17 Nov'21 and Ward Committees were elected between Jan-Feb'22.									07	04	3	1
Cllr H Murray	2	10										01	04	4	1
Cllr W Gertenbach	3	10										09	6	3	1
Cllr J Alexander	4	10										07	4	12	7
Cllr M Biko	5	10										07	5	5	7
Cllr K Ndzaleni	6	10										08	6	9	7
Cllr T Mbuqu	7	10										07	4	3	1
Cllr R Foley	8	10										08	4	10	7
Cllr C August	9	10										09	5	9	9
Cllr M Mbadana	10	10										8	13	5	9
Cllr F Heystek	11	10	8	6	10	7									
Cllr L Maree	12	10	9	5	5	2									
Cllr V Zana	13	10	10	7	4	9									
Cllr M Yali	14	10	8	7	12	14									
Cllr T Jantjes	15	10	9	5	5	17									

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2022 KOUGA LOCAL MUNICIPALITY

OBJECTIVE

The purpose of this report is to present the Audit Committee's annual report in carrying out its oversight responsibilities for the financial year ended 30 June 2022.

TERMS OF REFERENCE

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the Accounting Officer and Council on matters relating to:

- Internal financial control and internal audits
- Risk management and Compliance
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting and information
- Performance management and evaluation
- Effective governance
- Compliance with the Municipal Finance Management Act 56 of 2003, the annual Division of Revenue Act and any other applicable legislation and
- Any issues referred to it by the municipality.

The Audit and Risk Committee is also required to fulfil the functions of a Performance Management Committee constituted in terms of sections 38 and 41 of the Municipal Systems Act No 32 of 2000 and Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001: Review and advise in terms of the provisions of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

The MFMA also requires the Audit Committee to review the Annual Financial Statements, respond to Council on matters raised by the Auditor General of South Africa (AGSA) and carry out investigations into the financial affairs of the municipality.

The Audit Committee assists Council in fulfilling its oversight responsibilities in helping to ensure high- quality financial and performance management reporting as well as effective internal control.

COMPOSITION OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE

The Audit Committee comprises three independent members. The Committee is required to meet at least four times per annum as per its approved terms of reference. The following persons also have standing invitations to all committee meetings:

The Executive Mayor, the Municipal Manager, the Chief Financial Officer, the Director: Administration, Monitoring & Evaluation, the Director: Infrastructure, Planning & Development, the Director: LED, Tourism & Creative Industries, the Director: Social Services, the Manager: Performance Management, the Manager: Risk and Internal Audit, the Auditor General and representatives from National Treasury and COGTA

Both the Internal and External Auditors have unrestricted access to the Audit Committee.

DURING THE 2021/2022 FINANCIAL YEAR, THE AUDIT COMMITTEE HELD MEETINGS AS SET OUT BELOW:

Name of Members	Appointed	Total number of meetings 2021 – 2022	Number of meeting attended 2021 – 2022
Mr Gregory Billson (Chairperson from)	16 March 2022	5	3
Mr Yimile Zote	Existing	5	3
Mr Rodney Coetzer	Existing	5	5

DATES OF MEETINGS ARE AS FOLLOWS:

25 August 2021	Quarter four (4): Audit Committee meeting and Annual Financial Statement review
25 January 2022	Quarter one (1): Audit Committee meeting (Virtual). Meeting of 24 November 2021 postponed to January 2022
24 February 2022	Quarter two (2): Audit Committee meeting (Virtual)
27 May 2022	Quarter three (3): Audit Committee meeting (Virtual)

ADDITIONAL MEETING DATES WITH MANAGEMENT:

6 January 2022	Newly appointed Chairperson and CAE to review Audit Committee reviews for the year to date.
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AUDIT COMMITTEE RESPONSIBILITIES

The Committee confirms that it has complied with its responsibilities set out in the Audit and Risk Committee Charter and details of these responsibilities are detailed below:

1. INTERNAL FINANCIAL CONTROL AND INTERNAL AUDIT

1.1. Internal Financial Control

The Audit Committee have reviewed the expertise, resources and experience of Kouga Local Municipalities finance department. The CFO is competent in respect of his expertise and experience, with the Finance Department functioning adequately and within its mandate.

1.2. Internal Audit

The Internal Audit function is independent of management. Internal audit designed and implemented the relevant internal controls. The Audit Committee is satisfied that the Internal Audit team possess the required qualifications and are competent to carry out their role. Internal Audit have limited resources where executing a comprehensive Internal Audit Plan may be a challenge. Due to capacity constraints, Internal Audit may not be in a position to provide the Municipality with a high level of assurance that the majority of inherent institutional risks have been identified. The Audit Committee have noted that no restrictions or limitations were placed on the Internal Audit team in the execution of their mandate.

The Chief Audit Executive also has reasonable access to the Chairperson of the Audit Committee. The Audit Committee Chairperson met once with the Chief Audit Executive, without management being present, to discuss matters arising from the internal audits carried out together with being appraised of Internal Audit findings and reviews from 1 July 2021.

Internal Audit has prepared a three-year rolling strategic internal audit plan and an annual internal audit plan and budget. The plan addresses the high-risk areas identified in consultation with management and indicates the scope of each audit.

The following internal audit projects constituted the internal audit plan for the year:

- Development/ update of risk based internal audit plan for 2021/22–2023/24
 - Completed
- Facilitation of strategic risk assessment workshop/ development of risk management policy & strategy
 - Completed
- Finalise fraud prevention plan
 - Not completed
- Review of annual financial statements for the year ended 30 June 2021
 - Completed
- Financial discipline review – controls over debit order approval process
 - Draft report completed
- Occupational Health Management Review
 - Completed
- Overtime Management Control Review
 - Not completed –under review
- Credit Control Review
 - Not completed
- ATTP Policy Compliance
 - Not completed - under review
- Supply Chain Management Review
 - Q1& Q2 completed
- IT Risk Workshop
 - Completed
- Follow up on IT related matters raised by Auditor General
 - Not completed
- Water Management Review
 - Not completed
- Quarterly review over the implementation of Auditor General Findings

- Not completed
- Review over controls in place over the recruitment, selection and appointment process
 - Not completed
- Follow up reviews over
 - Feet management – completed
 - Disaster management – not completed
 - Caravan parks / cemeteries – not completed

The Audit Committee received the Internal Audit reports and scrutinised them for significant internal control and compliance deficiencies. The Audit and Risk Committee has had constructive engagements with management on the findings reported by Internal Audit as well as management responses provided.

The Audit Committee reviewed the Internal Audit Charter and the Audit Committee Charter. The Internal Audit Charter was approved in March 2019, and the Audit Committee Charter approved in April 2021. Both of these charters are required to be reviewed and approved.

2. RISK MANAGEMENT AND COMPLIANCE

The Kouga Local Municipality does not have a functioning risk management committee in place. This is not ideal, where this function is currently being carried out by Internal Audit. Management have indicated that a risk management committee will be established. The establishment of a Risk Management Committee is necessary to assist the municipality in assessing and identifying risk within the municipal institution. The risk management committee will be responsible for the establishment of the risk management policy, risk management framework together with the risk management strategy and the preparation of the risk register. The following action will be required to be undertaken:

- Identification of root causes associated with the identified risks
- Consequences of the risk ensuring that they are aligned to the root cause
- Identification of actual controls currently in place that mitigates the identified risk
- An assessment of the perceived control effectiveness
- Assess mitigating action plans to further address the residual risk exposure and
- Review the logic of the risk register

3. FINANCIAL REPORTING

The Audit and Risk Committee have reviewed the expertise, resources and experience of the municipalities finance department which is functioning adequately and within its mandate. The Audit and Risk Committee is satisfied with the expertise and experience of the Chief Financial Officer.

The Audit Committee reviewed and discussed the unaudited annual financial statements for the 2021/22 financial year with management. An external service provider, Altimax, were appointed to provide an independent technical review of the financial statements at 30 June 2021. This process included consideration of the adequacy, reliability and accuracy of financial reporting and information, ensuring it is consistent with applicable standards and is compliant with the legal framework. The accounting policies and disclosures made by management were also reviewed during this process. The Audit Committee recommended certain amendments before submission to the AGSA for audit purposes.

4. PERFORMANCE MANAGEMENT AND EVALUATION

The Service Delivery and Budget Implementation Plan (SDBIP) report is used by the municipality as the monitoring tool to compare actual performance to targeted performance.

This report is subject to Internal Audit scrutiny during their quarterly audits and is a standing item on the Audit and Risk Committee's agenda.

Internal Audit was mostly satisfied with the functioning of this area during the year under review.

THE FOLLOWING ANNUAL PERFORMANCE EVALUATIONS WERE CONDUCTED DURING THE REPORTING PERIOD:

Director	Review Period	Review Period
Corporate Services	2019/20	2020/21
Finance	2019/20	2020/21
Planning Development and Tourism	2019/20	2020/21
Community Services	2019/20	2020/21
Municipal Manager	2019/20	2020/21

The delay in conducting the 2019/20 annual performance evaluations was resultant from the COVID-19 pandemic. It is recommended that annual performance evaluations are conducted as soon as possible, after the finalisation of the Auditor General’s annual report, to allow management to identify non-performance and areas of improvement. Corrective action may then be taken to mitigate the risk of continued non-performance or to address identified areas of improvement as is necessary.

5. EFFECTIVE GOVERNANCE

Attendance of the Audit Committee quarterly meetings by senior management is good. Provincial Treasury, COGTA, the Auditor General and Chairperson of MPAC should be encouraged to attend the Audit Committee meetings.

An Anti-Corruption and Fraud Prevention Committee is not in place. There is not an active whistle blowing mechanism or active functional fraud hotline in place. The Municipality does not have a fraud prevention plan. We were thus unable to assess, monitor and influence the tone at management level and reinforce a zero-tolerance policy for fraud. We were also not able to provide other insight into and guidance on implementing or strengthening fraud prevention and detection measures. It should be noted that the Audit Committee have been advised that there are no forensic matters under review or specific noted or reported instances of fraud having taken place.

A Disciplinary Committee as required in terms of the MFMA has not been established.

APPRECIATION

On behalf of the Audit Committee, I would like to extend our sincere appreciation to the Council, Management and the Auditor-General South Africa for their assistance and support during the financial year under review.



G Billson

Audit Committee Chairperson

09 February 2023

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

The following Senior Managers completed the prescribed declaration of interest for the 2020/21 year:

NAME	POSITION
C du Plessis	Municipal Manager
R Lorgat	Chief Financial Officer (Director Finance)
N Machelesi	Director: Community Services
K Moodley	Director: Corporate Services
E Delpont	Acting Director: Infrastructure and Engineering
F Mabusela	Director: Planning, Development and Tourism

APPENDIX K: REVENUE COLLECTION PERFORMANCE
APPENDIX K(i): REVENUE BY VOTE

Revenue by Vote	Actuals	
	2022	2021
Vote Description	R	R
Executive and Council	354,406	867,407
Finance	326,694,627	328,986,317
Corporate Services	1,825,217	1,987,919
Planning, Development and Tourism	6,860,196	4,586,416
Infrastructure and Engineering	570,883,257	502,305,490
Community Services	105,148,841	96,379,398
Total Revenue by Vote	1,011,766,542	935,112,945

APPENDIX K(ii) REVENUE BY SOURCE

Item Description	Actual	
	2022	2021
	R	R
Revenue by Source		
Property Rates	224 326 475	210 204 641
Fines, Penalties and Forfeits	5 881 345	3 308 088
Licences and Permits	9 593 213	10 227 056
Transfers and Subsidies	214 510 912	213 768 325
Interest, Dividends and Rent on Land Earned – Non-Exchange	1 774 617	1 700 447
Service Charges	521 290 057	470 461 950
Sales of Goods and Rendering of Services	9 602 709	8 159 245
	2 559 892	1 411 573

Rental from Fixed Assets	3 094 059	2 346 673
Interest, Dividends and Rent on Land Earned – Exchange	15 328 365	12 473 289
Operational Revenue	3 804 898	1 051 658
Total Revenue by Source	1 011 766 542	935 112 945

APPENDIX L: CONDITIONAL GRANT EXPENDITURE (EXCL MIG)

Name of Grant	Amount Received	Amount Spent
	R	R
Finance Management Grant	1 720 000	1 720 000
Integrated National Electrification Grant	7 800 000	7 800 000
Municipal Disaster Relief Grant	12 500 000	12 500 000
Expanded Public Works Programme Incentive Grant	1 423 000	1 423 000
Total	23 443 000	23 443 000

APPENDIX M: CAPITAL BUDGET EXPENDITURE

Project Name	Actual Expenditure As at 30 June 2022	Funding Source
Upgrade Sanitation System Old Hankey	17,228,953	MIG
Upgrading of Gravel Roads in Humansdorp	16,687,134	MIG
Upgrading of Sports Facilities	2,951,119	MIG
Mini Fresh Food and Craft Markets in Jbay & Hankey	838,063	MIG
MIG Admin	1,670,646	MIG
	39 375 915	

Description	Actual	
	2022	2021
	R	R
CAPITAL EXPENDITURE BY VOTE		
Executive & Council	2,727,101	273,558
Financial Services	4,141,925	872,226
Corporate Services	1,136,724	3,247,435
Planning, Development and Tourism	893,589	1,025,822
Infrastructure & Engineering	95,223,443	47,239,029
Community Services	9,858,988	7,701,040
Total Capital Expenditure	113,981,770	60,359,110

DIRECTORATES	DEPARTMENT	FUNDING	PROJECTS	PROJECT NR	Adjusted Budget 2021/22	Actuals as at 30 June 2022
COMMUNITY SERVICES	Beach	Internal	Upgrading of Pellsrus, Kabeljous, Cape St Francis	PC_A001	100,000	58,840
COMMUNITY SERVICES	CEMETERIES	Internal	Ablution Facilities New	1011104	150,000	-
COMMUNITY SERVICES	ENVIRONMENTAL MANAGEMENT	Internal	Machinery and Equipment	PC_1002	33,698	26,805
COMMUNITY SERVICES	ENVIRONMENTAL MANAGEMENT	Internal	Computer Equipment	CP_4	66,297	58,701
COMMUNITY SERVICES	ENVIRONMENTAL MANAGEMENT	Internal	Transport assets		-	3,434,783
COMMUNITY SERVICES	ENVIRONMENTAL MANAGEMENT	Internal	Transport assets		-	105,627
COMMUNITY SERVICES	ENVIRONMENTAL MANAGEMENT	Internal	Machinery and Equipment		-	24,694
COMMUNITY SERVICES	Envornmental Management Fee	Internal	Kouga Skip Bins	CP4_EMF	199,998	196,372
COMMUNITY SERVICES	FIRE SERVICES	Distr	Fire Vehicle	FT911	1,638,000	1,600,000
COMMUNITY SERVICES	Fire Services	Internal	Fencing Humansdorp Fire Station	CP1_FS	600,000	0
COMMUNITY SERVICES	Fire Services	Internal	Vehicle	CP_23	564,999	564,910
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Machinery and Equipment (Generator)	1011113	230,000	199,978
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Machinery and Equipment (Radio communication) -	1011115	99,999	41,730
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Playdetactor (Machinery and Equipment)	1011111	155,000	155,000
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Machinery and Equipment (Quardbike)	1011114	95,598	-
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Furniture and Equipment - Operations room	1011112	17,197	17,197
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Computer Equipment - Operatons Room	1011116	23,400	23,400
COMMUNITY SERVICES	LIBRARY SERVICES	Internal	Security Gates (Humansdorp 7de Laan)		-	71,038
COMMUNITY SERVICES	Parks & Open Space	Internal	Machinery and Equipment	PC_1003	80,000	291,355
COMMUNITY SERVICES	PARKS AND OPEN SPACES	Internal	5X Trailles	101782	199,999	189,410
COMMUNITY SERVICES	PARKS AND OPEN SPACES	Internal	Transport assets		-	2,208,696
COMMUNITY SERVICES	Protection Services	Internal	Machinery and Equipment (Security Cameras System)	PC_1004	300,000	157,784
COMMUNITY SERVICES	Sport & Recreation	Internal	Furniture and Equipment	CP_9	100,000	86,332
COMMUNITY SERVICES	SPORT & RECREATION	Internal	Machinery and Equipment		-	346,337
COMMUNITY SERVICES	SPORT & RECREATION	Internal	Fencing Sport and Recreational Facilities	1011118	1,500,000	0
					6,154,185	9,858,988
CORPORATE SERVICES	ADMINISTRATION SERVICES	Internal	Bio-metric System	CP_CPS1	600,000	579,221
CORPORATE SERVICES	ADMINISTRATION SERVICES	Internal	Communications _ LED Screen	CORP02	300,000	224,710
CORPORATE SERVICES	ADMINISTRATION SERVICES	Internal	Communications _ Digital Screen	CORP01	99,998	83,070
CORPORATE SERVICES	Corporate Services	Internal	Computer Software and Applications	CP_60	287,000	-
CORPORATE SERVICES	Corporate Services	Internal	Fencing of municipal building	PC_1023	629,206	71,038
CORPORATE SERVICES	Corporate Services	Internal	Furniture and Equipment	CP_9	150,000	168,396
CORPORATE SERVICES	Corporate Services	Internal	Computer Equipment	CP_4	141,843	130,865
CORPORATE SERVICES	Skills Development	Internal	Computer Equipment	CP_4	21,501	21,501
					2,229,548	1,136,724

DIRECTORATES	DEPARTMENT	FUNDING	PROJECTS	PROJECT NR	Adjusted Budget 2021/22	Actuals as at 30 June 2022
EXECUTIVE & COUNCIL	Council	Internal	Furniture and Equipment	CP_9	100,000	99,364
EXECUTIVE & COUNCIL	MAYOR	Internal	Furniture and Equipment - Municipal Court	0803217	100,000	-
EXECUTIVE & COUNCIL	MAYOR	Internal	Electronic and Computer Equipment	1011120	200,000	188,747
EXECUTIVE & COUNCIL	MAYOR	Internal	Vehicle	CP_23	1,199,999	973,900
EXECUTIVE & COUNCIL	MAYOR	Internal	PA system/Data projector/Screens/Sound	1011102	69,999	47,362
EXECUTIVE & COUNCIL	MAYOR	Internal	Transport assets		-	443,478
EXECUTIVE & COUNCIL	MAYORAL COMMITTEE	Internal	Furniture and Equipment - Ward Councillors Offices	1011101	150,000	141,468
EXECUTIVE & COUNCIL	MUNICIPAL MANAGER	Internal	Computer Equipment	CP_4	150,000	139,957
EXECUTIVE & COUNCIL	Risk and Internal Audit Unit	Internal	Computer Equipment	CP_4	20,000	-
EXECUTIVE & COUNCIL	Risk and Internal Audit Unit	Internal	Furniture and Equipment	CP_54	25,000	-
EXECUTIVE & COUNCIL	WARD COUNCILLORS	Internal	Ward councillors Capital project	PC_65	300,000	207,106
EXECUTIVE & COUNCIL	WARD COUNCILLORS	Internal	Computer Equipment	CP_4	705,000	485,718
					3,019,998	2,727,101
FINANCE	ASSET MANAGEMENT	Internal	Single Cap Bakkie for stock verification	101773	349,999	347,478
FINANCE	ASSET MANAGEMENT	Internal	Office Equipment	101771	5,998	5,998
FINANCE	ASSET MANAGEMENT	Internal	Office Equipment	101772	12,000	11,957
FINANCE	ASSET MANAGEMENT	Internal	Replacement of Electrical Transformer _ Humansdorp	AM001	863,538	769,461
FINANCE	ASSET MANAGEMENT	Internal	Transport assets			347,826
FINANCE	Finance: IT	Internal	Furniture and Equipment	CP_9	69,007	69,007
FINANCE	Finance: IT	Internal	Cibex Software	CP_075	600,000	-
FINANCE	Finance: IT	Internal	Computer Equipment	CP_4	914,244	533,031
FINANCE	Finance: IT	Internal	WIFI Solution	PC_017	100,000	46,608
FINANCE	Finance: IT	Internal	Network Upgrade	CP_2241	250,000	72,000
FINANCE	Finance: IT	Internal	Furniture and Equipment	CP_4	86,954	85,583
FINANCE	REVENUE	Internal	2 Single Cab Bakkie	0803219	451,997	451,382
FINANCE	SCM	Internal	Machinery and Equipment	PC_1003	12,700	12,700
FINANCE	SCM: DEMAND MANAGEMENT, RISK, PERFORM	Internal	Machinery and Equipment			1,388,894
					3,716,437	4,141,925

DIRECTORATES	DEPARTMENT	FUNDING	PROJECTS	PROJECT NR	Adjusted Budget 2021/22	Actuals as at 30 June 2022
INFRASTRUCTURE & ENGINEERING	Electricity	Internal	Saffery Substation	CP7_ELC	999,998	883,238
INFRASTRUCTURE & ENGINEERING	Electricity	Internal	Electrical supply of tri-switches St Francis Bay		-	199,660
INFRASTRUCTURE & ENGINEERING	FLEET AND WORKSHOP	Internal	Transport assets		-	660,870
INFRASTRUCTURE & ENGINEERING	METERING & REVENUE	INEP	Ocean View Electrification	ELEC711	6,782,608	5,702,096
INFRASTRUCTURE & ENGINEERING	METERING & REVENUE	Internal	Bulk 66kv Overhead lines	CP66KV	2,147,319	5,093,466
INFRASTRUCTURE & ENGINEERING	METERING & REVENUE	Internal	Transport assets		-	1,409,836
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	Internal	Upgrading/Improvement of Sport Facilities within Kouga		400,000	3,454,808
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	MIG	Mini Fresh Food and Craft Markets in Jbay & Hankey		728,750	539,276
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	MIG	Upgrading/Improvement of Sport Facilities within Kouga Region (Loerie)	MIG01	224,144	224,104
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	MIG	Upgrading/Improvement of Sport Facilities within Kouga Region (Sea Vista)	MIG02	2,342,087	2,342,087
INFRASTRUCTURE & ENGINEERING	Public Works	MIG	Upgrading of Gravel Roads in Humansdorp	PC_075	14,511,073	41,450,472
INFRASTRUCTURE & ENGINEERING	ROADS AND STORMWATER	Internal	Dune-weg extension project		123,407	107,311
INFRASTRUCTURE & ENGINEERING	ROADS AND STORMWATER	Internal	Transport assets		-	4,452,565
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	New bypass Sewer Rising Main and Pump Stations Jbay	CP5_SW	591,472	91,472
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	Upgrade Sewer Rising Mains Jbay (La Mer-4A-4B) Pre	CP4_SW	326,000	138,441
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	Piped Reticulation - St Francis Bay	CP7_SEW	295,000	104,848
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	Upgrade Loerie sewer pump station	CP_2SW	146,999	26,964
INFRASTRUCTURE & ENGINEERING	Sewerage	MIG	Upgrade Sanitation System Old Hankey	PC_012	14,981,698	14,981,698
INFRASTRUCTURE & ENGINEERING	SEWERAGE	Internal	Transport assets		-	2,183,671
INFRASTRUCTURE & ENGINEERING	WASTE SERVICES	Internal	Transport assets		-	16,160,715
INFRASTRUCTURE & ENGINEERING	WATER	DRG	Connect 4 x drilled boreholes to treatment works	I&E002	8,498,394	8,498,394
INFRASTRUCTURE & ENGINEERING	WATER	DRG	Connecting Kruisfontein borehole to Humansdorp Water Treatment Works		2,371,171	2,371,171
INFRASTRUCTURE & ENGINEERING	Water	Internal	Replace 250mm Water Main Canal Road St Francis Bay	CP7_WAT	163,000	51,536
INFRASTRUCTURE & ENGINEERING	Water	Internal	Repair Leaking Concrete Water Tower Paradise Beach	CP_4WAT	310,000	-
INFRASTRUCTURE & ENGINEERING	Water	Internal	Replace Main Waterline Sout Rivier Bridge Crossing	CP5_WAT	295,000	123,777
INFRASTRUCTURE & ENGINEERING	Water	Internal	Replace 250mm Water Main Mimosa Street Jbay	CP6_WAT	104,000	99,907
INFRASTRUCTURE & ENGINEERING	Water	Internal	Machinery & Equipment	CP_10SW	12,792	22,236
INFRASTRUCTURE & ENGINEERING	WATER	Internal	WATER TANKS - JEFFREYS BAY	W9801	840,000	446,850
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Connecting Kruisfontein borehole to Humansdorp Water Treatment Works	WAT004	7,964,522	4,374,004
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Connect 4 x drilled boreholes to treatment works	I&E002	3,186,605	2,371,171
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Water treatment works		5,098,000	4,998,000
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Connect 4 x drilled boreholes to treatment works		-	71,269,553
INFRASTRUCTURE & ENGINEERING	WATER	Internal	WATER TANKS - HUMANSDORP	W9802	2,550,000	786,060
					75,994,039	95,223,443
PLANNING, DEVELOPMENT & TOURISM	Economic Development: Tourism	Internal	Restoration of Fisherman Grave Site	CP2_EDT	150,000	-
PLANNING, DEVELOPMENT & TOURISM	LAND & PROPERTY ADMINISTRATION	Internal	Furniture and equipment	CP_54	451,528	378,201
PLANNING, DEVELOPMENT & TOURISM	LAND & PROPERTY ADMINISTRATION	Internal	Computer Equipment	CP_4	100,000	124,833
PLANNING, DEVELOPMENT & TOURISM	LOCAL ECONOMIC DEVELOPMENT	Internal	Computer Equipment	CP_4	83,898	138,521
PLANNING, DEVELOPMENT & TOURISM	LOCAL ECONOMIC DEVELOPMENT	Internal	Kouga Business Support Centre	CP1_EDB	599,999	-
PLANNING, DEVELOPMENT & TOURISM	Planning & Development	Internal	Computer Software and Applications	CP_60	220,000	-
PLANNING, DEVELOPMENT & TOURISM	Planning & Development	Internal	Furniture and equipment	CP_54	299,999	252,034
					1,905,424	893,589
				Total	93,019,631	113,981,770

