

A silhouette of a tall palm tree stands centrally against a vibrant sunset sky. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon. In the background, a coastal town is visible with various structures, including a lighthouse-like tower and several streetlights. The ocean stretches across the horizon under the setting sun. The overall scene is peaceful and scenic.

KOUGA MUNICIPALITY

2022/23

ANNUAL REPORT

TABLE OF CONTENT

CHAPTER 1	MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	6
COMPONENT A	MAYOR’S FOREWORD	6
COMPONENT B	EXECUTIVE SUMMARY	8
1.1	MUNICIPAL MANAGER’S FOREWORD	8
COMPONENT C	MUNICIPAL OVERVIEW	11
1.2	MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	11
1.3	SERVICE DELIVERY OVERVIEW	14
CHAPTER 2	GOVERNANCE	16
COMPONENT A	GOVERNANCE STRUCTURES	18
2.1	POLITICAL GOVERNANCE	18
2.1.1	EXECUTIVE MAYOR, DEPUTY MAYOR, SPEAKER AND MAYORAL COMMITTEE	18
2.1.2	WARD COUNCILLORS	20
2.1.3	PROPORTIONAL REPRESENTATIVE COUNCILLORS	21
2.1.4	ALLOCATION OF SEATS IN COUNCIL	22
2.1.5	COMMITTEES	22
2.2	ADMINISTRATIVE GOVERNANCE	24
COMPONENT B	INTERGOVERNMENTAL RELATIONS	25
2.3	INTERGOVERNMENTAL RELATIONS	25
COMPONENT C	PUBLIC ACCOUNTABILITY AND PARTICIPATION	26
2.4	PUBLIC PARTICIPATION	26
2.4.1	SPECIAL PROGRAMMES UNIT	27
2.5	COMMUNICATION	28
2.5.1	INTERNAL COMMUNICATION	28
2.5.2	EXTERNAL COMMUNICATION	29
2.5.3	IDP PARTICIPATION AND ALIGNMENT	31
2.5.3.1	KEY DELIVERABLES IN DEVELOPING THE 2021/22 IDP	32
2.5.3.2	PUBLIC PARTICIPATION TURNOUT	33
2.5.3.3	ANNUAL IDP ASSESSMENT FOR THE REVIEW PERIOD 2022/27	34
COMPONENT D	CORPORATE GOVERNANCE	42
2.6.1	RISK MANAGEMENT	42
2.6.2	ANTI-CORRUPTION AND FRAUD	44
2.6.3	SUPPLY CHAIN MANAGEMENT	44
2.6.3.1	MUNICIPAL STORES: ANNUAL STOCKTAKE	53
2.6.4	BY-LAWS	54
2.6.5	WEBSITE	54
2.6.6	PUBLIC SATISFACTION	56
2.6.7	MUNICIPAL OVERSIGHT COMMITTEES	57
CHAPTER 3	SERVICE DELIVERY PERFORMANCE	58
COMPONENT A	OVERVIEW OF PERFORMANCE	58
3.	INSTITUTIONAL SCORECARD: 2022/23	58
3.1	SUMMARY OF ACHIEVEMENTS PER KEY PERFORMANCE AREA	58
3.1.1	KPA 1: INFRASTRUCTURE AND BASIC SERVICE DELIVERY	59
3.1.2	KPA 2: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	62
3.1.3	KPA 3: LOCAL ECONOMIC DEVELOPMENT	64
3.1.4	KPA 4: FINANCIAL VIABILITY AND MANAGEMENT	65
3.1.5	KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	70
COMPONENT B	INSTITUTIONAL PERFORMANCE AS PER COGTA INDICATORS	73
COMPONENT C	INDIVIDUAL PERFORMANCE	75
COMPONENT D	INFRASTRUCTURE AND BASIC SERVICE DELIVERY	77
3.2	PROVISION OF WATER	77

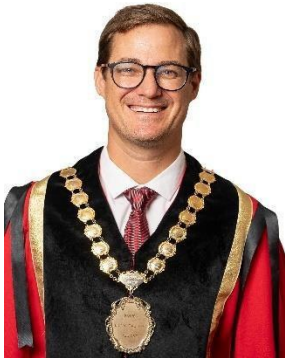
3.3	SANITATION PROVISION	79
3.4	PROVISION OF ELECTRICAL SERVICES	80
3.5	ROADS AND STORMWATER SERVICES	84
3.6	MUNICIPAL INFRASTRUCTURE GRANT IMPLEMENTATION	96
3.7	WATER SERVICES INFRASTRUCTURE GRANT IMPLEMENTATION	99
3.8	EXTENDED PUBLIC WORKS PROGRAMME	101
3.9	MUNICIPAL WORKSHOP	102
COMPONENT E	COMMUNITY AND SOCIAL SERVICES	106
3.10	WASTE AND ENVIRONMENTAL MANAGEMENT	106
3.10.1	WASTE MANAGEMENT	107
3.10.2	REFUSE COLLECTION	108
3.10.3	LANDFILL MANAGEMENT	112
3.10.4	WASTE MINIMIZATION	113
3.10.5	ENVIRONMENTAL MANAGEMENT	114
3.10.5.1	KEEP KOUGA GREEN	115
3.10.5.2	GREENEST MUNICIPALITY	115
3.10.5.3	TREE PLANTING	115
3.10.5.4	KEEP KOUGA CLEAN	116
3.10.5.5	TREE MANAGEMENT/PLOT CLEARING	117
3.10.6	ENVIRONMENTAL PROTECTION	117
3.10.7	POLLUTION CONTROL	119
3.10.8	BIODIVERSITY PROTECTION	120
3.10.9	COASTAL MANAGEMENT	121
3.10.10	CLIMATE CHANGE	124
3.10.11	ENVIRONMENTAL ACTIVITIES: CLEAN UP CAMPAIGNS	124
3.12	ENVIRONMENTAL HEALTH	126
3.13	LIBRARIES, MUSEUMS AND COMMUNITY FACILITIES	134
3.13.1	LIBRARIES	134
3.14	PARKS AND OPEN SPACES	135
3.15	CARAVAN PARKS AND CAMPING	138
3.16	SPORTS RECREATION AND COMMUNITY HALLS	138
3.17	BEACHES AND ABLUTION FACILITIES	140
3.18	CEMETERIES	140
3.19	FIRE SERVICE AND DISASTER MANAGEMENT	143
3.19.1	FIRE SERVICES	143
3.19.2	DISASTER RISK MANAGEMENT	145
3.19.3	LIFESAVING SERVICES	148
3.20	SAFETY AND SECURITY	150
3.20.1	TRAFFIC LAW ENFORCEMENT	150
3.20.2	REGISTRATION AND LICENSING/DRIVERS LICENCE/ VEHICLE TESTING	152
3.20.3	SECURITY SERVICES	154
3.20.4	LAW ENFORCEMENT	155
COMPONENT F	PLANNING AND DEVELOPMENT	156
3.21	SPATIAL PLANNING AND LAND USE MANAGEMENT	156
3.21.1	PRECINCT PLANS	157
3.21.2	APPEAL AUTHORITY	158
3.21.3	LAND USE MANAGEMENT AND ADMINISTRATION	158
3.21.4	GIS WORKING GROUP	176
3.21.5	BUILDING CONTROL	188

COMPONENT G	LOCAL ECONOMIC DEVELOPMENT	199
3.22	LOCAL ECONOMIC DEVELOPMENT	199
3.22.1	LOCAL ECONOMIC DEVELOPMENT FORUM	201
3.22.2	TOURISM	205
3.22.3	MUSEUMS	211
3.22.4	EVENTS	213
3.22.5	GRANTS IN AID	218
COMPONENT H	LAND AND PROPERTY ADMINISTRATION	219
3.22	LAND AND PROPERTY ADMINISTRATION	219
COMPONENT I	HUMAN SETTLEMENTS	228
3.23	HUMAN SETTLEMENTS	228
COMPONENT J	CORPORATE SERVICES	235
3.24	OVERVIEW OF CORPORATE GOVERNANCE	235
3.24.1	TARGETS AND ACHIEVEMENTS	235
3.24.2	CALL CENTRE STATISTICS	240
COMPONENT K	HUMAN RESOURCES	240
3.25.1	HEADCOUNT STATISTICS	241
3.25.2	HEADCOUNT STATISTICS: HUMAN RESOURCES	241
3.25.3	HEADCOUNT STATISTICS PER SECTION	242
3.25.4	VACANCY RATE	243
3.25.5	STAFF TURNOVER	243
3.25.6	SERVICE STATISTICS	243
3.25.7	WORKPLACE CAPACITY DEVELOPMENT	244
COMPONENT B	MANAGING THE WORKFORCE	247
3.26.1	ACTING APPOINTMENTS	247
3.26.2	EMPLOYMENT EQUITY	248
3.26.3	LEAVE STATISTICS	251
3.26.4	DISCIPLINARY MATTERS	251
3.26.5	OCCUPATIONAL HEALTH AND SAFETY	251
3.26.6	HUMAN RESOURCES POLICIES	252
3.26.7	STAFF COSTS	253
3.26.8	ICT GOVERNANCE	254
3.26.9	LEGAL SERVICES	255
CHAPTER 4	FINANCIAL PERFORMANCE	258
COMPONENT A	FINANCIAL PERFORMANCE	258
4.1	FINANCIAL HEALTH OVERVIEW	258
4.1.1	STATEMENT OF FINANCIAL PERFORMANCE	258

4.1.2	STATEMENT OF FINANCIAL POSITION	264
4.1.3	FINANCIAL INDICATORS	266
4.1.3.1	CAPITAL CHARGES TO OPERATING EXPENDITURE	267
4.1.3.2	BORROWED FUNDING OF CAPITAL EXPENDITURE	268
4.1.3.3	DEBT SERVICING COSTS TO OPERATING REVENUE RATIO	268
4.1.3.4	CURRENT RATIO	268
4.1.3.5	LIQUIDITY RATIO	269
4.1.3.6	ANNUAL DEBTORS' COLLECTION RATE	270
4.1.3.7	COST COVERAGE	271
4.1.3.8	EMPLOYEE COSTS AS % OF TOTAL OPERATING EXPENDITURE	271
4.1.3.9	REPAIRS AND MAINTENANCE AS % OF TOTAL OPERATING EXPENDITURE	272
4.1.3.10	REPAIRS AND MAINTENANCE AS % OF BOOK VALUE OF PPE	273
4.1.3.11	OWN REVENUE GENERATION	273
COMPONENT B	SPENDING AGAINST CAPITAL BUDGET	274
4.2	CAPITAL BUDGET SPENDING	274
4.3	FINANCIAL VIABILITY AND MANAGEMENT	275
4.3.1	ARREARS IN PROPERTY RATES AND SERVICE CHARGES	276
COMPONENT B	OTHER FINANCIAL MATTERS	276
CHAPTER 5	AUDITOR GENERAL OPINION ON FINANCIAL STATEMENTS	277
5.1	AUDITOR GENERAL REPORT: 2022/23	277
5.1.1	AUDITOR GENERAL REPORT: 2021/22	286
5.2	AUDIT CORRECTIVE ACTION PLAN	292
APPENDICES		294
APPENDICE A	COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	294
APPENDICE B	COMMITTEE AND COMMITTEE PURPOSE	299
APPENDICE C	ADMINISTRATIVE STRUCTURE	302
APPENDICE D	FUNCTIONS OF THE MUNICIPALITY	302
APPENDICE E	WARD REPORTING	303
APPENDICE G	RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE	304
APPENDICE I	MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE	309
APPENDICE J	DISCLOSURE OF FINANCIAL INTEREST	309
APPENDICE K	REVENUE COLLECTION PERFORMANCE	309
APPENDICE K(i)	REVENUE BY VOTE	309
APPENDICE K(ii)	REVENUE BY SOURCE	310
APPENDICE L	CONDITIONAL GRANT EXPENDITURE (EXCL MIG)	310
APPENDICE M	CAPITAL EXPENDITURE	311
APPENDICE N	CAPITAL PROGRAMME BY PROJECT	312
APPENDICE O	CAPITAL PROJECT BY WARD	313
APPENDICE P	SERVICE DELIVERY BACKLOGS AT SCHOOLS AND CLINICS	313
APPENDICE Q	SERVICE DELIVERY BACKLOGS: OTHER SPHERES OF GOVERNMENT	314
APPENDICE R	DECLARATION OF LOANS AND GRANTS	316
APPENDICE S	DECLARATION OF SECTION 71 MFMA RETURNS NOT MADE	316
APPENDICE T	NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	317
APPENDICE U	ANNUAL FINANCIAL STATEMENTS	317

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



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 2022/2023 financial year.

The commitments in this financial year, marked by our 10th consecutive unqualified audit, were met by making realistic, inflation-linked asks on rates and tariff increases, which provided the funding for maintaining and expanding service delivery, while ensuring affordability of services to all.

Fortunately, the drought conditions that had beset Kouga since 2015 have improved. In terms of water quality and availability, we are in a better position now than we have been in several years and have made significant progress to diversify our water sources to become a water-resilient municipality. Prior to this financial year, Kouga only had access to 30% of its own water supply, today we have increased this to 65%.

In our mission to power the future, we embarked on a groundbreaking journey towards a greener future. The municipality's 20MW Solar Plant is on the horizon, having now received an approved EIA. We are furthermore conducting a comprehensive study for a potential 60MW project.

This financial year also marked the critical resolution aimed at securing external funding amounting to R200 million for the vital task of rehabilitating the deteriorating roads throughout the region. Better road infrastructure will boost economic activity, improve the quality of life for residents, and enhance overall development.

A significant milestone was being appointed as the implementing agent for the informal settlement upgrade project. Nine settlements across the Kouga region are set to be upgraded at a combined cost of more than R68 Million.

The implementation of this project will see disadvantaged communities with over 3 000 households being provided with decent basic services, such as water, sewage, sanitation, and waste management.

Kouga Municipality unashamedly wants to do brave and excellent things because South Africa desperately needs demonstrations that we can still move forward towards the society described in our Constitution.

Ours is a vision of prosperity, dignity and flourishing. In line with this vision, our promise is one of hope for Kouga residents, that their lives can and will get better in a municipality that enables each resident to flourish. Our budget is the means by which we will turn this promise into meaningful action.

Every directorate has made significant progress which is detailed in this report. There is, however, a tremendous amount of work which lays ahead of us.

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 read 'H. Bornman', enclosed within a large, loopy oval shape.

H. BORNMAN
EXECUTIVE MAYOR



MUNICIPAL MANAGER CHARL DU PLESSIS

The 2022/23 financial year Annual Report is characterized by a national economy with a low growth rate, rising interest rates and severe electricity loadshedding impacting the local economy as well as the cost-of-service delivery by the municipality.

Kouga Municipality had to introduce mitigating measures to deal with the impact of electricity load shedding by ESKOM to ensure that waterworks and sewer networks continue to operate. These measures came at a significant additional cost for diesel and security.

Kouga Municipality received an Unqualified Audit Opinion for the 2022/23 financial year which remains the same as for the 2021/22 financial year. Kouga municipality will be addressing the audit findings in the report with the aim to receive a clean audit opinion in future.

Kouga Municipality has approved a Long-Term Financial Plan that will ensure that Kouga Municipality remains financially viable.

Kouga Municipality has recovered from the effects of the Covid pandemic year and closed the financial year with improved revenue and cash flow surplus. Kouga Municipality will continue to implement its Long-Term Financial Plan in the forthcoming financial years.

One of the highlights of the financial year was the completion of the emergency water supply projects aimed at securing the water security of Kouga Municipality.

Additional ground water sources were developed and brought online to be treated at new water treatment plants built in St Francis, Jeffreys Bay, Humansdorp and Hankey. Together with good precipitation in the catchment areas resulting in good improvements in water supply levels in dams, the water security of Kouga Municipality has improved remarkably.

Kouga Municipality could only deliver quality services if the municipality is properly resourced from a Human Resource perspective. The vacancy rate of the municipality was kept at a very manageable 2.4% of total posts. Salary expenditure as a percentage of expenditure for the financial year was measured at 28.3%, well below the budgeted target. An amount of R 1 157 187 was spent on staff development to upskill our workforce.

On the environmental side Kouga Municipality has prepared and approved a climate change strategy for Kouga Municipality while a dune management plan for Cape St Francis was completed and submitted for approval.

As part of its climate change strategy more than 1000 trees were planted throughout Kouga Municipality during the financial year. A new by-law for Waste Management was promulgated and recycling initiatives continue to thrive in Kouga Municipality. Dolphin Beach in Jeffreys Bay and the Cape St Francis main beach was awarded Blue Flag Beach

status during the financial year. A Keep Kouga Clean and Green project funded by a R5 million DEDEAT grant was successfully completed and assisted in cleaning up our beaches and public open spaces in the Municipality.

Kouga Municipality also became the home of a very successful Labyrinth which was developed by private local community interest groups in co-operation with Kouga Municipality Parks section. The Labyrinth is a welcome addition to the Kouga Municipalities tourist attractions and was well received and attracts tourists to the park. The Pellsrus Park as well as the Yellowwoods Park in Hankey were significantly upgraded and are popular visiting spots.

The safety and security of our residents and tourists visiting our municipality is of paramount importance for Kouga Municipality and a total of 66 different security cameras were introduced throughout Kouga Municipality during the financial year. These cameras are supported by a camera monitoring centre located at the Fire Department in Humansdorp.

Kouga Municipality remains a well-supported investment destination where the construction industry continues to provide robust growth opportunities. A total of 1938 new building plan applications were received during the 2022/23 financial year. A total of 1402 building plans were approved during the financial year. This translates to an approximate value of R 1,45 billion of new construction approved in Kouga Municipality for the financial year. This compares with the R1.15 billion of new construction approved in the 2021/22 financial year.

The construction boom has translated in a drastic increase in occupation certificates being issued and these properties have been added to the valuation role of Kouga Municipality increasing property rates revenue growth.

Apart from strong revenue growth from increased property rates revenue, revenue from water sales increased more than expected because of punitive charges for high water consumption. Electricity sales revenue was well below budget due to heavy load shedding and the migration of consumers to installing solar panels to mitigate against load shedding.

The governance structures of Kouga Municipality have been fully functional with regular Council, Mayoral and Committee meetings taking place.

All Ward Committees have been fully functional with regular meetings taking place. Under the guidance of the Speaker the different ward committees have successfully spent all their allocated ward development funds.

The Kouga Municipality Audit Committee was fully functional and together with the Internal Audit Section have ensured that a full Audit Plan was implemented during the financial Year.

MPAC has also had regular meetings and is a fully functional accounts committee. The powers and functions of Kouga Municipality remained the same and no new functions were added to its mandate.

Despite challenging conditions created by severe load shedding and a weakening national economy with high interest rates, Kouga Municipality has managed to complete a satisfactory financial year while improving its financial ratios.

I would like to convey my appreciation to my Senior Management Team and Executive Mayor and his Mayoral Committee for their support and contribution in ensuring that another successful financial year with high service delivery standards could be completed.

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

C DU PLESSIS
MUNICIPAL MANAGER

COMPONENT C: MUNICIPAL OVERVIEW

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

OUR 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 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 characterized 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 and 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.

Corporate Services

Administration

- 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 22/23 has implemented SharePoint to allow collaboration on documents. This allows the internal team and Directors to access and work on documents collaboratively in real time.
- Reports on printing usage, telephone usage, advertising costs, building maintenance costs was created to allow Council to exercise greater oversight.
- Several Ward Cllr offices and Administrative Buildings were renovated, thus improving the working environment in compliance with the Occupational Health and Safety Act. 94% of the allocated budget was spent.
- Telkom landline total costs from FY 2018/19 to FY 2022/23 decreased significantly by 98% (From R728 162,08 to R12 240,52).
- Various SOP's (Processing of Notices and publication of adverts, procedure for requesting of telephones, telephone pins, etc, procedure for requesting building maintenance) has been developed to ensure efficiency within the Administration section.
- PAIA and POPIA manual developed.

Human resources

- Achieved a 6th straight clean audit in HR with no queries being raised for 2022/2023 Financial year.
- Submitted ROE (Return of Earnings) to the Department of Labour and the municipality is still in Good Standing with the Department of Labour, for the 2022/2023 financial year.
- Submitted a credible Employment Equity report online to the Department of Labour in January 2023.
- Submitted a credible Workplace Skills Plan to LGSETA on the 30th of April 2023.
- Reduced Labour Related matters by 60%, due to effective management of Labour Relations.