DIRECTORATES	DEPARTMENT	FUNDING	PROJECTS	PROJECT NR	Adjusted Budget 2021/22	Actuals as at 30 June 2022
INFRASTRUCTURE & ENGINEERING	Electricity	Internal	Saffery Substation	CP7_ELC	999,998	883,238
INFRASTRUCTURE & ENGINEERING	Electricity	Internal	Electrical supply of tri-switches St Francis Bay		-	199,660
INFRASTRUCTURE & ENGINEERING	FLEET AND WORKSHOP	Internal	Transport assets		-	660,870
INFRASTRUCTURE & ENGINEERING	METERING & REVENUE	INEP	Ocean View Electrification	ELEC711	6,782,608	5,702,096
INFRASTRUCTURE & ENGINEERING	METERING & REVENUE	Internal	Bulk 66kv Overhead lines	CP66KV	2,147,319	5,093,466
INFRASTRUCTURE & ENGINEERING	METERING & REVENUE	Internal	Transport assets		-	1,409,836
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	Internal	Upgrading/Improvement of Sport Facilities within Kouga		400,000	3,454,808
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	MIG	Mini Fresh Food and Craft Markets in Jbay & Hankey		728,750	539,276
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	MIG	Upgrading/Improvement of Sport Facilities within Kouga Region (Loerie)	MIG01	224,144	224,104
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	MIG	Upgrading/Improvement of Sport Facilities within Kouga Region (Sea Vista)	MIG02	2,342,087	2,342,087
INFRASTRUCTURE & ENGINEERING	Public Works	MIG	Upgrading of Gravel Roads in Humansdorp	PC_075	14,511,073	41,450,472
INFRASTRUCTURE & ENGINEERING	ROADS AND STORMWATER	Internal	Dune-weg extension project		123,407	107,311
INFRASTRUCTURE & ENGINEERING	ROADS AND STORMWATER	Internal	Transport assets		-	4,452,565
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	New bypass Sewer Rising Main and Pump Stations Jbay	CP5_SW	591,472	91,472
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	Upgrade Sewer Rising Mains Jbay (La Mer-4A-4B) Pre	CP4_SW	326,000	138,441
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	Piped Reticulation - St Francis Bay	CP7_SEW	295,000	104,848
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	Upgrade Loerie sewer pump station	CP_2SW	146,999	26,964
INFRASTRUCTURE & ENGINEERING	Sewerage	MIG	Upgrade Sanitation System Old Hankey	PC_012	14,981,698	14,981,698
INFRASTRUCTURE & ENGINEERING	SEWERAGE	Internal	Transport assets		-	2,183,671
INFRASTRUCTURE & ENGINEERING	WASTE SERVICES	Internal	Transport assets		-	16,160,715
INFRASTRUCTURE & ENGINEERING	WATER	DRG	Connect 4 x drilled boreholes to treatment works	I&E002	8,498,394	8,498,394
INFRASTRUCTURE & ENGINEERING	WATER	DRG	Connecting Kruisfontein borehole to Humansdorp Water Treatment Works		2,371,171	2,371,171
INFRASTRUCTURE & ENGINEERING	Water	Internal	Replace 250mm Water Main Canal Road St Francis Bay	CP7_WAT	163,000	51,536
INFRASTRUCTURE & ENGINEERING	Water	Internal	Repair Leaking Concrete Water Tower Paradise Beach	CP_4WAT	310,000	-
INFRASTRUCTURE & ENGINEERING	Water	Internal	Replace Main Waterline Sout Rivier Bridge Crossing	CP5_WAT	295,000	123,777
INFRASTRUCTURE & ENGINEERING	Water	Internal	Replace 250mm Water Main Mimosa Street Jbay	CP6_WAT	104,000	99,907
INFRASTRUCTURE & ENGINEERING	Water	Internal	Machinery & Equipment	CP_10SW	12,792	22,236
INFRASTRUCTURE & ENGINEERING	WATER	Internal	WATER TANKS - JEFFREYS BAY	W9801	840,000	446,850
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Connecting Kruisfontein borehole to Humansdorp Water Treatment Works	WAT004	7,964,522	4,374,004
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Connect 4 x drilled boreholes to treatment works	I&E002	3,186,605	2,371,171
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Water treatment works		5,098,000	4,998,000
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Connect 4 x drilled boreholes to treatment works		-	71,269,553
INFRASTRUCTURE & ENGINEERING	WATER	Internal	WATER TANKS - HUMANSDORP	W9802	2,550,000	786,060
					75,994,039	95,223,443
PLANNING, DEVELOPMENT & TOURISM	Economic Development: Tourism	Internal	Restoration of Fisherman Grave Site	CP2_EDT	150,000	-
PLANNING, DEVELOPMENT & TOURISM	LAND & PROPERTY ADMINISTRATION	Internal	Furniture and equipment	CP_54	451,528	378,201
PLANNING, DEVELOPMENT & TOURISM	LAND & PROPERTY ADMINISTRATION	Internal	Computer Equipment	CP_4	100,000	124,833
PLANNING, DEVELOPMENT & TOURISM	LOCAL ECONOMIC DEVELOPMENT	Internal	Computer Equipment	CP_4	83,898	138,521
PLANNING, DEVELOPMENT & TOURISM	LOCAL ECONOMIC DEVELOPMENT	Internal	Kouga Business Support Centre	CP1_EDB	599,999	-
PLANNING, DEVELOPMENT & TOURISM	Planning & Development	Internal	Computer Software and Applications	CP_60	220,000	-
PLANNING, DEVELOPMENT & TOURISM	Planning & Development	Internal	Furniture and equipment	CP_54	299,999	252,034
					1,905,424	893,589
				Total	93,019,631	113,981,770

APPENDIX O: CAPITAL PROJECT BY WARD

DEPARTMENT	PROJECTS	WARD NR	Adjusted Budget 2021/22	Actuals as at 30 June 2022
Beach	Upgrading of Pellsrus, Kabeljous, Cape St Francis		100,000	58,840
CEMETERIES	Ablution Facilities New		150,000	-
Envornmental Management Fee	Kouga Skip Bins		199,998	196,372
FIRE SERVICES	Fire Vehicle		1,638,000	1,600,000
Fire Services	Fencing Humansdorp Fire Station		600,000	- 0
Fire Services	Vehicle		564,999	564,910
LAW ENFORCEMENT	Machinery and Equipment (Generator)		230,000	199,978
LAW ENFORCEMENT	Machinery and Equipment (Radio communication) -		99,999	41,730
PARKS AND OPEN SPACES	5X Trailers		199,999	189,410
Protection Services	Machinery and Equipment (Security Cameras System)		300,000	157,784
SPORT & RECREATION	Fencing Sport and Recreational Facilities		1,500,000	- 0
Corporate Services	Fencing of municipal building		629,206	- 71,038
MAYOR	Electronic and Computer Equipment		200,000	188,747
MAYOR	Vehicle		1,199,999	973,900
WARD COUNCILLORS	Ward councilors Capital project		300,000	207,106
ASSET MANAGEMENT	Single Cap Bakkie for stock verification		349,999	347,478
ASSET MANAGEMENT	Replacement of Electrical Transformer _ Humansdorp		863,538	769,461
REVENUE	2 Single Cab Bakkie		451,997	451,382
Electricity	Saffery Substation		999,998	883,238
METERING & REVENUE	Ocean View Electrification		6,782,608	5,702,096
METERING & REVENUE	Bulk 66kv Overhead lines		2,147,319	- 5,093,466
PROJECT MANAGEMENT UNIT (PMU)	Upgrading/Improvement of Sport Facilities within Kouga		400,000	- 3,454,808
PROJECT MANAGEMENT UNIT (PMU)	Mini Fresh Food and Craft Markets in Jbay & Hankey		728,750	539,276
PROJECT MANAGEMENT UNIT (PMU)	Upgrading/Improvement of Sport Facilities within Kouga Region (Loerie)		224,144	224,104
PROJECT MANAGEMENT UNIT (PMU)	Upgrading/Improvement of Sport Facilities within Kouga Region (Sea Vista)		2,342,087	2,342,087
Public Works	Upgrading of Gravel Roads in Humansdorp		14,511,073	- 41,450,472
ROADS AND STORMWATER	Dune-weg extension project		123,407	107,311
Sewerage	New bypass Sewer Rising Main and Pump Stations Jbay		591,472	91,472
Sewerage	Upgrade Sewer Rising Mains Jbay (La Mer-4A-4B) Pre		326,000	138,441
Sewerage	Piped Reticulation - St Francis Bay		295,000	104,848
Sewerage	Upgrade Loerie sewer pump station		146,999	26,964
Sewerage	Upgrade Sanitation System Old Hankey		14,981,698	14,981,698
WATER	Connect 4 x drilled boreholes to treatment works		8,498,394	8,498,394
WATER	Connecting Kruisfontein borehole to Humansdorp Water Tretment Works		2,371,171	2,371,171
Water	Replace 250mm Water Main Canal Road St Francis Bay		163,000	51,536
Water	Replace Main Waterline Sout Rivier Bridge Crossing		295,000	123,777
Water	Replace 250mm Water Main Mimosa Street Jbay		104,000	99,907
WATER	WATER TANKS - JEFFREYS BAY		840,000	446,850
WATER	Connecting Kruisfontein borehole to Humansdorp Water Tretment Works		7,964,522	4,374,004
WATER	Connect 4 x drilled boreholes to treatment works		3,186,605	2,371,171
WATER	Water treatment works		5,098,000	4,998,000
WATER	WATER TANKS - HUMANSDORP		2,550,000	786,060

APPENDIX P: SERVICE DELIVERY BACKLOG AT SCHOOLS AND CLINICS

DEPARTMENT	PROJECT DESCRIPTION
Department of Education	<ul style="list-style-type: none"> • Overcrowding at all Kouga Schools • Need for Kouga FET College • Future use of unused (2) school sites in Jeffreys Bay
Department of Health	<ul style="list-style-type: none"> • Staffing of clinics in Ward 1,2, 4, 5, 9, 13 &14 • New clinics or extension to existing ones in ward 2 & 6 • Mobile more clinics in ward 4 (Kruisfontein and Die Berg) & ward 14

APPENDIX Q: SERVICE DELIVERY BACKLOGS WHERE OTHER SPHERES OF GOVERNMENT IS RESPONSIBLE FOR SERVICE DELIVERY

DEPARTMENT	PROJECT DESCRIPTION
Department of Agriculture	<ul style="list-style-type: none"> • Support and education to emerging farmers • Access to water • Supply of plant and equipment • Release and or lease of state and municipal land for commonage and emergency farming
Department of Community Safety/SAPS	<ul style="list-style-type: none"> • Satellite police station for Ward 1 • Collaboration with municipal law enforcement to maximise safety in wards • Gangsterism at schools and townships • Involvement of SA Army • Establishment of community police forums • Enforcement of non-compliance of liquor on and off consumption in townships
Department of Education	<ul style="list-style-type: none"> • Overcrowding at all Kouga Schools • Need for Kouga FET College • Future use of unused (2) school sites in Jeffreys Bay
Department of Sports, Arts and Culture	<ul style="list-style-type: none"> • Maintenance of sports fields (Backlogs) and new facility for cricket in ward 4 & 5 • Construction of inclusive multi-purpose sports centres in Ward 4, 6, 7 and 14. • Library in Andrieskraal, Ward 1,10 & 14 • Wi-fi for all libraries

DEPARTMENT	PROJECT DESCRIPTION
Department of Health	<ul style="list-style-type: none"> • Staffing of clinics in Ward 1,2, 4, 5, 9, 13 &14 • New clinics or extension to existing ones in ward 2 & 6 • Mobile more clinics in ward 4 (Kruisfontein and Die Berg) & ward 14
Department of Land Reform and Rural Development	<ul style="list-style-type: none"> • Release and or lease of state and municipal land for commonage and emergency farming in ward 1,4,7,9,10 and 14 • Comprehensive rural development programme for Ward 4, 7, 9, 10, 14 • Land for housing for farming community in Andrieskraal (Ward 9 & 10) • Outstanding land claims in Ward 13 and 9
Department of Social Services	<ul style="list-style-type: none"> • Increase social development programmes i.e. drug abuse, alcohol abuse etc in ward 1,2,4,5,6,7,9,13,14 and 15 • Consider building of old age and frail centres for the less privileged communities • Educational programmes to address decrease gr8 and gr12 school leavers
Department of Human Settlement	<ul style="list-style-type: none"> • Consider the housing needs register applications to do allocations in terms of national criteria • Rectification of the RDP houses in Kouga • Rectification of historical mud houses in Ward 13 • Refurbishment of ageing infrastructure of PRE/POST State funded houses • Unlocking of blocked housing projects • Destitute and vulnerable project in ward 2 • Formalisation of informal settlements (NUSP) • Multi-purpose centres and social amenities for all housing projects on provincial database • Release of state land (Papiessfontein)
Department of Environmental Affairs	<ul style="list-style-type: none"> • Recycling projects, campaign and environmental education • Assistance required for Paradise Beach Causeway • Vehicles on demarcated high and low tide beach areas in ward 2 and 14
Department of Transport	<ul style="list-style-type: none"> • Live Capturing Units equipment and staff needed

APPENDIX R: DECLARATION OF GRANTS AND LOANS

Declaration of Loans and Grants made by the municipality: Year 2021/22			
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project (Conditions for Grant Funding captured in Service Level Agreements(Year: 2021/22	Future Commitment
Kouga Local Tourism Organisation:	Tourism	R320 000.00	Grant-No future commitment
Humansdorp Museum Association:	Heritage	R150 000.00	Grant-No future commitment
Jeffreys Bay Recycling Project:	Waste Minimization	R50 000.00	Grant-No future commitment
On Eagles Wings Multi-Purpose Centre:		R8000.00	Grant-No future commitment
SPCA ASSISI:	Animal Welfare	R270 000.00	Grant-No future commitment
Jeffreys Bay Animal Rescue:	Animal Welfare	R90 000.00	Grant-No future commitment
St Francis Bay Animal Rescue:	Animal Welfare	R90 000.00	Grant-No future commitment
National Sea Rescue Institute:	Sea Rescue	R250 000.00	Grant-No future commitment

APPENDIX S: DECLARATIONS OF SECTION 71 MFMA RETURNS NOT MADE

All Section 71 declarations were made

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

NATIONAL DEVELOPMENT PILLARS	NATIONAL AND PROVINCIAL PRIORITIES	MUNICIPAL PRIORITIES
PILLAR 1: DEMOGRAPHIC CHANGE AND PEOPLE DEVELOPMENT	Priority 3: Education, Skills and Health Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services Priority 6: Social Cohesion and Safer Communities	1. Improve Service Delivery 2. Socio-Economic upliftment

PILLAR 2: ECONOMIC POSITIONING	Priority 2: Economic Transformation and Job Creation	1. Job creation 2. Local Economic Development
PILLAR 3: SPATIAL RESTRUCTURING AND ENVIRONMENTAL SUSTAINABILITY	Priority 5: Spatial Integration, Human Settlements and Local Government	1. Spatial Integration
PILLAR 4: INFRASTRUCTURE ENGINEERING	Priority 2: Economic Transformation and Job Creation Priority 5: Spatial Integration, Human Settlements and Local Government	1. Basic Service Delivery and Infrastructure
PILLAR 5: INTEGRATED SERVICE PROVISIONING	Priority 4: Consolidating the Social Wage through reliable and Quality Basic Services	1. Basic Service Delivery and Infrastructure
PILLAR 6: GOVERNANCE AND FINANCE	Priority 1: A Capable, Ethical and Developmental State Priority 7: A Better Africa and World	1. Build Institutional Capacity and Financial Viability 2. Governance and Public Participation 3. Municipal Transformation and Organizational Development

APPENDIX U: ANNUAL FINANCIAL STATEMENTS

APPENDIX U



**AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2022**

KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Index

The reports and statements set out below comprise the Annual Financial Statements presented to the council:

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KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

General Information

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 JUNE 2022

H Hendricks	Executive Mayor
C Borman	Executive Deputy Mayor, Local Economic Development and Tourism
B Williams	Speaker
T Jantjies	Corporate Service
W Gertenbach	Finance
L Maree	Infrastructure & Engineering
D Benson	Community Services
S Ruth	Monitoring, Evaluation and Performance

AUDITOR-GENERAL

69 Frere Road, Vincent, East London, 5247
Eastern Cape

BANKERS

First National Bank
Private Bag X5
Jeffreys Bay, 6330

REGISTERED OFFICE

33 Da Gama Road
Jeffreys Bay

P O Box 21
Jeffreys Bay
6330

Tel: (042) 200 2200
Fax: (042) 293 4204

Webpage: www.kouga.gov.za
E-mail: registry@ec108.org.za

MUNICIPAL MANAGER

Mr. C. du Plessis

CHIEF FINANCIAL OFFICER

Mr. R Lorgat

KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

General Information (Continued)

LEGAL FORM

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:

to provide democratic and accountable government for local communities;
to ensure the provision of services to communities in a sustainable manner;
to promote social and economic development;
to promote a safe and healthy environment; and
to encourage the involvement of communities and community organisations in the matters of local government above.

JURISDICTION

Greater Kouga area which includes:

Humansdorp
St Francis Bay, Cape St Francis, Oyster Bay
Hankey, Jeffreys Bay, Loerie
Patensie, Thornhill

KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Approval of Annual Financial Statements

MEMBERS OF THE KOUGA LOCAL MUNICIPALITY

WARD	COUNCILLOR	
1	Ntshota	N
2	Murray	H
3	Gertenbach	W
4	Alexander	J
5	Biko	M
6	Ndzelani	K
7	Mbuqu	E
8	Foley	R
9	August	C
10	Mbandana	M
11	Haystek	F
12	Maree	L
13	Zana	V
14	Yali	M
15	Jantjes	T
Proportional	Hendricks	H
Proportional	Bornman	H
Proportional	Williams	B
Proportional	van Niekerk	M
Proportional	Benson	D
Proportional	Ruth	S
Proportional	Dhludhlu	B
Proportional	Dayimani	M
Proportional	Gunuzza	V
Proportional	Ntengwane	N
Proportional	Valgee	M
Proportional	Oliphant	P
Proportional	Nkilishane	L
Proportional	Human	B
Proportional	van der Linde	W

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in accordance with Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister for Cooperative Governance and Traditional Affairs' determination in accordance with this Act.



Mr. C du Plessis
Municipal Manager

31 August 2022

Date

KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Report of the Auditor General

- Insert Audit Report -

KOUGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Note	Actual	
		2022	2021
		R	Restated R
ASSETS			
Current Assets		192 437 864	168 876 900
Inventories	1.	17 049 849	12 570 366
Receivables from Exchange Transactions	2.	76 320 626	45 103 236
Statutory Receivables from Non-Exchange Transactions	3.	20 620 893	9 951 048
VAT Receivable	4.	50 443 224	47 750 213
Cash and Cash Equivalents	5.	27 850 559	53 394 447
Lease Receivables	9.	152 713	107 590
Non-Current Assets		2 328 629 135	2 320 627 821
Property, Plant and Equipment	6.	2 065 150 911	2 056 687 414
Intangible Assets	7.	869 780	1 294 963
Investment Property	8.	262 608 444	262 645 444
Total Assets		2 521 066 999	2 489 504 721
LIABILITIES			
Current Liabilities		176 145 472	157 559 597
Consumer Deposits	10.	23 672 925	20 774 255
Payables from Exchange Transactions	11.	105 579 188	87 641 406
Payables from Non-exchange Transactions	12.	-	751 430
Unspent Conditional Grants and Receipts	13.	-	6 198 656
Lease Payables	14.	7 463 613	618 501
Borrowings	15.	-	6 128 308
Employee Benefit Liabilities	16.	7 443 566	7 872 752
Provisions	17.	31 986 180	27 574 289
Non-Current Liabilities		234 729 722	190 957 115
Lease Payables	14.	22 813 236	-
Employee Benefit Liabilities	16.	105 496 394	101 796 699
Provisions	17.	106 420 092	89 160 416
Total Liabilities		410 875 194	348 516 712
Total Assets and Liabilities		2 110 191 805	2 140 988 009
NET ASSETS		2 110 191 805	2 140 988 009
Accumulated Surplus / (Deficit)	18.	2 110 191 805	2 140 988 009
Total Net Assets		2 110 191 805	2 140 988 009

KOUGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Note	Actual	
		2022	2021
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions		456 086 562	439 208 557
Property Rates	19.	224 326 475	210 204 641
Fines, Penalties and Forfeits	20.	5 881 345	3 308 088
Licences and Permits	21.	9 593 213	10 227 056
Transfers and Subsidies	22.	214 510 912	213 768 325
Interest, Dividends and Rent on Land Earned	27.	1 774 617	1 700 447
Revenue from Exchange Transactions		555 679 980	495 904 388
Service Charges	23.	521 290 057	470 461 950
Sales of Goods and Rendering of Services	24.	9 602 709	8 159 245
Income from Agency Services	25.	2 559 892	1 411 573
Rental from Fixed Assets	26.	3 094 059	2 346 673
Interest, Dividends and Rent on Land Earned	27.	15 328 365	12 473 289
Operational Revenue	28.	3 804 898	1 051 658
Total Revenue		1 011 766 542	935 112 945
EXPENDITURE		1 042 562 741	980 060 968
Employee Related Costs	29.	331 397 764	335 334 008
Remuneration of Councillors	30.	13 394 816	12 780 365
Depreciation and Amortisation	31.	91 119 431	80 942 416
Impairment Losses	32.	38 639 218	32 294 830
Interest, Dividends and Rent on Land	33.	4 662 497	3 422 272
Bulk Purchases	34.	295 222 161	254 057 835
Contracted Services	35.	75 039 055	95 785 474
Inventory Consumed	36.	93 045 884	71 674 857
Transfers and Subsidies Paid	37.	458 000	761 000
Operating Leases	38.	5 789 222	6 550 963
Operational Costs	39.	83 521 647	84 467 481
Loss on Disposal of Property, Plant and Equipment	40.	10 273 046	1 989 467
Total Expenditure		1 042 562 741	980 060 968
SURPLUS / (DEFICIT) FOR THE YEAR		(30 796 199)	(44 948 023)

KOUGA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R
2021		
Balance at 30 June 2020	2 235 831 838	2 235 831 838
Correction of Error (Note 42)	(49 895 808)	(49 895 808)
Restated Balance	2 185 936 030	2 185 936 030
Surplus / (Deficit) for the year	(44 948 023)	(44 948 023)
<i>Surplus / (Deficit) as per prior 2020/21 AFS</i>	<i>(44 973 159)</i>	<i>(44 973 159)</i>
<i>Revenue & Expenditure Correction of Error (Note 42.)</i>	<i>25 136</i>	<i>25 136</i>
Rounding Variances	2	2
Balance at 30 June 2021	2 140 988 009	2 140 988 009
2022		
Correction of Error (Note 42)	-	-
Restated Balance	2 140 988 009	2 140 988 009
Surplus / (Deficit) for the year	(30 796 199)	(30 796 199)
Rounding Variances	(5)	(5)
Balance at 30 June 2022	2 110 191 805	2 110 191 805

KOUGA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Note	Actual 2022 R	Actual 2021 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	19.	222 910 709	208 762 881
Transfers and Subsidies	22.	208 312 256	193 039 803
Service Charges	23.	481 764 673	439 078 877
External Interest and Dividends Received	27.	3 224 544	4 192 018
Other Receipts	28.	30 632 442	26 690 557
Payments			
Employee Related Costs	29.	(332 334 550)	(319 231 506)
Remuneration of Councillors	30.	(13 394 816)	(12 780 365)
External Interest and Dividends Paid	33.	(865 483)	(1 425 285)
Suppliers Paid	36.	(453 500 746)	(481 388 261)
Other Payments	39.	(92 228 814)	(70 573 460)
VAT Paid	4.	(2 693 011)	(3 589 221)
NET CASH FLOWS FROM OPERATING ACTIVITIES	44.	<u>51 827 204</u>	<u>(17 223 962)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	6.	(114 495 250)	(60 644 473)
Purchase of Intangible Assets	7.	-	(976 994)
Proceeds / (Payments) on Disposal of Property, Plant and Equipment	6.	13 557 118	57 425
Decrease / (Increase) in Long-term Receivables	10.	-	13 000
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(100 901 132)</u>	<u>(61 551 042)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in Finance Leases (Leases Paid)	14.	29 658 348	(645 618)
Decrease in Borrowings (Loans Repaid)	15.	(6 128 308)	(8 961 981)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>23 530 040</u>	<u>(9 607 599)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(25 543 888)</u>	<u>(88 382 603)</u>
Cash and Cash Equivalents at Beginning of Period	5.	53 394 447	141 777 050
Cash and Cash Equivalents at End of Period	5.	27 850 559	53 394 447

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
FINANCIAL POSITION							
Current Assets							
Inventories	8 798 443	3 771 923	12 570 366	17 049 849	4 479 483	135.64	193.78
Receivables from Exchange Transactions	115 913 074	52 474 605	63 438 469	76 320 626	12 882 157	120.31	65.84
Receivables from Non-exchange Transactions	-	-	-	-	-	0.00	0.00
Statutory Receivables from Non-Exchange Transactions	-	22 617 129	22 617 129	20 620 893	(1 996 236)	91.17	0.00
VAT Receivable	-	46 924 204	46 924 204	50 443 224	3 519 020	107.50	0.00
Cash and Cash Equivalents	45 339 220	41 234 264	4 104 956	27 850 559	23 745 603	678.46	61.43
Operating Lease Receivables	-	107 590	107 590	152 713	45 123	141.94	0.00
Current Portion of Long-term Receivables	-	-	-	-	-	0.00	0.00
Non-Current Assets							
Property, Plant and Equipment	2 042 418 637	10 687 002	2 053 105 639	2 065 150 911	12 045 272	100.59	101.11
Intangible Assets	2 933 580	531 616	2 401 964	869 780	(1 532 184)	36.21	29.65
Investment Property	242 551 944	20 093 500	262 645 444	262 608 444	(37 000)	99.99	108.27
Long-term Receivables	13 000	13 000	-	-	-	0.00	0.00
Total Assets	2 457 967 898	9 947 863	2 467 915 761	2 521 066 999	53 151 238	102.15	102.57
Current Liabilities							
Consumer Deposits	17 378 122	3 396 133	20 774 255	23 672 925	2 898 670	113.95	136.22
Provisions	-	38 274 789	38 274 789	39 429 746	1 154 957	103.02	0.00
Payables from Exchange Transactions	-	101 573 140	101 573 140	105 579 188	4 006 048	103.94	0.00
Payables from Non-exchange Transactions	-	-	-	-	-	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	0.00	0.00
Lease Payables	-	-	-	7 463 613	7 463 613	0.00	0.00
Non-Current Liabilities							
Lease Payables	-	-	-	22 813 236	22 813 236	0.00	0.00
Employee Benefit Liabilities	-	99 163 499	99 163 499	105 496 394	6 332 895	106.39	0.00
Non-current Provisions	-	92 212 000	92 212 000	106 420 092	14 208 092	115.41	0.00
Total Liabilities	17 378 122	334 619 561	351 997 683	410 875 194	58 877 511	116.73	2 364.32
Total Assets and Liabilities	2 440 589 776	(324 671 698)	2 115 918 078	2 110 191 805	(5 726 273)	99.73	86.46
Net Assets (Equity)							
Accumulated Surplus / (Deficit)	2 112 198 863	3 719 218	2 115 918 081	2 110 191 805	(5 726 276)	99.73	99.90
Total Net Assets	2 112 198 863	3 719 218	2 115 918 081	2 110 191 805	(5 726 276)	99.73	99.90

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below

Inventories

Inventory mostly relate to materials and supplies used in service delivery implementation. The materials and supplies include water and sewerage pipes, electrical equipment used for planned and unanticipated maintenance of municipal infrastructure assets

Receivables from Exchange Transactions:

The receivables from exchange transactions are largely influenced by the higher than anticipated water billing, compared to the budgeted amount. The water revenue collection is also lower than anticipated in the 2021/22 approved adjusted budget

Cash and Cash Equivalents:

The cash and cash equivalent variances are largely influenced by the overall budget spending during the 2021/22 financial year and the outstanding creditors at year-end.