Community Services

- Climate Change Strategy approved for implementation.
- Public open spaces cleared and beautified in partnership with "Dorp van Drome", Patensie Pronk, Woodlands Dairy, JBAY Surfers, community groups and schools during 2022/23.
- Mandela Day 18 July 2022 – clean ups in Humansdorp, Pellsrus, Kruisfontein, Loerie, Aston Bay and main Beach Jeffreys Bay.
- Environmental Education School Programme implemented.
- The tree planting drive continued as a commitment to combating climate change. Over a thousand trees were planted
- The Cape St Francis dune management plan was submitted for approval.

- By-laws for Waste Management promulgated with fines.
- Recycling was introduced in schools, blue-flag beaches and shopping centers.
- Kouga Municipality awarded Blue Flag Beach status for Dolphin Beach and Cape St Francis
- Received R5m for DEDEAT for Keep Kouga Clean and Green
- EPWP funding approved by DFFE.
- Environmental days clean up campaigns - International Coastal Clean Up - 21 September 2022.
- Sculpture of the historic dog BRAG unveiled at Dolphin Beach.
- The section participated in the activities of Arbor Day and planted several trees
- Dogwood Labyrinth launched in July 2022.
- Pellsrus Park upgraded (work included painting of umbrellas and chairs including concrete bollards, install 2 x ablution containers (male/female) installation of lights, installation of notice boards.
- Yellowwoods Parks ablutions upgraded (works included: Painting, upgrading of the showers, toilets, tiling, installation of toilet cistern, hand basins, ceiling and electrical works and fixing swings and bush clearing was done, installation of notice boards)
- Patensie Park (installation of steel doors and painting of ablution blocks)
- Jeffreys Bay dog-friendly park is replaced by Pellsrus 220 Park. Work included (creating playpark out of tyres and other recyclable material, painting playpark equipment, maintaining the garden planting more of plants)
- Recycling with "GOD SE HANDE IN PATENSIE"
- Recycling station at Supertubes/Cape St Francis
- Humansdorp recycling centre
 - Since 2019 to date, we constantly refined the recording of the waste received as well as recycled to align with the National Waste Information system. Recycling is done at the tip face of the landfill site and recyclables are taken to the recycling facility at the Humansdorp landfill site.
- E – Waste Recycling
 - October is earmarked for E-waste International day. Kouga Municipality participated by sharing information with Kouga Municipality Business forum and residents to encourage businesses and residents to implement the producer pay principal by taking back all e-waste to producers or retailers.
- Paradise Beach Drop Off
- St Francis Bay and Ocean View Drop-Off Sites
- Recycling At St Francis Airfield
- International Day of Zero Waste
 - The day was introduced to make people aware of the amount of valuable material that is discarded and to encourage people to reduce, reuse, recycle and think of what they do with waste.
- Recycling Vending Machine
 - A project in collaboration with Woodland's dairy.
- Events Recycling
- Zero Plastic Bags

Infrastructure and Engineering

The following projects were implemented:

- Jbay Package Plant: 100%
- Humansdorp Package Plant: 100%
- Hankey Package Plant: 100%
- St Francis Package Plant: 100%
- Drilling of Boreholes:
 - Kruisfontein: 7 boreholes completed.
 - St Francis: 3 of 3 completed. One borehole is dry. Not to be equipped now due to funding.
 - Hankey: Two borehole drilled. Not to be equipped not due to low yield and poor quality.
 - Loerie: Drilling completed. Three boreholes drilled. Not to be equipped now due to funding.
 - Thornhill: Drilling completed. Four boreholes drilled. Not to be equipped now due to funding and low yield.
- Kruisfontein Developing of Three Boreholes
 - Contract value R13.4m to be completed by 20 March 2024
 - Develop BHs HD12, HD13 AND HD14.
 - 250mm dia and 160mm dia pipeline.
 - 300KL Break pressure tank.
 - Generator and electrical supply.
- Purchasing of generators
 - Six generators purchased. Is currently stored at Kouga LM premises and they are being made vandal proof.
 - Upgrading and improvement of existing WTW in Humansdorp, Jeffreys Bay, Hankey and St Francis
- Length of roads resealed = 9.5 km
- Potholes repaired = 4 084m²
- Electrification of 220 houses in Humansdorp (Donkerhoek)
- Electrification of 200 houses in in Oceanview (Phase 1)
- 504 LED Streetlights installed as replacement for old streetlights
- Apiesdraai substation upgraded with an additional 3 150 kVA transformer and switchgear.
- Sewer pumpstations upgraded with new pumps.
- One sewer pumpstation connected to SCADA system for improved efficiency.
- Fleet serviceability maintained at 95%.

CHAPTER 2: GOVERNANCE

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: GOVERNANCE STRUCTURES

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.

2.1.1 EXECUTIVE MAYOR, DEPUTY MAYOR, SPEAKER, AND MAYORAL COMMITTEE

Kouga Local Municipality Leadership



**Executive Mayor:
Alderman Horatio Hendricks**



**Deputy Executive Mayor:
Hattingh Bornman**



**Speaker:
Alderman Brenton Williams**

Kouga Mayoral Committee



**Corporate Services:
Timothy Jantjes**



**Planning, Development &
Tourism:
Shena Ruth**



**Infrastructure &
Engineering:
Lorraine Maree**



**Community Services:
Alderman Daniel Benson**



**Finance:
Hattingh Bornman**

2.1.2 WARD COUNCILLORS

WARD	WARD CLIR	NAME	SURNAME	POLITICAL PARTY	Emblem
1		Nozuko Princess	Ntshola	AFRICAN NATIONAL CONGRESS	
2		Henry	Murcy	DEMOCRATIC ALLIANCE	
3		Wlem	Gerdenbach	DEMOCRATIC ALLIANCE	
4		Ebeded Jaques	Alexander	DEMOCRATIC ALLIANCE	
5		Melanie Frederika	Biko	DEMOCRATIC ALLIANCE	
6		Khobhe James	Ntshani	AFRICAN NATIONAL CONGRESS	
7		Eric Thembele	Mbuqu	AFRICAN NATIONAL CONGRESS	
8		Reinhardt	Foley	DEMOCRATIC ALLIANCE	
9		Cynthia Ceady	August	DEMOCRATIC ALLIANCE	
10		Msingathi Gerald	Mbandana	AFRICAN NATIONAL CONGRESS	
11		Fanie	Heystek	DEMOCRATIC ALLIANCE	
12		Lorraine	Maree	DEMOCRATIC ALLIANCE	
13		Vuyani Cornelius	Zana	AFRICAN NATIONAL CONGRESS	
14		Mzwandile	Yali	AFRICAN NATIONAL CONGRESS	
15		Timothy	Janijes	DEMOCRATIC ALLIANCE	

2.1.3 PROPORTIONAL REPRESENTATIVE COUNCILLORS

WARD	PR CLLR	NAME & SURNAME	POLITICAL PARTY	EMBLEM
Executive Mayor		Horatio Hendricks	DEMOCRATIC ALLIANCE	
Deputy Executive Mayor		Hattingh Bornman	DEMOCRATIC ALLIANCE	
Speaker		Brenton Williams	DEMOCRATIC ALLIANCE	
PR Councillor		Marthina Van Niekerk	DEMOCRATIC ALLIANCE	
PR Councillor		Daniel Benson	DEMOCRATIC ALLIANCE	
PR Councillor		Shena Ruth	DEMOCRATIC ALLIANCE	
PR Councillor		Bryan Dhludhlu	DEMOCRATIC ALLIANCE	
PR Councillor		Malibongwe Dayimani	AFRICAN NATIONAL CONGRESS	
PR Councillor		Vuyokazi Gunuza	AFRICAN NATIONAL CONGRESS	
PR Councillor		Nomalungelo Ntengwane	AFRICAN NATIONAL CONGRESS	
PR Councillor		Margaret Valgee	AFRICAN NATIONAL CONGRESS	
PR Councillor		Phumzile Oliphant	AFRICAN NATIONAL CONGRESS	
PR Councillor		Bazil Human	PATRIOTIC ALLIANCE	
PR Councillor		Wilhelmus van der Linde	FREEDOM FRONT PLUS	
PR Councillor		Luvuyo Nkilishane	ECONOMIC FREEDOM FIGHTERS	

2.1.4 ALLOCATION OF SEATS IN COUNCIL

Political party	Number of seats	Number of male Councillors	Number of female Councillors
DEMOCRATIC ALLIANCE	16	11	5
AFRICAN NATIONAL CONGRESS	11	7	4
ECONOMIC FREEDOM FIGHTERS	1	1	0
FREEDOM FRONT PLUS	1	1	0
PATRIOTIC ALLIANCE	1	1	0

2.1.5 COMMITTEES

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 & Digital Services Portfolio Committee
- e) Planning, Development & Tourism Portfolio Committee
- f) Monitoring and Evaluation Portfolio Committee (November 2021 to December 2022)

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

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 & Digital Services	Good Governance and Public Participation Institutional Development and Transformation

Planning, Development and Tourism	Town Planning and Development, Local Economic Development and Tourism
Infrastructure & Engineering	Infrastructure and Basic Service Delivery
Financial Services	Financial Viability and Management



**Municipal Manager
C du Plessis**



**Deputy Municipal
Manager and
Acting Director
Corporate Services
D de Jager**



**Chief Financial Officer
R Lorgat**



**Director Community
Services
N Machelesi**



**Director Infrastructure
and Engineering
C de Kock**



**Acting Director
Planning, Development
and Tourism
L Opperman**

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

Kouga Municipality has been compliant with holding quarterly IGR's as per below:

Date	Number of Attendees
20 October 2022	62
3 March 2023	33
22 June 2023	30

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC PARTICIPATION

Kouga Public Participation Unit engaged with communities at commemorative events, public hearings, workshops, project launches and meetings during the 2022/23 period as reflected hereunder.

DATE	PROGRAMME	VENUE
08 September 2022 13 September 2022 15 September 2022 21 September 2022 30 September 2022	Public Feedback meeting	Mzamowethu Community Hall, Sea Vista Kwanomzamo Community Hall, Humansdorp Kruisfontein Civic Hall, Kruisfontein Tokyo Sports field, Jeffrey's Bay Kwanomzamo Community Hall, Humansdorp Dan Sandi Community Hall, Patensie
14 February 2023	Sarah Baartman Heritage Centre: Minister Mthethwa site visit	Vusumzi Landu Hall, Hankey
14 March 2023	Performance & Copy right Bill amendment hearing	Newton Hall, Jeffrey's Bay
03 April 2023 12 April 2023 13 April 2023 20 April 2023	Public Feedback Meeting Public Street Meeting Public Feedback Meeting	Loerie Community Hall, Loerie Wonderboom Street, Jeffrey's Bay Across Checkers, Sable, Jeffrey's Bay Oyster Bay
11 May 2023 14 May 2023 24 May 2023 30 May 2023	Public Feedback Meeting	Andrieskraal Hall, Andrieskraal Mzamowethu Community Hall, Sea Vista Kwanomzamo Community Hall, Humansdorp St Francis Bay Private Venue
07 June 2023 07 June 2023 09 June 2023 11 June 2023 20 June 2023 21 June 2023 22 June 2023	National road & Traffic Amendment Bill hearing Public Participation Week Public Feedback Meeting	Gelvandale Community Hall, Gqeberha Tokyo Sports field, Jeffrey's Bay Kruisfontein Civic Hall Kruisfontein Civic Hall, Kruisfontein Kwanomzamo Community Hall, Humansdorp Newton Hall, Jeffrey's Bay

DATE	PROGRAMME	VENUE
	Public Street Meeting	Arcadia Park Street, Humansdorp
02 July 2023 06 July 2023 09 July 2023 11 July 2023 13 July 2023 17 July 2023 19 July 2023 25 July 2023 27 July 2023 29 July 2023	Public Feedback Meeting	Kruisfontein Church, Kruisfontein Kwanomzamo Community Hall, Humansdorp Donkerhoek/Mooiuitzig Kampini Apostolic Church, Milton Farm Andrieskraal Hall Aston Bay Hall Pellsrus Community Hall, Jeffrey's Bay St Francis Bay Private venue Vusumzi Landu Hall, Hankey Vusumzi Landu Hall, Hankey

2.4.1 SPECIAL PROGRAMMES UNIT

DATE	PROGRAMME	VENUE
18 July 2022	Coding Competition: Coding & Robotics	Fathers house Church, Jeffreys Bay
18 July 2022	Mandela Day: renovating old and disabled lady's home.	Thornhill
1 – 31 August 2022	Women's Wellness Campaign Internal & External	Jeffreys Bay/Humansdorp/St Francis/Gamtoos Valley
17 September 2022	Community development: Family Fun Day	Jeffreys Bay
November 2022 01-03 November 2022 05 November 2022 29 & 30 November 2022 29 th November 2022	Matric Programme Services on Wheels(Health, SASSA, Social Development, SAPS,Kouga) Rainbow Disabled day GBV Workshop Bursary Donation	Humansdorp/Jeffreys Bay/Gamtoos Valley Vaaldam Kwanomzamo Tocyo Sexwale Graslaagte Humansdorp Graslaagte, Humansdorp Humansdorp Senior Secondary School
03 December 2022 06 December 2022	Cancer High Tea World AIDS Day	Thornhill Kwanomzamo, Humansdorp
31 st January 2023	Back to school leadership camp	Oyster Bay (Jeffreysbay Comprehensive School)
01 February 2023 27 th February 2023	Teacher Appreciation Day Keep a child in School program 100 school shoes Donated	Jeffreysbay (Jeffreysbay Comprehensive High School) Graslaagte (St Patricks Primary School)

DATE	PROGRAMME	VENUE
14 th -15 th March 2023	Services on Wheels to the Community (Dept. of Health and Kouga)	Patensie and Hankey Community hall
24 th and 28 th March 2023	Keep a child in School Campaign (Donations of Stationary)	Sea Vista, Jeffreysbay, Patensie
29 th March 2023	Safe water Campaign at Schools -Schools won Eco tanks	Jeffreysbay, Hankey, Humansdorp
31 st March 2023	Championship Change in Schools Ambassadors Graduation	Humansdorp – 9 Schools were presented from Kouga
April 2023	Sports development: Mayoral Cup 2023	Kouga Area
May 2023	Sports development: Mayoral Cup 2023	Gamtoos Valley/St Francis Bay/Thornhill/Jeffreys Bay
30 May 2023	Library Books Donations to 8 Schools in Kouga	Jeffreysbay
30 June 2023	Youth Summit	Kruisfontein, Humansdorp

2.5 COMMUNICATION

2.5.1 INTERNAL COMMUNICATION

Internal Communication is about promoting effective communication among employees within the municipality. It involves producing and delivering messages and campaigns on behalf of the various departments, management, and Council. It further assists in facilitating a dialogue with employees.

Internal Communication can vary from announcing a new policy or informing people of an upcoming event, to conducting a municipal wide engagement.

The Internal Communication Section was officially launched in October 2020 (Corporate Services) and has since played an instrumental role in the municipality.

In July 2023, Internal Communication merged with Media and Communication (external media) under the Office of the Deputy Municipal Manager in the Office of the Municipal Manager.

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 to communications.

Internal Communication has kept employees informed in times of crisis, be it drought-related information or the way forward during the ongoing load shedding implemented by Eskom.

It has supported initiatives that are close to the hearts of employees and residents such as the introduction of the Most Value-Driven Female Employee competition, the first family fun day, blood drives, and wellness days, as well as recycling, Mandela Day and breast cancer awareness.

Email & WhatsApp. The bulk of the internal communication was done through Kouga Municipality's internal email communication platform and WhatsApp. The number of emails sent from July 2022 to June 2023 was 556, while 250 WhatsApp's were sent.

Corporate Shop. In July 2021, Internal Communications opened a Corporate Shop with various Kouga Municipality branded clothing for employees – serving as a branding tool.

Items were procured and are resold to employees at no profit. Employees can buy clothing and pay over a period of one to three months (deductible from their salary).

As at 30 June 2023, there were approximately 638 clothing items on the inventory list of the Corporate Shop, with a total worth of R72 960.00. To improve day-to-day operations, a system was developed that allows the administrator to post stock codes and descriptions of the available clothing items.

The money accumulated is reverted back to the budget.

2.5.2 EXTERNAL COMMUNICATIONS

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 2022/2023 financial year, the bulk of communication was done through Kouga Municipality's official Facebook Page, with the number of page likes increasing by 8 781, from 22 914 to 31 695, from July 2022 to June 2023.

A total of 1 534 posts were uploaded during the same period.

Some 60.7% of these likes are female followers and 39.3% are male followers, with most followers between the ages of 25 to 44. As of 30 June 2023, followers are from Kouga (46.7%), followed by Gqeberha (17.4%), Cape Town (4.9%), and Uitenhage (2.1%).

A municipal Instagram page was also created in July 2020. The number of followers as of 30 June 2023 stood at 1 312.

A municipal LinkedIn account was created in September 2022 to advertise municipal vacancies – especially higher task grade vacancies. The number of followers stood at 232 as of 30 June 2023.

External Media. The municipality issued 288 media statements/releases from July 2022 to June 2023, as well as 126 sound bites and videos. Some 217 media queries were received and attended to.

The municipality secured seven 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 18 advertorials in the Kouga Express from July 2022 to June 2023, as well as 54 paid advertisements and 41 free advertisements.

Some 12 interviews were conducted on Oasis FM from July 2022 to June 2023. The interviews were aired on the radio station and streamed live on Facebook.

A total of 96 Save Water messages were aired on Algoa FM for the same period.

WhatsApp. A total of 16 Kouga WhatsApp groups (two for Ward 12) were created in March 2022 for the 15 wards in the Kouga region to timeously inform residents of service alerts and other important information. The average number of messages sent from

July 2022 to June 2023 were 359.

Awareness Campaigns. The following awareness campaigns took place during the 2022/ 2023 financial year:

- Drought.
- Service Delivery Highlights.
- Integrated Development Plan.
- Easter Festival.
- Kouga Mayor's Cup
- Youth Month.
- War on Waste.
- 16 Days of Activism.
- Women's Month.
- Tourism/Heritage Month.
- State of the Municipality Address.
- External Events.
- National/International Days.

Media and Communication Policy. The new and updated Media and Communication Policy was revised on 20 September 2022 and approved by Council on 31 May 2023 (Council Resolution 23/05/MM4).

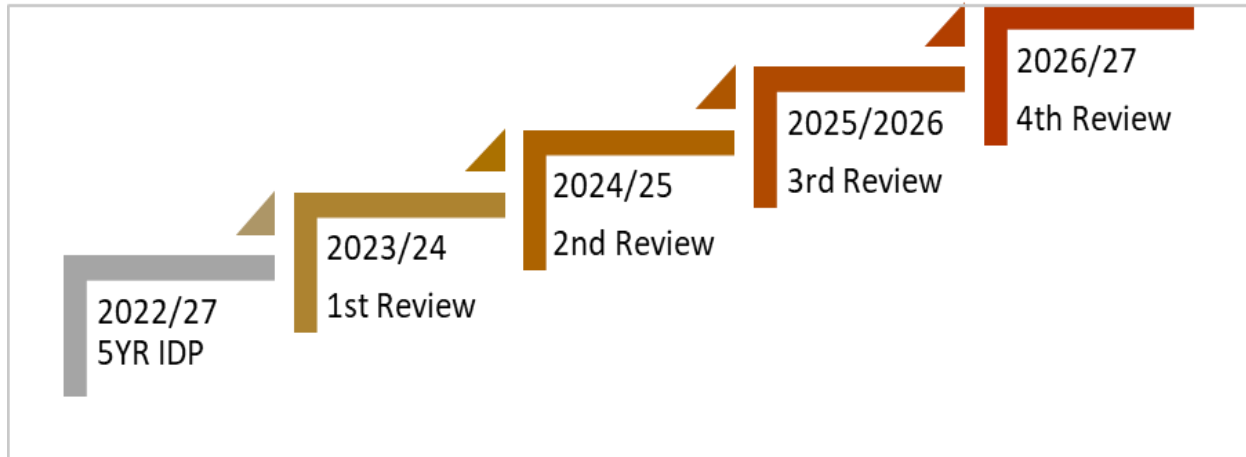
2.5.3 IDP PARTICIPATION AND ALIGNMENT

Strategic development of the Kouga Municipality is driven by the IDP, that requires a comprehensive planning process and the involvement of different stakeholders who are internal and external. Such a process must be properly organised and prepared. An inherent part of the IDP process is the annual and medium-term revenue and capital expenditure framework (MTREF) which is based upon the key performance areas set out in the IDP.

The annual Service Delivery and Budget Implementation Plan (SDBIP) ensures that the municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the municipality is reported in Quarterly and Mid-yearly Performance Assessment Reports, as well as in the Annual Report.

A clear distinction must also be made between the main IDP which is compiled every five years (or if a new council comes into power within the five-year period and does not accept the previous council's IDP) and the annual review of the IDP. The annual review is not a replacement of the five-year IDP, and its purpose is not to interfere with the long-term strategic orientation of the municipality. The annual review reflects and reports on progress made concerning the five-year strategy (and strategic goals) and proposes adjustments to the strategy, if necessary, because of changing internal and external circumstances that impact the appropriateness of the IDP.

5-Year IDP Cycle



The Integrated Development Plan of the municipality was adopted on 31 May 2022, and it went through an intensive reviewed period between 4-22 October 2022. 15 Ward Based Plans were developed and compiled for each of the 15 wards where a brief situational analysis of the wards was included.

During the public participation consultation for 2023/2024 the following platforms and methods were used to engage the public of the municipality:

- Emails
- 23 Public Consultation Meetings were held in each of the 15 wards.
- 1056 members of the community, Mayoral Committee, Senior as well as Middle Managers and the Integrated Development Plan Team attended the consultation meetings.

Since the process of drafting the five-year IDP was undertaken concurrently with the establishment of Ward Committees, an opportunity was created for the latter to review their ward needs and reprioritise where necessary. This process took place during October 2022 and was facilitated as part of the first round of public participation towards the review of the 2023-2024 IDP. This was concluded by a IDP Representative Forum meeting with various Sector Departments in the Eastern Cape.

2.5.3.1 KEY DELIVERABLES IN DEVELOPING THE 2022/23 IDP

- Tabled the IDP Process Plan for the 2022/23 IDP Review on 31 August 2022, Council Resolution 22/08/PDT.
- The Municipality embarked on an intensive public participation drive, with community engagement programmes such as the Community Based Planning which was conducted during the month of October 2022.
- 25 August 2022 Provincial Government IDP Assessment of the 5 Year (2022/27) IDP.
- The Municipality embarked on an IDP/Budget Roadshow between 11 April and 10 May 2023.
- On 31 March 2023 the Draft IDP Review 2023/24, Draft 2023/24 MTREF Budget and Draft top layer SDBIP 2023/24 were tabled in Council.
- The Final amended IDP was tabled in Council on 31 May 2023.

2.5.3.2 PUBLIC PARTICIPATION TURNOUT 11 APRIL 2023 – 10 MAY 2023

Date	TIME	WARD	COUNCILLOR PRESENT	STAFF PRESENT	WARD COMMITTEE PRESENT	CDW PRESENT	COMMUNITY MEMBERS PRESENT	TOTAL
11/04/23	14:00	Aston Bay – Ward 2	3	21	-	-	14	38
	18:00	Pellssrus – Ward 2	4	10	2	-	22	38
12/04/03	14:00	St Francis Bay – Ward 12	3	8	4	-	21	36
	18:00	Sea Vista – Ward 1	3	11	4	-	69	87
13/04/23	18:00	Oyster Bay – Ward 1	2	9	2	-	45	58
17/04/23	14:00	Lower Wavecrest – Ward 3	5	8	5	-	23	52
	14:00	Upper Wavecrest – Ward 8			4	-		
	14:00	Jeffreys Bay C- Place – Ward 11			7	-		
	18:00	Humansdorp Town – Ward 15			1	-		
	18:00	Kwanomzamo – Ward 6	4	14	4	-	30	57
	18:00	Ward 1 Lower Golf Course			3	-		
18/04/23	18:00	Arcadia – Ward 5	3	16	5	-	33	59
	18:00	Moeraas – Ward 15			3	-		
19/04/23	18:00	7de Laan / Gill Marcus – Ward 4	2	16	7	1	33	59
20/04/23	18:00	Loerie – Ward 7	2	11	4	1	27	57
24/04/23	18:00	Thornhill – Ward 7	2	14	8	1	51	76
25/04/23	18:00	Phillipsville – Ward 9	4	10	5	-	49	68
26/04/23	18:00	Tokyo Sexwale	2	15	8	1	65	91
02/05/23	18:00	Ramaphosa Village – Ward 10	2	6	4	1	25	38
03/05/23	18:00	Andrieskraal – Ward 10	3	10	2	1	24	40
04/05/23	18:00	Weston – Ward 13	3	13	5	-	43	64
08/05/23	18:00	Centerton – Ward 13	3	18	-	-	11	32
09/05/23	18:00	Paradise – Ward 12	2	7	-	-	17	26
10/05/23	14:00	Kouga Business Forum	3	11	-	-	3	17
TOTAL NUMBER OF ATTENDANCE								1056

2.5.3.3 ANNUAL IDP ASSESSMENT FOR THE REVIEW PERIOD 2022/27

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 2022/27 of the Kouga Local Municipality can be summarized as follows:

- The municipality has tabled, adopted, and submitted its 2022/27 5 Year 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 2020/21 and 2021/22, 2022/2023.

KPAs	Ratings 2020/2021 IDP Review	Ratings 2021/2022 IDP Review	Ratings 2022/2023 IDP Review
KPA 1: Service Delivery & Infrastructure Planning	High	High	High
KPA 2: Financial Planning & Budgets	High	High	High
KPA 3: Local Economic Development	High	High	High
KPA 4: Good Governance & Public Participation	High	High	High
KPA 5: Institutional Arrangements	High	High	Medium
KPA 6: Spatial Planning, Land Use, Human Settlements, Environmental Management	High	High	Medium
Overall Rating	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. The municipality maintained a trend of **HIGH** scoring over the period of its IDP assessment cycle of the 2017-22 IDP.

The table below provides feedback on action taken by the Kouga Municipality on the MEC Comments/Findings on the municipality's IDP for the 2022/23 financial year:

Action Sheet on MEC Comments/Findings on Kouga Municipality's IDP

ASSESSMENT OF THE IDP 2022/2023 ACTION SHEET					
KPA	ITEM DESCRIPTION	COMMENTS BY MEC	ACTION TAKEN	LEADING DEPARTMENT	CURRENT STATUS
KPA 1	Spatial Planning, Land, Human Settlements and Environmental Management	The Municipality must expedite land audit develop land invasion policies.	By-law relating to Land Invasion and Management & Control of Informal Settlements has been approved by Council and submitted for promulgation in the Provincial Government Gazette. Service Provider appointed for the purposes of conducting a land audit on all municipal owned land.	Planning Development & Tourism	Addressed
KPA 2	Service Delivery and Infrastructure Planning	The Municipality must develop Storm-Water Management Plan	Budget availability hinders the immediate development of Master Plan - Roads and Storm Water. To be included in the 2023/2024 budget	Infrastructure & Engineering Services	In progress
KPA 2	Service Delivery and Infrastructure Planning	The Municipality must indicate availability of an approved Integrated Development Plan and budget for activities emanating from the plan.		MM Office	Addressed

KPA 2	Service Delivery and Infrastructure Planning	The Municipality must develop, gazette and enforce waste management by-laws to address illegal dumping and littering in compliance with national Environmental Management; Waste Act (NEMWA), No.59 of 2008.	Kouga Municipality Waste Management By law was promulgated in February 2023 and fines approved by Court.	Community Services	Addressed
KPA 2	Service Delivery and Infrastructure Planning	The Municipality must conduct investigation on best alternative sources of renewable energy.	The Municipality is going out on expression of interest for alternative renewable energy solutions	Infrastructure & Engineering Services	In progress
KPA 2	Service Delivery and Infrastructure Planning	The municipality must develop specific disaster management emergency procurement measures	All emergency procurement is covered in KM SCM policy including disaster management	Community Services	Addressed
KPA 2	Service Delivery and Infrastructure Planning	The Municipality must develop Infrastructure Maintenance Plan to enable proper asset management	Budget availability hinders the immediate development of Master Plan - Infrastructure and Asset Maintenance. To be included in the 2023/2024 budget	Infrastructure & Engineering Services	In progress
KPA 3	Financial Planning & budget	The Municipality must incorporate an Annual Financial Statement / year end preparation plan into the IDP	Noted, it will be written into the IDP.	Budget	Addressed

KPA 3	Financial Planning & budget	The municipality must budget at least 8% for Repairs and Maintenance as per Circular 51 of the Municipal Finance Management Act, No.56 of 2003.	In terms of the long-term financial plan, the R&M will remain between 2% & 3%.	Budget	In progress
KPA 3	Financial Planning & budget	The municipality must spend 100% of capital budget.	The municipality has been spending 100% of the conditional grants and is confident to spend 100% in 2022/23 FY	Budget	In progress
KPA 3	Financial Planning & budget	The municipality must service its creditors within 30 days as per norms and standards.	The municipality has been implementing its own internal controls to monitor compliance	Finance	On Going
KPA 3	Financial Planning & budget	The municipality must develop mechanisms to curb water losses.	The municipality is focusing on providing meters to all consumers and is	Finance	On Going
			investigating the implementation of smart meter reading to reduce water losses.		
KPA 3	Financial Planning & budget	The municipality must reflect on Municipal Standard Chart of Accounts (mSCOA) resolution, implementation plan; Standard Chan of Accounts (SCOA) champions and SCOA oversight committee	Fully implemented in KLM.	Finance	Addressed

KPA 3	Financial Planning & budget	The municipality is required to detail the cost of Free Basic Services for the previous two years.	The cost of FBS in calculated in the basis of the number of the registered indigent households, will be included in the IDP.	Finance	On Going
KPA 4	Local Economic Development	The municipality has reflected positively in all issues concerning this KPA	Comment is noted - and further positive outcomes can be expected	LED	No action required
KPA 5	Good Governance and Public Participation	The municipality must develop an action plan to address issues raised by the MEC in the previous IDP Assessment	The comment is noted and will be actioned accordingly.	IDP	Addressed
KPA 5	Good Governance and Public Participation	The municipality must reflect on implementation of the Integrated Service Delivery Model (ISDM)	Done through portfolio structures (MAYCO) where institutional & departmental objectives (SDBIP) are assessed as per the IDP.	Public Participation Unit	On Going
KPA 5	Good Governance and Public Participation	The municipality must reflect the functionality of War Rooms	The Municipality applies the participatory democracy model (Ward committees) that supports the Ward Councillor & Community in terms of service delivery targets.	Public Participation Unit	On Going

KPA 5	Good Governance and Public Participation	The municipality must develop and adopt public participation and stakeholder communication strategies.	Fully fledged/staffed PPU that is responsible for institutionalization of Public Participation. Furthermore, PPU & WCM policies are adopted & serve as a baseline for the implementation of all Public Participation strategies. Local and District IDP representative Forums are active & constitutes Public Participation interactions at a strategic level.	Public Participation Unit	On Going
KPA 5	Good Governance and Public Participation	The municipality must institutionalize complaint management system to provide a clear channelling of complaints	System is in place	Corporate Services	Addressed
KPA 5	Good Governance and Public Participation	The municipality must ensure that council and its structures are convened in accordance with the adopted	Calendar in place and adhered to	Corporate Services	Addressed
		council calendar.			
KPA 5	Good Governance and Public Participation	The municipality must establish a Risk Management Committee and monitor its functionality	Quarterly reporting to the Audit Committee	MM Office	Addressed

KPA 5	Good Governance and Public Participation	The municipality must reflect audit findings on predetermined objectives and compliance issues over the last-three years	Audit Action Plan developed and implemented accordingly	MM Office	In progress
		The municipality must develop and adopt an adopted audit action plan to address issues raised by the Auditor General.	Audit Action Plan adopted by Council	BTO	Addressed
KPA 6	Institutional Arrangements	The municipality must indicate the political and administrative seats	Noted, it will be written into the IDP.	Corporate Services	Addressed
KPA 6	Institutional Arrangements	The municipality must indicate mechanisms that are in place for proper management of satellite offices	Satellite Offices are connected to the main office through the financial management system. Departmental area management systems are in place.	Corporate Services	Addressed
KPA 6	Institutional Arrangements	The municipality must reflect whether duties are performed in accordance with assigned Powers and Functions.	Noted, it will be written into the IDP.	Corporate Services	Addressed
KPA 6	Institutional Arrangements	The municipality must indicate availability of a council approved organisational	Organisational structure is reflected and resolved on yearly. Will be attached as an	Corporate Services	Addressed

		structure/ organogram that aligns to the long-term development plans of the municipality.	Annexure to the 2023/24 IDP.		
KPA 6	Institutional Arrangements	The municipality must provide brief analysis of its organisational structure and indicate filled and vacant posts per department.	Noted, it will be written into the IDP.	Corporate Services	In progress
KPA 6	Institutional Arrangements	The municipality must reflect on platforms /strategies to discuss matters of mutual interest between the employer and the employee	LLF currently not functional due to legal disputes	Corporate Services	In progress
KPA 6	Institutional Arrangements	The municipality must reflect strategies on employee wellness.	The existing contract Service provider for the employee wellness has ended and we will be going out on tender again.	Corporate Services	In progress
KPA 6	Institutional Arrangements	The municipality must reflect on compliance with Occupational Health Safety measures.	OHS fully functional and medical surveillance in place	Corporate Services	Addressed
KPA 6	Institutional Arrangements	The municipality must reflect on records keeping.	The municipality has record keeping system in place and is currently investigating alternative solutions.	Corporate Services	In progress

COMPONENT D CORPORATE GOVERNANCE

2.6.1 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	1. Drought 2. Increase in demand for water 3. Increase in population 4. Limited allocations from Water supply sources 5. Eskom loadshedding during winter

	Risk	Root Causes
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) 4. Budgets need to be readjusted/realigned for COVID-19 Priorities

2.6.2 ANTI-CORRUPTION AND FRAUD

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.

2.6.3 SUPPLY CHAIN MANAGEMENT

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 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.

Tender processes: Regulatory Changes

Changes 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.

On 4 November 2022, The of Minister Finance gazetted new Preferential Procurement Regulation, aimed at aligning the regulation to the February 2022 Constitutional Court Judgment.

In terms of the 2022 regulations, an organ of state must in the tender document stipulate, the applicable preference point system envisaged in the regulation and indicate the specific goals in the invitation to submit the tender for which points may be allocated.

This Regulation with the introduction of specific goals came into effect on 16 February 2023.

These new regulations specifically require organs of state to consider the programmes stipulated in the Reconstruction and Development Programme as published in the Government Gazette No: 16085 dated and provides points be awarded for specific goals and so incorporated in the Policy of the organ of state.

Kouga Municipal Supply Chain Policy

The Supply Chain Policy was revised and adopted on 31 May 2023.

Seven Day Notices Awarded:

A Total of Twenty-three (23) Seven Day Notices was awarded and Three (3) cancelled for the period 1 July 2022 to 30 June 2023, as detailed below:

Description	Service Provider	Date of Award	Amount/ Cancellation
Notice 101/2022 Supply, Delivery and Offloading of LED Streetlight Fittings	Kaziscan (Pty) Ltd	13 September 2022	R 198 737.30
Notice 100/2022 Basic Assessment Report for the Closure of P.O.S. ERF 554, Sea Vista	Habitat Link Consulting Pty Ltd	17 October 2022	R 99 986.75
Notice 153/2022 Supply and Collection of 6m ³ Skip Bins for Jeffreys Bay, St Francis Bay and Paradise Beach	Nu Plant Projects CC	1 November 2022	R 199 467.50
Notice 177/2022 Supply, Delivery of One (1) New 4X4 ATV Quadbike for Safety & Security Section	CD Freight Logistics	30 November 2022	R 95 102.50
NOTICE 176/2022 Supply and delivery of CCTV Camera Equipment and Infrastructure	Bona Electronic Solutions Pty Ltd	13 January 2023	R 93 845.03

Notice 18/2023 Appointment of a Service Provider to Assist with The Recruitment And Selection Process of Section 56 Managers	Roy Steele & Associates CC	15 February 2023	R92 000.00
Notice 22/2023 Supply And Collection Of 6 Cubic Meter Skip Bins for A Period Of Three Months For Jeffreys Bay, St Francis, Oyster Bay And Paradise	Nu-Plant Projects CC	24 February 2023	R 199 962.00

Description	Service Provider	Date of Award	Amount/ Cancellation
Beach (February/March/ April 2023)			
Notice 23/2023 Supply And Delivery of Graduation Regalia	Jbay Soft Drinks t/a Hydro Rubber	22 February 2023	R74290.00
Notice 8/2023 Appointment Of Service Provider to Develop a Dune Management Plan for Paradise Beach to Kabeljous	Cancelled	February 2023	n/a
Notice 10/2023 Supply, Delivery and Offloading of LED Floodlights	Genlux Lighting Ado Actom (Pty) Ltd	8 March 2023	R 161 287,00
Notice 31/2023 Appointment of Service Provider for Complete Engine Overhaul of a Fire Truck	Phakamisa Fleet Services	15 March 2023	R 137 022.50
Notice 32/2023 Appointment Of Service Provider for Supply and Delivery of Portable Fire Fighting Pump for 1 Fire Truck to Kouga Local Municipality	Vanguard Fire and Rescue	15 March 2023	R 196 661.50
Notice 9/2023 Appointment Of Service Provider to Develop an integrated Estuary Management Plan for Kabeljous Estuary	QPoint Pty Ltd	28 March 2023	R 169 050.00
Notice 39/2023 Supply and delivery of CCTV cameras and related infrastructure	Bay-Con (Pty) Ltd	24 March 2023	R 124 660.00
Notice 40/2023 Supply of License Plate Recognition Monitoring Service	Cancelled	March 2023	n/a

Notice 45/2023 Supply and delivery of LCD Screens and Brackets	Bay-Con (Pty) Ltd	31 March 2023	R 124 950.00
Notice 63/2023 Supply and delivery of one (1) reconditioned complete 6hh1 engine	Phakamisa Fleet Services	20 April 2023	R 182 597.00
Notice 68/2023 Hiring of mulching and shredding equipment and perform mulching and shredding of alien vegetation on public open spaces and private plots in and around Jeffreys Bay, St Francis Bay and Humansdorp	Nu-Plant Projects CC	04 May 2023	R 131 560.00

Description	Service Provider	Date of Award	Amount/ Cancellation
Notice 87/2023 Supply and Installation of a Reconditioned Service Exchange Allison Gearbox	Phakamisa Fleet Services	17 May 2023	R 198 800.50
Notice 85/2023 Supply and delivery of Specialised 3 phase logger Equipment for the Electrical Department	Artivolt Pty Ltd	30 May 2023	R 118 366.38
Notice 88/2023 Appointment of a Service Provider to Install Two (2) Boreholes at Hankey Landfill at Kouga Local Municipality	Steyn Drilling	31 May 2023	R 164 422.40
Notice 100/2023 Appointment of a Service Provider Facilitation of Training Programmes	Cancelled	n/a	n/a
Notice 107/2023 Appointment of a Service Provider for the Repair and Maintenance of Boardwalk at Supertubes- Jeffreys Bay	K2019471702 t/a Wasalapa Group	7 June 2023	R 161 594.40
Notice 106/2023 Appointment of a Service Provider for The Clearing Of Alien Vegetation At Landfill Sites And Private Plots At Kouga Local Municipality	Ndimthembele Trading	09 June 2023	R 188 715.00
Notice 104/2023 Appointment of a Service Provider for the Refurbishment of Municipal Stores Building at St Croix Street	Baycon (Pty) Ltd	09 June 2023	R 110 500.00

Notice 113/2023 Appointment of a Service Provider for the Review of the 2022/23 Annual Financial Statement of KLM	Altimax (Pty) Ltd	14 June 2023	R 31 970.00
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Competitive Bids awarded for the period:

A total of 22 tenders was awarded and 14 bids were cancelled for the period 1 July 2022 to 30 June 2023.