Operating Lease Receivables

Operating lease variance is due to new operating lease recognised during the 2021/22 financial year, but not budgeted for.

Intangible Assets:

The intangible assets variance is due to the computer software and applications acquisition, which were not materialised.

Consumer Deposits:

Consumer deposits variance is due to unanticipated additional deposits received in respect of the building plans and electricity.

Lease Payables:

Current and non-current lease payables relate to the rental of vehicles initially recognised as operating lease and subsequently recognised as finance lease in line with the Standards of Generally Recognised Accounting Practice (GRAP) requirements. The budget provision was made under the operating budget.

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE							
Revenue from Non-exchange Transactions							
Property Rates	218 710 931	5 373 716	224 084 647	224 326 475	241 828	100.11	102.57
Fines, Penalties and Forfeits	2 237 701	1 443 384	794 317	5 881 345	5 087 028	740.43	262.83
Licences and Permits	25 745 678	12 872 840	12 872 838	9 593 213	3 279 625	74.52	37.26
Transfers and Subsidies	192 857 985	21 203 352	214 061 337	214 510 912	449 575	100.21	111.23
Surcharges and Taxes	1	1	-	-	-	0.00	0.00
Interest, Dividends and Rent on Land Earned	1 404 011	238 798	1 642 809	1 774 617	131 808	108.02	126.40
Revenue from Exchange Transactions							
Service Charges	538 133 132	1 407 114	539 540 246	521 290 057	18 250 189	96.62	96.87
Sales of Goods and Rendering of Services	6 060 815	2 389 422	8 450 237	9 602 709	1 152 472	113.64	158.44
Income from Agency Services	-	1	1	2 559 892	2 559 891	#####	0.00
Rental from Fixed Assets	1 168 521	1 631 649	2 800 170	3 094 059	293 889	110.50	264.78
Interest, Dividends and Rent on Land Earned	15 049 529	1 061 640	13 987 889	15 328 365	1 340 476	109.58	101.85
Operational Revenue	4 287 510	10 283 809	14 571 319	3 804 898	10 766 421	26.11	88.74
Total Revenue	1 005 655 812	27 149 998	1 032 805 810	1 011 766 542	21 039 268	97.96	100.61
Expenditure							
Employee Related Costs	378 677 428	1 337 528	377 339 900	331 397 764	45 942 136	87.82	87.51
Remuneration of Councillors	13 650 824	-	13 650 824	13 394 816	256 008	98.12	98.12
Depreciation and Amortisation	91 830 149	-	91 830 149	91 119 431	710 718	99.23	99.23
Impairment Losses	53 726 248	7 908 749	45 817 499	38 639 218	7 178 281	84.33	71.92
Interest, Dividends and Rent on Land	715 994	1	715 995	4 662 497	3 946 502	651.19	651.19
Bulk Purchases	290 000 000	10 000 000	300 000 000	295 222 161	4 777 839	98.41	101.80
Contracted Services	78 598 308	4 553 590	83 151 898	75 039 055	8 112 843	90.24	95.47
Inventory Consumed	66 260 658	2 010 497	68 271 155	93 045 884	24 774 729	136.29	140.42
Transfers and Subsidies Paid	650 000	100 000	550 000	458 000	92 000	83.27	70.46
Operating Leases	7 623 732	450 000	7 173 732	5 789 222	1 384 510	80.70	75.94
Operational Costs	92 715 736	30 291 356	123 007 092	83 521 647	39 485 445	67.90	90.08
Loss on Disposal of Property, Plant and Equipment	-	-	-	10 273 046	10 273 046	0.00	0.00
Total Expenditure	1 074 449 077	37 059 167	1 111 508 244	1 042 562 741	68 945 503	93.80	97.03
Surplus/(Deficit for the Year)	(68 793 265)	(9 909 169)	(78 702 434)	(30 796 199)	47 906 235	-	-

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Financial Performance: Explanation of Variances between Approved Budget and Actual
explained below:

Fines, Penalties and Forfeits:

Fines, penalties and forfeits mostly relate to traffic and building fines. The traffic fines revenue is significantly higher than initially budgeted for, due to the appointment of a service provider for speeding camera fines.

Licences and Permits Non-exchange:

Licences and permits mostly relate to motor vehicle, drivers, and learners' licences. The licences and permits revenue are largely influenced by lower than anticipated revenue on operators and public drivers permits

Sales of Goods and Rendering of Services:

Sales of Goods and Rendering of Services mostly relate to land usage, building plan, camping and legal fees. The revenue is slightly higher than anticipated to due to building and valuation services fees

Operational Revenue:

Operating revenue mostly relate to various other revenues such as skills development levy refunds, insurance refunds, staff recoveries and sale of municipal property. The revenue is largely influenced by the land sale budget of R 10,524 million, which was subsequently recognised as a loss.

Impairment Losses:

Impairment losses mostly relate to bad debt provision raised against property rates and services charges (water, sanitation, refuse and electricity) debtors. The impairment losses are largely influenced by higher than anticipated bad debt provision raised for sanitation, refuse and water debtors.

Interest, Dividends and Rent on Land:

Interest, Dividend and Rent on Land mostly relate to finance cost paid on Development Bank of South Africa (DBSA) loan, which was fully paid during the 2021/22 financial year. Interest, Dividend and Rent on Land expenditure amount is largely influenced by the landfill site interest provision raised.

Inventory consumed:

Inventory consumed comprises of consumables, materials and supplies used in daily operations of the municipality and include the bulk water consumption. The inventory consumed is largely influenced by the bulk water account received from the Nelson Mandela Bay Municipality amounting to R 14,943 million, based on the correction of previous months billings. There was no budget provision made for the adjusted bulk water account.

Operating Leases

The operating leases relate to the rental of photocopy machines, IT related network equipment and other assets. The operating leases paid is lower than anticipated.

Operational Costs

Operational costs comprise of various line items relating to the daily operations of the municipality. The operational costs are largely influenced by the municipal services charges (municipal service charges relate to own consumption), which were transferred to service charges revenue and recognised as revenue forgone. The operational costs include a budget provision for the municipal services amounting to R 31,563 million.

Loss on Disposal of Property, Plant and Equipment:

The loss on disposal of property, plant and equipment relate to the land sale transaction and the loss was not anticipated, hence no budget provision was made.

Employee related costs

The employee related costs are slightly lower than anticipated and largely influenced by budgeted vacancies not yet filled.

Transfers and subsidies paid

Transfers and subsidies relate to grant-in-aid given by the municipality to various non-profit organizations, in line with the Council approved grant-in-aid policy. The transfers and subsidies paid is influenced by the number of applications received and approved in line with the requirements of grant-in-aid policy.

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER VOTE							
Corporate Services	1 923 000	306 550	2 229 550	1 198 688	(1 030 862)	53.76	62.33
Executive and Council	2 740 000	280 000	3 020 000	2 283 622	(736 378)	75.62	83.34
Financial Services	2 460 000	1 256 440	3 716 440	3 781 739	65 299	101.76	153.73
Infrastructure and Engineering	45 230 000	30 764 045	75 994 045	65 983 153	(10 010 892)	86.83	145.88
Planning, Development and Tourism	1 170 000	735 425	1 905 425	855 269	(1 050 156)	44.89	53.84
Community Services	7 490 000	1 335 807	6 154 193	41 170 172	35 015 979	668.98	549.67
Total Capital Expenditure	61 013 000	32 006 653	93 019 653	115 272 643	22 252 990	1 031.83	1 048.80

Capital Expenditure per Vote: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Vote are explained below:

Corporate Services:

The Corporate services capital expenditure was slower than anticipated, compared to the approved budget. The municipality realised savings on some projects, compared to the budgeted amounts.

Executive and Council:

The Executive and Council capital expenditure is slightly slower than anticipated, compared to the approved budget. The municipality realised savings on some projects, compared to the budgeted amounts.

Infrastructure and Engineering:

boreholes to water treatment works, connecting Kruisfontein boreholes to Humansdorp water treatment work and water tanks for Jeffreys Bay drought project, with the budget rollover to 2022/23 financial year for implementation of the projects. The budget rollover amounts to R 4,468 million, will be approved by Council on 31 August 2022.

Planning, Development and Tourism:

The Planning, Development and Tourism capital expenditure is lower than anticipated, compared to the approved budget. Some capital expenditure projects were recognised as operational costs rather than capital expenditure due to the Standards of Generally Recognised Accounting Practice (GRAP) requirements. Project relates to Kouga Business Support Centre, with the budget rollover to 2022/23 financial year for implementation of the project. The budget rollover amounts to R0,336 million, will be approved by Council on 31 August 2022.

Community Services:

The Community Services capital expenditure budget is overspent due to the rental of vehicles initially recorded as operating lease and subsequently recognised as finance lease in line with the Standards of Generally Recognised Accounting Practice (GRAP) requirements.

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
CASH FLOW							
Cash Flows from/(used in) Operating Activities							
Receipts							
Property Rates	203 401 166	8 782 641	212 183 807	222 910 709	10 726 902	105.06	109.59
Transfers and Subsidies	192 857 985	15 240 435	208 098 420	208 312 256	213 836	100.10	108.01
Service Charges	500 463 813	211 008 968	711 472 781	481 764 673	(229 708 108)	67.71	96.26
External Interest and Dividends Received	15 706 376	12 895 587	2 810 789	3 224 544	413 755	114.72	20.53
Other Receipts	39 500 224	7 588 737	47 088 961	30 632 442	(16 456 519)	65.05	77.55
VAT Receivable / Payable	-	-	-	-	-	0.00	0.00
Payments							
Employee Related Costs	(378 677 428)	26 185 005	(352 492 423)	(332 334 550)	20 157 873	0.00	0.00
Remuneration of Councillors	(13 650 824)	-	(13 650 824)	(13 394 816)	256 008	0.00	0.00
External Interest and Dividends Paid	(715 994)	-	(715 994)	(865 483)	(149 489)	0.00	0.00
Suppliers Paid	(535 198 433)	241 323 535	(776 521 968)	(453 500 746)	323 021 222	0.00	0.00
Other Payments	(650 000)	650 000	-	(92 228 814)	(92 228 814)	0.00	0.00
VAT Receivable / Payable	-	-	-	(2 693 011)	(2 693 011)	0.00	0.00
Cash Flows from/(used in) Investing Activities							
Purchase of Property, Plant and Equipment	(61 012 540)	30 328 451	(91 340 991)	(114 495 250)	(23 154 259)	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	0.00	0.00
Purchase of Investment Property	-	-	-	-	-	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	10 524 761	10 524 761	13 557 118	3 032 357	128.81	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	0.00	0.00
Cash Flows from/(used in) Financing Activities							
Increase in Long-term Loans (Loans Taken-on)	(6 747 000)	191	(6 746 809)	(6 128 308)	618 501	0.00	0.00
Decrease in Short-term Loans (Loans Repaid)	-	-	-	-	-	0.00	0.00
Cash and Cash Equivalents at Beginning of the Year	90 061 687		53 394 447	53 394 447	(5 912 746)	100.00	59.29
Cash and Cash Equivalents at End of the Year	45 339 032		4 104 957	27 850 559			

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Cash Flow Statement: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Service Charges

The service charges collections are largely influenced by the lower average collection for waste management, waste water management and water, compared to the service charges billing. The municipality has achieved an average collection rate of 94.32%, compared to the 94% average collection rate budgeted for.

External Interest and Dividends Received

The external interest and dividends received are slightly higher than anticipated. Interest earned on external investments is largely influenced by the municipality's investment portfolio.

Other Receipts

Other receipts comprise of various revenue sources relating to the daily operations of the municipality, such as receipts from municipal rental of facilities, fines, penalties, licences and permits and other operating revenue. The other receipts are largely influenced by demands from the communities.

External Interest and Dividends Paid

External interest and dividend paid mostly relate to finance cost paid on the Development Bank of South Africa (DBSA) loan, which was fully paid during the 2021/22 financial year. The external interest and dividend paid is slightly lower than anticipated.

Suppliers Paid

Suppliers paid will include other payments and VAT payable in terms of National Treasury budget schedules, therefore the expenditure is 68%, compared to the budget. Suppliers paid is largely influenced by the overall budget spending and the outstanding creditors at year-end.

Purchase of Property, Plant and Equipment

The purchasing of property, plant and equipment budget is overspent due to the rental of vehicles initially recognised as operating lease and subsequently recognised as finance lease in line with the Standards of Generally Recognised Accounting Practice (GRAP) requirements.

Purchase of Intangible Assets

The budget provision for the purchasing of intangible assets was included in the purchasing of property, plant and equipment budget.

Proceeds on Disposal of Property, Plant and Equipment

The proceeds on disposal of property, plant and equipment is slightly lower than anticipated.

Increase in long-term loans

The increase in long-term loans comprise of various vehicle finance lease entered by the municipality. The finance lease was initially recognised as operating lease and subsequently changed to finance lease in line with the Standards of Generally Recognised Accounting Practice (GRAP) requirements.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The Annual Financial Statements have been prepared in accordance with the historical cost convention, except where indicated otherwise.

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1.2.1 Revenue Recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

- **Estimation of unused Prepaid Metered Services:**
Estimates of unused consumption of prepaid metered services, based on the consumption history, are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services, except at year-end when estimates for unused consumption up to reporting date are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again, deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date, an accrual for payments received in advance is made based on the average monthly consumption of consumers the reporting date, an accrual is made based on the average monthly consumption of consumers.

1.2.2 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 3

1.2.3 Impairment of Financial Assets

Accounting Policy 4.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**
The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.
- **Impairment of Traffic Fines:**
Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not to be made at the time of initial recognition.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1.2.4 Impairment of Statutory Receivables

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.

1.2.5 Capitalisation of Capital Assets

Judgement by management is required to distinguish between expenses incurred to maintain and repair capital assets and expenses incurred that will increase the remaining useful life of capital assets and needs to be capitalised to capital assets.

1.2.6 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 6.3, 7.2 and 8.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.2.7 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 6 on Impairment of Assets, Accounting Policy 7 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 3 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

1.2.8 Defined Benefit Plan Liabilities

As described in Accounting Policy 14.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.2.9 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

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1.2.10 Principals and Agent Arrangements

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109.

The municipality is assessed to be the agent and only accounts for the amounts which the agent are entitled to in terms of the principal-agent arrangement. In order to assess that the municipality is the agent, the following factors were considered in applying its judgement:

- The municipality acts as an agent for Department of Transport for issuing licenses and permits and collects monies on their behalf.

Management has assessed all arrangements in place and concluded that there are no principal-agent arrangements to which it was a party during this accounting period.

1.2.11 Housing Arrangements

The municipality is not accredited to deliver housing under the national housing programme. However it assesses its roles and responsibilities it undertakes for each project undertaken in terms of the national housing programme by assessing the terms and conditions agreed with the relevant Provincial Department of Human Settlements.

The municipality is assessed to be the project manager and relevant transactions are accounted for per the requirements of the relevant Standards of GRAP and the required disclosures are made in the relevant Notes to the Financial Statements. In order to assess that the municipality is the project manager, the following factors were considered in applying its judgement:

- The municipality acts on behalf of the Department of Human Settlement and acts on their behalf. The municipality acts as project manager whereby they co-ordinate representatives from Department of Human Settlement and contractors.

1.2.12 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.2.13 Segment Reporting

The municipality is assessed to have reportable segments as per the requirements of GRAP 18. In order to assess that the segments could be aggregated, the following factors were considered in applying its judgement:

- For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide.
- No individually material operating segments have been aggregated to form the above reportable operating segments.
- The municipality does not monitor segments geographically.

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1.2.14 Covid-19 Exposure Risk

Management needs to estimate the effect of COVID-19 on its future cash flow and discount rates to ensure that the municipality will remain a going concern.

Judgement needs to be made on the effect of COVID-19 on credit risk, liquidity risk and going concern.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

The recent COVID-19 pandemic and its effect on the municipality's current and expected performance has been considered by management in the Going Concern Assumption.

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1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective

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

Standard of GRAP / Nature of Impending Changes / Expected Impact	Effective Date	Expected Impact
<ul style="list-style-type: none"> ● Guideline Accounting for Landfill Sites 	Not yet determined	Unlikely there will be a material impact
<ul style="list-style-type: none"> ● GRAP 25 Revised Employee Benefits 	Not yet determined	Unlikely there will be a material impact
<ul style="list-style-type: none"> ● iGRAP 7 Revised Limit on defined benefit asset, minimum funding requirements and their interaction. 	Not yet determined	Unlikely there will be a material impact
<ul style="list-style-type: none"> ● GRAP 104 Revised Financial Instruments 	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none"> ● iGRAP 21 The Effect of Past Decisions on Materiality 	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> ● GRAP 2020 Improvements to the standards of GRAP 2020 	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> ● GRAP 1 (amended) Presentation of Financial Statements 	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> ● Guideline The Application of Materiality to Financial Statements No changes expected 	Not yet determined	Not yet determined

The municipality has no operations and / or interests in the above-mentioned Standards where the impact is indicated "None, Standard not applicable to Municipality" and therefore it is regarded that no disclosures on these Standards will be necessary.

KOUGA LOCAL MUNICIPALITY

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2. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2021 to 30 June 2022.

3. INVENTORIES

3.1 Recognition and Initial Measurement

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition.

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

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development.

3.2 Subsequent Measurement

3.2.1 Consumable Stores

Subsequently, Inventories sold are valued at the lower of cost and net realisable value. The cost is determined using the Weighted Average Method.

Consumable stores distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost. The cost is determined using the Weighted Average Method.

3.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

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The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the FIFO Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

3.2.3 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Differences arising on the measurement of such Inventory at the lower of cost to current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

4. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Fixed Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Amortised Cost

Receivables from Exchange Transactions exclude Value Added Taxation, Prepayments and Operating Lease Receivables are classified as Financial Assets at Amortised Cost.

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Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Borrowings	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Unspent Conditional Grants	Financial Liabilities at Amortised Cost

4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

4.3.2 Financial Liabilities:

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

4.4 Impairment of Financial Assets

Financial Assets are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

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4.4.1 Financial Assets at Amortised Cost

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- This is based on management's expert opinion and generally accepted practice within the industry.
- Interest is charged on all outstanding balances at a rate of the banker's prime rate plus 1%.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

4.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

4.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

5. STATUTORY RECEIVABLES

Statutory Receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset.

The municipality has the following Statutory Receivables from Non-exchange Transactions:

- Assessment Rates
- Fines
- Local Government Seta Subsidies

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5.1 Recognition and Initial Measurement

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be reliably measured.

The municipality recognises Statutory Receivables when they arise.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.

5.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

5.3 Impairment

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor.

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- Assessment Rates
- Fines
- LG Seta Subsidies

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

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5.4 Derecognition

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

6. PROPERTY, PLANT AND EQUIPMENT

6.1 Initial Recognition and Measurement

Property, Plant and Equipment are initially recognised at cost.

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

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

6.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

6.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings			Community	
	Improvements	5 - 50		Community Facilities	5 - 50
				Recreational Facilities	10 - 40
	Infrastructure			Other	
	Electricity	10 - 80		Computer Equipment	3 - 10
	Railways	30		Emergency Equipment	5 - 10
	Roads and Paving	5 - 80		Furniture and Fittings	5 - 15
	Sanitation	5 - 80		Transport Assets	7 - 15
	Sewerage / Solid Waste	5 - 80		Office Equipment	3 - 15
	Water	5 - 80		Plant and Equipment	2 - 20
	Landfill Sites	30 - 50		Other Assets	5 - 15

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6.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

6.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

6.6 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

6.7 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

6.8 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

7. INTANGIBLE ASSETS

7.1 Initial Recognition and Measurement

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

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

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

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7.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software Purchased	3 - 5			

7.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

8. INVESTMENT PROPERTY

8.1 Initial Recognition and Measurement

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

8.2 Subsequent Measurement

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 5 - 50 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

8.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

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9. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

9.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

9.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

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If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

10. CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

11. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows using discount rates that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

11.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

12. LEASES

12.1 The Municipality as Lessee

12.1.1 Finance Leases

Property, plant and equipment subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

12.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

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12.2 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a Straight-line Basis over the term of the relevant lease.

13. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

14. EMPLOYEE BENEFIT LIABILITIES

14.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

14.1.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

14.1.2 Staff Bonuses Accrued

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

14.1.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipalities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

14.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

14.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

14.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

15. NET ASSETS

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

15.1 Reserves

15.2 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements.

16. REVENUE RECOGNITION

16.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16.2 Revenue from Non-exchange Transactions

16.2.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a Time-proportionate Basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

16.2.2 Fines

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

16.2.3 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

16.2.4 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into

16.2.5 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

16.2.6 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16.2.7 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

16.2.8 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

16.2.9 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

16.3 Revenue from Exchange Transactions

16.3.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have been developed. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

16.3.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16.3.3 Income from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

Interest on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1%, and recognised in surplus or deficit on the time-proportionate basis.

16.3.4 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- (a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

17. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

18. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

20. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

21. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

22. COMMITMENTS

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP;
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date;
- Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources;
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements; and
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

26. SEGMENT REPORTING

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Municipal governance and administration.
- Community and public safety.
- Housing.
- Health.
- Energy, waste, waste water and water.
- Other.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

Intersegmental transfers are per the municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as described in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

27. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
1. INVENTORIES		
Materials and Supplies	16 251 171	11 805 644
Water - At Cost	798 678	764 722
Total Inventories	17 049 849	12 570 366
1.1 Allocation for Cash Flow		
Suppliers Paid:-		
Inventory - Opening Balance	12 570 366	9 681 236
Inventory - Closing Balance	(17 049 849)	(12 570 366)
Adjustment for Non-cash Transactions: Realisable Value Adjustment	97 142	39 808
Total Inventory allocated to Suppliers Paid	(4 382 341)	(2 849 322)
Total Inventory allocated to Cash Flow	(4 382 341)	(2 849 322)

Materials and Supplies are held for own use and measured at the lower of Cost and Net Realisable Value. Inventory was adjusted to Net realisable Value.

Water is held for distribution and measured at the lower of Cost and Net Realisable Value. Inventory to Net Realisable Value was required.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Service Debtors:	285 223 420	217 602 472	67 620 948
Electricity	52 792 349	17 549 139	35 243 210
Refuse	71 667 244	67 479 223	4 188 021
Sewerage	45 727 374	39 749 642	5 977 732
Other Service Charges	6 605 573	6 201 637	403 936
Water	108 430 880	86 622 831	21 808 049
Other Debtors	3 514 062	-	3 514 062
Prepayments and Advances	3 744 768	22 000	3 722 768
Control, Clearing and Interface Accounts	569 305	-	569 305
Deposits for Land	893 543	-	893 543
Total Receivables from Exchange Transactions	293 945 098	217 624 472	76 320 626

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Service Debtors:	230 078 798	190 661 500	39 417 298
Electricity	47 499 064	26 040 224	21 458 840
Refuse	58 520 385	55 089 330	3 431 055
Sewerage	35 842 740	32 730 990	3 111 750
Other Service Charges	6 812 323	5 868 622	943 701
Water	81 404 286	70 932 334	10 471 952
Other Debtors	724 062	-	724 062
Prepayments and Advances	3 613 699	22 000	3 591 699
Control, Clearing and Interface Accounts	476 634		476 634
Deposits for Land	893 543	-	893 543
Total Receivables from Exchange Transactions	235 786 736	190 683 500	45 103 236

2.1 Allocation for Cash Flow

Service Charges:-

	2022 R	2021 R
Service Debtors - Opening Balance	39 417 298	39 596 690
Service Debtors - Closing Balance	(67 620 948)	(39 417 298)
Service Debtors: Provision for Impairment - Opening Balance	190 661 500	152 168 392
Service Debtors: Provision for Impairment - Closing Balance	(217 602 472)	(190 661 500)
Other Receivables - Opening Balance	724 062	724 062
Other Receivables - Closing Balance	(724 062)	(724 062)
Total Receivables from Exchange Transactions allocated to Service Charges	(55 144 622)	(38 313 716)

Other Receipts:-

Receivables from Exchange Transactions: Gross - Opening Balance	235 786 736	197 001 892
Receivables from Exchange Transactions: Gross - Closing Balance	(293 945 098)	(235 786 736)
Less Cash Flow for:-		
Service Charges	55 144 622	38 313 716
Suppliers Paid	131 069	474 511
Profit on Sale of Land	2 790 000	-
Total Receivables from Exchange Transactions allocated to Other Receipts	(92 671)	3 383

Suppliers Paid:-

Prepayments and Advances - Opening Balance	3 591 699	3 117 188
Prepayments and Advances - Closing Balance	(3 722 768)	(3 591 699)
Prepayments and Advances: Provision for Impairment - Opening Balance	22 000	22 000
Prepayments and Advances: Provision for Impairment - Closing Balance	(22 000)	(22 000)
Deposit for Land - Opening Balance	893 543	893 543
Deposit for Land - Closing Balance	(893 543)	(893 543)

Total Receivables from Exchange Transactions allocated to Suppliers Paid	(131 069)	(474 511)
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Total Receivables from Exchange Transactions allocated to Profit on Sale of Land (Other Receipts)	(2 790 000)	-
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Total Receivables from Exchange Transactions allocated to Cash Flow	(58 158 362)	(38 784 844)
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2.2 Ageing of Receivables from Exchange Transactions