Description	Service Provider	Date of Award	Amount
Notice 18/2022 The Compilation of the Valuation Roll and Supplementary Valuation Rolls and Maintenance thereof for the financial years starting 1 July	DDP Valuers (Pty) Ltd	15 July 2022	Various Rates

Description	Service Provider	Date of Award	Amount
2022 to 30 June 2025 for Kouga Local Municipality			
Notice 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	BTF Global (Pty) Ltd	06 Sept 2022	Various Rates
Notice 32/2022 Technical Financial Support to Enhance the Financial Sustainability and improve audit outcomes at KLM for a period of three (3) years	Bonakude Consulting (Pty) Ltd	06 Sept 2022	Various Rates
Notice 19/2022 Provision of Debt Collection Services for a period ending 30 June 2025.	Revenue Consulting Pty Ltd	31 October 2022	9.66%
Notice 95/2022 Appointment of Service provider from the Supply, Installation and Management of a Prepaid Vending Tender from inception until 30 June 2025	Ontec Systems Pty Ltd	30 November 2022	Various Rates

Notice 119/2022 Appointment of Service provider for the Provision of Lifesaving Services	Cancelled	12 October 2022	n/a
Notice 120/2022 Provision of Travel Agency Services for a period of three (3) years	Cancelled	16 November 2022	n/a
Notice 141/2022 Appointment of Service provider to Render Medical Surveillance Services for a period of Three years	Cancelled	16 November 2022	n/a
Notice 129/2022 Appointment of Service Provider to Render Advertising Services in Print Media to Kouga Local Municipality for a period of three (3) years.	Basadzi Media and Personnel Pty Ltd Busi Ntuli Communications Pty Ltd	30 October 2022	Various Rates

Description	Service Provider	Date of Award	Amount
	Kwanza Communications Pty Ltd Sondlo & Knopp Advertising Pty Ltd		
Notice 96/2022 Appointment of Contractor for the Hankey Sanitation Upgrade Phase 3 Construction of new sewage Pump station in Hankey and upgrade of existing sewer Pump Station in Centerton	Rudcor Engineering Pty Ltd	9 December 2022	R22 500 000.01
Notice 122/2022 Appointment of Contractor for the upgrade of Loerie Sports field	LRC Civils	9 December 2022	R9 736 340.17
Notices 94/2022 Social Housing Mixed Land Use Development on Erf 353 Humansdorp (Old Caravan Park)	Cancelled	25 January 2023	Cancelled
Notice 125/2022 Supply and Delivery of Promotional and Marketing Material for a period three (3) years	Cancelled	25 January 2023	Cancelled

Notice 128/2022 Recycling and Collection of Recyclable for a period of 36 months	Cancelled	25 January 2023	Cancelled
Notice 155/2022 Supply, Delivery and Offloading of Hardware items for a period of 36 months	Cancelled	25 January 2023	Cancelled
Notice 157/2022 Support, maintenance and ensure full configuration of all the remaining functionalities of the existing SV9100 Tenant, Cloud hosting for the PBX and provision of Digital handsets and handset license, for the period of 36 months	Cancelled	25 January 2023	Cancelled
Notice 162/2022 Supply Destination Marketing Content Creation and Marketing as a tourist destination	Cancelled	25 January 2023	Cancelled

Description	Service Provider	Date of Award	Amount
Notice 93/2022 Appointment of Service Provider to investigate and address the anomalies in the cadastre register of KLM	Umhlaba Consulting Group Pty Ltd	27 January 2023	Various rates
Notice 154/2022 Cleaning Services for a period of 12 months	Taloc Projects Pty Ltd	1 February 2023	R 301.49
Notice 126/2022 Resealing and Maintenance in KLM for a period of three years	Invula Roads& Civils	1 February 2023	R 17 362 529.00
Notice 156/2022 Appointment of Contractor: Bulk Infrastructure Work and Electrification of Ocean View Phase 1 and 200 Connections	VE Reticulation Pty Ltd	1 February 2023	R 3 061 453,57
Notice 158/2022 Supply, Delivery and Installation of Office Equipment (Printers, Copiers and Multi- Function machines: Lease Option and Print Management) Print Management	Sky Metro Equipment Pty Ltd	1 February 2023	Rates

Notice 169/2022 Facilitation of Training Interventions for a period of 3 Years	Cancelled	1 February 2023	Cancelled
Notice 175/2022 Upgrading of 66kv Overhead line between Melkhout – Main Intake Substation (Jeffrey's Bay)	VE Reticulation Pty Ltd	20 February 2023	R 2 344 613,26
Notice 163/2022 Supply, Delivery and Installation and Maintenance of Air Conditioners for a period of three years	Kingship Management Services and Suppliers Pty Ltd	20 February 2023	Rates
Notice 165/2022 Hiring of 10000L Super Sucker for period of three years.	Abaphumeleli Trading 651 trading as Pollution Control Services	10 March 2023	R652.17 per hour
Notice 164/2023 Supply, Delivery and Offloading of Streetlight Poles and Adapter Brackets for a period of three years.	Infrapower Engineering Pty Ltd Aweries Construction Pty Ltd Platinum Suppliers Pty Ltd MDL Engineering Company Pty Ltd	13 March 2023	Various Rates

Description	Service Provider	Date of Award	Amount
Notice 142/2022 Provision of Laboratory Services for Monitoring of Water Quality in Kouga Municipal Area for a Period of Three Years	East London Industrial Developmental Zone (SOC) Ltd	23 March 2023	Various Rates
Notice 5/2023 Appointment of a service provider for the Event coordination and implementation of Kouga Tourism Indaba Trade Show at Kouga Local Municipality	Cancelled	29 March 2023	Cancelled
Notice 26/2023 Appointment of service providers for Provision of Employee Wellness Assistance Programme for period of three years.	Cancelled	29 March 2023	Cancelled

Notice 33/2023 Appointment of a Service Provider to Supply Destination Marketing and Content Creation for Kouga Municipality as a Tourist Destination.	n/a	5 April 2023	Cancelled
Notice 24/2023 Appointment of Service Provider to provide Auctioneering Services to dispose of municipal movable and immovable assets for a period of three years.	Auction- All Pty Ltd	18 April 2023	Percentage commission per category
Notice 7/2023 Provision of Travel Agency services for a period of three years	Hamba Umhlaba Travel Pty Ltd	26 April 2023	Various Rated Items
Notice 25/2023 Appointment of a Service Provider for the Supply and Configuration of Cloud DR Solution and Hosting for a period of three (3) years	n/a	17 May 2023	Cancelled

Description	Service Provider	Date of Award	Amount
Notice 42/2023 Facilitation of Training Interventions for a Period of 3 Years	Imbawula Training Institute (Pty) Ltd Femtoflash CC t/a Pro Meetse	12 June 2023	Various Rates
Notice 44/2023 Supply and Delivery of Hardware Items for a Period of 3 Years	Deefour (Pty) Ltd JBay Soft Drinks t/a Hydrorubber (Pty) Ltd KFC Pipes and Fittings T/A KFC Engineering & Industrial Supplies Mazmak (Pty) Ltd	12 June 2023	Various Rates

	PLS Matiwane Construction and General Services		
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Section 36 Deviations in terms of Supply Chain Management Policy

Section 36 Deviations for the period amounted to R 67 545 201.58, below table details the breakdown per section and directorate:

Department	No of Occasions	Reason	Amount
Finance	Various (17)	“Various reason like impracticality/emergency/single provider /urgency”	R 2 415 907,88
Infrastructure & Engineering	Various (150)	“Various reason like impracticality/emergency/single provider /urgency”	R 60 748 445,79
Corporate Services	Various (23)	“Various reason like impracticality/emergency/single provider /urgency”	R 968 977,77
Office of MM	Various (16)	“Various reason like impracticality/emergency/single provider /urgency”	R 1 758 824,70
Community Services	Various (17)	“Various reason like impracticality/emergency/single provider /urgency”	R 1 166 077,94
Planning, Development & Tourism	Various (6)	“Various reason like impracticality/emergency/single provider /urgency”	R 486 967,50
Total value Paid on as at 30 June 2023: R 67 545 201.58			

2.6.3.1 MUNICIPAL STORES: ANNUAL STOCKTAKE

Annual Stocktake was done on the 30 June 2023. The stock on hand as at 30 June 2023 amounts to R 17 264 4548 .48

The shortage for the financial year amounts to R 0.01 which can be attributed to rounding off in calculation of VAT on the Financial System.

The total movement of stock (Receipts/Issues) during the 2022/2023 Financial year amounts to R 16 429 684.84 for issues and R 17 749 186.02 for receipts.

Balance as at 01 July 2022	R 15 941 576.16
Minus Issues	R 16 429 684.81
Plus Stock Receipts	R 17 749 186.02
Plus Journals>Returns	R3 471.12
Balance as at 30 June 2023	R 17 264 548.49

2.6.4 BY-LAWS

Gazetted By-Laws is reflected in the schedule below:

Key No	Bylaw Name	Date Gazetted	Gazette Number
1	Aerodrome By-law	27-Dec-06	No.1643
2	Funeral parlour, cemeteries and crematoria by-law	27-Dec-06	No.1643
3	Fencing and fencing by-law	27-Dec-06	No.1643
4	Impoundment of animals by-law	27-Dec-06	No.1643
5	Public amenities by-law	28-Feb-07	No.1678
6	Roads and traffic by-law	27-Dec-06	No.1643
7	Sporting facilities by-law	27-Dec-06	No.1643
8	Stormwater management by-law	27-Dec-06	No.1643
9	Commonage By-law	28-Feb-07	No.1678
10	Prevention of public nuisances and keeping of animals by-law	28-Feb-07	No.1678
11	Outdoor advertising and signage by-law	28-Feb-07	No.1678
12	Street trading by-law	28-Feb-07	No.1678
13	Solid waste disposal by-law	28-Feb-07	No.1678
14	Community Fire Safety by-law	11-Jul-22	No.4769
15	Water Supply and Sanitation Services By-Law	28-Feb-07	No.1678
16	Liquor trading hours by-law	11-Nov-13	No.3070
17	Spatial planning and land-use management by-law	04-Mar-16	No.3609
18	Environmental Health by-law	11-Nov-13	No.3070
19	Property Rates by-law	29-Dec-17	No.3978
20	Customer care, Credit control and debt collection by-law	01-Oct-18	No. 4123
21	Standing Rules of Order By-law	22-Oct-18	No.4134
22	Electricity and SSEG by-law	22-Feb-21	No.4512
23	Toll parking areas By-law	11-Dec-02	No.952
23	Amended Outdoor advertising and signage By-law	28-Mar-22	No.4714
24	Wayleave By-law	26-Dec-22	No.4860
25	Waste Management By-law	13-Mar-23	No.4895
25	By-laws relating to land invasion and the management and control of informal settlements	22-May-23	No.4926

2.6.5 WEBSITE

The official website of Kouga Municipality (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 both internal and external stakeholders. This includes residents, business owners, non-profit organizations, and employees.

Information uploaded includes, but are not limited to, 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 a wide a reach as possible. Other information placed on the website includes municipal contact numbers and media releases, as well as events and photos. 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 Fourth Quarter.

Municipal Website: Content and Currency of Material			
Documents Published on the Municipal Website		Yes/No	Date Published
1	Annual Budget 2023/2024	YES	06 June 2023
2	Final IDP 2023/2024	YES	05 June 2023
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
8	Service Delivery and Budget Implementation Plan: 2022/2023	YES	12 April 2023
9	Performance Agreements 2022/23: Senior Managers	YES	01 February 2023
10	2021/2022 Annual Report	YES	12 April 2023
11	2021 Employment Equity Plan	YES	22 February 2022
12	General Valuation 2023/2027	YES	06 February 2023
13	Council Agendas and Minutes	Yes	Continuous

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

2.6.6 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

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				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results
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

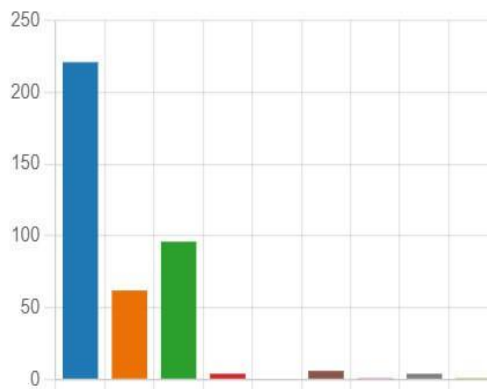
[View results](#)

 [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
Loerie	1
Patensie	4
Thornhill	1



Extract from online responses

2.6.7 MUNICIPAL OVERSIGHT COMMITTEES

Section 79 Committees

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

d) **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.

e) **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."

f) **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.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

COMPONENT A: OVERVIEW OF PERFORMANCE

3 INSTITUTIONAL SCORECARDS: 2022/23

3.1 SUMMARY OF ACHIEVEMENTS PER KEY PERFORMANCE AREA

Key Performance Area	Number of KPI's 2022/23	Number of KPI's Achieved 2022/23	Percentage Achievement 2022/23	Nearly achieved	Comment Nearly Achieved	2020/21 Score	2021/22 Score
KPA 1: Infrastructure and Basic Service Delivery	15	10	66.6%	1	97.93% compliance with SANS standards for drinking water	86.9%	88.2%
KPA 2: Institutional Development and Transformation	4	1	25%			100%	66.6%
KPA 3: Local Economic Development	5	3	60%			87.5%	75%
KPA 4: Financial Viability and Management	10	5	50%	2	97% Creditors Payments against 100% Target/ Implementation of Electronic Purchasing system, loaded ready for implementation when tested found to not be fully compliant, implementation pushed out to following year to resolve problems experienced during testing.	85.7%	60%
KPA 5: Good Governance and Public Participation	8	7	87.5%	1	94% Server up-time against 98% Target	85.7%	88.8%
Overall Institutional Performance	42	26	61.9%			86.75%	78.76%

3.1.1 KPA 1: INFRASTRUCTURE AND BASIC SERVICE DELIVERY

KEY PERFORMANCE AREA		KPA 1: INFRASTRUCTURE AND BASIC SERVICE DELIVERY						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Green	Climate Change Management	Building energy efficiency	1 Climate Change Strategy developed by 31 December 2022	Number of Climate Change Strategies developed by 31 December 2022	New	1	1	Climate Change Strategy was approved at Council meeting on the 9 December 2022
Keep Kouga Serviced	Cemetery Management	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	1 Cemetery Management System implemented by 31 March 2023	Number of Cemetery Management Systems implemented by 31 March 2023	New	1	1	The Management System (Excel format) was submitted to the office of the MM on the 28 February 2023 and was implemented.
Keep Kouga Green	Waste Reduction	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	2 400 - tonnes waste recycled at Humansdorp Landfill Site (20 000kg = 2 000tonnes)	Tonnes of waste recycled at the Humansdorp Landfill Site	1 5 00	2 400	2 900.40t	Total – Q1 = 789 + Q2 = 802 + Q3 = 738.20 + Q = 4 571.20 = 2 900.40 tons
Keep Kouga Serviced	Water loss reduction	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Reduce water losses to 35% between water purchased/ produced and water sold/ accounted for	% Reduction in water losses between water purchased/ produced and water sold/ accounted for	49.1%	35%	-53.6%	Water losses for the prior year was 4116740 units which decreased to 1909708 thus the actual percentage reduction is 53,6%.
Keep Kouga Serviced	Water Quality	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	100% Compliance with SANS standards for drinking water	% Compliance with SANS standards for drinking water	New	100%	97.93%	Other than in Humansdorp which reflected a low bacterial count during one sampling occasion, the remaining of all water analysis results fully complied. The Humansdorp also indicated higher than normal levels of turbidity due to the high rainfall experienced. 675 samples taken and testing 14 failures (97.93% compliance), retested and then found compliant. All drinking water was found safe for Human consumption.

KEY PERFORMANCE AREA		KPA 1: INFRASTRUCTURE AND BASIC SERVICE DELIVERY						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Serviced	Water Quality	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	60% Blue Drop compliance score	% Blue drop compliance score	39.9%	60%	91%	The appointed service provider is currently conducting bi-weekly water sampling and analysis results at all WWTW and WTW. The process is ongoing. The Blue Drop Score reached by Kouga was released and announced as 91% by the Department of Water and Sanitation
Keep Kouga Serviced	Drought Mitigation/ Water Security	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	1 Drought Mitigation/ Water Security Plan implemented by 30 September 2022	Number of Drought Mitigation/ Water Security Plans implemented by 30 September 2022	New	1	1	Implementation of the plan is a continuous process
Keep Kouga Serviced	Effluent treatment	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	98% Compliance with SANS standards wastewater treated meeting discharge standards	% Compliance with SANS standards wastewater treated meeting discharge standards	New	98%	0%	Service provider appointed to conduct water sampling and testing for compliance. Testing has commenced but not in time for the 2022/23 year.
Keep Kouga Serviced	Effluent treatment	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	31% Green Drop Score	% Green Drop Score	19%	31%	0%	Green Drop Score not issued for the 2022/23 year by the Department of Water and Sanitation and this target should not be considered for inclusion in the Institutional Scorecard. The following interventions are scheduled for implementation for the 2023/24 Kwanomzamo WWTW upgrade from 1.5ML to 3ML and plant refurbishment R42 mil multi-year. Weston WWTW planning stage, Hankey WWTW refurbishment R5.8million and Kwnomzamo pump station refurbishment R1.5 mil.
Keep Kouga Serviced	Renewable Energy	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	1 Internal workshop for a strategy for renewable energy held by 1 December 2022.	Number of workshops for a Strategy for renewable energy held by 1 December 2022.	New	1	1	

KEY PERFORMANCE AREA		KPA 1: INFRASTRUCTURE AND BASIC SERVICE DELIVERY						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Serviced	Electricity loss reduction	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	Reduce non-distribution electricity losses to 10% between electricity purchased and electricity sold/ accounted for	% Reduction in electricity losses between electricity purchased and electricity sold/ accounted for	12.33%	10%	+ 2.4%	<p>Units purchased: 180 601 760.34 Units billed: 152 244 539 Units unaccounted for 28 357 221.34 8% Distribution losses: 14 448 140.83 Total non-technical losses: 13 909 080.51 % non-technical losses = 7.7% (2022/23) % non-technical losses 2021/22 = 5.3% Electricity losses increased by 2.4% compared to the 2021/22 electricity losses. No reduction achieved.</p> <p>The TID meter reprogramming project commenced in May 2023. Many consumers are being identify where meters has been tempered with. The electrical department is focusing on these meters and currently actioning them, it is not part of the service provider scope of work to deal with anomalies but just report. Fines will be issued, and new meters will be procured which will result in a reduction of energy losses moving forward</p>
Keep Kouga Serviced	MIG Expenditure	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	100% of MIG Grant funding spent	% of MIG Grant Funding spent	100%	100%	100%	
Keep Kouga Serviced	Climate Change Management	Building energy efficiency	100% of municipal buildings have an energy efficiency improvement plan 30 June 2023	% of municipal buildings with an energy efficiency improvement plan	New	100%	100%	A task team to deal with energy efficiency in building will be set up. Information boards to be installed in front of all municipal Buildings, retrofitting all building lights in accordance with the plan submitted to the DMRE. The deadline for the submission of all buildings was met.

KEY PERFORMANCE AREA		KPA 1: INFRASTRUCTURE AND BASIC SERVICE DELIVERY						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Serviced	Infrastructure Master Plans	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	1 Water Master Plan developed by 30 June 2023,	Number of Water Master Plans developed by 30 June 2023.	New	1	0	Target removed with 2022/23 SDBIP amendment
Keep Kouga Serviced	Infrastructure Master Plans	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.	1 Sewer Master Plan developed by 30 June 2023, (To include bucket eradication plan).	Number of Sewer Master Plans developed by 30 June 2023.	New	1	0	Target removed with 2022/23 SDBIP amendment
Keep Kouga Caring	Indigent Support	To manage and develop financial services to ensure financial viability, compliance & reporting.	100% of indigent residents as per Indigent Register with access to free basic services	% of indigent residents as per indigent register with access to free basic services	100%	100%	100%	

3.1.2 KPA 2: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

KEY PERFORMANCE AREA		KPA 2: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Growing	Employment Equity Compliance	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	1 AM (Senior Management) and 5 AM, 3 AF (Professionally qualified) appointed in compliance with the employment equity plan (3 highest levels of employment)	Number of Snr Management and Professionally qualified appointments made in compliance with the employment equity plan (3 highest levels of employment)	2 AM 2 AF	1 AM (Snr) 5 AM 3 AF (Prof)	0 AM (Snr) 8 AM (Prof) 9 AF (prof)	Appointments can only be made as and when vacancies arise and is further dependent on the candidate's performance during the recruitment processes. KPI will be amended for the 2023/24 year to only reflect a numerical target and not gender specific and race specific targets in order to ensure that achievement is possible.
Keep Kouga Growing	Staff Skills Development	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	98% Expenditure of LGSETA funding received for staff development	% Expenditure of LGSETA funding received for staff development	98%	98%	86%	There were training interventions that required tender processes and the tenders could not be awarded as the providers were non-responsive. Re-advertised bids were only awarded end of June 2023. Training interventions can only be implemented in the new F/Y.
Keep Kouga Growing	Staff Skills Development	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	30 frontline Staff members given Batho Pele Training by 30 June 2023	Number of frontline staff members that went on Batho Pele Training	New	30	19	Trained for Batho Pele - Nov 2022 (7 Officials) - June 2023 (12 Officials) Tender was still not awarded; it was awarded in July 2023

Keep Kouga Growing	Staff appointment	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	Vacancy rate equal or less than 3% over a 3-month period against approved Organogram	% Vacancy rate over a 3-month period against approved Organogram	3%	3%	2.8%	
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3.1.3 KPA 3: LOCAL ECONOMIC DEVELOPMENT

KEY PERFORMANCE AREA		KPA 3: LOCAL ECONOMIC DEVELOPMENT						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Growing	Job Creation	To provide planning services that encourage economic upliftment and Development in the Municipal Area.	110 FTE Jobs created through LED initiatives and capital programs	Number of FTE jobs created through LED initiatives and capital programs	New	110	1 015	Quarter 1 total = 166 Quarter 2 total = 451 Quarter 3 total = 323 Quarter 4 total = 75 Annual total = 1 015
Keep Kouga Growing	Land Use and Building Plan Approval	To provide planning services that encourage economic upliftment and Development I the Municipal Area.	1 Online Customer tracking system for land use and building plan applications implemented by 31 March 2023	Number of Online customer tracking systems for land use and building plan applications implemented by 31 March 2023	New	1	1	
Keep Kouga Growing	External Investments	To provide planning services that encourage economic upliftment and Development I the Municipal Area.	Complete 1 feasibility study for the establishment of a LED Special Purpose Vehicle by 30 June 2023	Number of feasibility studies completed for the establishment of a LED Special Purpose Vehicle completed by 30 June 2023	New	1	0	The study herein has not been completed and the implementation of a LED Special Purpose Vehicle to be re-considered in the 2023/24FY.

KEY PERFORMANCE AREA		KPA 3: LOCAL ECONOMIC DEVELOPMENT						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Growing	Corporate Social Responsibility	To provide planning services that encourage economic upliftment and Development I the Municipal Area.	1 Corporate Social Responsibility Policy developed by 30 June 2023 31 December 2022	Number of Corporate Social Responsibility Policy developed by 31 December 2022	New	1	0	The intended Corporate Social Responsibility Policy has not been finalised as per the performance agreement and the drafting and finalization of the Policy to be addressed in the 2023/24 FY.
Keep Kouga Smart	Smart City	To provide planning services that encourage economic upliftment and Development I the Municipal Area.	1 Strategic Session held by 1 December 2022 towards the development of a Strategy for the implementation of the Smart City concept	Number of Strategic Sessions held by 1 December 2022 for the development of a Strategy for the implementation of the Smart City concept	New	1	1	Institutionalisation of GIS Workshop on 19 October 2022 as a pillar of a SMART City concept. IDP Strategic Session conducted on 16 February 2023. The GIS Working Group CHAMPIONS received introductory GIS training on the 6th and 7th of February, which was conducted by COGTA and Sarah Baartman District Municipality. Tender for New GIS System had been advertised and closed on 20 June 2023. Tender currently at Bid Evaluation Committee to recommend to the Bid Adjudication Committee.

3.1.4 KPA 4 FINANCIAL VIABILITY AND MANAGEMENT

KEY PERFORMANCE AREA		KPA 4: FINANCIAL VIABILITY AND MANAGEMENT						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Growing	Audit Outcomes	To manage and Develop financial services to ensure financial viability, compliance & reporting.	100% Implementation of corrective actions to address AG findings relevant to the 2021/22 year	% Implementation of corrective actions to address AG findings relevant to the 2021/22 year	New	100%	25%	A Register shall be developed to list the corrective actions, evidence required to show progress and to calculate progress and/or achievement.

KEY PERFORMANCE AREA		KPA 4: FINANCIAL VIABILITY AND MANAGEMENT						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Growing	Audit Outcomes	To manage and Develop financial services to ensure financial viability, compliance & reporting.	100% Implementation of corrective actions to address AG findings	% Implementation of corrective actions to address AG findings	New	100%	100%	All matters raised have been actioned, but the success of implementation can only be determined once the Auditor General's report is issued after year end.
Keep Kouga Serviced	Creditor Payments	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	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	New	100%	85.3%	Invoice Register maintained and circulated to Directorates to ensure this matter receives the required attention. To be discussed at Top Management Meetings to ensure improved compliance.
Keep Kouga Growing	Staff Costs	To manage and develop financial services to ensure financial viability, compliance & reporting.	34.8% of total operational expenditure attributable to staff costs	% Of total operational expenditure attributable to staff costs	34.26%	35%	33.6%	
Keep Kouga Growing	Revenue Collection	To manage and Develop financial services to ensure financial viability, compliance & reporting.	95% Revenue collected against revenue raised	% Revenue collected against revenue raised	94.41%	95%	89%	87% collection rate as at 30 June 2023. The target was not achieved – this is due to the low collection rate in July 2022 as a result of the changes in the rates tariffs and this impacted the annual collection rate. Corrective Action – There are no major tariff changes that will be implemented in the new financial year that will negatively impact the targeted collection rate. Also, the Credit Control Policy implementation will be implemented in a more efficient and effective manner and subjected to continuous management scrutiny.

KEY PERFORMANCE AREA		KPA 4: FINANCIAL VIABILITY AND MANAGEMENT						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Growing	Creditor Payments	To manage and Develop financial services to ensure financial viability, compliance & reporting.	100% of creditors paid within 30 days of invoice	% of creditors paid within 30 days from date of invoice	100%	100%	97%	Corrective Action – Communication with Service Providers to be enhanced to ensure that invoices are only submitted obtain confirmation by Managers. Also, requisition processes to be enhanced for standard monthly services to reduce the processing time.
Keep Kouga Growing	Financial Viability	To manage and Develop financial services to ensure financial viability, compliance & reporting.	Current Ratio of higher than 0.9:1	Current Ratio	0.58:1	0.91:1	1.08:1	1.08:1 was achieved at the end of the financial year – target met and exceeded
Keep Kouga Growing	Financial Viability	To manage and Develop financial services to ensure financial viability, compliance & reporting.	Liquidity ratio of higher than 0.01:1	Liquidity ratio	1.32:1	0.01:1	1.01:1	1.01:1 was achieved at the end of the financial year – target met and exceeded

KEY PERFORMANCE AREA		KPA 4: FINANCIAL VIABILITY AND MANAGEMENT						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Growing	Procurement Planning	To manage and develop financial services to ensure financial viability, compliance & reporting.	1 Electronic purchasing system implemented by 31 March 2023	Number of Electronic purchasing systems implemented by 1 March 2023	New	1	0	The system has been developed and aligned to the Municipality's Standard Operating Procedures. The population of all info e.g. supply / service contracts / stores items / etc. was all loaded onto the System. Training Sessions were arranged for all Departments, ready to go live. However, benchmarking exercise took place where the SCM Module was implemented (at Blue Crane Route Municipality), but the Report that was provided to Kouga highlighted all the challenges experienced in the implementation which almost resulted in the Municipality achieving a Qualification in their Audit due to their Trial Balance not balancing as a result of the implementation of the SCM Module. I therefore did not believe that the timing of implementing the SCM Module was correct as the risk to the Municipality's preparation of AFS and Audit process could have been compromised. I therefore recommend that the SCM Module be implemented 1 September 2023 which is after year end and leaves the Municipality with 10 months to deal with any challenges experienced in the roll out of the SCM Module.
Keep Kouga Growing	Financial Planning	To manage and develop financial services to ensure financial viability, compliance & reporting.	1 Long Term Financial Plan completed by 30 June 2023	Number of Long-Term Financial Plans completed by 30 June 2023	New	1	1	Approved by Council on 9 December 2022
Keep Kouga Growing	Capital Budget Expenditure	To manage and develop financial services to ensure financial viability, compliance & reporting.	100% Completion of internally funded capital projects	% Completion of internally funded capital projects (Institutional Consolidated % completion of all Directorates)	New	100%	66.25%	Institution 28 /42 = 66.25% Completion

KEY PERFORMANCE AREA		KPA 4: FINANCIAL VIABILITY AND MANAGEMENT						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
				Municipal Managers Office	New	100%	60%	
				Community Services	New	100%	100%	
				Corporate Services	New	100%	100%	
				Executive and Council	New	100%	60%	2 X Projects were rolled over to the 2023/24 financial year
				Finance	New	100%	83.3%	1xProject was rolled over to the 2023/24 financial year
				Infrastructure and Engineering	New	100%	55%	The R57 million drought emergency funding that had to be spent in 6 months changed the priorities. Preference was given to spending the R57 million conditional grant funding. The Municipality excelled in achieving more than R50 million expenditure on water projects. As a consequence, own capital projects had delayed timeframes in the procurement plan. Additional INEP grant funding was received towards the end of the financial year which was also prioritized (9X Projects were rolled over to the 2023/24 financial year)
				Planning and Development	New	100%	50%	1X Project was rolled over to the 2023/24 financial year and 1X Project for Computer Software and Application was never implemented

3.1.5 KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KEY PERFORMANCE AREA		KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Good Governance	Performance Management	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence.	Improve overall Institutional SDBIP implementation performance by 5% compared to previous year.	% Improvement increase in overall institutional SDBIP implementation performance compared to previous year	86.75%	91.75%	69.23%	Actual Achievement 69.23% = 20.19% decrease in institutional performance. Monthly Departmental SDBIP implementation reports is submitted to Portfolio Committees for purposes of oversight and to consider corrective actions where required to ensure achievement. SDBIP target's to be reconsidered in order to ensure that targets are relevant and achievable with available resources.
Good Governance	Cascade Performance Management	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence.	100% of staff members below the Senior Management at line manager and first line supervisor Level participates in the performance management system <u>have signed performance agreements and is subjected to performance reviews</u>	% of staff below senior management at line manager and first line supervisor level that participates in the performance management system <u>have signed performance agreements and is subjected to performance reviews</u>	New	100%	100%	
Good Governance	Cascade Performance Management	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence.	1 Service Charter (Which includes service standards for all Departments) developed by 31 March 2023	Number of Service Charters Developed by 31 March 2023	New	1	1	

3.1.5 KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KEY PERFORMANCE AREA		KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Good Governance	Customer Satisfaction	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	1 Customer satisfaction survey completed by 31 October 2022	Number of Customer satisfaction surveys completed by 31 October 2022	1	1	1	Completed 31 July 2022
Good Governance	Communication	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	1 Media and Communication Policy adopted by Council by 30 April 2023	Number of Media and Communication Policies adopted by Council by 30 April 2023	1	1	1	
Good Governance	Operational Procedures	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	4 Standard Operational Procedures completed by 31 March 2023	Number of Standard Operational Procedures completed by 31 March 2023	New	4	6	6 SOP'S (Suction tanker, incident reporting, water meters, communications and institutional pp, PMS) developed as at 31 December 2022

3.1.5 KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KEY PERFORMANCE AREA		KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
MUNICIPAL SFA	PROJECT NAME	IDP Objective	SDBIP Target (Annual IDP Target 2022/23)	KPI	Baseline	Annual Target	Actual Achievement	Comment and/or corrective actions
Keep Kouga Serviced	Job card/call centre integration	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence	100% Integration of job cards with call centre service requests by 30 June 2023	% Integration of job cards with call centre service requests by 30 June 2023	New	100%	100%	100% integration as 30 September 2022 (Job cards(service requests issued to all applicable staff when incident is reported)
Good Governance	Server Up-Time	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence.	98% Up time of ICT server system	% Up time of ICT server System	New	98%	94.07%	Loadshedding impacted on connectivity beyond the control of the institution, investigations into alternative energy solutions is being investigated for possible implementation during the 2023/24 year.
Keep Kouga Serviced	Municipal Court	To ensure that municipal services are administered in accordance with the principles of transparency and accountability to ensure good governance through service excellence.	1 Municipal Court established by 31 March 2023.	Number of Municipal Courts established by 31 March 2023	New	1	-	Application submitted National department of Justice. Still awaiting approval for DOJ as at 30 September 2022. Department of Justice advised that investigations into municipal courts will be conducted prior to any approvals being considered, no time frames given. Achievement of target not within the control of Kouga Municipality. Target removed with SDBIP amendment

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 report)	To be reported by the Sarah Baartman District Municipality			
6.	Level of effectiveness of	Performance Management currently only rolled out to the Municipal Manager and Section 57 Managers			

	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
	PMS in the LM (LM to report				
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 Workplace Skills Plan	Yes	yes	Completed	

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.		
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 provide Councillors and Top Management with performance reports to allow them 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 consisting of the following members:

- Municipal Manager Performance Evaluation Panel:
 - Executive Mayor
 - Chairperson of the Audit Committee
 - Member of the Mayoral Committee
 - Mayor/Municipal Manager from another municipality
 - Member of a word committee as nominated by the Executive Mayor
- Other Senior Manager's Performance Evaluation Panel:
 - Municipal Manager
 - Chairperson of the Audit Committee
 - Member of the Mayoral Committee
 - Municipal Manager from another municipality

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 subject to affordability.

The roll-out of performance to levels below Senior Management as required in terms of the provisions of Section 34 of the Local Government Municipal Staff Regulations, R890 dated 20 September 2021 has commenced and performance agreements were concluded with Line Managers and first line Superintendents.

Substantial progress has been made to ensure that all staff members participate in the performance management system as from 1 July 2023.

COMPONENT D: INFRASTRUCTURE AND BASIC SERVICE DELIVERY

3.2 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 2022/23	INSTITUTIONAL /COMMERCIAL/ INDUSTRIAL NUMBER OF ERVEN 2022/23	TOTAL No OF ERVEN 2022/23
Humansdorp	7127	373	7 500	7 522	378	7 900
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	504
TOTAL	29 292	2 033	31 325	29 998	2 047	32 045

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. A new package plant was installed in Hankey which can remove iron and manganese from the groundwater.

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 and fountains. The town of Oyster Bay is solely dependent on ground water obtained from boreholes and springs. Three new package plants were installed in St. Francis Bay, Jeffreys Bay and Humansdorp which can remove iron and manganese from the groundwater. Each plant is upgradable to a capacity of 6.0ML/day. The bulk water supply in St. Francis Bay, Jeffreys Bay and Humansdorp were upgraded by adding additional boreholes and pipelines under a WSIG project funded by DWS.

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 2022/2023 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 2022/2023 throughout the Kouga area.

Water Scheme Area	Schedule of Restrictions
Gamtoos Irrigation Board: Patensie/Hankey	30% of quota
Loerie/Summit pipeline: Loerie an Thornhill	Water supplied by Nelson Mandela Metro 50% restriction imposed on quota by Metro

Water Scheme Area	Schedule of Restrictions
Churchill/Impofu: Humansdorp, S 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.

3.3 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.

3.4 PROVISION OF ELECTRICAL SERVICES



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 2021/2022	New Institutional Commercial Industrial 2021/22	Total 2021/22	New Residential Consumers 2021/22	New Institutional Commercial Industrial 2022/23	Total 2022/23
Humansdorp	346	2	348	15	2	17
Jeffreys Bay	314	5	319	309	3	312
St Francis Bay	28	2	30	78	1	79
Cape St Francis	9	0	9	12	0	12
Oyster Bay	4	0	4	2	0	2
Total	1 314	9	23 410	416	6	23 832

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) also new development within acceptable norms prescribed the ERA of 2006.

This standard is set to reduce the financial burden on consumers and ensure the security of uninterrupted quality of electricity supply. This particularly in terms of the capital as well as technical requirements for new distribution networks, substations as well as new generation in line with the SDP. Applications for funding infrastructure projects are being made on a continuous bases to all relevant institutions for financial assistance as legally allowed by the regulation.

Level and Standards in Electricity Services

Quality assurance is a standard requirement for Kouga's electrical network. The objective 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 is permitted to supply in terms of its licence conditions and demarcating. The target is revised annually in accordance with the demand informed by our human settlements master planning or town planning's SDP that that navigate our development target. This information is critical and support Kouga's annual applications to the Department of Minerals & Energy (DMRE) to apply for funding to further strengthen and extend our electricity infrastructure.

During 2022/23 financial year, the Department of Minerals & Energy allocated Kouga Municipality funding to the amount of R8.1 million for the upgrade of bulk infrastructure and the electrification of phase 1 (200) housing project in Jeffreys bay Oceanview. The R 8.1m was divided into two projects, under the bulk section of the work, Kouga replaced a part of the 66kV overhead line between Melkhout and Jeffreys Bay spending approximately R4.4m on the project, the remaining R 3.7m was spend on the electrification of the 200 houses being built in Oceanview phase one.

A feasibility study to construct Kouga's own, 20MW solar PowerStation to reduce our reliance on Eskom and reduce our Eskom energy purchases. The study is a basic study as per the requirement for a connection of this size, this came at a cost of R540 00.00.

A further R 400 000.00 was spent on compilation of our wheeling policy, planning and designs of 2 more substations and further amendments to the electrical master plan, for future planning.

Saffery substation upgrade finalising the three (3) year project totalling approximately R 4m, old redundant switchgear was replaced with new modern switchgear that can handle higher load. This upgrade is in line with the network expansion to the lower part of the town in Humansdorp and Kwanomzamo. This is a phased in approach and to completely address the load challenge in Kwanmzamo and lower CBD in Humansdorp, more investment in the electrical infrastructure is required.

The severity and the number of interruptions due to loadshedding increase exponentially in the 2022/23 financial year. During loadshedding before power is interrupted, the demand increase, if electricity is restored the load increase even higher, Kouga's electrical staff always make sure that the power is not switched on all at once but in sequence. Infrastructure damage due to loadshedding is unavoidable and all our weak spots in the network is being attacked.

A significant amount of our operational budget went into replacement and repairs of faulty equipment, transformers, switchgear, electronics, and cables.

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	Households with access to electricity services	23 818	0	200	408	100%
2	Indigent households with access to basic electricity services	7 338	0	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 eradicate illegal connections over the next year as government doesn't fund electrification of informal areas.
- The impact of loadshedding on our network is immense, this highlight the need to replace old switchgear and equipment with new, smarter, safer technology.

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.

Renewable energy

Kouga plans over a short term to install approximately 600Kw to the grid, this pilot is envisaged at our water treatment works. Its success will determine future developments. The feasibility for the 20WM plant is an enormous project and a milestone for Kouga. This will contribute to lower consumption in energy from Eskom and will reduce our electricity account with a great margin.

ELECTRICITY: ACHIEVEMENTS

	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)	23 818	0	23 410	200	418	100%

2.	% Indigent house- holds with access to basic electricity services (Serviced by Kouga)	7 138	0	6 793	200	200	100%
3.	% Indigent house- holds with access to free alternativ e energy sources	None	None	None	0	0	0%

3.5 ROADS AND STORMWATER SERVICES

The following sources was referenced for information on road infrastructure:

- Maintenance Plan for The Municipal Road Network Serving The Kouga Local Municipal Area, dated May 2020.
- EasyRAMS website (www.easyrams.co.za)

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	421.53 km
Total	1 405.81 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 tables below.