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	30 958 262	2 301 065	1 400 854	18 132 168	52 792 349
Less: Provision for Impairment	169 473	1 023 265	566 366	15 790 035	17 549 139
Net Balances	30 788 789	1 277 800	834 488	2 342 133	35 243 210
Refuse:					
Gross Balances	1 971 414	1 950 787	1 604 444	66 140 599	71 667 244
Less: Provision for Impairment	1 862 667	954 161	786 256	63 876 139	67 479 223
Net Balances	108 747	996 626	818 188	2 264 460	4 188 021
Sewerage:					
Gross Balances	4 453 833	1 551 323	1 208 262	38 513 956	45 727 374
Less: Provision for Impairment	195 905	848 311	626 539	38 078 887	39 749 642
Net Balances	4 257 928	703 012	581 723	435 069	5 977 732
Other Service Charges:					
Gross Balances	465 785	105 736	24 781	6 009 271	6 605 573
Less: Provision for Impairment	87 121	92 562	12 683	6 009 271	6 201 637
Net Balances	378 664	13 174	12 098	-	403 936
Water:					
Gross Balances	19 344 040	3 160 664	2 263 621	83 662 555	108 430 880
Less: Provision for Impairment	587 887	1 767 101	1 238 111	83 029 732	86 622 831
Net Balances	18 756 153	1 393 563	1 025 510	632 823	21 808 049
Other Debtors:					
Gross Balances	3 514 062	-	-	-	3 514 062
Net Balances	3 514 062	-	-	-	3 514 062
Prepayments and Advances:					
Gross Balances	3 744 768	-	-	-	3 744 768
Less: Provision for Impairment	22 000	-	-	-	22 000
Net Balances	3 722 768	-	-	-	3 722 768
Control, Clearing and Interface Accounts:					
Gross Balances	569 305	-	-	-	569 305
Net Balances	569 305	-	-	-	569 305

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Deposits for Land

Gross Balances	893 543	-	-	-	893 543
Net Balances	893 543	-	-	-	893 543

As at 30 June Receivables of R13 330 667 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	9 069 575	6 501 962	212 458 549	228 030 086
Less: Provision for Impairment	4 685 400	3 229 955	206 784 064	214 699 419
Net Balances	4 384 175	3 272 007	5 674 485	13 330 667

As at 30 June 2021

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	10 529 434	15 276 527	2 726 861	18 966 242	47 499 064
Less: Provision for Impairment	-	7 526 596	1 236 665	17 276 963	26 040 224
Net Balances	10 529 434	7 749 931	1 490 196	1 689 279	21 458 840

Refuse:

Gross Balances	15 959	4 198 872	1 847 848	52 457 706	58 520 385
Less: Provision for Impairment	(1)	2 072 565	900 416	52 116 350	55 089 330
Net Balances	15 960	2 126 307	947 432	341 356	3 431 055

Sewerage:

Gross Balances	9 887	3 974 169	1 534 200	30 324 484	35 842 740
Less: Provision for Impairment	-	1 998 908	797 635	29 934 447	32 730 990
Net Balances	9 887	1 975 261	736 565	390 037	3 111 750

Other Service Charges:

Gross Balances	471 632	1 777 317	162 506	4 400 868	6 812 323
Less: Provision for Impairment	-	1 323 552	144 202	4 400 868	5 868 622
Net Balances	471 632	453 765	18 304	-	943 701

Water:

Gross Balances	5 916 939	8 476 633	2 174 744	64 835 970	81 404 286
Less: Provision for Impairment	2 850 595	1 528 291	2 122 816	64 430 632	70 932 334
Net Balances	3 066 344	6 948 342	51 928	405 338	10 471 952

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Other Debtors:

Gross Balances	724 062	-	-	-	724 062
Net Balances	724 062	-	-	-	724 062

Prepayments and Advances:

Gross Balances	3 613 699	-	-	-	3 613 699
Less: Provision for Impairment	22 000	-	-	-	22 000
Net Balances	3 591 699	-	-	-	3 591 699

Control, Clearing and Interface Accounts:

Gross Balances	476 634	-	-	-	476 634
Net Balances	476 634	-	-	-	476 634

Deposits for Land

Gross Balances	893 543	-	-	-	893 543
Net Balances	893 543	-	-	-	893 543

As at 30 June Receivables of R25 324 041 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	33 703 518	8 446 159	170 985 270	213 134 947
Less: Provision for Impairment	14 449 912	5 201 734	168 159 260	187 810 906
Net Balances	19 253 606	3 244 425	2 826 010	25 324 041

2022
R

2021
R

2.3 Reconciliation of the Provision for Impairment

Balance at beginning of year	190 683 499	152 190 392
Impairment Losses recognised	31 776 730	42 800 181
Amounts written off as uncollectable	(4 835 758)	(4 307 073)
Balance at end of year	217 624 471	190 683 500

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2.3.1 Allocation for Cash Flow

Provision for Impairment at Beginning of Year	190 683 499	152 190 392
Movement in Non-cash Transactions:-		
Impairment Recognised	197 280 460	38 341 739
Impairment Reversed	(165 503 730)	4 458 442
Total Receivables from Exchange Transactions Impairment allocated to Non-cash Transactions	31 776 730	42 800 181
Movement in Service Charges:-		
Amounts Written-off	(4 835 758)	(4 307 073)
Total Receivables from Exchange Transactions Impairment allocated to Service Charges	(4 835 758)	(4 307 073)
Provision for Impairment at End of Year	217 624 471	190 683 500

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

Prepayments and Advances include an amount of R169,443 for Recoveries from Staff. A historic portion of R22,000 has been deemed to be irrecoverable.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively. Furthermore, it is management's expert opinion and generally accepted practice within the industry not to impair government debt between different government entities, and National Treasury could be approached to engage in the matters if required.

3. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Property Rates	50 368 249	33 892 658	16 475 591
Fines	32 589 670	32 052 115	537 555
Accrued Income	3 607 747	-	3 607 747
Total Statutory Receivables from Non-Exchange Transactions	86 565 666	65 944 773	20 620 893

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Property Rates	47 426 052	38 948 504	8 477 548
Fines	32 227 658	30 754 158	1 473 500
Accrued Income	-	-	-
Total Statutory Receivables from Non-Exchange Transactions	79 653 710	69 702 662	9 951 048

	2022 R	2021 R
--	-----------	-----------

3.1 Allocation for Cash Flow

Property Rates:-

Property Rates Debtors - Opening Balance	8 477 548	7 435 616
Property Rates Debtors - Closing Balance	(16 475 591)	(8 477 548)
Property Rates Debtors: Provision for Impairment - Opening Balance	38 948 504	37 415 978
Property Rates Debtors: Provision for Impairment - Closing Balance	(33 892 658)	(38 948 504)
Total Statutory Receivables from Non-exchange Transactions allocated to Property Rates	(2 942 197)	(2 574 458)

Other Receipts:

Fines Debtors - Opening Balance	1 473 500	7 094 823
Fines Debtors - Closing Balance	(537 555)	(1 473 500)
Fines Debtors: Provision for Impairment - Opening Balance	30 754 158	22 869 973
Fines Debtors: Provision for Impairment - Closing Balance	(32 052 115)	(30 754 158)
Accrued Income - Opening Balance	-	-
Accrued Income - Closing Balance	(3 607 747)	1
Total Statutory Receivables from Non-Exchange Transactions allocated to Other Receipts	(3 969 759)	(2 262 861)
Total Statutory Receivables from Non-Exchange Transactions allocated to Cash Flow	(6 911 956)	(4 837 319)

3.2 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates (Including Services Debtors):					
Gross Balances	10 724 650	2 815 463	857 492	35 970 644	50 368 249
Less: Provision for Impairment	-	1 182 966	548 749	32 160 943	33 892 658
Net Balances	10 724 650	1 632 497	308 743	3 809 701	16 475 591
Fines:					
Gross Balances	32 589 670	-	-	-	32 589 670
Less: Provision for Impairment	32 052 115	-	-	-	32 052 115
Net Balances	537 555	-	-	-	537 555

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

As at 30 June Receivables of R5 750 941 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	2 815 463	857 492	35 970 644	39 643 599
Less: Provision for Impairment	1 182 966	548 749	32 160 943	33 892 658
Net Balances	1 632 497	308 743	3 809 701	5 750 941

As at 30 June 2021

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates (Including Services Debtors):					
Gross Balances	11 026	10 981 751	1 170 645	35 262 630	47 426 052
Less: Provision for Impairment	14 046 804	5 767 460	614 806	18 519 433	38 948 504
Net Balances	(14 035 778)	5 214 291	555 839	16 743 197	8 477 548

Fines:

Gross Balances	32 227 658	-	-	-	32 227 658
Less: Provision for Impairment	30 754 158	-	-	-	30 754 158
Net Balances	1 473 500	-	-	-	1 473 500

As at 30 June Receivables of R22 513 326 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	10 981 751	1 170 645	35 262 630	47 415 026
Less: Provision for Impairment	5 767 460	614 806	18 519 433	24 901 700
Net Balances	5 214 291	555 839	16 743 197	22 513 326

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
3.3 Reconciliation of Provision for Impairment		
Balance at Beginning of year	69 702 662	60 285 952
Impairment Losses Recognised	21 244 286	9 984 460
Impairment Losses Reversed	(24 753 987)	-
Amounts Written-off as uncollectable	(248 188)	(567 750)
Balance at end of year	<u>65 944 773</u>	<u>69 702 662</u>
3.3.1 Allocation for Cash Flow		
Provision for Impairment at Beginning of Year	69 702 662	60 285 952
Movement in Non-cash Transactions:-		
Impairment Recognised	21 244 286	9 984 460
Impairment Reversed	(24 753 987)	-
Total Non-exchange Transactions Impairment allocated to Non-cash Transactions	<u>(3 509 701)</u>	<u>9 984 460</u>
Movement in Property Rates:-		
Amounts Written-off	(248 187)	(567 750)
Total Receivables from Non-exchange Transactions Impairment allocated to Property Rates	<u>(248 187)</u>	<u>(567 750)</u>
Movement in Other Receipts:-		
Amounts Written-off	(1)	-
Total Receivables from Non-exchange Transactions Impairment allocated to Other Receipts	<u>(1)</u>	<u>-</u>
Provision for Impairment at End of Year	<u>65 944 773</u>	<u>69 702 662</u>

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

No assets were subject to any restrictions.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4. VAT RECEIVABLE

Vat Receivable	50 443 224	47 750 213
4.1 Allocation for Cash Flow		
VAT Received	-	-
VAT Paid	(2 693 011)	(3 589 221)
Total VAT allocated to Cash Flow	(2 693 011)	(3 589 221)

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

5. CASH AND CASH EQUIVALENTS

Current Investments	9 802 827	40 489 896
Bank Accounts	18 047 311	12 904 130
Cash on Hand	421	421
Total Bank, Cash and Cash Equivalents	27 850 559	53 394 447

5.1 Allocation for Cash Flow:

Increase / (Decrease) in Cash Equivalents:-

Cash and Cash Equivalents - Opening Balance	53 394 447	141 777 050
Cash and Cash Equivalents - Closing Balance	(27 850 559)	(53 394 447)
Total Cash and Cash Equivalents allocated to Increase / (Decrease) in Cash Equivalents	25 543 888	88 382 603
Total Cash and Cash Equivalents allocated to Cash Flow	25 543 888	88 382 603

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5.2 Current Investment Deposits

Call Deposits	9 802 827	40 489 896
Total Current Investment Deposits	9 802 827	40 489 896

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.00 % to 8.00% (2021: 3.00 % to 8.00 %) per annum.

5.3 Bank Accounts

Cash in Bank	18 047 311	12 904 130
Total Bank Accounts	18 047 311	12 904 130

The Municipality has the following operational bank accounts:

Primary Bank Account

Cash book balance at beginning of year	12 904 130	19 481 806
Cash book balance at end of year	18 047 311	12 904 130

First National Bank - Jeffreys bay Branch-Cheque Account Number: 52540020791

Bank statement balance at beginning of year	7 082 227	11 782 906
Bank statement balance at end of year	4 850 118	7 082 227

First National Bank - Jeffreys bay Branch-Cheque Account Number: 52540033504

Bank statement balance at beginning of year	5 795 584	6 954 464
Bank statement balance at end of year	13 197 193	5 795 584

First National Bank - Jeffreys bay Branch-Cheque Account Number: 62682103591

Bank statement balance at beginning of year	26 319	27 768
Bank statement balance at end of year	-	26 319

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

5.4 Cash and Cash Equivalents

Cash Floats and Advances	421	421
Total Cash on hand in Cash Floats, Advances and Equivalents	421	421

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6. PROPERTY, PLANT AND EQUIPMENT

30 June 2022

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Landfill Sites	Community	Other	Transport Assets	Leased Assets	Work in Progress	Total
	R	R	R	R	R	R	R	R	R	R
Carrying values at 01 July 2021	235 425 377	53 964 802	1 616 310 640	13 793 295	28 207 922	15 164 206	25 578 517	1 510 013	66 732 642	2 056 687 414
Cost	235 425 377	56 310 190	2 336 186 890	45 437 958	29 893 305	45 679 537	57 225 835	5 069 147	66 732 642	2 877 960 881
- Completed Assets	235 425 377	56 310 190	2 336 186 890	45 437 958	29 893 305	45 679 537	57 225 835	5 069 147	-	2 811 228 239
- Under Construction	-	-	-	-	-	-	-	-	66 732 642	66 732 642
Accumulated Impairment Losses	-	(966 808)	(68 413)	-	(1 587 000)	(417 124)	(163 273)	-	-	(3 202 618)
Accumulated Depreciation	-	(1 378 580)	(719 807 837)	(31 644 663)	(98 383)	(30 098 207)	(31 484 045)	(3 559 134)	-	(818 070 849)
Acquisition of Assets										
- Cost	-	-	(1)	-	-	5 533 378	36 132 735	-	-	41 666 112
- Capital Under Construction	-	-	-	-	-	-	-	-	72 315 658	72 315 658
Decommissioning and other Liabilities	-	-	-	17 773 157	-	-	-	-	-	17 773 157
Depreciation	-	(632 212)	(74 832 484)	(5 399 905)	(174 713)	(4 523 517)	(4 679 415)	(260 907)	-	(90 503 153)
Carrying value of Disposals:	(22 748 000)	(472 500)	-	-	-	(601 882)	(7 781)	-	-	(23 830 163)
- Cost	(22 748 000)	(472 500)	-	-	-	(3 090 052)	(114 976)	-	-	(26 425 528)
- Accumulated Impairment Losses	-	-	-	-	-	588 368	-	-	-	588 368
- Accumulated Depreciation	-	-	-	-	-	1 899 802	107 195	-	-	2 006 997
Impairment (losses)/reversals	-	(6 450 000)	(2 508 114)	-	-	-	-	-	-	(8 958 114)
Capital under Construction - Completed	-	-	-	-	-	-	-	-	(16 354 634)	(16 354 634)
Transfer to Cost - Completed	-	970 860	8 216 169	-	7 167 605	-	-	-	-	16 354 634
Carrying values at 30 June 2022	212 677 377	47 380 950	1 547 186 210	26 166 547	35 200 814	15 572 185	57 024 056	1 249 106	122 693 666	2 065 150 911
Cost	212 677 377	56 808 550	2 344 403 058	63 211 115	37 060 910	48 122 863	93 243 594	5 069 147	122 693 666	2 983 290 280
- Completed Assets	212 677 377	56 808 550	2 344 403 058	63 211 115	37 060 910	48 122 863	93 243 594	5 069 147	-	2 860 596 614
- Under Construction	-	-	-	-	-	-	-	-	122 693 666	122 693 666
Accumulated Impairment Losses	-	(7 416 808)	(2 576 527)	-	(1 587 000)	171 244	(163 273)	-	-	(11 572 364)
Accumulated Depreciation	-	(2 010 792)	(794 640 321)	(37 044 568)	(273 096)	(32 721 922)	(36 056 265)	(3 820 041)	-	(906 567 005)

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2021

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Landfill Sites	Community	Other	Transport Assets	Leased Assets	Work in Progress	Total
	R	R			R	R	R	R	R	R
Carrying values at 01 July 2020	235 084 817	52 097 043	1 545 351 430	15 960 150	24 121 041	15 307 581	25 533 458	1 953 748	163 353 801	2 078 763 069
Cost	235 084 817	53 605 907	2 197 183 883	45 512 598	25 731 956	43 684 192	56 542 200	5 167 861	163 353 801	2 825 867 215
- Completed Assets	235 084 817	53 605 907	2 197 183 883	45 512 598	25 731 956	43 684 192	56 542 200	5 167 861	-	2 662 513 414
- Under Construction	-	-	-	-	-	-	-	-	163 353 801	163 353 801
Accumulated Impairment Losses	-	(879 000)	-	-	(1 587 000)	(441 442)	(454 957)	-	-	(3 362 399)
Accumulated Depreciation	-	(629 864)	(651 832 453)	(29 552 448)	(23 915)	(27 935 169)	(30 553 785)	(3 214 113)	-	(743 741 747)
Acquisition of Assets										
- Cost	340 560	1 377 612	-	-	-	4 406 097	5 775 708	1	-	11 899 978
- Capital Under Construction	-	-	-	-	-	-	-	-	48 819 134	48 819 134
Decommissioning and other Liabilities	-	-	0	(74 640)	-	-	-	-	-	(74 640)
Depreciation	-	(768 968)	(68 569 522)	(2 092 215)	(74 468)	(4 368 759)	(4 183 428)	(433 284)	-	(80 490 644)
Carrying value of Disposals:	-	(99 748)	(235 129)	-	-	(154 341)	(1 547 221)	(10 452)	-	(2 046 891)
- Cost	-	(120 000)	(829 267)	-	-	(2 410 752)	(5 092 073)	(98 715)	-	(8 550 807)
- Accumulated Impairment Losses	-	-	-	-	-	50 690	291 684	-	-	342 374
- Accumulated Depreciation	-	20 252	594 138	-	-	2 205 721	3 253 168	88 263	-	6 161 542
Impairment (losses)/reversals	-	(87 808)	(68 413)	-	-	(26 372)	-	-	-	(182 593)
Capital under Construction - Completed	-	-	-	-	-	-	-	-	(145 440 293)	(145 440 293)
Transfer to Cost - Completed	-	1 446 671	139 832 274	-	4 161 349	-	-	-	-	145 440 294
Carrying values at 30 June 2021	235 425 377	53 964 802	1 616 310 640	13 793 295	28 207 922	15 164 206	25 578 517	1 510 013	66 732 642	2 056 687 414
Cost	235 425 377	56 310 190	2 336 186 890	45 437 958	29 893 305	45 679 537	57 225 835	5 069 147	66 732 642	2 877 960 881
- Completed Assets	235 425 377	56 310 190	2 336 186 890	45 437 958	29 893 305	45 679 537	57 225 835	5 069 147	-	2 811 228 239
- Under Construction	-	-	-	-	-	-	-	-	66 732 642	66 732 642
Accumulated Impairment Losses	-	(966 808)	(68 413)	-	(1 587 000)	(417 124)	(163 273)	-	-	(3 202 618)
Accumulated Depreciation	-	(1 378 580)	(719 807 837)	(31 644 663)	(98 383)	(30 098 207)	(31 484 045)	(3 559 134)	-	(818 070 849)

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
6. PROPERTY, PLANT AND EQUIPMENT (Continued)		
6.1 Allocation for Cash Flow		
Property, Plant and Equipment at Beginning of Year	2 056 687 413	2 078 763 069
Property, Plant and Equipment	1 989 954 772	1 915 409 268
Construction Work-in-Progress	66 732 641	163 353 801
Movement in Non-cash Transactions:-		
Depreciation for the Year	(90 503 152)	(80 490 644)
Impairment for the Year	(8 958 114)	(182 593)
Decommissioning, Restoration and Other Liabilities	17 773 157	-
Donated Assets	-	-
Revaluation	-	-
Total Property, Plant and Equipment allocated to Non-cash Transactions	<u>(81 688 109)</u>	<u>(80 673 237)</u>
Purchase of Property, Plant and Equipment:-		
Acquisition of Property, Plant and Equipment	42 179 592	11 825 339
Acquisitions	41 666 111	11 899 979
Correction of Error	-	-
Decommissioning, Restoration and Other Liabilities	513 481	(74 640)
Acquisition of Construction Work-in-Progress	72 315 658	48 819 134
Total Property, Plant and Equipment allocated to Purchase of Property, Plant and Equipment	<u>114 495 250</u>	<u>60 644 473</u>
Disposal of Property, Plant and Equipment:-		
Carrying Value of Disposals	(23 830 164)	(2 046 892)
Total Property, Plant and Equipment allocated to Proceeds on Disposal of Property, Plant and Equipment	<u>(23 830 164)</u>	<u>(2 046 892)</u>
Transfer of Property, Plant and Equipment:-		
Work in Progress Completed: Transferred In	16 354 634	145 440 293
Work in Progress Completed: Transferred Out	(16 354 634)	(145 440 293)
Total Property, Plant and Equipment allocated to Suppliers Paid	<u>-</u>	<u>-</u>
Property, Plant and Equipment at End of Year	<u>2 065 664 390</u>	<u>2 056 687 413</u>
Proceeds on Disposal of Property, Plant and Equipment:-		
Disposals as per Reconciliation of Property, Plant and Equipme Note 6.1	23 830 164	2 046 892
Gains / Losses on Disposal of Property, Plant and Equipment Note 40.	(10 273 046)	(1 989 467)
Total Proceeds on Disposal of Property, Plant and Equipment allocated to Cash Flow	<u>13 557 118</u>	<u>57 425</u>

6.2 Assets pledged as security

No assets have been pledged as security.

6.3 Property, Plant and Equipment rented out

For certain Property Plant and Equipment a portion is being rented out. Due to the insignificance of this portion relative to the whole, judgement has been made that this does not fit the recognition criteria as Investment Property.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6.4 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R8 958 114 (2021: R182 593) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 32..

Buildings	6 450 000	87 808
Infrastructure	2 508 114	68 413
Other Assets	-	26 372
Total Impairment of Property, Plant and Equipment	8 958 114	182 593

6.5 Delayed Projects

No Projects have been delayed.

6.6 Compensation received for Losses

Compensation, included in Operating Surplus, was received from the municipality's insurers and other third parties for Property, Plant and Equipment lost during the year:

	Carrying Value of Lost Assets R	Surplus / Deficit on Compensation R
30 June 2022		
Land	22 748 000	(22 748 000)
Buildings	472 500	(472 500)
Other Assets	601 882	(601 882)
Transport Assets	7 781	(7 781)
Totals for Lost Property, Plant and Equipment	23 830 163	(23 830 163)
	Carrying Value of Lost Assets R	Surplus / Deficit on Compensation R
30 June 2021		
Buildings	99 748	(99 748)
Infrastructure	235 129	(235 129)
Leased Assets	10 452	(10 452)
Other Assets	154 341	(154 341)
Transport Assets	1 547 221	(1 547 221)
Totals for Lost Property, Plant and Equipment	2 046 891	(2 046 891)

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
6.7 Expenditure incurred for Repairs and Maintenance		
The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:		
Electrical Infrastructure	5 906 174	8 824 440
- Contracted Services	1 102 395	5 591 155
- Inventory Consumed	4 729 428	3 196 953
- Other Operational Costs	74 351	36 332
Information and Communication Infrastructure	164 163	45 677
- Contracted Services	164 163	-
- Other Operational Costs	-	45 677
Rail Infrastructure	695 607	193 534
- Contracted Services	695 607	193 534
Roads Infrastructure	11 131 682	32 759 937
- Contracted Services	9 850 312	32 095 143
- Inventory Consumed	1 281 370	664 794
Sanitation Infrastructure	2 518 326	2 567 395
- Contracted Services	1 450 152	1 112 115
- Inventory Consumed	843 071	918 014
- Other Operational Costs	225 103	537 266
Solid Waste Disposal	-	65 120
- Contracted Services	-	65 120
Storm Water Infrastructure	1 115 536	1 058 489
- Contracted Services	137 228	67 015
- Inventory Consumed	544 264	467 450
- Other Operational Costs	434 044	524 024
Water Supply Infrastructure	9 189 071	8 766 492
- Contracted Services	943 773	588 155
- Inventory Consumed	3 085 412	1 923 183
- Other Operational Costs	5 159 886	6 255 154
Community Assets	3 139 741	3 348 767
- Contracted Services	2 501 807	2 669 277
- Inventory Consumed	637 934	679 490
Machinery and Equipment	665 913	390 737
- Contracted Services	537 176	307 455
- Inventory Consumed	128 737	83 282
Other Assets - Buildings	3 063 141	2 546 505
- Contracted Services	2 653 232	2 095 775
- Inventory Consumed	409 909	445 596
- Other Operational Costs	-	5 134
Transport Assets	9 161 435	7 945 875
- Contracted Services	7 638 441	6 680 305
- Inventory Consumed	1 476 204	1 161 570
- Other Operational Costs	46 790	104 000
Total Expenditure related to Repairs and Maintenance Projects	46 750 789	68 512 968

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	869 780	1 294 963
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The movement in Intangible Assets is reconciled as follows:

Software Purchased:

Carrying values at 01 July	1 294 963	679 540
Cost	2 153 378	1 176 384
Accumulated Amortisation	(858 415)	(496 844)
Acquisitions:	-	976 994
Purchased	-	976 994
Amortisation:	(425 183)	(361 571)
Purchased	(425 183)	(361 571)
Disposals:	-	-
Carrying values at 30 June	869 780	1 294 963
Cost	2 153 378	2 153 378
Accumulated Amortisation	(1 283 598)	(858 415)

7.1 Allocation for Cash Flow

Intangible Assets at Beginning of Year	1 294 963	679 541
Movement in Non-cash Transactions:-		
Amortisation for the Year	(425 184)	(361 571)
Total Intangible Assets allocated to Non-cash Transactions	(425 184)	(361 571)
Purchase of Intangible Assets:-		
Acquisition of Intangible Assets	-	976 994
Total Intangible Assets allocated to Purchase of Intangible Assets	-	976 994
Intangible Assets at End of Year	869 779	1 294 964

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31.).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

7.2 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

- (i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

8. INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	262 608 444	262 645 444
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The movement in Investment Property is reconciled as follows:

Carrying values at 1 July	262 645 444	262 645 444
Cost	262 645 444	262 645 444
Acquisitions during the Year	-	-
Cost	-	-
Carrying values at 30 June	262 608 444	262 645 444
Cost	262 608 444	262 645 444

8.1 Allocation for Cash Flow

Investment Property at Beginning of Year	262 645 444	262 645 444
Movement in Non-cash Transactions:-		
Depreciation for the Year	-	-
Total Investment Property allocated to Non-cash Transactions	-	-
Purchase of Investment Property:-		
Acquisition of Investment Property	-	-
Total Investment Property allocated to Purchase of Investment Property	-	-
Investment Property at End of Year	262 608 444	262 645 444

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	2 263 717	925 404
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All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
9. LEASE RECEIVABLES		
Current Lease Receivables	152 713	107 590
Non-current Lease Receivables	-	-
Total Lease Receivables	152 713	107 590
9.1 Operating Lease Receivables		
Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:		
Balance at beginning of year	107 590	171 287
Operating Lease - Straight lining	-	-
Operating Lease Revenue effected	45 123	(63 697)
Total Operating Lease Receivables	152 713	107 590
9.1.1 Allocation for Cash Flow		
Other Receipts:-		
Operating Lease Receivables - Opening Balance	107 590	171 287
Operating Lease Receivables - Closing Balance	(152 713)	(107 590)
Total Operating Lease Receivables allocated to Other Receipts	(45 123)	63 697
Total Operating Lease Receivables allocated to Cash Flow	(45 123)	63 697
9.1.2 Leasing Arrangements		
The Municipality as Lessor:		
Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 99 years, with an option to extend.		
All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.		
9.1.3 Amounts receivable under Operating Leases		
At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:		
Up to 1 year	360 075	360 075
2 to 5 years	1 311 975	1 311 975
More than 5 years	-	-
Total Operating Lease Arrangements	1 672 050	1 672 050

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been a decrease of R-45 123 (2021: decrease of R63 697) in current year income.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
10. CONSUMER DEPOSITS		
Electricity	12 906 149	11 881 426
Water	2 219 214	2 024 497
Other Deposits:-	8 547 562	6 868 332
- Land Sales	8 371 633	6 794 262
- Rental Properties	79 929	42 070
- Wayleave	96 000	32 000
Total Consumer Deposits	23 672 925	20 774 255
10.1 Allocation for Cash Flow		
Service Charges:-		
Consumer Deposits: Trading Services - Opening Balance	(13 905 923)	(12 657 356)
Electricity	(11 881 426)	(10 835 939)
Water	(2 024 497)	(1 821 417)
Consumer Deposits: Trading Services - Closing Balance	15 125 363	13 905 923
Electricity	12 906 149	11 881 426
Water	2 219 214	2 024 497
Total Consumer Deposits allocated to Service Charges	1 219 440	1 248 567
Other Receipts:-		
Consumer Deposits: Other Services - Opening Balance	(6 868 332)	(5 418 508)
Consumer Deposits: Other Services - Closing Balance	8 547 563	6 868 332
Total Consumer Deposits allocated to Other Receipts	1 679 231	1 449 824
Total Consumer Deposits allocated to Cash Flow	2 898 671	2 698 391
Consumer Deposits - Electricity and Water		
Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.		
No interest is paid on Consumer Deposits held.		
11. PAYABLES FROM EXCHANGE TRANSACTIONS		
Other Payables	16 913 522	10 491 432
Retentions	3 382 568	3 697 847
Salary Related Payables	1 059 452	834 091
Trade Creditors	60 363 161	54 817 337
Advance Payments	23 860 485	17 800 699
Total Payables from Exchange Transactions	105 579 188	87 641 406

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

11.1 Allocation for Cash Flow

Service Charges:-

Advance Payments	6 059 786	1 707 878
Control, Clearing and Interface Accounts: Prepaid Electricity	1 071 949	-
Total Payables from Exchange Transactions allocated to Service Charges	7 131 735	1 707 878

Other Receipts:-

Control, Clearing and Interface Accounts: Licensing and Registration	48 466	-
Unallocated Deposits	1 266 182	929 217
Total Payables from Exchange Transactions allocated to Other Receipts	1 314 648	929 217

Employee Related Costs:-

Control, Clearing and Interface Accounts: Salary Clearing and Control	-	(1 144 921)
Long Service Award	143 768	118 046
PAYE Deductions	81 593	(100 031)
Total Payables from Exchange Transactions allocated to Employee Related Costs	225 361	(1 126 906)

Suppliers Paid:-

Auditor-General of South Africa	6 772	-
Bulk Water	(947 686)	(777 517)
Control, Clearing and Interface Accounts: Goods Received / Invoices Received	4 041 694	-
Electricity Bulk Purchase	5 024 165	2 355 827
Payables and Accruals	1 462 573	(58 963 764)
Retentions	(315 279)	348 711
Total Payables from Exchange Transactions allocated to Suppliers Paid	9 272 239	(57 036 743)

Other Payments:-

Control, Clearing and Interface Accounts: Cash and Bank	(6 200)	60 627
Total Payables from Exchange Transactions allocated to Other Payments	(6 200)	60 627

Total Payables from Exchange Transactions allocated to Cash Flow

	17 937 783	(55 465 927)
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12. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Transfers and Subsidies	-	751 430
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Total Payables from Non-exchange Transactions	-	751 430
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12.1 Allocation for Cash Flow

Other Payments:-

Payables from Non-exchange Transactions - Opening Balance	-	751 430	-	235 741
Payables from Non-exchange Transactions - Closing Balance	-	-	-	751 430
Total Payables from Non-exchange Transactions allocated to Other Payments	(751 430)	(751 430)	(751 430)	515 689

Total Payables from Non-exchange Transactions allocated to Cash Flow

	(751 430)	(751 430)	(751 430)	515 689
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No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

National Government	-	5 962 915
Provincial Government	-	235 741

Total Unspent Conditional Grants and Receipts	-	6 198 656
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13.1 Allocation for Cash Flow

Transfers and Subsidies:-

Unspent Conditional Grants and Receipts - Opening Balance	(6 198 656)	(26 927 177)
Unspent Conditional Grants and Receipts - Closing Balance	-	6 198 656

Total Unspent Conditional Grants and Receipts allocated to Transfers and Subsidies	(6 198 656)	(20 728 521)
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Total Unspent Conditional Grants and Receipts allocated to Cash Flow	(6 198 656)	(20 728 521)
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The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 22 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

14. LEASE PAYABLES

Current Lease Payables	7 463 613	618 501
Non-current Lease Payables	22 813 236	-

Total Lease Payables	30 276 849	618 501
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14.1 Finance Lease Payables

Finance Lease Liability	30 276 849	618 501
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Total Non-current Lease Payables	30 276 849	618 501
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Less: Current Portion transferred to Current Lease Payables:-	(7 463 613)	(618 501)
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Non-Current Portion of Finance Lease Payables	22 813 236	-
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14.1.1 Allocation for Cash Flow

14.1.1.1 Current Portion:-

Movement in Current Portion of Finance Lease Payables:-

Opening Balance	(618 501)	(645 622)
Closing Balance	7 463 613	618 501

Total Movement in Current Portion of Finance Lease Payables	6 845 112	(27 121)
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Adjustment for Non-cash Transactions:	422 045	696 860
- Transfer from Non-current Finance Lease Payables	422 045	696 860
- Other Non-cash Transactions	-	-

Total Current Portion allocated to Repayment of Borrowings	7 267 157	669 739
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

14.1.1.2 Non-current Portion:-

Movement in Non-current Finance Lease Payables:-

Non-current Finance Lease Payables - Opening Balance	-	(618 497)
Non-current Finance Lease Payables - Closing Balance	22 813 236	-
Total Movement in Non-current Finance Lease Payables	22 813 236	(618 497)
Adjustment for Non-cash Transactions:	(422 045)	(696 860)
- Transfer to Current Portion of Finance Lease Payables	(422 045)	(696 860)
- Other Non-cash Transactions	-	-
Proceeds from Borrowings	-	-
Total Non-current Long-term Liabilities allocated to Repayment of Borrowings	22 391 191	(1 315 357)
Total Long-term Liabilities allocated to Cash Flow	29 658 348	(645 618)

14.1.2 Summary of Arrangements

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 5 years (2021: 5 years). The effective interest rate on Finance Leases is between 14.73% and 21.53% (2021: 13.21% and 48.13%).

The municipality has options to purchase the Property, Plant and Equipment for a nominal amount at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2022 R	2021 R	2022 R	2021 R
Amounts payable under borrowings:				
Within one year	9 951 190	662 796	7 463 614	618 501
In the second to fifth years, inclusive	25 347 055	-	22 813 237	-
Over five years	-	-	-	-
	<u>35 298 245</u>	<u>662 796</u>	<u>30 276 851</u>	<u>618 501</u>
Less: Future Finance Obligations	5 021 394	44 303		
Present Value of Minimum Lease Obligations	<u><u>30 276 851</u></u>	<u><u>618 493</u></u>	<u><u>30 276 851</u></u>	<u><u>618 501</u></u>
Less: Amounts due for settlement within 12 months (Current Portion)			(7 463 614)	(618 501)
Borrowings due for settlement after 12 months (Non-current Portion)			<u><u>22 813 237</u></u>	<u><u>-</u></u>

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment
- Vehicles

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Included in these classes are the following significant leases:

(i) Various Vehicles, New Plant and Office Equipment	R 30 276 851	R 1 264 119
- Instalments are payable monthly in arrears		
- Average period outstanding	32 months	12 months
- Average effective interest rate, based on prime	13,5%	15.33%
- Average monthly instalment	R 946 152	R 52 860

15. BORROWINGS

Long-Term Borrowings

Development Bank of South Africa	-	6 128 308
	-	6 128 308

Less: Current Portion transferred to Current Borrowings:-

Development Bank of South Africa	-	(6 128 308)
	-	(6 128 308)

Non-Current Portion of Borrowings

	-	-
	-	-

16. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities

Post-retirement Health Care Benefits Liability	112 939 960	109 669 451
Post-retirement Pension Benefits Liability	92 123 834	89 626 999
Long Service Awards Liability	52 695	150 949
Performance Bonus	18 958 334	17 157 000
	1 805 097	2 734 503

Less: Current Portion of Employee Benefit Liabilities

Post-retirement Health Care Benefits Liability	7 443 566	7 872 752
Post-retirement Pension Benefits Liability	3 253 911	3 144 000
Long Service Awards Liability	9 414	21 249
Performance Bonus	2 375 144	1 973 000
	1 805 097	2 734 503

Non-Current Portion of Employee Benefit Liabilities

	105 496 394	101 796 699
	105 496 394	101 796 699

16.1 Allocation for Cash Flow

16.1.1 Current Portion

Provisions at Beginning of Year

	7 872 752	8 316 102
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Movement in Non-cash Transactions:-

Defined Benefit Obligations	3 253 911	3 144 000
Post Retirement Pension	(11 835)	(21 249)
Long Service Awards Liability	402 144	(750 765)
Performance Bonus	(929 406)	339 438

Total Provisions allocated to Non-cash Transactions

	2 714 814	2 711 424
	2 714 814	2 711 424

Movement in Employee Related Costs:-

Actual Benefit Payments	(3 144 000)	(3 154 774)
Reductions (Outflow of Economic Benefits)	-	-

Total Provisions allocated to Employee Related Costs

	(3 144 000)	(3 154 774)
	(3 144 000)	(3 154 774)

Provisions at End of Year

	7 443 566	7 872 752
	7 443 566	7 872 752

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16.1.2 Non-current Portion

Employee Benefit Liabilities at Beginning of Year	101 796 699	86 255 839
Movement in Non-cash Transactions:-		
Long-service Awards	3 194 000	4 141 266
Post Retirement Health Care	5 631 870	14 123 455
Post Retirement Pension	(56 654)	49 904
Total Employee Benefit Liabilities allocated to Non-cash Transactions	<u>8 769 216</u>	<u>18 314 625</u>
Movement in Employee Related Costs:-		
Long-service Awards: Reductions (Outflow of Economic Benefits)	(1 794 810)	(2 723 765)
Post Retirement Health Care: Actual Employer Benefit Payments	(3 274 711)	-
Post Retirement Pension Payment	-	(50 000)
Total Employee Benefit Liabilities allocated to Employee Related Costs	<u>(5 069 521)</u>	<u>(2 773 765)</u>
Employee Benefit Liabilities at End of Year	<u>105 496 394</u>	<u>101 796 699</u>

16.2 Current Portion of Employee Benefit Liabilities

The movement in Current Portion of Employee Benefit Liabilities is reconciled as follows:

	Performance Bonus R	Medical Aid R	Pension Fund R	Long-term Service R
30 June 2022				
Opening Balance	2 734 503	3 144 000	21 249	1 973 000
Current service cost	(929 406)	3 253 911	8 965	2 375 144
Actual employer benefit payments	-	(3 144 000)	(20 800)	-
Reversals	-	-	-	(1 973 000)
Balance at end of year	<u>1 805 097</u>	<u>3 253 911</u>	<u>9 414</u>	<u>2 375 144</u>
30 June 2021				
Opening Balance	2 395 065	3 176 023	-	2 723 765
Current service cost	339 438	3 144 000	-	-
Actual employer benefit payments	-	(3 176 023)	21 249	-
Reversals	-	-	-	(750 765)
Balance at end of year	<u>2 734 503</u>	<u>3 144 000</u>	<u>21 249</u>	<u>1 973 000</u>

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16.3 Post-retirement Health Care Benefits Liability

Opening Balance	89 626 999	75 535 567
Interest Cost	9 038 000	10 123 421
Current Service Cost	6 757 911	3 369 081
Actual Employer Benefit Payments	(6 397 911)	(3 176 023)
Actuarial Loss/ (Gain) recognised in the year	(6 901 165)	3 774 953
Balance at end of Year	92 123 834	89 626 999
Transfer to Current Provisions	3 253 911	3 144 000
Total Post-retirement Health Care Benefits Liability	88 869 923	86 482 999

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2022 by One Pangaea Expertise & Solutions. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	424	423
Continuation Members (Retirees, widowers and orphans)	78	76
Total Members	502	499

The liability in respect of past service has been estimated as follows:

In-service Members	51 568 834	49 071 999
Continuation Members	40 555 000	40 555 000
Total Liability	92 123 834	89 626 999

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Current-service Cost for the year ending 30 June 2022 is estimated to be R3 504 000, whereas the cost for the ensuing year is estimated to be R3 253 911 (30 June 2021: R3 369 081 and R3 504 000 respectively)."

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	12.80%	10.26%
Health Care Cost Inflation Rate	9.31%	6.86%
Net Effective Discount Rate	3.18%	3.18%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening Balance	89 626 999	75 535 567
Interest Cost	9 038 000	10 123 421
Current Service Cost	3 504 000	3 369 081
Benefits Paid	(3 144 000)	(3 176 023)
Actuarial Losses / (Gains)	(6 901 165)	3 774 953
Total Recognised Benefit Liability	92 123 834	89 626 999

The amounts recognised in the Statement of Financial Position are as follows:

Present Value of Fund Obligations	92 123 834	89 626 999
Total Benefit Liability	92 123 834	89 626 999

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	6 757 911	10 123 421
Interest cost	9 038 000	3 369 081
Actuarial losses / (gains)	(6 901 165)	3 774 953
Total Post-retirement Benefit included in Employee Related Costs (Note 29.)	8 894 746	17 267 455

The history of fair values are as follows:

	2022 R	2021 R	2020 R	2019 R	2018 R
Present Value of Defined Benefit Obligation	92 123 834	89 626 999	83 222 393	86 379 999	86 379 999
Deficit	92 123 834	89 626 999	83 222 393	86 379 999	86 379 999
Experienced adjustments on Plan Liabilities	(9 109 000)	(1 919 000)	2 356 040	41 820	6 739 754

	2022 R	2021 R
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The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	18 027 552	14 896 000
Effect on the defined benefit obligation	106 203 313	15 565 243

Decrease:

Effect on the aggregate of the current service cost and the interest cost	13 254 634	10 670 000
Effect on the defined benefit obligation	80 533 893	11 755 460

The municipality expects to make a contribution of R3,273,000 (2021: R3,144,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 49., "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16.4 Post-retirement Pension Benefits Liability

Opening Balance	130 149	129 796
Interest Cost	8 800	10 405
Current Service Cost	-	20 800
Actual Employer Benefit Payments	(20 800)	(28 751)
Actuarial Loss/ (Gain) recognised in the year	(65 454)	18 699
Balance at end of Year	52 695	150 949
Transfer to Current Provisions	9 414	21 249
Total Post-retirement Pension Benefits Liability	43 281	129 700

The municipality provides certain post - retirement pension benefits to certain retired employees of the municipality. According to the rules of the pension fund, with which the municipality is associated, a member (which is on the current Conditions of Service) on retirement, is entitled to certain pension benefits in which case the municipality is liable for pension payments to retired members for the

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2022 One Pangaea Expertise & solutions. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.26%	7.36%
Health Care Cost Inflation Rate	0.00%	4.09%
Net Effective Discount Rate	9.26%	7.36%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening Balance	157 862	179 207
Interest Cost	8 800	10 405
Current Service Cost	-	(29 200)
Actual Employer Benefit Payments	(20 800)	(21 249)
Actuarial Loss/ (Gain) recognised in the year	(102 581)	18 699
Total Recognised Benefit Liability	43 281	157 862

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	43 281	157 862
Total Benefit Liability	43 281	157 862

The amounts recognised in the Statement of Financial Performance are as follows:

Interest cost	8 800	10 405
Actuarial losses / (gains)	(65 454)	(20 135)
Total Post-retirement Benefit included in Employee Related Costs (Note)	(56 654)	(9 730)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The history of experienced adjustments is as follows:

	2022 R	2021 R	2020 R	2019 R	2018 R
Obligation	43 281	157 862	179 207	715 000	742 000
Deficit	43 281	157 862	179 207	715 000	742 000
Experienced adjustments on Plan Liabilities	7 899	(1 189)	622 911	Unknown	2 356 040
				2022 R	2021 R

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	4 667	11 186
Effect on the defined benefit obligation	49 952	124 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	4 156	9 528
Effect on the defined benefit obligation	54 774	159 265

16.5 Long Service Awards Liability

Opening Balance	17 157 000	16 490 264
Current Service Cost and Interest Cost	5 569 144	3 140 278
Payments Made	(1 794 810)	(2 723 765)
Other Reductions	-	-
Actuarial Gain/(Loss)	(1 973 000)	250 223
Balance at end of Year	<u>18 958 334</u>	<u>17 157 000</u>
Transfer to Current Provisions	2 375 144	1 973 000
Total Long Service Awards Liability	<u>16 583 190</u>	<u>15 184 000</u>

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2022 by One Pangaea Expertise & Solutions. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 781 (2021: 798) employees were eligible for Long-service Awards.

The Current-service Cost and Interest Cost for the year ending 30 June 2022 is estimated to be R5 569 144, whereas the cost for the ensuing year is estimated to be R (30 June 2022: R3 140 278 and R5 569 144 respectively).

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	10.02%	9.73%
Cost Inflation Rate	6.65%	5.57%
Net Effective Discount Rate	2.20%	3.94%
Expected Rate of Salary Increase	7.65%	4.00%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening Balance	17 157 000	16 490 264
Interest Cost	-	-
Current Service Cost	(1 973 000)	250 223
Actuarial Loss/ (Gain) recognised in the year	5 569 144	3 140 278
Benefits Paid	(1 794 810)	(2 723 765)
Total Recognised Benefit Liability	18 958 334	17 157 000

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	18 958 334	17 157 000
Total Benefit Liability	18 958 334	17 157 000

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	5 569 144	3 140 278
Interest cost	-	-
Total Post-retirement Benefit included in Employee Related Costs (Note 29.)	5 569 144	3 140 278

The history of experienced adjustments is as follows:

	2022 R	2021 R	2020 R	2019 R
Present Value of Defined Benefit Obligation	18 958 334	17 157 000	16 490 264	16 937 509
Deficit	18 958 334	17 157 000	16 490 264	16 937 509
Experienced adjustments on Plan Liabilities	(632 777)	-	179 135	-
			2022 R	2021 R

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	3 648 131	3 117 863
Effect on the defined benefit obligation	18 003 663	15 692 185

Decrease:

Effect on the aggregate of the current service cost and the interest cost	3 720 419	3 164 217
Effect on the defined benefit obligation	20 014 386	17 371 225

The municipality expects to make a contribution of R2 723 765 (2021: R5 569 144) to the defined benefit plans during the next financial year.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

17. PROVISIONS

Current Provisions	31 986 180	27 574 289
Non-current Provisions	106 420 092	89 160 416
Total Provisions	<u>138 406 272</u>	<u>116 734 705</u>

17.1 Current Provisions

Current Portion of Non-Current Provisions:	31 986 179	27 574 289
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	8 196 051	3 624 276
Environmental Cleanup	1 925 750	1 450 000
Leave	21 864 378	22 500 013
Total Provisions	<u>31 986 179</u>	<u>27 574 289</u>

17.1.1 Allocation for Cash Flow

Provisions at Beginning of Year	27 574 289	24 778 556
Movement in Non-cash Transactions:-		
Provisions	4 411 890	2 795 732
Total Provisions allocated to Non-cash Transactions	<u>4 411 890</u>	<u>2 795 732</u>
Provisions at End of Year	<u>31 986 179</u>	<u>27 574 288</u>

The movement in Current Provisions is reconciled as follows:

Current Portion of Non-Current Provisions:

Staff Benefit Provisions:

Leave Provision

Opening Balance	22 500 013	20 194 765
Increases / Decreases	(635 635)	2 305 248
Balance at end of year	<u>21 864 378</u>	<u>22 500 013</u>

Other Operational Provisions:

	Environmental Cleanup	Decommissioning of Landfill Sites
	R	R
30 June 2022		
Opening Balance	1 450 000	3 624 276
Increases	475 750	4 571 775
Reversals	-	-
Balance at end of year	<u>1 925 750</u>	<u>8 196 051</u>

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Environmental Cleanup	Decommissioning of Landfill Sites
	R	R
30 June 2021		
Opening Balance	1 036 522	3 547 270
Increases	413 478	77 006
Reversals	-	-
Balance at end of year	1 450 000	3 624 276

Environmental Clean-up Illegal dumping of builders and other rubble is taken place throughout the Kouga area to the municipality's property. Contrary to S19A of Environmental Conservation Act, 73 (No 73 of 19 89), the municipality has not cleared the illegal dumping and other rubble. The municipality has accounted for a provision for the cost of clearing of builders and other rubble as required by GRAP 19.

Leave Provision Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. All leave has to be taken within a timeframe of 18 months subsequent to earning it. There is no possibility of reimbursement.

Long Service Award Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised.

17.2 Non-current Provisions

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	106 420 092	89 160 416
Decommissioning, Restoration and Similar Liabilities: Non-specific	-	-
Total Non-current Provisions	106 420 092	89 160 416

17.2.1 Allocation for Cash Flow

Non-current Provisions at Beginning of Year	89 160 416	87 224 875
Movement in Non-cash Transactions:-		
Decommissioning, Restoration and Similar Liabilities	17 259 676	1 935 541
Total Non-current Provisions allocated to Non-cash Transactions	17 259 676	1 935 541
Decommissioning, Restoration and Similar Liabilities: Non-specific	-	-
Total Non-current Provisions allocated to Suppliers Paid	-	-
Non-current Provisions at End of Year	106 420 092	89 160 416

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The movement in Non-current Provisions are reconciled as follows:

	Decommissioning of Landfill Sites
	R
30 June 2022	
Opening Balance	89 160 416
Finance Charges	17 259 677
Payments Made	-
Increases (Passage of Time/Discounted I	-
Balance at end of year	106 420 093

	Decommissioning of Landfill Sites
	R
30 June 2021	
Opening Balance	87 224 874
Finance Charges	1 935 541
Other Reductions	-
Balance at end of year	89 160 415

17.3 Rehabilitation of Land-fill Sites

The municipality has an obligation to rehabilitate its land-fill sites in terms of its licence stipulations. The net present value of the rehabilitation cost of land-fill sites has been determined as at 30 June 2022 in-house by Mr T Rudolph from Kouga Municipality, (National Diploma: Analytical Chemistry, Mine Residue Disposal Course). The provision is the best estimate of the net present value of future rehabilitation costs of the land-fill sites to restore the sites at the end of their useful lives. The payment dates of the total closure and rehabilitation are uncertain, but are currently expected to be between 2022 and 2038.

Major assumptions concerning future events

The cost estimate for construction works to be performed for the closure and rehabilitation of an existing disposal site include the following assumptions made by the technical specialist:

- (a) The consolidation of "old" waste in the cell and filling of voids with builders rubble or other waste permissible for disposal at the site.
- (b) Doming the entire site in such a way to prevent the formation of pools due to rain, to ensure free surface runoff of rain water.
- (c) Capping the site in accordance with the capping design requirements as stipulated in the Minimum Requirements for Closure for the various classes of disposal sites; and
- (d) Rehabilitating the site in accordance with the end-use plan e.g. grassing, sport field etc.