Paved Road Length (km) per Surface Type by Town

Town	Flexible	Block	Concrete	Total
Cape St. Francis	10.11	0.62	0.00	10.73
Hankey	12.69	2.03	0.00	14.72
Humansdorp	41.08	5.39	0.00	46.46
Jeffreys Bay	159.71	3.52	0.17	163.40
Loerie	1.96	0.00	0.00	1.96
Oyster Bay	2.89	0.06	0.15	3.10
Patensie	12.54	0.47	0.21	13.23
St. Francis Bay	45.62	0.53	0.00	46.15
Thornhill	2.19	0.00	0.00	2.19
Total	288.79	12.62	0.53	301.94

Unpaved Road Length (km) per Surface Type by Town

Town	Gravel	Earth	Track	Total
Cape St. Francis	3.24	0.00	0.00	3.24
Hankey	14.87	0.12	0.03	15.02
Humansdorp	65.25	0.13	0.24	65.62
Jeffreys Bay	17.43	0.00	0.09	17.52
Loerie	4.55	0.00	0.37	4.92
Oyster Bay	6.00	0.00	0.08	6.08

Patensie	1.07	0.00	0.00	1.07
St. Francis Bay	2.48	0.00	0.21	2.69
Thornhill	3.44	0.00	0.00	3.44
Total	118.33	0.26	1.01	119.60

The tables below is a summary of the conditions of surfaced roads in Kouga Municipality

Condition Category (VCI) of Flexible Road Length (km)

<i>Town</i>	<i>Flexible Road Length (km) per Condition Category (VCI) by Town</i>					<i>Total Length (km)</i>
	<i>Very Good</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Very Poor</i>	
Cape St. Francis	2.10	3.47	4.47	0.08	0.00	10.11
Hankey	1.32	5.30	5.26	0.29	0.00	12.16
Humansdorp	11.20	13.88	13.60	2.19	0.00	40.87

Jeffreys Bay	77.77	62.70	18.29	0.91	0.00	159.67
Loerie	0.44	0.36	1.15	0.00	0.00	1.96
Oyster Bay	0.00	1.66	1.23	0.00	0.00	2.89
Patensie	1.30	3.27	5.89	2.04	0.00	12.48
St. Francis Bay	19.05	20.75	5.66	0.03	0.00	45.49
Thornhill	1.54	0.53	0.12	0.00	0.00	2.19
Total	114.71	111.90	55.67	5.54	0.00	287.82

Condition Category (VCI) of Block Road Length (km)

<i>Town</i>	<i>Block Road Length (km) per Condition Category (VCI) by Town</i>					<i>Total Length (km)</i>
	<i>Very Good</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Very Poor</i>	
Cape St. Francis	0.00	0.53	0.09	0.00	0.00	0.62
Hankey	0.00	0.96	0.93	0.15	0.00	2.03
Humansdorp	0.00	2.16	2.82	0.00	0.00	4.98
Jeffreys Bay	0.00	0.53	2.91	0.00	0.00	3.44
Oyster Bay	0.00	0.06	0.00	0.00	0.00	0.06
Patensie	0.00	0.14	0.33	0.00	0.00	0.47

St. Francis Bay	0.18	0.13	0.22	0.00	0.00	0.53
Total	0.18	4.50	7.30	0.15	0.00	12.13

Condition Category (VCI) of Concrete Road Length (km)

Town	Concrete Road Length (km) per Condition Category (VCI) by Town					Total Length (km)
	Very Good	Good	Fair	Poor	Very Poor	
Jeffreys Bay	0.17	0.00	0.00	0.00	0.00	0.17
Oyster Bay	0.00	0.00	0.13	0.02	0.00	0.15
Patensie	0.00	0.06	0.05	0.10	0.00	0.21
Total	0.17	0.06	0.17	0.13	0.00	0.53

The table below is a summary of the condition of Unpaved Roads

Town	Unpaved Road Length (km) per Condition Category (VCI) by Town					Total Length (km)
	Very Good	Good	Fair	Poor	Very Poor	
Cape St. Francis	0.00	0.00	1.17	1.57	0.50	3.24
Hankey	0.00	0.05	2.81	10.72	1.16	14.74
Humansdorp	0.00	0.32	5.49	39.99	16.06	61.87
Jeffreys Bay	0.00	0.00	6.01	10.20	1.05	17.26
Loerie	0.00	0.00	0.00	3.01	1.41	4.42
Oyster Bay	0.00	0.00	0.09	4.83	1.08	6.00
Patensie	0.00	0.00	0.00	0.45	0.00	0.45
St. Francis Bay	0.00	0.22	1.01	1.25	0.18	2.66
Thornhill	0.00	0.00	0.44	3.00	0.00	3.44
Total	0.00	0.59	17.03	75.04	21.43	114.08

The table below is a summary of funding spent on upgrading gravel roads.

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
2022/23	R0.00	R13,185,340.00

During the 2022/2023 financial year R11,500,000.00 including VAT was allocated for road resealing on the operating budget.



St Francis Bay: St Francis Drive reseal



St Francis Bay: Triton Street resealing

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

- Length of roads resealed = 9.5 km
- Potholes repaired = 4 084m²

On the 2022/2023 Operational budget an amount of R20 835 279.92 including VAT from own funding was provided for the following:

Refer to the table below for a summary of roads resealed in the Kouga area under this project.

Priority	Location	Status	Street	Length(m)	Width(m)	Area (m2)
1	Ashton Bay	complete	Swan	730	6	
2		complete	Shearwater	300	8.8	7170.9
3	St Francis Bay	complete	St Francis drive	1800	7.4	
4		complete	Triton	520	8	19249.5
5	Cape St Francis	complete	Da Gama	1600	6	9505.3
6	Humansdorp	complete	Nerina	300	4.8	1440
7		complete	Bureau	295	6	1770
7		Estimate	Bureau	325	6	1950
8		Estimate	Du Plessis	342	6.6	2258
9		Estimate	Piet Uys	880	6	
				200	8	1600
10	Jeffreys Bay	Estimate	Dogwood	1300	8.8	11440
11		Estimate	Blombos	1100	8.8	9680

Further to the above Capital Municipal Infrastructure Grant (MIG) funding to the amount of R13,285,340.80 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
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Estimated amount to address backlog adjusted to compensate for inflation.

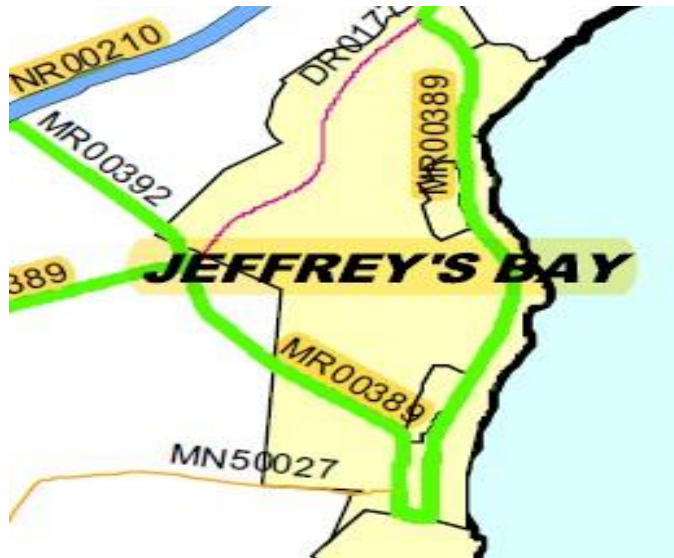
Major challenges in Road Maintenance and Remedial Action.

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.

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:



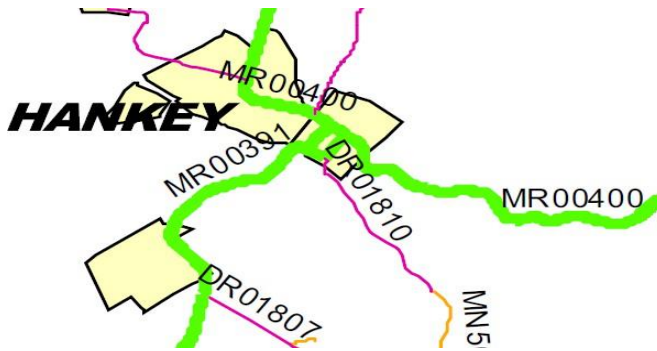
Provincial Road MR00381 runs from Humansdorp, between St Francis Bay and the St Francis Links Development to Cape St Francis where it runs the full length of St Francis Way into Seal Point Boulevard to the end of Seal Point Boulevard.



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.

Cost of Backlog Eradication

Town	Rehabilitation	Special Maintenance	Periodic Maintenance	Total
Cape St. Francis	R 199 548	R 1 010 251	R 1 988 253	R 3 198 052
Hankey	R 5 796 663	R 1 292 984	R 1 985 224	R 9 074 871
Humansdorp	R 6 422 251	R 7 709 372	R 20 216 454	R 34 348 076
Jeffreys Bay	R 39 376 400	R 62 292 663	R 80 448 669	R 182 117 732
Loerie	R 1 632 338	R 253 831	R 1 300 718	R 3 186 887
Oyster Bay	R 0	R 0	R 185 009	R 185 009
Patensie	R 12 474 866	R 2 664 685	R 4 120 339	R 19 259 890
St. Francis Bay	R 7 331 160	R 29 262 960	R 17 641 193	R 54 235 312
Thornhill	R 0	R 733 858	R 447 668	R 1 181 525
Total	R 73 233 224	R 105 220 604	R 128 333 526	R 306 787 354

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	Budgeted	Actual	Required	Budgeted	Actual
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 infra-structure 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

Basic service delivery area	30 June 2021			30 June 2022		
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
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 infra-structure to eliminate backlogs	R549063	NIL	NIL	R549063	NIL	NIL

Basic service delivery area	30 June 2021			30 June 2022		
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
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	

3.6 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.
- 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.
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Background

The programme is entering its fifteenth 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.

	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	R35 891 000.00
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 (Full time)
- PMU Contracts Officer (Full time)
- PMU Technician (Contracts basis)
- PMU Administrator (Vacant)
- Account (Vacant)
- 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
2022/23 Projects					
Upgrading of the Sanitation System in Old Hankey	70 % complete	3300	75	5	14
Upgrading of Gravel Roads in Kouga Phase 1	100 % complete	225003	32	4	15
Upgrading/Improvement of Sport Facilities within Kouga region – Loerie	60% complete	22 5003	20	0	2
2022/23 Rollover Projects					

Project Description	Project Status	Beneficiaries (h/h)	Job Creation	Informal Training	SMME's Utilized
2022/23 Projects					
N/A					

The above table illustrates the projects implemented and still under construction for the 2022/2023 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:

- 1) To provide a basic level of service to the people.
- 2) 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.

The above table illustrates the projects implemented and still under construction for the 2022/2023 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.

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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.

The following new projects were registered on MIG:

Gravel Roads Phase 2 Budget Maintenance	R5,595,162.12
Kwanomzamo WWTW Upgrade:	R42,360,556.91
Kouga Gravel Roads Upgrade Phase 2:	R37,038,263.00
La Mer New Sewer Rising Main (Planning Stage):	R790,050.00
Oceanview Sewer Pipe Upgrade (Planning Stage):	R747,500.00
Refurbishment of Weston WWTW and	
Sewer Reticulation (Planning Stage):	R1,150,000.00
Design of New High Mast Lights (Planning Stage):	R645,150.00



Upgrading of Gravel Roads Phase 1

3.7 WATER SERVICES INFRASTRUCTURE GRANT IMPLEMENTATION

WDS provided R57.4m of WSIG funding for emergency implementation on drought projects.

The expenditure was as follows:

Kouga Drought Relief: WSIG funding - Expenditure to date							
Project	Invoices submitted to Kouga LM - per service provider						Total
	IMP	Steyn's Drilling	Welltek	Rudcor	Scheyisa	Zutari	
Jeffrey's Bay	R 7 400 211,91	R -	R -	R -	R -	R -	R 7 400 211,91
Humansdorp	R 7 515 441,26	R -	R -	R -	R -	R -	R 7 515 441,26
St Francis Bay	R 5 809 033,33	R 757 751,10	R 98 772,57	R -	R -	R 563 767,04	R 7 229 324,04
Kruisfontein	R 1 014 272,91	R 3 060 977,77	R 468 398,92	R 12 606 710,92	R 1 451 601,15	R 2 822 693,00	R 21 424 654,67
Hankey	R 5 983 369,00	R 700 689,25	R 48 733,55	R -	R -	R -	R 6 732 791,80
Loerie	R -	R 1 438 040,11	R 149 660,12	R -	R -	R 152 946,25	R 1 740 646,48
Thornhill	R -	R 1 226 384,15	R 110 329,64	R -	R -	R 220 427,33	R 1 557 141,12
Total	R 27 722 328,41	R 7 183 842,38	R 875 894,80	R 12 606 710,92	R 1 451 601,15	R 3 759 833,62	R 53 600 211,28
Date:	29-Mar-23					WSIG Budget	R 57 400 000,00
						Percentage exp.	93%

The following projects were implemented:

- Jbay Package Plant: 100%
- Humansdorp Package Plant: 100%
- Hankey Package Plant: 100%
- St Francis Package Plant: 100%
- Drilling of Boreholes:
 - Kruisfontein: 7 boreholes completed.
 - St Francis: 3 of 3 completed. One borehole is dry. Not to be equipped now due to funding.
 - Hankey: Two borehole drilled. Not to be equipped not due to low yield and poor quality.
 - Loerie: Drilling completed. Three boreholes drilled. Not to be equipped now due to funding.
 - Thornhill: Drilling completed. Four boreholes drilled. Not to be equipped now due to funding and low yield.
- Kruisfontein Developing of Three Boreholes
 - Contract value R13.4m to be completed by 20 March 2023 – appointed to Rudcor Engineering.
 - Develop BHs HD12, HD13 AND HD14.
 - 250mm dia and 160mm dia pipeline.
 - 300KL Break pressure tank.
 - Generator and electrical supply.
 - Overall progress is 97%.
 - Commissioning is currently being undertaken.
- Purchasing of generators

- Six generators purchased. Is currently stored at Kouga LM premises and it is being made vandal proof.
- Upgrading and improvement of existing WTW in Humansdorp, Jeffreys Bay, Hankey and St Francis

Zero roll-over will be applicable as it was 6B WSIG funding.



Kruisfontein Trench excavation.



St Francis Bay new filtration plant.



Kruisfontein: Ring beam for break pressure tank.

3.8 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 2022/ 2023 financial year was R1,175,000.00 which been spend on 11 Incentive Grant Projects, as submitted in the 2022/23 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 2022/2023 financial year.

Year	EPWP Projects	Jobs created through EPWP projects
2019/20	9	368
2020/21	9	398
2021/22	9	301
2022/23	11	318

The total amount transferred to Kouga Municipality amounts to R1,175,000.00, and was distributed in 3 tranches as follows:

- August: R 294 000.00
- November: R 529 000.00
- February: R 352 000.00

Spending Schedule

The Extended Public Works Programme Incentive Grant Funds received for the 2022/23 financial year were spent as follows:

MONTH	AMOUNT
July 2022	R0.00
August 2022	R0.00
September 2022	R264 393.00
October 2022	R264 393.00
November 2022	R136 232.00
December 2022	R136 232.00
January 2023	R264 393.00
February 2023	R264 393.00
March 2023	Internal funding
April 2023	Internal funding
May 2023	Internal funding
June 2023	Internal funding

Total Amount spend from Incentive Grant - R 1,175,000.00. The current expenditure rate is at 100%.

3.9 MUNICIPAL WORKSHOP

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, when the 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 as to take Kouga Municipality to a higher level.

Mission

As a support section it is the Fleet department's mission to see that all the vehicles are properly maintained and that the fleet policy will be enforced to prevent damages and misuse of council 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 jurisdiction.

Prevention

The fleet section aims to reduce incidents, severity of emergencies and accidents with council vehicles through 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.

- 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 policy.
- Monitor access to fleet vehicles that it is properly authorized and not operated by unauthorized 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 fleet vehicles are protected against damages, theft and abuse.
- See that all fleet vehicles are licensed once a year and that all trucks are 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 for maintaining vehicles.

Preparedness

The thirteen (13) employees, of which five (5) are office bound and 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 (251) 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 2022 - 2023 financial year between 90% 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.

Key Challenges

- Upgrading the workshop to a higher level of proficiency by sending staff on training courses.
- All mechanical staff needs to be sent for a refresher course.
- Although some staff were appointed there are still positions available on the organogram that needs to be funded so that the required staff can be appointed. This is getting critical that staff be appointed to lighten the workload on the eight workshop staff members.

Recommended Solutions

Adequate budget needs to be made available for the upgrading of infrastructure and the staff component in the fleet section. If the vacant positions can be filled, the fleet section could be much more effective and productive.

Legal requirements

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

- Coordination of the standardisation of infrastructure, vehicles, equipment and procedures.
- Training of mechanical technicians.

The Fleet department of Kouga Municipality is responsible to ensure the roadworthiness of all Municipal vehicles so that it can comply with the requirements of the National Road traffic act 93 of 96, and occupational health and safety regulations.

Daily operations.

During 2022/2023 this service handled a total of 4459 incidents, this comes to an average of 371 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 2022 to 30 June 2023:

ANNUAL REPORT 01 JULY 2022 TO 30 JUNE 2023						
ITEM	JULY/AUG & SEPT 2022	OCT/NOV/DEC 2022	JAN/FEB 2023	MARCH/APRIL 2023	MAY/JUNE 2023	TOTAL
WORKSHOP JOB CARDS OPENED	575	600	413	392	408	2388
SERVICE PROVIDER JOB CARDS OPENED	255	237	141	142	138	913
TYRE JOB CARDS OPENED [PROCURED]	81	89	59	45	63	337
TYRE JOB CARDS OPENED [REPAIRED]	128	144	102	115	172	661
JOB CARDS OPENED FOR 2ND HAND TYRES	46	45	20	19	30	160
TYRES PROCURED	181	147	125	93	111	657
2 ND HAND TYRES STILL USABLE FITTED FOR VARIOUS REASONS – USED FOR SPARE WHEELS	50	47	22	22	33	152
TUBES PROCURED	0	0	0	1	0	1
TUBES AMOUNT PROCURED	R -	R -	R -	R 121.85	R -	R 121.85
TYRES AMOUNT PROCURED	R 416,492.47	R 347,841.13	R 291,858.61	R 249,260.20	R 334,349.01	R 1,639,801.42
TYRES REPAIRED	148	163	108	128	173	720
TUBES REPAIRED	0	0	0	0	0	0
VEHICLES LICENSE AMOUNT PAID	R 190,339.60	R 260,962.75	R 40,746.00	R 61,002.63	R 352,010.10	R 905,061.08
COF AMOUNT PAID	R 5,500.00	R 2,794.00	R -	R 1,128.00	R 1,128.00	R 10,550.00
HIRED VEHICLES AMOUNT PAID	R 102,539.24	R 271,740.45	R 115,828.24	R 18,018.99	R 164,436.85	R 672,563.77
REQUISITIONS TO SCM	500	400	264	234	261	1659
ORDERS RECEIVED	464	395	244	215	251	1569
ORDERS AMOUNT PAID TO S/PROVIDER	R 1,970,107.14	R 2,371,976.32	R1,195,501.68	R 1,154,208.90	R 1,383,235.63	R 8,075,029.67
FUEL USAGE VEHICLES SMALL PLANT AND VOUCHERS 01 JULY 2022 TO 30 JUNE 2023	R 5,641,894.56	R 6,940,722.29	R4,243,806.45	R 3,898,773.16	R 3,838,880.56	R 24,564,077.02

COMPONENT E: COMMUNITY AND SOCIAL SERVICES

3.10 WASTE AND ENVIRONMENTAL MANAGEMENT

The Community Services, Waste and Environmental Management section includes all activities relating to Integrated Waste Management, Environmental Health and Environmental Management.



The strategic objective of the Waste and Environmental Management section (W&E) is that all the communities of Kouga Municipality live in a clean and healthy environment that the environment is protected, maintained and managed in a sustainable manner for future generations.

Kouga Municipality's Waste and Environmental Management Section's approach to changing course is informed by the Integrated Development Plan (IDP) 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.

Highlights 2022/23

- Climate Change Strategy approved for implementation.
- Public open spaces cleared and beautified in partnership with "Dorp van Drome", Patensie Pronk, Woodlands Dairy, JBAY Surfers, community groups and schools during 2022/23.
- Mandela Day 18 July 2022 – clean ups in Humansdorp, Pellsrus, Kruisfontein, Loerie, Aston Bay and main Beach Jeffreys Bay.
- Environmental Education School Programme implemented.
- The tree planting drive continued as a commitment to combating climate change. Over a thousand trees were planted
- The Cape St Francis dune management plan was submitted for approval.
- By-laws for Waste Management promulgated with fines.

- Recycling was introduced in schools, blue-flag beaches and shopping centers.
- Kouga Municipality awarded Blue Flag Beach status for Dolphin Beach and Cape St Francis
- Received R5m for DEDEAT for Keep Kouga Clean and Green
- EPWP funding approved by DFFE.
- Environmental days clean up campaigns - International Coastal Clean Up - 21 September 2022.
- Sculpture of the historic dog BRAG unveiled at Dolphin Beach.
- The section participated in the activities of Arbor Day and planted several trees.

The "Dorp van Drome" and "Patensie Pronk" continues to play a major role in the beautification of the Jeffreys Bay and Patensie areas.