LANDFILL SITES - USEFUL LIFE	Humansdorp	Hankey	Oyster Bay	JBAY (Open)	St. Francis (Open)
	Landfill Site	Landfill Site	Transfer Station	Transfer Station	Transfer Station
Remaining Useful Life 30 June 2022	6	6	6	28	28

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The following Landfill sites have closed:

St Francis - Site
Paradise Beach - Site
Patensie - Site
Papiestfontein - Site

	Humansdorp	Hankey	Oyster Bay	JBAY (Open)	St. Francis (Open)
Closing Provision as at 30 June 2020	51 520 032	9 260 032	588 396	588 396	588 396
Interest cost at 2019 weighted average - unwinding of interest	1 133 441	203 721	12 945	12 945	12 945
Change in PV in the future cash flows due to change in the discount rate	10 185	(17 995)	(1 228)	(1 228)	(1 228)
Closing Provision as at 30 June 2021	52 663 658	9 445 758	600 113	600 113	600 113
Interest cost at 2020 weighted average - unwinding of interest	2 580 519	462 842	29 406	29 406	29 406
Change in PV in the future cash flows due to change in the discount rate	14 351 910	(793 713)	(119 919)	(119 919)	(374 719)
Closing Provision as at 30 June 2022	69 596 087	9 114 887	509 600	509 600	254 800
	Paradise Beach (JBAY)	Papiestfontein (Closed)	St. Francis (Closed)	Paradise Beach (JBAY)	Patensie
Closing Provision as at 30 June 2020	-	14 908 234	12 456 432	588 396	273 830
Interest cost at 2019 weighted average - unwinding of interest	-	327 981	274 042	12 945	6 024
Change in PV in the future cash flows due to change in the discount rate	-	90 200	(60 616)	(1 228)	(1 304)
Closing Provision as at 30 June 2021	-	15 326 415	12 669 858	600 113	278 550
Interest cost at 2020 weighted average - unwinding of interest	-	750 994	620 823	29 406	13 649
Change in PV in the future cash flows due to change in the discount rate	254 800	15 411	819 693	(629 519)	3 880 975
Closing Provision as at 30 June 2022	254 800	16 092 821	14 110 374	-	4 173 174

18. ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations	2 110 191 805	2 140 988 009
Total Accumulated Surplus	2 110 191 805	2 140 988 009

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
19. PROPERTY RATES		
	Actual Levies	
Property Rates Levies	224 326 475	210 204 641
Total Property Rates	224 326 475	210 204 641
19.1 Allocation for Cash Flow:		
Total Property Rates	224 326 476	210 204 642
Adjustment for Non-cash Transactions:-	-	-
Total Property Rates allocated to Cash Flow	224 326 476	210 204 642
19.2 Calculation of Cash Flow:		
Property Rates Income	224 326 476	210 204 642
Non-exchange Interest Earned	1 774 617	1 700 447
Cash Flow from Non-exchange Receivables	(2 942 197)	(2 574 458)
Amounts Written-off as Uncollectable	(248 187)	(567 750)
Total Receipts for Property Rates	222 910 709	208 762 881
<p>Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2018.</p> <p>Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.</p> <p>An general rate is applied as follows to property valuations to determine property rates: Residential Properties: 0,009202 c/R (2020/21: 0,008743 c/R) Business Properties: 0,009570 c/R (2020/21: 0,009093 c/R) Agricultural Properties: 0,002301 c/R (2020/21: 0,002186 c/R)</p> <p>A Rebate of R15,000 is received on all residential properties, private towns receives an additional 20% on property valuation and equitable share recipients and Pensioners earning R15 000 and less per month, receives an additional R85,000 rebate on property value.</p>		
20. FINES, PENALTIES AND FORFEITS		
Traffic Fines:	5 696 291	3 063 146
Municipal	5 696 291	3 063 146
Service Provider	-	-
Other Fines:	185 054	244 942
Building	185 036	195 624
Overdue Books Fine	18	318
Pound Fees	-	49 000
Total Fines, Penalties and Forfeits	5 881 345	3 308 088

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

20.1 Allocation for Cash Flow:

Total Fines, Penalties and Forfeits	5 881 345	3 308 089
Adjustment for Non-cash Transactions:-	-	-
Total Fines, Penalties and Forfeits allocated to Other Receipts	5 881 345	3 308 089

21. LICENCES AND PERMITS

Boat	6 164 580	5 773 009
Health Certificates	6 272	(57 968)
Road and Transport:	3 337 680	4 436 939
Activities on Public Roads	12 321	-
Drivers Licence Application/Duplicate Drivers Licences	1 050 814	2 673 110
Drivers Licence Certificate	1 373 103	-
Learner Licence Application	597 999	-
Learners Certificate	118 611	839 891
Motor Vehicle Licence	79 099	-
Operators and Public Drivers Permits	105 733	923 938
Trading	84 681	75 076
Total Licences and Permits	9 593 213	10 227 056

21.1 Allocation for Cash Flow:

Total Licences and Permits	9 593 214	10 227 056
Adjustment for Non-cash Transactions:-	-	-
Total Licences and Permits allocated to Other Receipts	9 593 214	10 227 056

22. TRANSFERS AND SUBSIDIES RECEIVED

Capital Grants	60 630 436	46 786 514
Monetary Allocations	60 630 436	46 786 514
Operational Grants	153 880 476	166 981 811
Monetary Allocations	153 880 476	166 981 811
Total Transfers and Subsidies Received	214 510 912	213 768 325

22.1 Allocation for Cash Flow:

Total Transfers and Subsidies Received	214 510 912	213 768 324
Adjustment for Non-cash Transactions:	-	-
Total Transfers and Subsidies Received allocated to Cash Flow	214 510 912	213 768 324

22.2 Calculation of Cash Flow:

Government Grants and Subsidies Income	Note 22.1	214 510 912	213 768 324
Cash Flow from Unspent Government Grants	Note 13.1	(6 198 656)	(20 728 521)
Total Receipts for Government Grants and Subsidies		208 312 256	193 039 803

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

22.3 Summary of Grants:

22.3.1 Capital Grants

	Monetary Allocations	
	2022	2021
District Municipalities	1 638 000	1 516 655
National Governments	58 005 265	45 269 859
Total Capital Grants Received	60 630 436	46 786 514

22.3.2 Operational Grants

	Monetary Allocations	
	2022	2021
District Municipalities	2 888 420	2 845 500
Foreign Government and International Organisations	354 406	867 207
National Governments	4 813 650	4 172 903
National Revenue Fund	143 774 000	157 046 000
Provincial Government	2 050 000	2 050 000
Total Operational Grants Received	153 880 476	166 981 810

22.4 Detailed Summaries

22.4.1 Equitable Share

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	143 774 000	157 046 000
Transferred to Revenue	(143 774 000)	(157 046 000)
Unspent Balance at the End of the Year	-	-

In terms of the Constitution, the grant is used to subsidise the provision of basic services to indigent community members. This grant is unconditional.

22.4.2 National: EPWP Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 423 000	1 054 000
Conditions Met - Transferred to Revenue	(1 423 000)	(1 054 000)
Unspent Balance at the End of the Year	-	-

The Expanded Public Works Programme Grant was allocated to the municipality for environmental projects. No funds have been withheld.

22.4.3 National: FMG Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 720 000	1 500 000
Transferred to Revenue	(1 720 000)	(1 500 000)
Unspent Balance at the End of the Year	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

22.4.4 National: MIG Funds

Unspent Balance at the Beginning of the Year	5 962 915	12 505 994
Current Year Receipts	33 413 000	31 190 000
Conditions Met - Transferred to Revenue	(39 375 915)	(37 733 079)
Unspent Balance at the End of the Year	-	5 962 915

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. The roll over application for the 2020/2021 financial year to the amount of R 5 962 915 was approved.

22.4.5 National: WSIG Funds

Unspent Balance at the Beginning of the Year	-	14 315 680
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue	-	(14 315 680)
Unspent Balance at the End of the Year	-	-

The Water Services Infrastructure Grant is allocated to municipalities to assist in drought relief.

22.4.6 National: Municipal Disaster Relief Grant for drought

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	12 500 000	-
Transferred to Revenue	(12 500 000)	-
Unspent Balance at the End of the Year	-	-

The Municipal Disaster Relief Grant for drought is allocated to assist in drought relief.

22.4.7 Integrated National Electrification Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	7 800 000	5 200 000
Conditions Met - Transferred to Revenue	(7 800 000)	(5 200 000)
Unspent Balance at the End of the Year	-	-

Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.

22.4.8 Provincial: Department Human Settlement (Houses)

Balance unspent at the beginning of the year	-	-
Current year receipts	13 512 151	-
Funds spent on behalf of the Department of Human Settlement	(13 512 151)	-
Balance at the End of the Year	-	-

This grant is for the building of low cost housing within the KOUGA area. The municipality is only the agent of the department of Human Settlement for the construction of low cost houses and do not form part of the revenue and expenditure of the municipality.

23. SERVICE CHARGES

Sale of Electricity	327 234 203	283 159 658
Sale of Water	83 125 109	80 982 787
Refuse Removal	54 525 598	53 973 636
Sewerage and Sanitation Charges	56 405 147	52 345 869
Total Services Charges	521 290 057	470 461 950

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

23.1 Allocation for Cash Flow:

Total Service Charges	521 290 057	470 461 950
Adjustment for Non-cash Transactions:-	-	-
Total Service Charges allocated to Cash Flow	521 290 057	470 461 950

23.2 Calculation of Cash Flow:

Service Charges Income	Note 23.1	521 290 057	470 461 950
Exchange Interest Earned	Note 27.1	12 103 821	8 281 271
Cash Flow from Exchange Receivables	Note 2.1	(55 144 622)	(38 313 716)
Cash Flow from Consumer Deposits	Note 10.1	1 219 440	1 248 567
Cash Flow from Exchange Payables	Note 11.1	7 131 735	1 707 878
Exchange Receivables: Amounts written-off as uncollectable	Note 2.3.1	(4 835 758)	(4 307 073)
Bad Debt Written-off	Note 32.1	-	-
Total Receipts for Service Charges		481 764 673	439 078 877

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

24. SALES OF GOODS AND RENDERING OF SERVICES

Application Fees for Land Usage	300 062	436 398
Building Plan Approval	5 214 545	3 328 419
Camping Fees	55 781	267 897
Cemetery and Burial	416 510	376 649
Cleaning and Removal	283 115	108 383
Development Charges	20 251	-
Encroachment Fees	8 591	81 762
Fire Services	16 182	12 822
Legal Fees	2 471 687	2 664 616
Photocopies and Faxes	44 958	57 166
Removal of Restrictions	166 331	545 830
Sale of Goods	145 736	-
Scrap, Waste & Other Goods	313	913
Valuation Services	458 647	278 390
Total Sales of Goods and Rendering of Services	9 602 709	8 159 245

24.1 Allocation for Cash Flow:

Total Sales of Goods and Rendering of Services	9 602 709	8 159 247
Adjustment for Non-cash Transactions:-	-	-
Total Sales of Goods and Rendering of Services allocated to Other Receipts	9 602 709	8 159 247

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

25. INCOME FROM AGENCY SERVICES

Commission on Vehicle Registration	2 559 892	1 411 573
Total Income from Agency Services	2 559 892	1 411 573

25.1 Allocation for Cash Flow:

Total Income from Agency Services	2 559 892	1 411 573
Adjustment for Non-cash Transactions:-	-	-
Total Income from Agency Services allocated to Other Receipts	2 559 892	1 411 573

The municipality is party to a principal / agent agreement.

The municipality is an agent on behalf of the Eastern Cape Provincial Department of Transport in collecting motor vehicle licences at an agency fee of 19%, VAT inclusive.

There were no significant changes in the agreement which occurred during the reporting period.

No material risks were identified on the agreement for the municipality.

The municipality does not incur any expenses on behalf of the principal.

Revenue due to the Principal, and not paid over at year end included in Payables from Exchange Transac	140 056	114 582
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Amount of revenue received on behalf of the principle during the reporting period

Motor vehicle licence fees	11 347 567	10 565 290
Revenue Retained, Income from Agency Services	(2 559 892)	(1 411 573)
Revenue due to the Principal	8 787 675	9 153 717

26. RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue

Investment Property	2 263 717	925 404
Other Fixed Assets:	830 342	1 421 269
Property Plant and Equipment	830 342	1 421 269

Total Rental of Facilities and Equipment	3 094 059	2 346 673
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26.1 Allocation for Cash Flow:

Total Rental of Facilities and Equipment	3 094 059	2 346 673
Adjustment for Non-cash Transactions:-	-	-
Total Rental of Facilities and Equipment allocated to Other Receipts	3 094 059	2 346 673

Rental income generated are at market related premiums. All rental income recognised is therefore market related.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

27. INTEREST, DIVIDENDS AND RENT ON LAND EARNED

Non-exchange Receivables:

Outstanding Billing Debtors	1 774 617	1 700 447
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Total Non-exchange Interest, Dividends and Rent on Land Earned	<u>1 774 617</u>	<u>1 700 447</u>
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External Investments:

Bank Account	1 043 183	613 189
Investments	2 181 361	3 578 829

	<u>3 224 544</u>	<u>4 192 018</u>
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Outstanding Exchange Receivables:

Outstanding Billing Debtors	12 103 821	8 281 271
Electricity	1 150 533	980 770
Service Charges	252 484	66 538
Waste Management	3 737 054	2 579 261
Waste Water Management	2 229 667	1 514 488
Water	4 734 083	3 140 214

	<u>12 103 821</u>	<u>8 281 271</u>
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Total Exchange Interest, Dividends and Rent on Land Earned	<u>15 328 365</u>	<u>12 473 289</u>
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Total Interest, Dividends and Rent on Land Earned	<u>17 102 982</u>	<u>14 173 736</u>
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27.1 Allocation for Cash Flow:

Property Rates:-

Interest on Outstanding Non-exchange Receivables	1 774 617	1 700 447
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Total Interest, Dividends and Rent on Land Earned allocated to Property Rates	<u>1 774 617</u>	<u>1 700 447</u>
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Service Charges:-

Interest on Outstanding Exchange Receivables	12 103 821	8 281 271
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Total Interest, Dividends and Rent on Land Earned allocated to Service Charges	<u>12 103 821</u>	<u>8 281 271</u>
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External Interest and Dividends Received:-

Interest on External Investments	3 224 544	4 192 018
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Total Interest, Dividends and Rent on Land Earned allocated to External Interest and Dividends Received	<u>3 224 544</u>	<u>4 192 018</u>
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Total External Interest and Dividends Received allocated to Cash Flow	<u>17 102 982</u>	<u>14 173 736</u>
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27.2 Calculation of Cash Flow:

External Interest and Dividends Income	3 224 544	4 192 018
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Total Receipts for Interest and Dividends Received	<u>3 224 544</u>	<u>4 192 018</u>
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

28. OPERATIONAL REVENUE

Commission	415 138	471 938
Insurance Refund	2 541 783	14 917
Sale of Property	-	114
Skills Development Levy Refund	653 650	506 038
Staff Recoveries	194 327	58 651

Total Operational Revenue	3 804 898	1 051 658
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28.1 Allocation for Cash Flow:

Total Operational Revenue	3 804 898	1 051 658
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Adjustment for Non-cash Transactions:-	-	-
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Total Operational Revenue allocated to Other Receipts	3 804 898	1 051 658
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28.2 Calculation of Cash Flow:

Income from Operational Revenue	Note 28.1	3 804 898	1 051 658
Income from Rental from Fixed Assets	Note 26.1	3 094 059	2 346 673
Income from Agency Services	Note 25.1	2 559 892	1 411 573
Income from Sales of Goods and Rendering of Services	Note 24.1	9 602 709	8 159 247
Income from Licences and Permits	Note 21.1	9 593 214	10 227 056
Income from Fines, Penalties and Forfeits	Note 20.1	5 881 345	3 308 089
Cash Flow from Exchange Receivables	Note 2.1	(2 882 671)	3 383
Cash Flow from Statutory Non-exchange Receivables	Note 3.1	(3 969 759)	(2 262 861)
Cash Flow from Operating Lease Receivables	Note 9.1	(45 123)	63 697
Cash Flow from Current Portion of Long-term Receivables	Note 10.1	-	3 000
Cash Flow from Consumer Deposits	Note 10.1	1 679 231	1 449 824
Cash Flow from Exchange Payables	Note 11.1	1 314 648	929 217

Total Receipts for Other Revenue	30 632 442	26 690 557
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The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 19 to 27, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
29. EMPLOYEE RELATED COSTS		
Salaries and Wages:		
Basic	206 449 976	195 286 681
Long Service Awards	953 230	1 286 800
Bonusses	178 167	611 711
Leave Payments	5 631 168	4 252 056
Overtime	17 265 899	23 381 337
Allowances:		
Acting and Post Related Allowances	5 949 602	2 601 788
Bonus Allowance	14 465 934	14 980 178
Cellular and Telephone	101 653	9 588
Housing Benefits	782 294	899 547
Standby Allowance	7 725 438	7 198 775
Travel or Motor Vehicle	10 762 198	10 342 750
Social Contributions:		
Bargaining Council	166 786	1 724 006
Group Life Insurance	8 499 241	6 801 069
Medical	16 688 454	16 850 481
Pension	30 455 049	30 459 117
Unemployment Insurance	1 758 394	1 584 804
Post-retirement Benefits:		
Current Service Cost	3 504 000	-
Interest Cost	9 005 200	10 133 826
Actuarial Gains and Losses	(9 464 831)	3 793 652
Past Service Cost	-	3 369 081
Defined Contribution Fund Expenses	-	(3 205 223)
Leave Gratuity	(635 634)	2 305 248
Long Term Service Awards	1 155 546	666 736
Total Employee Related Costs	331 397 764	335 334 008
29.1 Allocation for Cash Flow:		
Employee Related Costs	331 397 766	335 334 005
Adjustment for Non-cash Transactions:	(7 051 376)	(23 157 944)
Total Employee Related Costs allocated to Cash Flow	324 346 390	312 176 061

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

29.2 Calculation of Cash Flow:

Employee Related Costs Expenditure	Note 29.1	324 346 390	312 176 061
Cash Flow from Exchange Payables	Note 11.1	(225 361)	1 126 906
Cash Flow from Employee Benefit Liabilities	Note 16.1	8 213 521	5 928 539
Total Payments for Employee Related Costs		332 334 550	319 231 506

29.3 Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager: C Du Plessis

Annual Remuneration		1 602 573	1 555 880
Car and Other Allowances		660 700	235 528
Company Contributions to UIF, Medical and Pension Funds		28 396	20 744
Total		2 291 669	1 812 152

Remuneration of the Chief Financial Officer: R Lorgat

Annual Remuneration		1 307 459	1 260 911
Car and Other Allowances		238 532	129 588
Company Contributions to UIF, Medical and Pension Funds		21 151	18 267
Total		1 567 142	1 408 766

Remuneration of the Director: Community Services - N Machalesi

Annual Remuneration		1 247 459	1 200 911
Car and Other Allowances		428 140	312 821
Company Contributions to UIF, Medical and Pension Funds		21 916	18 591
Total		1 697 514	1 532 323

Remuneration of Director: Infrastructure and Engineering - V Felton

Annual Remuneration		-	763 513
Car and Other Allowances		-	1 599 964
Company Contributions to UIF, Medical and Pension Funds		-	10 175
Total		-	2 373 652

Remuneration of Director: Infrastructure and Engineering - J. E. Delport (August 2021 - November 2021)

Annual Remuneration		494 775	-
Car and Other Allowances		157 922	-
Company Contributions to UIF, Medical and Pension Funds		9 178	-
Total		661 875	-

Remuneration of Director: Infrastructure and Engineering - A Liberty (April 2022 - May 2022)

Annual Remuneration		176 467	-
Car and Other Allowances		45 483	-
Company Contributions to UIF, Medical and Pension Funds		4 171	-
Total		226 122	-

Remuneration of Director: Infrastructure and Engineering - T. Madatt (1 May 2022 - 30 June 2022)

Annual Remuneration		-	-
Car and Other Allowances		20 286	-
Company Contributions to UIF, Medical and Pension Funds		-	-
Total		20 286	-

Remuneration of Director: Corporate Services - K Moodley

Annual Remuneration		1 331 459	1 284 911
Car and Other Allowances		346 736	245 285
Company Contributions to UIF, Medical and Pension Funds		22 554	18 582
Total		1 700 749	1 548 778

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Remuneration of Director: Planning, Development and Tourism - F Mabusela

Annual Remuneration	1 247 459	1 200 911
Car and Other Allowances	377 538	270 404
Company Contributions to UIF, Medical and Pension Funds	21 644	17 973
Total	1 646 641	1 489 288

Summary of Remuneration of Section 57 Employees:

All Managers	7 336 573	8 756 193
Total Remuneration of Section 57 Employees	7 336 573	8 756 193

30. REMUNERATION OF COUNCILLORS

Executive Mayor	679 359	893 853
Deputy Mayor	544 449	-
Speaker	532 267	715 079
Executive Committee Members	2 182 262	4 022 282
Total for All Other Councillors	9 456 478	7 149 152
Total Councillors' Remuneration	13 394 816	12 780 365

30.1 Allocation for Cash Flow:

Total Councillors' Remuneration	13 394 816	12 780 365
Adjustment for Non-cash Transactions:-	-	-
Total Councillors' Remuneration allocated to Cash Flow	13 394 816	12 780 365

30.2 Calculation of Cash Flow:

Remuneration of Councillors Expenditure	Note 30.1	13 394 816	12 780 365
Total Payments for Employee Related Costs		13 394 816	12 780 365

Remuneration of Councillors:

In-kind Benefits

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor is provided with secretarial support and an office at the cost of the municipality.

31. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	91 119 431	80 942 416
Amortisation: Intangible Assets	-	-
Total Depreciation and Amortisation	91 119 431	80 942 416

32. IMPAIRMENT LOSSES

Impairment Losses on Fixed Assets	8 958 114	182 593
Impairment Losses on Financial Assets	29 778 246	32 152 045
Fair Value Adjustment	(97 142)	(39 808)
Total Impairment Losses	38 639 218	32 294 830

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

32.1 Allocation for Cash Flow:

Total Impairment Losses		38 639 218	32 294 830
Adjustment for Non-cash Transactions:		(38 639 218)	(32 294 830)
Impairment Losses on Fixed Assets	Note 32.2	(8 958 114)	(182 593)
Impairment Losses on Financial Assets	Note 32.3	(29 778 246)	(32 152 045)
Realisable Value Adjustment - Inventories		97 142	39 808
Total Impairment Losses allocated to Service Charges		-	-

32.2 Impairment Losses on Fixed Assets

Impairment Losses		8 958 114	182 593
Property, Plant and Equipment		8 958 114	182 593
		8 958 114	182 593

32.3 Impairment Losses on Financial Assets

Impairment Losses		192 897 186	27 277 221
Other Receivables from Non-exchange Revenue		23 982 474	(386 913)
Trade and Other Receivables from Exchange Transactions		168 914 712	27 664 134
Bad Debts Written Off		8 552 538	4 874 824
Reversal of Impairment Losses		(171 671 478)	-
Other Receivables from Non-exchange Revenue		(24 907 490)	-
Trade and Other Receivables from Exchange Transactions		(146 763 988)	-
		29 778 246	32 152 045

32.4 Fair Value Adjustment

Inventory		(97 142)	(39 808)
		(97 142)	(39 808)

33. INTEREST, DIVIDENDS AND RENT ON LAND PAID

Interest Paid:		4 662 497	3 422 272
Borrowings		247 384	1 238 024
Finance Leases		577 095	149 733
Interest costs non-current Provisions		3 797 013	1 996 987
Overdue Accounts		41 005	37 528
Total Interest Expense		4 662 497	3 422 272
Total Interest, Dividends and Rent on Land Paid		4 662 497	3 422 272

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

33.1 Allocation for Cash Flow:

Non-cash Transactions:-

Interest Paid	3 797 013	1 996 987
Total Interest, Dividends and Rent on Land Paid allocated to Non-cash Transactions	3 797 013	1 996 987

External Interest and Dividends Paid:-

Interest Paid	865 483	1 425 285
Total Interest, Dividends and Rent on Land Paid allocated to External Interest and Dividends Paid	865 483	1 425 285

Total External Interest and Dividends Paid allocated to Cash Flow

	4 662 496	3 422 272
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33.2 Calculation of Cash Flow:

Interest, Dividends and Rent on Land Paid Expenditure	Note 33.1	865 483	1 425 285
Total Payments for External Interest and Dividends Paid		865 483	1 425 285

34. BULK PURCHASES

Electricity	295 222 161	254 057 835
Total Bulk Purchases	295 222 161	254 057 835

34.1 Allocation for Cash Flow:

Total Bulk Purchases	295 222 161	254 057 835
Adjustment for Non-cash Transactions:-	-	-
Total Bulk Purchases allocated to Suppliers Paid	295 222 161	254 057 835

35. CONTRACTED SERVICES

Outsourced Services	33 798 187	28 832 017
Consultants and Professional Services	9 385 276	8 533 561
Contractors	31 855 592	58 419 896

Total Contracted Services

	75 039 055	95 785 474
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35.1 Allocation for Cash Flow:

Total Contracted Services	75 039 055	95 785 476
Adjustment for Non-cash Transactions:-	(5 047 525)	(490 484)

Total Contracted Services allocated to Suppliers Paid

	69 991 530	95 294 992
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

35.2 Outsourced Services

Animal Care	473 780	400 000
Burial Services	161 456	179 285
Business and Advisory	12 577 301	9 871 486
Call Centre	182 100	-
Catering Services	478 548	137 352
Cleaning Services	438 163	349 791
Clearing and Grass Cutting Services	1 642 067	2 667 492
Connection/Dis-connection	709 635	-
Drivers Licence Cards	512 947	514 922
Fire Services	456 780	97 526
Illegal Dumping	177 446	2 131 689
Internal Auditors	324 950	25 300
Litter Picking and Street Cleaning	1 089 370	-
Medical Services [Medical Health Services & Support]	1 009 809	1 099 804
Personnel and Labour	8 011 746	6 196 304
Professional Staff	419 571	157 600
Refuse Removal	81 630	-
Security Services	4 910 721	4 914 140
Traffic Fines Management	9 020	68 437
Transport Services	131 147	20 889
	33 798 187	28 832 017

35.3 Consultants and Professional Services

Business and Advisory	2 654 256	2 039 195
Infrastructure and Planning	1 498 584	2 566 790
Laboratory Services	375 686	342 700
Legal Cost	4 856 750	3 584 876
	9 385 276	8 533 561

35.4 Contractors

Artists and Performers	31 172	-
Building	47 833	-
Catering Services	1 773	2 058
Employee Wellness	222 713	174 707
Event Promoters	264 185	-
Interior Decorator	381	-
Maintenance of Buildings and Facilities	5 897 524	5 639 907
Maintenance of Equipment	432 344	446 568
Maintenance of Infrastructure	24 954 443	52 155 338
Pest Control and Fumigation	3 224	1 318
	31 855 592	58 419 896

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

36. INVENTORY CONSUMED

Consumables	14 646 376	8 544 370
Materials and Supplies	19 188 859	18 785 953
Water	59 210 649	44 344 534

Total Inventory Consumed	93 045 884	71 674 857
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36.1 Allocation for Cash Flow:

Total Inventory Consumed	93 045 884	71 674 858
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Adjustment for Non-cash Transactions:-	-	-
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Total Inventory Consumed allocated to Suppliers Paid	93 045 884	71 674 858
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36.2 Calculation of Cash Flow:

Expenditure for Inventory Consumed	Note 36.1	93 045 884	71 674 858
Expenditure for Contracted Services	Note 35.1	69 991 530	95 294 992
Expenditure for Bulk Purchases	Note 34.1	295 222 161	254 057 835
Cash Flow from Inventories	Note 1.1	4 382 341	2 849 322
Cash Flow from Exchange Receivables	Note 2.1	131 069	474 511
Cash Flow from Exchange Payables	Note 11.1	(9 272 239)	57 036 743

Total for Suppliers Paid	453 500 746	481 388 261
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37. TRANSFERS AND SUBSIDIES PAID

Operational Grants	458 000	761 000
Monetary Allocations	458 000	761 000

Total Transfers and Subsidies Paid	458 000	761 000
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37.1 Allocation for Cash Flow:

Total Transfers and Subsidies Paid	458 000	761 000
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Adjustment for Non-cash Transactions:-	-	-
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Total Transfers and Subsidies Paid allocated to Other Payments	458 000	761 000
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38. OPERATING LEASES

Furniture and Office Equipment	2 196 632	1 979 168
Machinery and Equipment	-	15 132
Other Assets	3 592 590	4 556 663
Total Operating Leases	5 789 222	6 550 963

38.1 Allocation for Cash Flow:

Total Operating Leases	5 789 222	6 550 963
Adjustment for Non-cash Transactions:-	-	-
Total Operating Leases allocated to Other Payments	5 789 222	6 550 963

38.2 Leasing Arrangements

The Municipality as Lessee:

Operating leases relate to Property, Plant and Equipment with lease terms not longer than 5 years.