Key Issues for 2022/23

- Climate Change
- Rapidly growing population
- Growing per capita waste disposal from rising income and consumption levels
- Pervasive throw-away culture of disposal and illegal dumping.
- Broader development imperatives with financial implications.
- Aged workforce and vacant posts.
- Vandalism of infrastructure.
- Lack of security (fencing) at landfills with number of waste pickers growing.
- Animal farming in residential areas.
- Spaza shops not adhering to by laws.

3.10.1 WASTE MANAGEMENT

To align with IDP, SDBIP and the Polokwane Declaration of zero waste to landfill sites, Kouga Municipality's Waste and Environmental Management section 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.

This 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.

Kouga Municipality's Waste section 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 section will commit to implementing waste minimisation and recycling projects across Kouga Municipality area; however, communities will also need to be mobilised to sort waste at a household level to reduce waste going to landfills. Kouga Municipality's Waste and Environmental section is in the process of developing the following practical criteria 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.

3.10.2 REFUSE COLLECTION

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 National Environmental 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
- Waste disposal and landfill management

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.

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

Table: Areas serviced for round-collected refuse.

Jeffreys Bay	*Humansdorp	*Oyster Bay	Patensie
*Aston Bay	*KwaNomzamo	Sea Vista	Hankey
*Pellsrus	*Vaal dam	*St Francis Bay	Loerie
Paradise Beach	*Arcadia	*St Francis Bay	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.

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

Equipment for Round Collected Refuse (RCR), skip bin collection and illegal dumping.

TABLE: WASTE COLLECTION EQUIPMENT

AREA SERVICED	2022/2023 EQUIPMENT
Jeffreys Bay	3 x Compactor Trucks 3 Ton Truck/ Skip Truck/TLB/Tipper
Humansdorp	2 x Compactor Trucks TLB/Tipper/Skip truck
Gamtoos Valley	1 x Compactor Truck TLB/Tipper
St Francis Bay	1 x Compactor Truck

WEEKLY REFUSE REMOVAL PROGRAMME

<u>ST FRANCIS BAY</u>	DESCRIPTION OF WORK CARRIED OUT
MONDAY	Phillipa Place to Otters Landing, St Francis Bay and Cape St Francis (Business + Domestic)
TUESDAY	Shore Rd to Diana Crescent, Assisi Drive to Lyme Rd (Domestic refuse)
WEDNESDAY	Cape St Francis, St Francis Bay and Cape St Francis (Business + Domestic)
THURSDAY	Oyster Bay (Domestic, shops and Industrial area)
FRIDAY	Sea Vista domestic, businesses and shops, Harbour, Links

<u>GAMTOOS VALLEY</u>	DESCRIPTION OF WORK CARRIED OUT
MONDAY	Patensie, Hankey, Weston (Business)
TUESDAY	Gamtoos mouth, Thornhill, Crossways, Nulaid, Loerie (Business + Domestic).
WEDNESDAY	Old Hankey, Phillipsville Ext 4, Rosedale, Plakkerskamp Domestic/Business
THURSDAY	Patensie town, (Business + farms).
FRIDAY	Ramaphosa village, Centerton
<u>JEFFREYS BAY</u>	DESCRIPTION OF WORK CARRIED OUT
MONDAY	Beaufort Flats, Jeffreysrus, Paradise (Business + Domestic). Businesses. Caravan Parks All Parks along the beach, entrances, town and townships. Litter Picking bags.
TUESDAY	Wavecrest East, Old Town, C/Place, Central town domestic, , Ferreira Town All Parks along the beach, entrances, town and townships. Litter Picking bags.
WEDNESDAY	Jeffreysrus, Ocean View (part) Domestic,Business, Caravan Park, Island Vibe, Supertubes All Parks along the beach, entrances, town and townships. Litter Picking bags.
THURSDAY	Wavecrest (lower) c., Kabeljous, All Parks along the beach, entrances, town and townships. Litter Picking bags.
FRIDAY	Pellsrus, Tokyo Sexwale, Business, Mandela Bay, , Caravan Park, All Parks along the beach, entrances, town and townships. Litter Picking bags.

HUMANSDORP	DESCRIPTION OF WORK CARRIED OUT
MONDAY	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 Arcadia Shopping Centre
TUESDAY	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 Kwanomzamo and Moeras Rivier formal houses
WEDNESDAY	Kwanomzamo, Main Street, Kekkel and Kraai, Old Mutual Building, Engine, Spar, Kruisfontein School and Kruisfontein and Vaaldam household refuse
THURSDAY	Maak n Laas, 7 de Laan, Donkerhoek, Gill Marcus, Johnson Ridge, Arcadia- Graslaagte School, Clinic Koelkor, Midas, Jet, Saverite, Motolek, Midas, Spar, 95 on Main, Kouga Kitchen, Madida House, Hospital, Country Club, Nico Malan, Kooperasie, All Shops and Taverns in Kwanomzamo and Arcadia Shopping Centre. Pola Park, Golf Course and Old Arcadia household refuse.
FRIDAY	West Side of Town, Mat Mellville, Engine, Main Street, Kynoch, East of town and Spar, P. Z. Meyer Hospital and Arcadia Shopping Centre.

BUSINESS, COMMERCIAL AND OTHER WASTE COLLECTION

Waste is collected from businesses weekly in all towns.. Some of the main commercial centres in Humansdorp are serviced twice a week, businesses in these areas have limited space for waste storage. Other commercial businesses in Jeffreys Bay receives a 3X collection a week.

Waste is removed from schools, retirement villages weekly and Humansdorp Hospital 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.

SALGA, in collaboration with Kouga Local Municipality hosted an integrated waste management training at the Newton Hall. Officials from DFFE and other municipalities attend the training and presented on how they deal with waste in their own spheres of work. The Waste Management Knowledge Sharing and Training Workshop 2023 provided an excellent opportunity for cities/municipalities as well as private sectors, industry, financial institutions, research organizations, NGOs, among others, to discuss the important areas for collaboration towards realizing resource efficient and zero waste societies, building on the recommendations in the COP27 Declaration.

Kouga Municipality's Waste and Environmental Section attended a workshop hosted by the Department of Fisheries, Forestry and Environment on 23 November 2022 at the Sarah

Baartman District Municipality to participate in the development of a waste economy masterplan for South Africa. Kouga Municipality participate in the National and Provincial waste forums and during this quarter new waste legislation was discussed. South Africa's waste management legislation is not only aimed at addressing "top-level" challenges but also has its focus on the challenges that face waste management in local government companies operating in the industry.

Some of these challenges are:

- Costs of waste management are not appreciated by consumers and industry.
- Lack of recycling facilities
- Landfill disposal is free due to site not fenced and treatment costs are high.
- Too few compliant waste management facilities hinder the safe disposal of waste streams.

COMMUNITY WORKS PROGRAMME AND EXPANDED PUBLIC WORKS PROGRAMME

Kouga Municipality benefits from both the CWP and EPWP government's key programs aimed at providing poverty and income relief through temporary work for the unemployed.

3.10.3 LANDFILL MANAGEMENT

Waste volume received for the period July 2022 to June 2023

HANKEY

The table below indicates the waste received from July 2022 – June 2023, in m³

Jul 22	Aug 22	Sept 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23
1 524m ³	2 179m ³	1 840m ³	1 483m ³	1 487m ³	1 059m ³	1 467m ³	1 895m ³
Mar 23	Apr 23	June 23	Jun 23	Total			
2 264m ³	1 440m ³	1 349m ³	1 610m ³	19 597m³			

HUMANSDORP

The table below represent a summary waste landfilled for the Period June 2023- June 2023 in m³.

Jul 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023
13 425m ³	14 724m ³	16 466m ³	15 494m ³	18 144m ³	13 990m ³	15 599m ³	15 164m ³
Mar 2023	Apr 2023	June 2023	Jun 2023	Total			
15 577m ³	12 667m ³	14 526m ³	12 742m ³	178 518m³			

3.10.4 WASTE MINIMIZATION

The various waste management options can be placed in an order known as the Waste Management Hierarchy which reflects the relative sustainability of each. One of the key principles underlying waste management policy is to ensure that waste is dealt with as high up the Waste Management Hierarchy as possible. Since all waste disposal options have some impact on the environment, the only way to avoid impact is not to produce waste in the first place, and waste reduction is therefore at the top of the hierarchy. Re-use, followed by recovery techniques (recycling, composting and generating energy from waste) follow, while disposal to landfill or by incineration, the worst options, are at the bottom of the hierarchy.

The following recycling initiatives were undertaken:

- Recycling with "GOD SE HANDE IN PATENSIE"
- Recycling station at Supertubes/Cape St Francis
- Humansdorp recycling centre
 - Since 2019 to date, we constantly refined the recording of the waste received as well as recycled to align with the National Waste Information system. Recycling is done at the tip face of the landfill site and recyclables are taken to the recycling facility at the Humansdorp landfill site.
- E – Waste Recycling
 - October is earmarked for E-waste International day. Kouga Municipality participated by sharing information with Kouga Municipality Business forum and residents to encourage businesses and residents to implement the producer pay principal by taking back all e-waste to producers or retailers.
- Paradise Beach Drop Off
- St Francis Bay and Ocean View Drop-Off Sites
- Recycling At St Francis Airfield
- International Day of Zero Waste
 - The day was introduced to make people aware of the amount of valuable material that is discarded and to encourage people to reduce, reuse, recycle and think of what they do with waste.
- Recycling Vending Machine
 - A project in collaboration with Woodland's dairy.
- Events Recycling
- Zero Plastic Bags

Table: Recycling Humansdorp July 2022 to June 2023

Item	Ton												Total
	Jul '22	Aug '22	Sep '22	Oct '22	Nov '22	Dec '22	Jan '23	Feb '23	Mar '23	Apr '23	May '23	Jun '23	
Steel	11.4	7.8	18.6	21.9	27.1	18.9	19.7	13.4	11.2	9.7	6.9	7.5	174.1
Copper	0.2	0.2	0.3	0	0	0	0.2	0.1	0.1	0.1	0	0	1.2
Aluminium	0.7	0.7	1.0	1.0	1.0	0.8	1.0	0.7	0.4	0.2	0.2	0.2	7.9
Alu Cans	1.8	1.3	1.7	2.1	2.4	4.0	5.2	2.0	2.1	1.5	1.4	1.1	26.6
Brass	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0	0	0	0.9
Glass	12.5	8.3	5.4	4.6	3.5	10.0	3.3	4.5	3.8	4.9	4.6	20.0	85.4
K4	153.1	153.5	174.7	178.5	133.0	165.5	166.7	144.5	117.5	122.7	100.5	102.6	1 712. 8
HL1	8.1	5.9	6.4	7.9	9.3	7.1	12.9	9.0	7.4	6.2	6.4	6.8	93.4
Paper (Other)	3.4	2.4	2.5	3.4	6.1	3.8	6.0	5.1	3.3	3.5	2.5	2.8	44.8
PET	30.9	22.0	29.3	22.2	23.7	23.5	32.2	24.6	19.0	17.8	12.7	11.3	269.2
Mixed Plastic	4.3	0	0	0	0	0	0	0	0	0	0	0	4.3
Steel Cans	6.6	5.7	6.8	6.7	7.7	2.5	2.8	5.2	6.4	5.6	5.9	5.6	67.5
HD Plastic	14.5	19.7	26.6	23.4	21.3	18.0	21.3	23.9	26.9	28.8	30.8	25.2	280.4
Batteries	0.2	0.1	0.2	0.3	0.3	0.1	0.4	0.2	0.2	0.1	0.1	0	2.2
E-Waste	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0	0	0	0.9
Bricks	0	4.9	3.8	10.4	3.2	2.5	2.7	5.3	7.2	6.3	2.5	6.0	54.8
Other	0	0	0.1	0	0	0	0	0	0	0	0.1	0.1	0.3
Total:	247.9	232.7	277.6	282.6	238.8	256.9	274.6	238.7	205.7	207.4	174.6	189.2	2826.7

3.10.5 ENVIRONMENTAL MANAGEMENT

Environmental resource management is the management of the interaction and impact of human societies on the environment. 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.

3.10.5.1 KEEP KOUGA GREEN (KKG)

The Keep Kouga Green campaign was launched on 7 February 2020 at Nico Malan High School, Humansdorp and has continued during 2022/23. 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.

Kouga Municipality has initiated a Green Waste Strategy under the of Keep Kouga Clean and Green. The purpose of the strategy to mitigate against CO₂ emissions and other greenhouse gas emissions, while reducing the green waste going to landfill. Projects such as Composting and Biochar production have materialised from this strategy.

3.10.5.2 GREENEST MUNICIPALITY

Kouga Municipality was placed second in the 2022 Eastern Cape Greenest Municipality Awards (GMA) – for the second time.

The awards, aimed to encourage sustainable development at local government level, was initiated in 2001 with a primary focus in implementing the national Waste Management Strategy – promoting a healthy environment, as well as green and clean towns in municipal areas.

3.10.5.3 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 2022/2023 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.

The Department of Forestry, Fisheries and the Environment (DFFE) established the National Arbor City Awards (NACA) in 2002. The NACA are a quest to promote environmental greening and development thereby securing sustainable and healthy living environment for settlement areas in South Africa.

The NACA competition provides incentives and rewards to Municipalities who are doing their best in terms of greening, especially in townships and new settlement areas. The Kouga Local Municipality has been shortlisted for the 2023 NACA Competition.

3.10.5.4 KEEP KOUGA CLEAN

Kouga Municipality embarked 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 2023. 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 road marking, compliance and enforcement inspections by the Environmental Health Practitioners and Law Enforcement. Grass cutting, bush clearing and removal of unwanted 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.

Jeffrey's Bay, South Africa is home to approximately 50 362 people (United Nations 2022). This population is expected to generate 5 657 kg of plastic waste per day (based on the South African average waste generation; IUCN, EA-QUANTIS 2020). Considering that Jeffrey's Bay is a coastal town, and assuming that 5% of plastic waste in South Africa ends up in rivers or the oceans (IUCN, EA-QUANTIS 2020), up to 283 kgs of plastic waste may enter the ocean from Jeffrey's Bay daily.

The Kouga Municipality are taking action to address the waste pollution issue in Jeffrey's Bay. As part of this initiative, they have consulted *Sustainable Seas Trust*, a non-governmental organisation based in Gqeberha, on how to intercept plastic waste in stormwater systems by installing litter traps at Dolphin Beach stormwater outlet.

As part of compliance the W&E section does inspections for compliance and enforcement. The table below shows the inspections completed:

Site Inspections Type	No.
Plot clearing, indigenous bush clearing, open spaces, greenbelts and fire breaks	13
Protected Trees	15
Complaints received and responded	36
Site Inspections with other departments (internal & external)	14
Sand Dune erosion and accretion	8
Wetland or Water recourse disturbance	5
Sewage spillages/run-off	13
Other	3

3.10.5.5 TREE MANAGEMENT/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.

A Bush Clearing Policy was adopted in 2021 and it includes the clearing of private plots. Community Services Department is inundated with complaints from residential areas of overgrown private plots posing a fire, safety and security or health risk. The policy covers operational management principles, procedures and processes on public and privately-owned land for the following purposes only:

- Control and elimination of fire hazards.
- Combating and control of vegetation that is a verified fire hazard and other threatening danger.
- To protect and avoid communities that's surrounded by natural overgrown bush areas that endanger the communities.

Compliance notices are served to the landowners per registered post and by email as a courtesy where such information is provided in the municipal data base. Very few landowners respond to the notices and the Department identified high priority risk areas of privately owned properties as phase one for clearing by SMME's.

Part of W&E's scope of work is to ensure residents follow the proper channels when removing protected trees due to damage to infrastructure or for maintenance purposes. Therefore, to ensure compliance with legislation, W&E assists residents to obtain the permits from DFFE when they want to remove or prune protected trees. Site inspections were conducted at multiple locations for residents that wanted to prune Milkwood trees.

3.10.6 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 section'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 partners including the "Keep Kouga Clean" campaigns in collaboration with the Mayor and special day events such as Mandela Day.

Signage was installed at dune areas to inform the public that these are sensitive areas that the municipality is actively trying to rehabilitate. If residents avoid these sensitive areas, the areas stand a better chance to be rehabilitated over time. Rehabilitation of these dunes will help delay the encroachment process until the dunes can be stabilised with enough vegetation.

POPLAR DAM

The Poplar dam has been invaded by an invasive plant species known as *Salvinia Molesta* known as Kariba weed. The Kouga Local Municipality in partnership with the Centre for Biological Control (CBC) from Rhodes University has established a weevil rearing program aimed at controlling the invasive plant species. The Rhodes University is also using this site as a research project. The rearing facility has been erected at the Poplar dam.

The containers that house the weevils has been filled with water, the food source (Kariba weed) has been added to the containers and the first few batches of weevils have been released into the containers. The weevils will need time to multiply before release into the Poplar dam can commence. Monitoring is being done on a weekly basis which includes testing the pH in the containers, adding nutrients when necessary and opening/ closing the greenhouse during warm/cold days to ensure optimal temperatures are maintained due to the weevil being very susceptible to temperature changes.

Most recently more than 90% of the invasive plant has been physically removed with the help of residents that live near the dam. The reeds around the dam were also cleared in order to gain access to the Kariba weed that was stuck between and around them. There were unfortunately setbacks when it came to releasing the first batch of weevils onto the dam. The weevil population did not have sufficient numbers that would allow us to release them onto the dam in the time frames we had hoped for this was due to increased temperatures within the greenhouse as a result of a very hot summer season. However, the Kariba weed can quickly regrow as it is very difficult to remove every single Kariba plant and constant future monitoring will be necessary to ensure it does not take over the dam completely again. In the meantime, the rearing of the weevils will continue to help combat the regrowth of the Kariba weed.

3.10.7 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.

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.

Site inspection and selection for oil spill contingency training provided by the DFFE Oceans & Coasts branch:

Multiple sites were inspected with the DFFE O&C branch to look at all our beaches and estuaries within the Kouga area. The purpose was to visually assess the vulnerabilities of our beaches and estuaries in case of an oil spill. The goal is to include oil spill contingency plans for all our beaches and estuaries and to ensure that all relevant municipal staff are educated and trained on the procedures of an oil spill contingency plan.

3.10.8 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 NEMA: 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	2022/23 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	198ha	Community Services
		ENV4.11(2)	(2) Total municipal area in hectares		241800ha	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	127ha	Community Services/ IDP
		ENV4.21(2)	(2) Total area identified as a priority biodiversity area in hectares	Not available (To be determined)	75ha	75ha	Community Services

3.10.9 COASTAL MANAGEMENT

KM has adopted a Coastal Management Plan in terms of the Integrated Coastal Management Act. Coastal Management is having an impact on various functions within the Municipality such as Planning & Development as well as Infrastructure and Engineering. The Sarah Baartman District Municipality has established a district Coastal & Environmental Management Committee, and the 1st meeting was on 28 Sep 2022.

Climate Change Greenbook roll out initiatives in partnership with CSIR and Santam took place at SBDM, and indicators identified. The identified indicators demonstrate areas within the district that may experience high risk of climate change impacts.

- Agriculture – manage food insecurity.
- Biodiversity & Environment – the following are identified:
 - manage change in land-use,
 - rehabilitate degraded landscape.
 - stabilize sand dunes in coastal areas (setback lines).
 - manage loss of priority wetlands and river ecosystem.
 - manage alien clearing and
 - promoting greening
- Human settlement and human health – manage population growth and housing demand; improve municipal health services.
- Disaster management – manage disaster management – flooding, wildfires, etc.
- Infrastructure and water management – the following are identified:
 - manage drought.
 - manage drinking water quality in the district – testing and invest in water conservation measures.
 - measures to improve storm water management – poor drainage system.
 - improve water quality in municipal ecosystem – wetlands rehabilitation programs.
 - manage water and sanitation infrastructure.
 - manage waste infrastructure.
- Tourism and LED – the following are identified:
 - manage and maintain tourism attraction areas in the district - 7wonders etc.
 - maintain and manage economic investments in the district – promoting SMMEs and external investors.

SALGA/VVSG refresher training, localising service delivery and IVR call centre programme took place at the Community Services boardroom on 22 September 2022. This is an application to report complaints.