38.3 Amounts Payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Other Equipment:

	6 510 115	6 699 738
Up to 1 year	6 510 115	6 699 738
2 to 5 years	-	-
More than 5 years	-	-
Total Operating Lease Arrangements	6 510 115	6 699 738

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	6 510 115	6 699 738
Total Operating Lease Expenses	6 510 115	6 699 738

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

39. OPERATIONAL COSTS

Included in General Expenses are the following:

Achievements and Awards	1 105 116	1 084 110
Advertising, Publicity and Marketing	2 678 642	1 544 894
Bank Charges, Facility and Card Fees	984 769	707 900
Bargaining Council	3 422 255	2 947 746
Commission	5 243 275	5 533 247
Communication	4 063 664	2 227 272
Contribution to Provisions	475 750	413 478
Courier and Delivery Services	-	2 599
Deeds	-	13 438
External Audit Fees	4 394 028	4 320 105
External Computer Service	7 502 717	6 952 116
Hire Charges	26 852 270	33 487 369
Insurance Underwriting	3 278 004	4 834 029
Licences	621 543	727 041
Management Fee	5 719 854	5 407 345
Printing, Publications and Books	1 075 737	941 801
Professional Bodies, Membership and Subscription	7 260	14 930
Registration Fees	1 938 972	1 695 092
Remuneration to Ward Committees	2 640 793	3 407 166
Resettlement Cost	143 629	59 775
Search Fees	113 982	85 350
Signage	342 913	301 050
Skills Development Fund Levy	3 290 416	1 685 716
Storage of Files (Archiving)	267 317	542 246
Supplier Development Programme	-	41 509
Travel and Subsistence	1 755 824	580 009
Uniform and Protective Clothing	3 079 626	3 174 022
Vehicle Tracking	728 644	656 135
Workmen's Compensation Fund	1 794 647	1 079 991
Total Operational Costs	83 521 647	84 467 481

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

39.1 Allocation for Cash Flow:

Total Operational Costs	83 521 650	84 467 479
Adjustment for Non-cash Transactions:-	-	-
Total Operational Costs allocated to Other Payments	<u>83 521 650</u>	<u>84 467 479</u>

39.2 Calculation of Cash Flow:

Expenditure for Operational Costs	Note 39.1	83 521 650	84 467 479
Expenditure for Operating Leases	Note 38.1	5 789 222	6 550 963
Expenditure for Transfers and Subsidies Paid	Note 37.1	458 000	761 000
Cash Flow from Exchange Payables	Note 11.1	6 200	(60 627)
Cash Flow from Non-exchange Payables	Note 12.1	751 430	(515 689)
Variance on Impairment (Provision for VAT on Receivables)		1 511 217	(20 632 596)
Other Non-cash Transactions		-	(87 270)
Total for Other Payments		<u>92 228 814</u>	<u>70 573 461</u>

39.3 Travel and Subsistence

Domestic		1 080 440	423 815
Accommodation		610 044	110 989
Food and Beverage (Served)		87 789	78 949
Transport without Operator		293 365	229 529
Transport with Operator		89 242	4 348
Foreign		111 579	-
Accommodation		-	-
Daily Allowance		111 579	-
Non-employees		563 805	156 194
		<u>1 755 824</u>	<u>580 009</u>

No other extra-ordinary expenses were incurred.

40. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Property, Plant and Equipment	(10 273 046)	(1 989 467)
Total Gains on Disposal of Capital Assets	<u>-</u>	<u>-</u>
Total Losses on Disposal of Capital Assets	<u>10 273 046</u>	<u>1 989 467</u>

40.1 Allocation for Cash Flow:

Disposal of Property, Plant and Equipment:

Gains on Disposal of Capital Assets	Note 6.1	-	-
Losses on Disposal of Capital Assets	Note 6.1	(10 273 046)	(1 989 467)
Total Gains on Disposal of Capital Assets allocated to Property, Plant and Equipment		<u>(10 273 046)</u>	<u>(1 989 467)</u>
Total Gains / (Losses) on Disposal of Capital Assets allocated to Cash Flow		<u>(10 273 046)</u>	<u>(1 989 467)</u>

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
41. RECLASSIFICATION OF ANNUAL FINANCIAL STATEMENTS		
41.1 Reclassification of Accumulated Surplus		
The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.		
The effect of the changes are as follows:		
		Accumulated Surplus
Balance published as at 30 June 2020		2 235 831 838
Correction of Error:-		
Adjustment for Provision for Rehabilitation of Landfill Site	(14 908 234)	
Adjustment for Acc. Depreciation of Landfill Site Asset	1 260 175	
Correction of Error 2021 AFS	(21 642)	
Provision for Impairment of Debt - Exchange	(23 117 596)	
Provision for Impairment of Debt - Non-Exchange	(13 473 958)	
Restatement of Land previously not recognised	365 440	
Rounding Variances	7	
Total for Correction of Error	-	(49 895 808)
Restated Balance as at 30 June 2020		2 185 936 030
Transactions incurred for the Year 2020/21		(44 973 152)
Correction of Error:-		
Correction of Error 2021 AFS	-	
Provision for Impairment of Debt - Exchange	(232 956)	
Provision for Impairment of Debt - Non-Exchange	(567 056)	
Unwinding of interest on the provision - Papiessfontein Landfill Site	(327 981)	
Capitalising of change in estimate - Papiessfontein Landfill Site	(90 200)	
Correction of Land Purchased	360 000	
Correction of Receivables for Land Purchased	(360 000)	
Restatement of Prepaid Electricity	1 243 327	
Rounding Variances	(3)	
Total for Correction of Error	-	25 131
Restated Balances as at 30 June 2021		<u>2 140 988 009</u>

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

41.2 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2020/21
Property Rates	210 204 641	-	-	210 204 641
Fines, Penalties and Forfeits	3 308 088	-	-	3 308 088
Licences and Permits - Non-exchange	10 227 056	-	-	10 227 056
Transfers and Subsidies	213 768 325	-	-	213 768 325
Interest, Dividends & Rent on Land Non-Exchange	1 700 447	-	-	1 700 447
Service Charges	469 218 623	-	1 243 327	470 461 950
Sales of Goods and Rendering of Services	8 159 245	-	-	8 159 245
Income from Agency Services	1 411 573	-	-	1 411 573
Rental from Fixed Assets	2 346 673	-	-	2 346 673
Interest, Dividends & Rent on Land Exchange	12 473 289	-	-	12 473 289
Operational Revenue	1 051 658	-	-	1 051 658
	933 869 618	-	1 243 327	935 112 945

41.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2020/21
Employee Related Costs	335 334 008	-	-	335 334 008
Remuneration of Councillors	12 780 365	-	-	12 780 365
Depreciation and Amortisation	80 852 216	-	90 200	80 942 416
Impairment Losses	31 494 818	-	800 012	32 294 830
Interest, Dividends and Rent on Land	3 094 292	-	327 980	3 422 272
Bulk Purchases	254 057 835	-	-	254 057 835
Contracted Services	95 785 475	-	-	95 785 474
Inventory Consumed	71 674 857	-	-	71 674 857
Transfers and Subsidies Paid	761 000	-	-	761 000
Operating Leases	6 550 963	-	-	6 550 963
Operational Costs	84 467 481	-	-	84 467 481
Loss on Disposal of PPE	1 989 467	-	-	1 989 467
	978 842 777	-	1 218 192	980 060 968

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

41.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2020/21
Current Assets				
Inventories	12 570 366	-	-	12 570 366
Receivables from Exchange Transactions	68 813 789	-	(23 710 553)	45 103 236
Receivables from Non-exchange Transactions	-	-	-	-
Statutory Receivables from Non-exchange Transactions	23 992 061	-	(14 041 013)	9 951 048
VAT Receivable	47 750 213	-	-	47 750 213
Cash and Cash Equivalents	53 394 447	-	-	53 394 447
Lease Receivables	107 590	-	-	107 590
Long-term Receivables	-	-	-	-
Non-Current Assets				
Property, Plant and Equipment	2 054 701 795	-	1 985 619	2 056 687 414
Intangible Assets	1 294 963	-	-	1 294 963
Investment Property	262 645 444	-	-	262 645 444
Long-term Receivables	-	-	-	-
Current Liabilities				
Consumer Deposits	(20 774 255)	-	-	(20 774 255)
Payables from Exchange Transactions	(88 884 733)	-	1 243 327	(87 641 406)
Payables from Non-exchange Transactions	(751 430)	-	-	(751 430)
Unspent Conditional Grants and Receipts	(6 198 656)	-	-	(6 198 656)
Lease Payables	(618 501)	-	-	(618 501)
Borrowings	(6 128 308)	-	-	(6 128 308)
Employee Benefit Liabilities	(7 872 752)	-	-	(7 872 752)
Provisions	(27 574 289)	-	-	(27 574 289)
Non-Current Liabilities				
Lease Payables	-	-	-	-
Employee Benefit Liabilities	(101 796 699)	-	-	(101 796 699)
Provisions	(73 834 000)	-	(15 326 416)	(89 160 416)
Net Assets				
Accumulated Surplus / (Deficit)	(2 190 837 045)	-	49 849 036	(2 140 988 009)
	-	-	-	-

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

41.5 Reclassification of Cash Flow Statement

The prior year figures of the Cash Flow Statement have been restated to correctly classify the nature of cash receipts and expenditures of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2020/21
Receipts				
Property Rates	208 762 881	-	-	208 762 881
Transfers and Subsidies	193 039 803	-	-	193 039 803
Service Charges	437 835 548	-	1 243 329	439 078 877
External Interest and Dividends Received	4 192 018	-	-	4 192 018
Other Receipts	26 690 556	-	1	26 690 557
Payments				
Employee Related Costs	(317 988 179)	-	(1 243 327)	(319 231 506)
Remuneration of Councillors	(12 780 365)	-	-	(12 780 365)
External Interest and Dividends Paid	(1 425 286)	-	1	(1 425 285)
Suppliers Paid	(481 748 261)	-	360 000	(481 388 261)
Other Payments	(70 573 459)	-	(1)	(70 573 460)
VAT Paid	(3 589 221)	-	-	(3 589 221)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(17 583 965)	-	360 003	(17 223 962)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(60 284 470)	-	(360 003)	(60 644 473)
Purchase of Intangible Assets	(976 994)	-	-	(976 994)
Proceeds on Disposal of Property, Plant and Equipment	57 425	-	-	57 425
Decrease / (Increase) in Long-term Receivables	13 000	-	-	13 000
NET CASH FLOWS FROM INVESTING ACTIVITIES	(61 191 039)	-	(360 003)	(61 551 042)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in Finance Leases (Leases Taken-on)	-	-	-	-
Decrease in Finance Leases (Leases Redeemed)	(645 618)	-	-	(645 618)
Increase in Borrowings (Loans Taken-on)	-	-	-	-
Decrease in Borrowings (Loans Redeemed)	(8 961 981)	-	-	(8 961 981)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(9 607 599)	-	-	(9 607 599)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(88 382 603)	-	-	(88 382 603)
Cash and Cash Equivalents at Beginning of Period	141 777 050	-	-	141 777 050
Cash and Cash Equivalents at End of Period	53 394 447	-	-	53 394 447

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

42. CORRECTION OF ERROR

Corrections were made on disclosures of the previous financial year. These disclosures are limited to re-classification of line items within the different categories of the financial statements. Details of the corrections are described below:

42.1 Reclassification of Revenue

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Service Charges
Balance previously reported	469 218 623
Correction of Errors:-	
Restatement of Prepaid Electricity	1 243 327
Restated Balance now reported	470 461 950

Service Charges:

The **prior year amounts** for Service Charges have been restated for the correction of unused Prepaid Electricity at year-end.

42.2 Reclassification of Expenditure

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Depreciation and Amortisation	Impairment Losses	Interest, Dividends and Rent on Land
Balance previously reported	80 852 216	31 494 818	3 094 292
Correction of Errors:-			
Depreciation due to Recognition of Papiessfontein Landfill Site	90 200	-	-
Interest due to Recognition of Papiessfontein Landfill Site	-	-	327 980
Correction of Provision for Impairment of Bad Debt	-	800 012	-
Restated Balance now reported	80 942 416	32 294 830	3 422 272

Depreciation and Amortisation:

The **prior year amounts** for Depreciation & Amortisation and Property, Plant & Equipment have been restated to correctly disclose depreciation for Papiessfontein Landfill Site which was not previously recognised.

Impairment Losses:

The **prior year amounts** for Impairment Losses has been restated due to the implementation of a revised methodology to calculate the provision for bad debt, and to improve on the accuracy of the bad debt calculation.

Interest, Dividends and Rent on Land:

The **prior year amounts** for Interest, Dividends and Rent on Land have been restated to correctly disclose Interest on the Provision for

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

42.3 Reclassification of Statement of Financial Position

Opening Balances and Prior Year Amounts of items in the Statement of Financial Position have been restated as indicated below:

	Receivables from Exchange Transactions	Statutory Receivables from Non-exchange Transactions	Payables from Exchange Transactions
Balances previously published per AFS as at 30 June 2020	67 929 097	28 004 397	143 107 331
Correction of Errors:-			
Correction of Provision for Impairment of Bad Debt	(23 117 596)	(13 473 958)	-
Balances now published per AFS as at 30 June 2020	<u>44 811 501</u>	<u>14 530 439</u>	<u>143 107 331</u>
Transactions incurred for the Year 2020/21	884 692	(4 012 335)	(54 222 598)
Correction of Errors:-			
Correction of Provision for Impairment of Bad Debt	(232 956)	(567 055)	-
Correction of Land Purchased	(360 000)	-	-
Restatement of Prepaid Electricity	-	-	(1 243 327)
Balances now published per AFS as at 30 June 2021	<u><u>45 103 237</u></u>	<u><u>9 951 049</u></u>	<u><u>87 641 406</u></u>

Receivables from Exchange Transactions:

The **prior year amounts** for Receivables from Exchange Transactions has been restated due to the implementation of a revised methodology to

Statutory Receivables from Non-Exchange Transactions:

The **prior year amounts** for Statutory Receivables from Non-Exchange Transactions has been restated due to the implementation of a revised

Payables from Exchange Transactions:

The **prior year amounts** for Payables from Exchange Transactions have been restated for the correction of unused Prepaid Electricity at year-end.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Property, Plant and Equipment	Provisions	Accumulated Surplus / (Deficit)
Balances previously published per AFS as at 30 June 2020	2 077 137 455	72 316 640	2 235 831 837
Correction of Errors:-			
Correction of Landfill Site Depreciation, previously double counted	1 260 177	-	1 260 177
Recognitions of Rehabilitation Provision for Papiessfontein Landfill Site	-	14 908 235	(14 908 235)
Provision for Impairment of Debt - Exchange	-	-	(23 117 596)
Provision for Impairment of Debt - Non-Exchange	-	-	(13 473 958)
Land Recognised	365 440	-	365 440
Rounding Errors	(3)	-	(2)
Balances now published per AFS as at 30 June 2020	2 078 763 069	87 224 875	2 185 957 663
Transactions incurred for the Year 2020/21	(22 435 659)	1 517 360	(44 994 792)
Correction of Errors:-			
Change in Estimate for newly recognised Papiessfontein Landfill Site	-	418 181	(418 181)
Correction of Provision for Impairment of Bad Debt	-	-	(800 011)
Correction of Error 2021 AFS	-	-	-
Capitalisation from WIP to Completed Assets	(86 091 995)		
Capitalisation from to Completed Assets from WIP	86 091 995		
Correction of Land Purchased	360 000	-	-
Restatement of Prepaid Electricity	-	-	1 243 327
Rounding Errors	4	-	3
Balances now published per AFS as at 30 June 2021	2 056 687 414	89 160 416	2 140 988 009

Property, Plant and Equipment:

Property, Plant and Equipment was restated due to Accumulated Depreciation on Landfill Sites that was previously double counted, and has now been corrected.

Furthermore, Property, Plant and Equipment has also been restated to correctly recognise Land that was purchased and not capitalised.

Property, Plant and Equipment has also been restated for Land owned by the municipality, not previously recognised.

Non-Current Provisions

The Provision for Rehabilitation of Landfill Sites have been restated due to the recognition of Papiessfontein Landfill Site.

Accumulated Surplus:

Accumulated Surplus has been restated to correctly show the effect of all other corrections in prior years, as per the detail indicated above.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

42.4 Restatement of Disclosures

42.4.1 Related Parties

The disclosure note for Related Parties has been amended to correctly disclose the full impact of Related Party Transactions, as follows:

Description	Prior Year 2020/21 Audited	Restated Amount 2020/21	Correction of Error
Purchases from Related parties	3 511 058	2 961 562	(549 496)
			<u>(549 496)</u>

The detail is as follows. There were no related party at the time of disclosure.

COMPANY NAME	VALUE OF WORK	EMPLOYEE NAME	DEPARTMENT	NATURE OF RELATIONSHIP
Martinash Trading (Pty) Ltd	R 445,995.80	J. Savage	Finance- Income	Director was employed at Income KLM from 01/09/1994 until 27/08/2010
Arviclox	R 13,800.00	K. Papa	Community Services	Director was employed at KLM until 30 January 2020
Sys Smart (Pty) Ltd	R 29,900.00	D. Van Vuuren	HR-OHS	Son in law of director
Sheljesh Trading	R 59,800.00	S. Harmse	Community Services	Director was employed at KLM until 09 September 2019

2022
R

2021
R

43. CHANGE IN ACCOUNTING ESTIMATES

43.1 Landfill Site estimate:

The value of the Papiestfontein Landfill site, and subsequently the calculation of the Rehabilitation of the Landfill Site has be recalculated. The impact of the revised estimates are as follows:

Increase in Provision for Rehabilitation of Landfill Site	-	418 181
Increase in Cost of Assets	-	90 200
(Increase) in Accumulated Depreciation	-	(90 200)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44. CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	(30 796 199)	(44 948 023)
Adjustment for Non-cash Transactions included in Surplus / (Deficit):		
Employee Related Costs	Refer Note 29.1	7 051 376
Depreciation and Amortisation	Refer Note 48.2	91 119 432
Impairment Losses	Refer Note 32.1	38 639 218
Interest, Dividends and Rent on Land	Refer Note 33.1	3 797 013
Contracted Services	Refer Note 35.1	5 047 525
Adjustment for Cash Transactions not included in Surplus / (Deficit):		
Exchange Receivables: Bad Debts Written-off	Refer Note 2.3.1	(4 835 758)
Statutory Exchange Receivables: Bad Debts Written-off	Refer Note 3.3.1	(248 188)
Transfer of Property, Plant and Equipment	Refer Note 6.1	-
Expenditure from Current Employee Benefit Liabilities	Refer Note 16.1.1	(3 144 000)
Expenditure from Non-current Employee Benefit Liabilities	Refer Note 16.1.2	(5 069 521)
Expenditure from Non-current Provisions	Refer Note 17.2	-
Adjustment for Non-cash Transactions included in Working Capital:		
Inventories	Refer Note 1.1	97 142
Decrease/(Increase) in Impairment of Exchange Receivables	Refer Note 2.3	(26 940 971)
Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables	Refer Note 3.3	3 757 889
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:		
Gains / (Losses) on Disposal of Capital Assets	Refer Note 40.1	10 273 046
Variance on Impairment (Provision for VAT on Receivables)		(1 511 217)
Minor Variance on Depreciation		(191 095)
Minor Variance on Other Non-cash Transactions		-
Minor Rounding Errors		(2)
Operating Surplus before Working Capital Changes	87 045 690	57 883 405
Decrease/(Increase) in Inventories	(4 479 483)	(2 889 130)
Decrease/(Increase) in Receivables from Exchange Transactions	(31 217 390)	(291 736)
Decrease/(Increase) in Receivables from Non-exchange Transactions	-	-
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions	(10 669 845)	4 579 391
Decrease/(Increase) in VAT Receivable	(2 693 011)	(3 589 221)
Decrease/(Increase) in Operating Lease Receivables	(45 123)	63 697
Increase/(Decrease) in Consumer Deposits	2 898 670	2 698 391
Increase/(Decrease) in Payables from Exchange Transactions	17 937 782	(55 465 927)
Increase/(Decrease) in Payables from Non-exchange Transactions	(751 430)	515 689
Increase/(Decrease) in Unspent Conditional Grants and Receipts	(6 198 656)	(20 728 521)
Cash Generated by / (Utilised in) Operations	51 827 204	(17 223 962)

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

45.1 Unauthorised Expenditure

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review, or the prior year.

45.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful Expenditure:

Opening Balance	37 528	27 485
Fruitless and Wasteful Expenditure Current Year	41 005	37 528
Expenditure investigated and approved by Council	(37 528)	(27 485)
Fruitless and Wasteful Expenditure awaiting condonement	<u>41 005</u>	<u>37 528</u>

Incident	Disciplinary Steps / Criminal Proceedings
Interest and penalties on late payment of trade creditors. - R37 528 (2021: R27 485)	Currently None - subject to possible future investigation

45.3 Irregular Expenditure

	2022 R	2021 R
Reconciliation of Irregular Expenditure:		
Opening Balance:	1 340 531	4 809 197
Irregular Expenditure Current Year:	382 748	261 222
Condoned/Written-off by Council:	(1 340 531)	(3 729 888)
Irregular Expenditure awaiting condonation	<u>382 748</u>	<u>1 340 531</u>

Current Year:

Incident	Deviation
Incorrect calculation of order - R2 000 (2021: R0)	Still to be investigated.
Invalid Deviation. - R0 (2021: R261 222)	Still to be investigated.
Tax Non Compliance - R380 748 (2021: R0)	Still to be investigated.

	2022 R	2021 R
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46. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

46.1 MUNICIPAL FINANCE MANAGEMENT ACT

46.1.1 Contributions to Organised Local Government - SALGA

Opening Balance	-	-
Council Subscriptions	3 553 325	3 422 255
Amount Paid - current year	(3 553 325)	(3 422 255)
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

46.1.2 Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Contributions	73 235 595	73 272 224
Amount Paid - current year	(73 235 595)	(73 272 224)
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

46.1.3 Audit Fees

Opening Balance	20 511	3 774
Current year Audit Fees	5 053 132	4 322 780
Amount Paid - current year	(5 073 643)	(4 306 043)

Balance Unpaid (included in Creditors)

	-	20 511
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46.1.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	51 817 634	47 968 445
Amount Paid - current year	(51 817 634)	(47 968 445)

Balance Unpaid (included in Creditors)

	-	-
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46.1.5 VAT

The net of VAT input receivables and VAT output payables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

	50 443 224	47 750 213
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46.1.6 Councillor's arrear Consumer Accounts

During the financial year under review three Councillors (present or past) were in arrears with the settlement of his municipal accounts.

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2021:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
30 June 2022			
Councillor Diyamani M	25 444	1 751	23 694
Councillor Valgee	3 052	616	2 436
Councillor August H	11 047	-	11 047
Total Councillor Arrear Consumer Accounts	39 543	2 367	37 177
30 June 2021			
Councillor Februarie ER	21 060	21 060	
Total Councillor Arrear Consumer Accounts	21 060	21 060	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

46.1.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(1) of the Municipal Supply Chain Management Policy approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

30 June 2022

Department	Tenderer	Reason	Amount
Finance	Various (22)	"Various reason like impracticality/emergency/ single provider /urgency"	1 890 697
Infrastructure & Engineering	Various (72)	"Various reason like impracticality/emergency/ single provider /urgency"	27 164 981
Corporate Services	Various (13)	"Various reason like impracticality/emergency/ single provider /urgency"	797 194
Office of MM	Various (17)	"Various reason like impracticality/emergency/ single provider /urgency"	912 932
Community Services	Various (20)	"Various reason like impracticality/emergency/ single provider /urgency"	6 640 990
Planning, Development & Tourism	Various (67)	"Various reason like impracticality/emergency/ single provider /urgency"	454 491
Total:			<u><u>37 861 285</u></u>

30 June 2021

Department	Tenderer	Reason	Amount
Finance	Various (9)	Various reasons like impracticality/ urgency/ Continuity and alignment	5 329 657
Infrastructure & Engineering	Various (154)	Various reasons like impracticality/ urgency/ Preferred supplier	6 786 342
Corporate Services	Various (17)	Various reasons like impracticality/ urgency/ Sole Supplier	1 266 685
Office of MM	Various (46)	Various reasons like Sole Supplier impracticality/ urgency/ Preferred supplier	151 027
Community Services	Various (17)	Various reasons like Sole Supplier impracticality/ urgency/ Preferred supplier	12 741 681
Planning, Development & Tourism	Various (14)	Impracticality	1 153 872
Total:			<u><u>27 429 263</u></u>

46.1.8)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value
30 June 2022	Unaccounted Electricity Losses	<u>14 903 131</u>	<u>1.4146</u>	<u>21 081 969</u>
30 June 2021	Unaccounted Electricity Losses	<u>14 656 036</u>	<u>1.3717</u>	<u>20 103 685</u>

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
Volumes in kWh/year:		
System Input Volume	204 055 009	208 493 305
Billed Consumption	176 908 577	177 157 805
Unaccounted	27 146 432	31 335 500
Normal distribution losses - 8% of electricity purchases	12 243 301	16 679 464
	<u>14 903 131</u>	<u>14 656 036</u>
Percentage Distribution Loss	7.30%	7.03%

Water:

		Lost Units	Tariff	Value
30 June 2022	Unaccounted Water Losses	<u>4 116 740</u>	<u>10.2100</u>	<u>42 031 915</u>
30 June 2021	Unaccounted Water Losses	<u>3 556 208</u>	<u>9.6300</u>	<u>34 246 283</u>

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

	2022	2021
Volumes in Kl/year:		
System Input Volume	7 634 866	7 243 049
Billed Consumption	3 518 126	3 686 841
Distribution Loss	<u>4 116 740</u>	<u>3 556 208</u>
Percentage Distribution Loss	53.92%	49.10%

46.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

47. COMMITMENTS FOR EXPENDITURE

47.1 Capital Commitments

- Approved and Contracted for:-

Infrastructure	72 807 293	76 618 933
Community	-	2 800 000
Other	30 053 290	5 760 028

Total Capital Commitments

This expenditure will be financed from:		
Internal and Grant funding	102 860 583	85 178 961
	<u>102 860 583</u>	<u>85 178 961</u>

The Capital Commitments are VAT inclusive.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48. FINANCIAL INSTRUMENTS

48.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets at Amortised Cost:

Non-current Long-term Receivables	Staff Related Long Term Receivables	-	-
Receivables from Exchange Transactions	Electricity	35 243 210	21 458 840
Receivables from Exchange Transactions	Refuse	4 188 021	3 431 055
Receivables from Exchange Transactions	Sewerage	5 977 732	3 111 750
Receivables from Exchange Transactions	Other Service Charges	403 936	943 701
Receivables from Exchange Transactions	Water	21 808 049	10 471 952
Receivables from Exchange Transactions	Other Debtors	3 514 062	724 062
Receivables from Exchange Transactions	Prepayments and Advances	3 722 768	3 591 699
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	569 305	476 634
Receivables from Exchange Transactions	Deposits for Land	893 543	893 543
Cash and Cash Equivalents	Call Deposits	9 802 827	40 489 896
Cash and Cash Equivalents	Bank Balances	18 047 311	12 904 130
Cash and Cash Equivalents	Cash Floats and Advances	421	421
Total Financial Assets		104 171 185	98 497 683

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities at Amortised Cost:

Non-current Finance Lease Obligations	Non-current Finance Lease Obligations	30 276 849	618 501
Payables from Exchange Transactions	Other Payables	16 913 522	10 491 432
Payables from Exchange Transactions	Retentions	3 382 568	3 697 847
Payables from Exchange Transactions	Salary Related Payables	1 059 452	834 091
Payables from Exchange Transactions	Trade Creditors	60 363 161	54 817 337
Payables from Non-exchange Transactions	Transfers and subsidies	-	751 430
Unspent Conditional Grants and Receipts	National Government	-	5 962 915
Unspent Conditional Grants and Receipts	Provincial Government	-	235 741
Current Finance Lease Obligations	Current Finance Lease Obligations	7 463 613	618 501
Current Borrowings	Development Bank of South Africa	-	6 128 308
Total Financial Liabilities		119 459 165	84 156 103

No Financial Instruments of the municipality have been reclassified during the year.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48.2 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 18. and the Statement of Changes in Net Assets.

Gearing Ratio

	2022 R	2021 R
The gearing ratio at the year-end was as follows:		
Debt	37 740 462	7 365 310
Cash and Cash Equivalents	(9 803 248)	(40 490 317)
Net Debt	<u>27 937 214</u>	<u>(33 125 007)</u>
Equity	<u>2 110 191 805</u>	<u>2 140 988 009</u>
Net debt to equity ratio	<u>1.32%</u>	<u>-1.55%</u>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

48.3 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48.4 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 48.8 to the Annual Financial Statements.

48.5 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 48.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

48.5.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48.5.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 48.8 below:

Cash and Cash Equivalents:

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2022 would have increased / decreased by R101 555 (30 June 2021: R243 963). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

48.6 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

	2022	2021
	R	R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	293 945 098	235 786 736
Bank, Cash and Cash Equivalents	27 850 559	53 394 447
Maximum Credit and Interest Risk Exposure	321 795 657	289 181 183

KOUGA LOCAL MUNICIPALITY

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The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Exchange Debtors:		
- Service Debtors	97.03%	97.58%
- Other Debtors	1.20%	0.31%
- Prepayments and Advances	1.27%	1.53%
- Other Minor Classes	0.50%	0.58%
Total Credit Risk	100.00%	100.00%

Bank and Cash Balances

Current Investments	9 802 827	40 489 896
Bank Accounts	18 047 311	12 904 130
Cash on Hand	421	421
Total Bank and Cash Balances	27 850 559	53 394 447

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from Exchange Transactions

Counterparties without external credit rating:-

High	50 165 203	15 752 151
Medium	12 824 756	4 027 044
Low	-	-
Total Receivables from Exchange Transactions	62 989 959	19 779 195

Credit quality Groupings:

High - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Medium - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Low - Satisfactory liquidity factors and other factors which qualify the entity as investment grade.

However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing, have been renegotiated in the last year.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

48. FINANCIAL INSTRUMENTS (Continued)

48.7 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2022								
Non-interest Bearing		0.00%	81 718 703	81 718 703	-	-	-	-
Fixed Interest Rate Instruments			37 740 462	37 740 462	-	-	-	-
			119 459 165	119 459 165	-	-	-	-
30 June 2021								
Non-interest Bearing		0.00%	76 790 793	76 790 793	-	-	-	-
Fixed Interest Rate Instruments			7 365 310	7 365 310	-	-	-	-
			84 156 103	84 156 103	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2022								
Non-interest Bearing		0.00%	76 321 047	76 314 047	3 000	3 000	1 000	-
Variable Interest Rate Instruments		7.94%	27 850 138	27 850 138	-	-	-	-
			104 171 185	104 164 185	3 000	3 000	1 000	-
30 June 2021								
Non-interest Bearing		0.00%	45 103 657	45 093 657	3 000	3 000	4 000	-
Variable Interest Rate Instruments		4.30%	53 394 026	53 394 026	-	-	-	-
			98 497 683	98 487 683	3 000	3 000	4 000	-

The municipality does not have any financing facilities and expects to meet its obligations from operating cash flows and proceeds of maturing financial assets and to maintain current debt to equity ratio.

48.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022
R

2021
R

49. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. All councillors belong to the Pension Fund for Municipal Councillors, whilst employees belong to a variety of approved Pension and Provident Funds as described below.

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R30 455 049 (2021: R30 459 117) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

49.1 DEFINED BENEFIT SCHEMES

Cape Joint Pension Fund (Defined Benefit Scheme):

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2012.

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2012 disclosed an actuarial valuation amounting to R3 014 878 (2011: R2 971 150) million, with a net accumulated deficit of R18 287 (2011: R58 935) million, with a funding level of 99.4% (2011: 104.1%).

Government Employees Pension Fund (GEPF):

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The statutory valuation performed as at 30 June 2006 revealed that the fund had a surplus of R0,0 (30 June 2004: deficit of R12,8) million, with a funding level of 100,0% (30 June 2004: 96,5%). The contribution rate paid by the members (7,00%) and the municipalities (13,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 28 February 2014.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The net assets available for benefits were R5 715 557 193.

The statutory valuation performed as at 28 February 2014 revealed that the net assets of the fund were R0,0 (28 February 2011: R552,8) million, with a funding level of 100,0% (28 February 2011: 107,9%). The contribution rate paid by the members (7,50%) and Council (15,00%, 18,00% and 22,00%) is not sufficient to fund the benefits accruing from the fund in the future and there is a shortfall in the future employer contribution rate of 12,80% (28 February 2011: 8,10%).

The fund is closed for membership and no new members are allowed to join the fund.

No further information could be obtained.

National Fund for Municipal Workers - Pension Fund:

The fund operates as a defined contribution fund and in terms of the rules of the fund category A and category C members contribute at a rate as agreed upon by the Local Authority and the member, subject to an absolute minimum contribution of 2% and 5% of their remuneration respectively. Category C-Members, appointed after 1 July 2012, who are not part of the Schedule shall make monthly contributions to the Fund equal to 7.5% of their Remuneration.

The Local Authority must contribute in respect of category A and category C members such an amount as agreed between the Local Authority and the fund, subject to a minimum contribution rate of 2% and 5% of their remuneration respectively. Category B members are members who belong to both category A and C and the Local Authority must, on behalf of such members, not contribute less than 7% of their remuneration. The contribution rates stipulated above include the amount payable towards the insured risk benefits policy.

The last statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R10,050,029,000 (30 June 2014 : R9,031,759,000), with funding levels of 100.42% (30 June 2014: 100.10%). The actuary certified that the assets of the fund are sufficient to cover 100.42% of the members' liabilities, also that it can be expected that the funding level of a fund of this nature will fluctuate around 100%, for example due to timing differences in investment and receipt of monies, slight mismatching of assets and liabilities and processing errors.

Joint Municipal Pension Fund (previously Transvaal Municipal Pension Fund):

The scheme is subject to a bi-annual actuarial valuation. The last statutory valuation was performed as at 30 September 2007.

The statutory valuation performed as at 30 September 2007 revealed that the fund had a surplus of R82,1 (31 December 2005: shortfall of R44,2) million, with a funding level of 123,7% (31 December 2005: unknown). The contribution rate paid by the members (9,00%) and municipalities (22,00%) has a shortfall of 0,90%, but can be covered by the available margin in the fund.

The last valuation performed for the period ended 31 March 2006 revealed that the fund had a shortfall of R205 million, with a funding level of 83%. This will be taken into account in determining future surcharges, to be met by increased employer contributions. These surcharges are as follows:

- From 1 July 2006 14%
- From 1 July 2007 17%

The above-mentioned surcharge is payable until 1 July 2010. This position will be monitored on an annual basis.

The fund is closed for membership and no new members are allowed to join the fund.

No information could be obtained.

49.2 DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund (Defined Contribution Scheme):

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2012.

The actuarial valuation report at 30 June 2012 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R 421 900 (2011: R386 570) million, net investment reserve of R21 231 (2011: R15 285) million and a funding level of 105.3% (2011: 104.1%).

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2012.

The statutory valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R10 775 599 and R546 059 (30 June 2011: R9 930,837 in total) million, with funding levels of 99.9% and 108% (2011: 100,3% and 116,9%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short moratorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made a final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months;

National Fund for Municipal Workers - Provident Fund:

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948.000 (30 June 2011 : R6,574,75.00), with funding levels of 102.0% (30 June 2014: 111.70%)

As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

None of the above mentioned plans are State Plans.

50. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

50.1 Compensation of Related Parties

Compensation of Close Family Members of Councillors and/or Key Management:

Name of Related Person	Designation	Description of Related Party	2022	2021
N Hendricks	Official	Daughter of councillor H Hendricks	45 389	
B Moos	Official	Daughter of councillor D Benson	108 502	
N Moos	Official	Son in law: Councillor D Benson	211 299	
M Moodley	Official	Husband of Director: Corporate & Digital Services K Moodley	31 827	
D Rossouw	Official	Husband Manager: Administration & Auxiliary Services M Rossouw	108 523	

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

50.2 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related

Company Name	Related Person	Municipal Capacity	Nature of relationship	Purchases for the Year	Purchases for the Year
Central Bridge Trading 436 CC	Z. Tshume	Official	Wife of the director		132 608
2326 Random Solutions	T. Madatt	Official	Uncle of directors	35 400	77 300
Amahle Waste Recycling	NI Dela (Emp 1959)	Ward Committee Member	NI Dela is the director/owner of the company	-	76 950
Unomtha Catering	Z Gxuluwe	Official	Daughter of the director	25 780	-
Mesrazest	J Hammond	Official	Brother in Law of Director	2 340 594	1 713 646
Infraforce Africa (Pty) Ltd	E. Sekula	Official	Owner was employed at KLM	-	154 560
Mgqandu & Coco Trading	C. Mgqandu	Official	Husband of Director	11 880	55 400
Premier Attraction 528 CC t/a ZIS Distrib	R. Lorgat	Official	Cousin of the director	750 346	550 057
GGs Engineering	J. Nhlangulela	Official	Director was employed at KLM	-	126 341
Malubongwe General Trading (Pty) Ltd	H. U. Geleba	Official	Director	-	26 400
RE Le Grange t/a RL Trading	J Hammond	Official	Brother in law of sole prop	20 000	19 300
Izwe Lethu General Trading	X Badi	Official	Director's spouse	-	29 000
Sys Smart (Pty) Ltd	D van Vuuren	Official	Director's son in law	77 530	
Zemog Projects	S. Khuzwayo	Official	Cousin of Director	85 138	
Liefies Bakes	R. Koela	Official	Spouse of Director	66 555	
BD Human Enterprises	B. Human	Official	Councillor : PR	3 295	
Magnus Ventus General Dealer	W van der Linde	Official	Spouse of director	132 577	
Total Purchases				3 549 095	2 961 562

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

Remuneration of Directors, Municipal Manager and Councillors are disclosed within notes 29 and 30 respectively.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

51. CONTINGENT LIABILITIES

51.1 Court Proceedings:

52 971 346

51 356 057

Court Proceedings arose due to various claims brought against the Municipality. The attorneys suggested that the matters will be defended, due to the circumstances of each.

The likelihood of successfully defending the claims, as well as the timing and possible costs thereof, cannot be determined at this time.

(i) EA Plaatjies / Kouga Local Municipality: Finalized	-	3 600 000
(ii) Peter John France & Gerald Jack Friedman Trustees of The Rental Company Trust: Claim defended on behalf of Kouga. Currently preparing for trial.	4 000 000	4 000 000
(iii) Nelson Mandela Bay Metropolitan Municipality alleged claim in respect of Water Consumption. NMBM instituted action against Kouga Municipality in respect of an alleged claim of approximately R41 million in respect of water consumption.	41 000 000	41 000 000
(iv) Various claims arising from alleged negligence by the Municipality due to damages sustained by the f	-	47 711
(v) Tshepega Civil Engineers (Pty) Ltd / KOUGA Local Municipality Claims for monies owed for professional services rendered	1 950 346	1 950 346
(vi) Various claims due to municipal administrative matters under dispute or investigation:	-	508 000
(vii) Alleged Damages Incurred: H Goeda 51.2 Unlawful and wrongful assault and arrest & detention	250 000	250 000
(viii) Labour matter - Claim for non payment of travelling allowance	11 000	-
(ix) Labour matter - claim for Automatic Unfair Dismissal	5 760 000	-

52. CONTINGENT ASSETS

52.1 Insurance Claims:

180 967

1 764 237

(i) Lost / Damaged Assets:

180 967

1 764 237

The municipality has claims outstanding against its Insurers for lost and/or damaged assets. The management believe that it is probable that the claims will be successful and that compensation of R180 967 (2021: R1 764 237) will be recovered.

53. EVENTS AFTER THE REPORTING DATE

53.1 Vandalisation of sports field, Kwanomzamo:

It has come to the attention of management that sports field located in Hlonyane Street, Kwanomzamo has been vandalized during the month of September 2022.

After investigating the matter vandalism and theft are evident to the following infrastructure:

- Plumbing
- Roofs
- Ceilings
- Broken doors and windows
- Security Gates
- Electrical infrastructure

Due to an all-round price increase on construction materials because of fuel prices, repairs due to vandalism can be anticipated to be around R500 000 to R700 000.

53.2 Vandalisation of sports field, Hankey:

It has come to the attention of management that sports field located in Weston , Hankey has been vandalised and one of its sidewalls collapsed.

Management is not sure what the reason was for the collapsed wall and will investigate the matter.

Management does not have any estimate on how much it will cost to repair the building.

54. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 42).

55. GOING CONCERN ASSESSMENT

Management also considered the following matters in relation to the Going Concern position of Kouga Local Municipality:

- (i) On 30 May 2022 the Council adopted the 2022/2023 to 2024/25 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.
- (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

56. SEGMENT REPORTING

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has seven primary reportable segments:

- **The segment for Municipal Governance and Administration Services:-**
This segment consists of services such as executive services, support services to the executive and finance & administration services.
- **The segment for Community and Public Safety Services:-**
This segment consists of all services for community & social development, public safety and sport & recreation.
- **The segment for Housing Services:-**
This segment consists of all services for the providing of housing to the community.
- **The segment for Health Services:-**
This segment consists of all services for the providing of health to the community.
- **The segment for Economic and Environmental Services:-**
This segment consists of environmental services such as planning & development, environmental protection and roads & storm water.
- **The segment for Trading Services:-**
This segment consists of the following infrastructure services delivered to the community.
 - Energy Sources:-
This segment consists of all services for energy supply to the community.
 - Waste Management:-
This segment consists of all services for the management of solid waste in the municipal area.
 - Waste Water Management:-
This segment consists of all services for the management of waste water, including sewage, in the municipal area.
 - Water Management:-
This segment consists of all services for water supply to the community.
- **The segment for Other Services:-**
This segment consists of minor services rendered in the municipal jurisdiction area.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

The municipality operates within the following geographical areas:

WARD	AREA
Ward 1	- Oyster Bay, Sea Vista and surrounding farms
Ward 2	- Pellsrus, Tokyo Sexwale, Lootspark
Ward 3	- Lower Wavecrest
Ward 4	- Kruisfontein, Gill Marcus, Die Berg and surrounding farms
Ward 5	- Arcadia, Graslaagte, Johnson's Ridge and surrounds
Ward 6	- Kwanomzamo
Ward 7	- Loerie, Thornhill, Longmore, Mondplaas and surrounds
Ward 8	- Upper Wavecrest, Kabeljous and surrounds
Ward 9	- Hankey Town, Centerton, Phillipville, Kleinfontein and Ext 4
Ward 10	- Ramaphosa Village, Andrieskraal, Cambria and surrounds
Ward 11	- Jeffreys Bay Central, C-Place
Ward 12	- St Francis Bay, Cape St Francis, Paradise Beach and lower Humansdorp Golf Course
Ward 13	- Hankey, Weston, Rosedale, ex Nathi Farm and Patensie Town
Ward 14	- Aston Bay, Marina Martinique, Mandela Bay, and Ocean View
Ward 15	- Humansdorp Town, Boskloof, Panorama, Upper Humansdorp Golf Course

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

56.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2022

Description	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Environmental Protection	Planning and Development	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE																	
Revenue from Non-exchange Transactions																	
Property Rates	-	224 326 476	-	-	-	-	-	-	-	-	-	-	-	-	-	-	224 326 476
Fines, Penalties and Forfeits	-	5 696 291	-	18	-	-	-	-	-	185 036	-	-	-	-	-	-	5 881 345
License and Permits	-	-	-	-	-	4 799 763	-	90 953	1 364 816	-	3 337 681	-	-	-	-	-	9 593 213
Transfers and Subsidies	354 406	91 185 938	-	2 050 000	1 638 000	-	987 171	2 888 420	-	1 670 650	1 423 000	14 073 743	19 423 026	47 422 062	31 394 496	-	214 510 912
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land Earned	-	1 774 617	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 774 617
Revenue from Exchange Transactions																	
Service Charges	-	-	-	-	-	-	-	-	-	-	-	327 234 203	54 525 598	56 405 147	83 125 109	-	521 290 057
Sales of Goods and Rendering of Services	144 936	2 973 646	-	418 534	16 182	18 718	-	-	37 063	5 690 263	20 251	-	283 115	-	-	-	9 602 708
Income from Agency Services	-	-	-	-	-	-	-	-	-	-	2 559 892	-	-	-	-	-	2 559 892
Rental from Fixed Assets	-	-	-	-	-	2 263 717	-	-	-	830 342	-	-	-	-	-	-	3 094 059
Interest, Dividends and Rent on Land Earned	-	3 477 029	-	-	-	-	-	-	-	-	-	1 150 533	3 737 054	2 229 667	4 734 083	-	15 328 366
Operational Revenue	9 261	3 795 637	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 804 898
Gains on Other Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	508 603	333 229 634	-	2 468 552	1 654 182	7 082 198	987 171	2 979 373	1 401 879	8 376 291	7 340 824	342 458 479	77 968 793	106 056 876	119 253 688	-	1 011 766 543
EXPENDITURE																	
Employee Related Costs	18 608 734	93 901 490	-	7 639 333	22 139 404	33 981 631	4 608 060	4 761 550	729 706	21 311 700	30 340 612	13 561 496	33 628 619	25 631 904	20 344 606	208 921	331 397 766
Remuneration of Councillors	13 394 816	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13 394 816
Depreciation and Amortisation	-	4 704 633	-	-	-	-	-	-	-	11 984 836	29 941 471	7 633 121	-	22 852 130	14 003 240	-	91 119 431
Impairment Losses	-	(134 043 752)	-	-	-	-	-	-	-	-	-	7 215 798	57 661 389	35 502 983	72 302 801	-	38 639 219
Interest, Dividends and Rent on Land	-	618 099	-	-	-	247 384	-	-	-	-	-	-	3 797 013	-	-	-	4 662 496
Bulk Purchases	-	-	-	-	-	-	-	-	-	-	-	295 222 161	-	-	-	-	295 222 161
Contracted Services	2 380 403	24 666 645	-	553 607	1 072 649	5 581 282	227 546	809 980	679 101	1 694 381	17 285 668	2 049 837	8 102 680	3 397 332	3 389 180	3 148 764	75 039 055
Inventory Consumed	643 228	2 721 799	-	578 346	518 209	3 180 730	74 071	191 305	998 645	656 272	2 892 020	5 997 092	4 127 108	4 363 494	66 089 823	13 743	93 045 885
Transfers and Subsidies Paid	-	-	-	-	-	250 000	-	-	-	-	-	-	-	-	-	-	208 000
Operating Leases	403 983	4 714 166	-	142 330	46 525	42 255	64 208	18 408	-	336 201	-	21 145	-	-	-	-	5 789 221
Operational Costs	14 042 614	22 702 390	19 603	747 445	1 401 106	7 261 802	175 239	114 493	160 992	896 694	1 486 827	10 528 495	13 350 539	9 715 763	772 567	145 081	83 521 650
Loss on Disposal of Property, Plant and Equipment	-	10 258 376	-	-	-	-	-	-	-	-	-	-	-	-	14 670	-	10 273 046
Total Expenditure	49 473 778	30 243 846	19 603	9 661 061	25 177 893	50 545 084	5 149 124	5 895 736	2 568 444	36 880 084	81 946 598	342 229 145	120 667 348	101 463 606	176 916 887	3 724 509	1 042 562 746
Surplus/(Deficit) for the Year	(48 965 175)	302 985 788	(19 603)	(7 192 509)	(23 523 711)	(43 462 886)	(4 161 953)	(2 916 363)	(1 166 565)	(28 503 793)	(74 605 774)	229 334	(42 698 555)	4 593 270	(57 663 199)	(3 724 509)	(30 796 203)

KOUGA LOCAL MUNICIPALITY
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Year Ended 30 June 2021

Description	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Environmental Protection	Planning and Development	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE																	
Revenue from Non-exchange Transactions																	
Property Rates	-	210 204 642	-	-	-	-	-	-	-	-	-	-	-	-	-	-	210 204 642
Fines, Penalties and Forfeits	-	3 063 146	-	318	-	-	-	-	-	195 624	49 000	-	-	-	-	-	3 308 088
Licences and Permits	-	-	-	-	-	4 694 089	-	17 108	1 078 920	-	4 436 938	-	-	-	-	-	10 227 055
Transfers and Subsidies	867 407	109 339 310	-	2 050 000	1 516 655	-	-	2 845 500	-	1 578 900	1 054 000	10 810 279	16 968 661	42 377 931	24 359 681	-	213 768 324
Interest, Dividends and Rent on Land Earned	-	1 700 447	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 700 447
Revenue from Exchange Transactions																	
Service Charges	-	(16 979 139)	-	-	-	-	-	-	(419 472)	-	-	300 138 797	54 393 108	52 345 869	80 982 787	-	470 461 950
Sales of Goods and Rendering of Services	-	2 999 384	-	377 094	12 822	180 239	-	-	87 659	4 393 666	-	-	108 383	-	-	-	8 159 247
Income from Agency Services	-	-	-	-	-	-	-	-	-	-	1 411 573	-	-	-	-	-	1 411 573
Rental from Fixed Assets	-	-	-	-	-	925 404	-	-	-	1 421 269	-	-	-	-	-	-	2 346 673
Interest, Dividends and Rent on Land Earned	-	4 258 556	-	-	-	-	-	-	-	-	-	980 770	2 579 261	1 514 488	3 140 214	-	12 473 289
Operational Revenue	58 651	993 007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 051 658
Gains on Other Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	926 058	315 579 353	-	2 427 412	1 529 477	5 799 732	-	2 862 608	747 107	7 589 459	6 951 511	311 929 846	74 049 413	96 238 288	108 482 682	-	935 112 946
EXPENDITURE																	
Employee Related Costs	18 368 577	105 931 358	-	7 466 942	21 303 385	32 607 652	4 562 162	4 745 408	2 087 705	23 007 052	32 764 275	14 077 543	27 627 448	22 084 352	18 676 878	23 268	335 334 005
Remuneration of Councillors	12 780 365	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 780 365
Depreciation and Amortisation	-	4 348 234	-	-	-	-	-	-	-	8 001 969	30 106 668	5 908 220	-	21 870 504	10 706 821	-	80 942 416
Impairment Losses	-	36 683 141	-	-	-	-	-	-	(474 143)	-	-	424 334	(15 634 865)	4 216 129	7 080 234	-	32 294 830
Interest, Dividends and Rent on Land	-	187 261	-	-	-	1 238 024	-	-	-	-	-	-	1 996 987	-	-	-	3 422 272
Bulk Purchases	-	-	-	-	-	-	-	-	-	-	-	254 057 835	-	-	-	-	254 057 835
Contracted Services	1 931 381	24 212 992	-	532 657	686 681	6 342 472	55 830	587 000	639 729	1 553 052	37 015 323	6 824 595	9 440 323	2 616 326	2 468 002	879 110	95 785 473
Inventory Consumed	179 238	2 079 357	-	661 100	734 814	2 595 178	1 566 268	179 140	617 746	613 502	2 232 483	4 466 411	3 096 428	3 263 962	49 389 143	88	71 674 858
Transfers and Subsidies Paid	300 000	-	-	-	-	261 000	-	-	-	-	-	-	-	-	-	200 000	761 000
Operating Leases	896 272	5 350 059	-	31 278	2 280	(1 178)	5 548	(487)	-	267 431	-	(239)	-	-	-	-	6 550 964
Operational Costs	15 550 924	18 770 167	2 300	398 242	837 434	6 399 213	48 520	116 783	524 164	697 491	1 416 001	5 638 908	10 930 162	16 324 696	6 789 642	22 832	84 467 479
Loss on Disposal of Property, Plant and Equipment	-	2 046 618	-	-	-	-	-	-	-	-	-	-	-	-	(57 151)	-	1 989 467
Total Expenditure	50 006 757	199 609 187	2 300	9 090 219	23 564 594	49 442 361	6 238 328	5 627 844	3 395 201	34 140 497	103 534 750	291 397 607	37 456 483	70 375 969	95 053 569	1 125 298	980 060 964
Surplus/(Deficit) for the Year	(49 080 699)	115 970 166	(2 300)	(6 662 807)	(22 035 117)	(43 642 629)	(6 238 328)	(2 765 236)	(2 648 094)	(26 551 038)	(96 583 239)	20 532 239	36 592 930	25 862 319	13 429 113	(1 125 298)	(44 948 018)

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

56.2 Segmental Analysis of Capital Expenditure

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget
	R	R	R	R	R	R
CAPITAL EXPENDITURE PER VOTE						
Corporate Services	1 923 000	306 550	2 229 550	1 198 688	(1 030 862)	53.76
Executive and Council	2 740 000	280 000	3 020 000	2 283 622	(736 378)	75.62
Financial Services	2 460 000	1 256 440	3 716 440	3 781 739	65 299	101.76
Infrastructure and Engineering	45 230 000	30 764 045	75 994 045	65 983 153	(10 010 892)	86.83
Planning, Development and Tourism	1 170 000	735 425	1 905 425	855 269	(1 050 156)	44.89
Community Services	7 490 000	1 335 807	6 154 193	41 170 172	35 015 979	668.98
Total Capital Expenditure	61 013 000	32 006 653	93 019 653	115 272 643	22 252 990	1 031.83

56.3 Segmental Analysis of Financial Position

The main components of the Financial Position that is currently considered, and managed, within the defined municipal segments have been determined as follows:

56.3.1 Receivables from Exchange and Non-Exchange Transactions

Description	Finance and Administration	Energy Sources	Waste Management	Waste Water Management	Water Management
Receivables from Exchange Transactions					
Electricity	-	35 243 210	-	-	-
Refuse	-	-	4 188 021	-	-
Sewerage	-	-	-	5 977 732	-
Water	-	-	-	-	21 808 049
Statutory Receivables from Non-Exchange Transactions					
Property Rates	16 475 591	-	-	-	-