BLUE FLAG STATUS

The Blue Flag Programme promotes sustainable development in freshwater and marine areas. It challenges local authorities and beach operators to achieve high standards in the four categories of: water quality, environmental management, environmental education and safety. Over the years, the Blue Flag has become a highly respected and recognized eco-label working to bring together the tourism and environmental sectors at local, regional and national levels.

Three beaches in the Kouga region have been awarded Blue Flag world-class status and the right to wave their Blue Flag Status on 3 November 2022.

Dolphin Beach in Jeffreys Bay once again got the nod from the adjudicators to fly the blue flag.

Another addition to Kouga's achievement was Cape St Francis Beach and Marina Martinique (a private beach) - both receiving Blue Flag Status.

Blue Flag Status is awarded for excellence in safety, amenities, cleanliness, and environmental standard.

BLUE FLAG PROGRAMS

Lifeguards' water safety education and awareness.

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.

During November and December 2022, the lifeguards at Dolphin Beach did education and awareness campaigns around water safety with Jeffreys Bay Primary School. The lifeguards also did the same campaign in Hankey at Yellowwoods Nature Reserve with Hankey Primary School.

CAPE ST FRANCIS DUNE MANAGEMENT

Kouga Municipality undertook a Basic Assessment application for the maintenance and management of Cape St Francis Dunes. The application was submitted in terms of the EIA Regulations (as amended 7 April 2017) under the ambit of the National Environmental Management Act (No. 107 of 1998) as amended. On 18 April 2023, the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) issued an Environmental Authorisation (EA) for the application (DEDEAT Reference EC08/C/LN1&3/M/32-2022).

OYSTER BAY – DUNE REHABILITATION

The Kouga Local Municipality in partnership with the Rate Payers Association appointed a consultant to develop a Maintenance Management Plan (MMP) for the dune systems in Oyster Bay. Implementation of the approved Plans commenced in 2019.

The MMP were developed to address the threat of dune encroachment onto properties and critical infrastructure. The goal of the MMP is to stabilise the fore-dune systems by creating vegetated berms to trap the sand and eventually form stable vegetated berms.

The coastal habitat acts as a major ecological corridor and is of great importance for climate change adaptation as it is the first line of defence for landward areas from impacts of sea-level rise and storm surges.

To date berms have been created and brush packed with cleared alien invasive vegetation until such time that vegetation of the berms can commence. The implementation of the MMP has not been without its setbacks. The Kouga area has been declared a drought disaster area which has made revegetation efforts challenging since watering of the vegetation, especially in the initial stages is crucial for the success and survival rate of the planted vegetation. However, there has been success in getting pioneer grasses and other dune vegetation to take root on the fore-dunes.

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

Approximately 80% of the dunes overrunning Brander Street have been pushed back, except for one dune where the Black Oyster birds were nesting.



Brander Street and Adjacent Properties in Oyster Bay

SEEKOEI ESTUARY MANAGEMENT

W&E does water monitoring monthly at all estuaries within the municipal area as well as its Blue Flag beaches to ensure safe water quality for the community and tourist.

Microbiological and chemical water sample are taken. The artificial breaching of the estuary mouth commenced in June 2023 after NEMA Section 30A application was approved by the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT). The opening of the estuary mouth was clearly successful with respect to objectives set.

3.10.10 CLIMATE CHANGE

Kouga Municipality has adopted a Climate Change Strategy and the Strategy is aligned with the Sustainable Developmental Goals 2030 and the IDP. Priority areas has been identified and an implementation plan with resource allocation, costs and timeframes are being developed from the strategy. Due to the importance of climate change adaptation and mitigation several workshops are planned, and climate change documents needs to be reviewed.

Kouga Municipality hosted a climate change workshop in partnership with Green Cape. This workshop series aims to enhance participants' understanding of the opportunities for, and challenges to the adoption of clean/green solutions in their contexts. It further seeks to accelerate green economic innovation and growth by showcasing the methods of overcoming barriers to green innovation.

3.10.11 ENVIRONMENTAL ACTIVITIES

CLEAN UP CAMPAIGNS - SURF SCHOOL KIDS CLEAN UP





INTERNATIONAL CLEAN UP AND RECYCLING DAY 7 SEPTEMBER 2022



SCHOOL PROJECTS - TRAINING AND EDUCATION

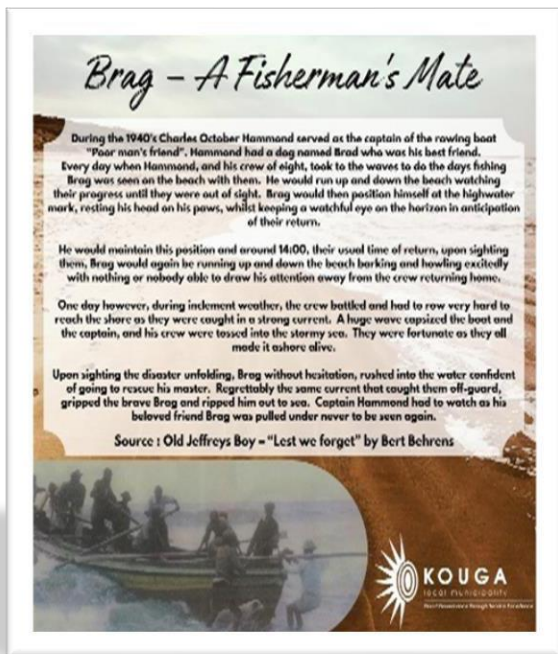


PRESERVING LOCAL HISTORY

Preserving the local history is an important part of not losing touch with the history of Kouga. By showcasing our local history, the community does not forget these historical moments that brought communities together. W&E section is coordinating the launching of historical projects that included Geelstert and BRAG (A fisherman's mate)

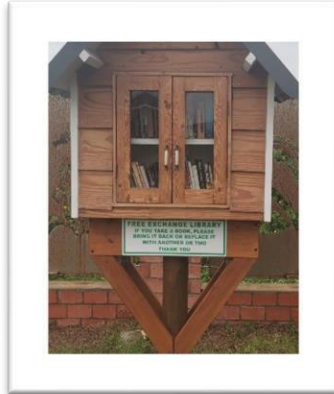
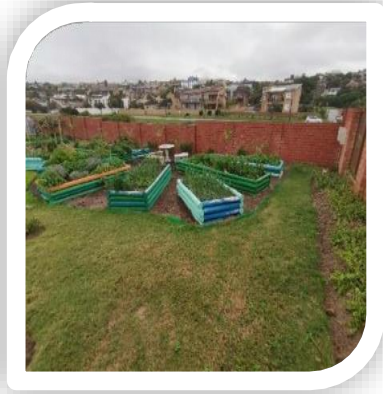


Geelstert, fishing boat of Jeffreys Bay, dates to the sixties. Geelstert was one of the last two of the original 20 working fishing boats in Jeffreys Bay. In a staged mock-up many visitors took part in the historic manoeuvre of fishing boats from the sea. On this occasion Theuns Jordaan performed "Skipskop" and SABC TV filmed the procedures.



THE GREEN GARDEN/ COMMUNITY GARDEN

The Green Garden is a community established garden and vegetable garden that is managed and maintained by the community. People from the community can collect vegetables grown at these gardens. The purpose of the community garden is to raise awareness on food security and that with little effort, people can create their own food gardens at home.



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	2021/22 No. of Facilities	2021/22 No. of Visits	2022/23 No. of Facilities	2022/23 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	827	2399	820	2305
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 Samples 4 X 35 Chemical Samples Extra for Covid19: 156 Bacteriological Samples Failure Resamples: 90 samples	806	Sampling Points 12 X 35 Bacteriological Samples 4 X 35 Chemical Samples Additional Samples: 101 Bacteriological Samples Failure: 14 Resamples	675

Description of the Activity and Analysis of the Function	Environmental Health	2021/22 No. of Facilities	2021/22 No. of Visits	2022/23 No. of Facilities	2022/23 No. of Visits
Waste Management	Waste Management: identification of illegal dumping sites to ensure a clean and healthy environment.	15 Illegal Dumping Sites	25	12 Illegal Dumping Sites	24
Health Surveillance of Premises	Health Surveillance of Premises: Assessment of factors including ventilation, lighting, moisture, and approval of building plans to ensure safety.	235 Building Plans & Land Use Applications	235	213 Building Plans & Land Use Applications	213
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

Description of the Activity and Analysis of the Function	Environmental Health	2021/22 No. of Facilities	2021/22 No. of Visits	2022/23 No. of Facilities	2022/23 No. of Visits
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)	10	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.	319 Notices Issued	Cleared by Owners: 17	166 Notices Issued	Cleared: 22
Disposal of the Dead	Disposal of the Dead: Manage, control and monitoring exhumations and reburial or disposal of human remains	16 Application	16 Approved	8 Applications	8 Approve d
Business Registration & Hawkers Programme	Business Registration & Hawkers Programme: Registration on of all new businesses in terms of the Business Act, including hawkers.	67 Applications	67 Approved	53 Applications	33 Approve d

NELSON MANDELA UNIVERSITY'S 4TH YEAR ENVIRONMENTAL HEALTH STUDENTS – EDUCATIONAL TOUR – SEPTEMBER 2022

Environmental Health students from Nelson Mandela University visit the Municipality once a year for a weeklong practical tour in the field of Environmental Health. It has been a long-standing collaboration between the Municipality and the University, for more than

fifteen years, but due to Covid 19, the students could not be accommodated for the educational tour due to the restrictions that were in place.

This year, the educational tour was revived, and the fourth-year students visited the Municipality from Monday, 26 September until Friday, 30 September 2022, with a total of twenty-one students accompanied by two lecturers. As part of the students' in-service training, they come to the Municipality to get the necessary practical exposure.

The Environmental Health Practitioners together with the Nelson Mandela University lecturers takes these students on day trips to different premises/facilities to introduce and give the students the necessary experience as to the scope of practice of environmental health, pertaining to Municipal Health services.

The students were exposed to some of the services the Municipality offer to the community, such as the waste / landfill site, wastewater treatment works, and water treatment works. They were also presented with discussions around waste management, occupational health and safety, climate change strategies as well as drought mitigation. They were educated on the link between Environmental Health, in particular Municipal Health services, and other service delivery elements.



HEALTH EDUCATION & AWARENESS PROGRAM IN LINE WITH WORLD ENVIRONMENTAL HEALTH DAY (WEHD) AT DAYCARE CENTERS – SEPTEMBER 2022

World Environmental Health Day is celebrated on 26 September every year by the International Federation of Environmental Health (IFEH) to promote the awareness of different issues surrounding environmental health. This event is celebrated annually and globally. Environmental Health addresses all the physical, chemical, and biological factors external to a person, and all the related factors impacting behaviours. It encompasses the assessment and control of those environmental factors that can potentially affect health. It is targeted towards preventing disease and creating health-supportive environments.

The purpose of the program is to educate the children and caregivers on the importance of health and hygiene, water conservation, the effects of illegal dumping on the environment and to encourage the residents on the importance of caring and taking ownership of their health and environment. This section identified four day-care centres within Kouga Local Municipality where the program was conducted, and these are as follows: Madiba Bay, Masikhule, Ethembeni and Siembamba

The focus of the education and awareness program was the following:

- Health education and awareness
- The importance of hand washing for health
- Demonstration of how to wash hands properly.
- Clean up in and around the grounds.
- Planting of trees in and around the grounds

Each of the creches / day-care centres were presented with educational material, hand sanitizers, hand soap, disinfectant, trees and goodie packets for the learners.

ENVIRONMENTAL HEALTH GLOBAL HANDWASH DAY: SCHOOLS FOOD SAFETY & HYGIENE AWARENESS PROGRAM:

Celebrated annually on October 15, Global Handwashing Day (GH Day) is a global advocacy day dedicated to increasing awareness and understanding about the importance of handwashing with soap as an easy, effective, and affordable way to prevent diseases and save lives.

The 2022 Global Handwashing Day theme focused on the links between handwashing and food including food hygiene and nutrition. Hand Hygiene is an important part of keeping food safe, preventing diseases, and helping children grow strong.

The Environmental Health Section identified Schools which participate in the schools feeding scheme program to conduct health education and awareness around food safety and hand hygiene. The focus of the program was food handlers involved in the preparation of food for school children. The following topics were discussed with the food handlers:

- Food safety & hygiene
- Personal and environmental hygiene
- Compliance to R638

A total of 21 schools were reached with the program.

EDUCATION & AWARENESS PROGRAM: DROUGHT MITIGATION & WATER CONSERVATION IN LINE WITH NATIONAL WATER WEEK (APRIL 2023)

The National Water Week campaign is aimed at educating the public about their responsibility in water conservation initiatives, raising awareness around the need to protect and conserve the country's water resources. The Department of Water and Sanitation celebrates Water Week by urging everyone to use water sparingly to ensure **Water for All**. The theme for National Water Week 2023 is "Accelerating Change".

Kouga Environmental Health celebrated this important campaign by visiting Grade 5 learners at several schools within the Kouga Municipal Area during the month of April 2023. The purpose of the program was to educate the Grade 5 learners on topics not only limited to water conservation and drought but also to general health and hygiene as follows:

Importance of Water	Personal Hygiene	Environmental Hygiene
<ul style="list-style-type: none"> - Importance of water for life - Water conservation - Protection of our water sources - Link between water and health - The meaning of drought and the effects thereof 	<ul style="list-style-type: none"> - What is Personal Hygiene - Washing of Hands - When to Wash Hands - How to Wash Hands 	<ul style="list-style-type: none"> - What is Environmental Hygiene - Cleaning & Sanitizing of surfaces and equipment

ANIMAL MANAGEMENT

Outbreak of African Swine Fever.

On 2 January 2023 the Community Services Department was informed of pigs that have died in Ocean View. After investigation it was found that several pigs died, and many were disorientated the services of a specialist vet was called in and assisted with an autopsy on some of the pigs and it was found that the pigs were dying from African Swine Fever.

Community Services immediately started with community engagement by doing door to door visits, loud hailing, and community meetings. The worst outbreak was in Ocean View but dead pigs were also reported in Sea Vista, Kwanomzano and Thornhill. All areas were visited by Animal Care organisations, the State Vet department and Community Services. Since the outbreak 420 pigs died. The conditions where the pigs are living are not suitable and it needs to be addressed as a matter of urgency.

Activity	Number
Spaying and Neutering - dogs	1 403
Spaying and neutering cats	488
Mange treatment - at least	1 601

Activity	Number
Parvo treatment 5 per day - at least	2 186
Vaccinations	2 229
Out Reach Days	
Kareedouw	12
Thornhill	12
Loerie	12
Tokyo Sexwale Town ship	48
Humansdorp Landfill	48
Joubertina	4
Hankey	12
Patensie	12
Oysterbay	2
Unchain the dog	12
Adoptions Cats and Dogs	265
Deworming - low estimate	5200
Euthanizing cats and dogs **	480
Dead seal removal	9



Other activities undertaken by animal rescue organisations supported by Community Services included:

**Urgent need for cremation facility for pets in Kouga.

3.13 LIBRARIES, MUSEUMS AND COMMUNITY FACILITIES

3.13.1 LIBRARIES

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.

The following library information services are at the libraries:

- Computers for staff
- Computers for public
- Telephone Lines
- Internet Services

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, Loerie, Mbuyiseli Nkosinkulu, N.B. Methodlana, 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 – Q4	Sources
HS3.6	Average number of library visits per library	HS3.6(1)	(1) Total Number of Library Visits	44 374	Community Services
		HS3.6(2)	(2) Count of Municipal Libraries	14	Community Services

Jeffreys Bay Library Renovation and Extensions Project

Jeffreys Bay Library was renovated and extended; the project was funded by DSRAC at **cost of R12 949 842.15.**

Circulation Services

Circulation of Books from **01 July 2022 – 30 June 2023 = 90 558**

Total Number of Walk in Patrons that used the library = **44 374**

Total Number of Registered Members of the Library that used the library = **243 209**

3.14 PARKS AND OPEN SPACES



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	2022/23	Source
C53.	Square meters of maintained public outdoor recreation space	185859,6 sq meters	Community Services
C54.	Number of municipality-owned community halls	13	Community Services

Highlights:

Upgrading of the Parks for Recreational purposes

- Dogwood Labyrinth launched in July 2022.
- Pellsrus Park upgraded (work included painting of umbrellas and chairs including concrete bollards, install 2 x ablution containers (male/female) installation of lights, installation of notice boards.
- Yellowwoods Parks ablutions upgraded (works included: Painting, upgrading of the showers, toilets, tiling, installation of toilet cistern, hand basins, ceiling and electrical works and fixing swings and bush clearing was done, installation of notice boards)
- Patensie Park (installation of steel doors and painting of ablution blocks)
- Jeffreys Bay dog-friendly park is re placed by Pellsrus 220 Park. Work included (creating playpark out of tyres and other recyclable material, painting playpark equipment, maintaining the garden planting more of plants)
- General maintenance of park in Johnsonridge & Pelikaan Street, (cutting of grass and general cleaning)

LAUNCH OF LABYRINTH – 5 JULY 2022



UPGRADING OF PELLSRUS 220 PARK

BEFORE



AFTER



PARTNERSHIPS:

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

PATENSIE PRONK



DORP VAN DROME – ZOETELIEF AND NSRI



SUPERTUBES PARK WILDLIFE RETURNING



3.15 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 the Tourism sector.
- Security Cameras are to be installed.

Highlights:

3 x Caravan Parks (Pellsrus Caravan Park, Jeffreys Bay Caravan Park and Yellowwoods) were maintained and upgraded.

Pellsrus Caravan Park Upgrades



3.16 SPORTS, RECREATION AND COMMUNITY HALLS

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 Sport fields is still challenging.

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.

Highlights:

Sea Vista sports field upgrading was completed and handed over to Community Services, the sports field is in use now.

RENOVATING COMMUNITY HALLS

- **Andrieskraal Hall**
(Painted, tiling, toilet cisterns and hand basins installed, ceiling and roof repaired + electrical works)
- **Newton Hall**
(Ablutions tiled and painted)
- **Pellsrus Hall**
(Window frames replaced and new stage was installed)
- **Oyster Bay Hall**
(Material supplied to repair roof)

UPGRADING OF SPORTS FIELDS

- **Kruisfontein Sports Field Clubhouse**
(Painting inside, tiling, installation of toilet cisterns and hand basins, ceiling)
- **Tokyo Sports Field**
(Installation of heavy duty security door, installation of geysers, replacement of hand basis and toilets, installation of 50m barbwire fence)
- **Hankey Phillipsville Sports Field**

(Repairing the fence, gate, closing of windows at the clubhouse and repairing the pitch.)

- **Pellsrus Sports Field**

(Repairing of outside plumbing, replacement of hand basin and toilets, installation of 50m barbwire fence, changeroom painting, inside doors replaced, painting of outside wall and rocklas)

Maintenance of flood lights at Pellsrus, Tokoyo and Kruisfontein Sports field was done. Phillipsville Sports field maintenance was done (painting of the roof, painting inside, installing ceilings, finalising the plumbing work – general maintenance of the pitch)

PAINTING OF ROCKLAS AT PELLSRUS SPORTS FIELD

Before



After



3.17 BEACHES AND ABLUTION FACILITIES

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

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

Due to vandalism of our facilities, especially after hours, cameras are being installed in all hotspot areas.

Highlights:

A total of 26 toilets were upgraded in St Francis Bay, Jeffrey's Bay and the GV area.

3.18 CEMETERIES

The identification of land, planning and co-ordination of all cemetery management activities throughout the Kouga (17 cemeteries with 8 active 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.
- Fencing of new and old Cemeteries was identified.

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	BURIALS PER YEAR 2022/23	AVAILABLE SPACE
HUMANSDORP					
Town	15	192	274	212	Yes
Kwanomzamo	6	77	106	88	Yes
Graslaagte	15	None	None	None	Full
Jeugkamp	4	None	None	None	Full
JEFFREYS BAY					
C-Place	11	191	205	171	Yes
Dr BB Keet	8	None	5	2	Full

AREA	WARD	BURIALS PER YEAR 2020/21	BURIALS PER YEAR 2021/22	BURIALS PER YEAR 2022/23	AVAILABLE SPACE
Pellsrus Duine Weg	2	None	None	None	Full
Pellsrus Roman Str	2	None	None	None	Full

GAMTOOS VALLEY					
Centerton	9	2	5	5	Full
Hankey Town	9	81	5	None	Full
Milton	9	111	24	None	Full. Congregational Church Cemetery used
Hankey Town New	9		110	117	New Hankey Cemetery approved through EIA process
Weston	13	4	6	4	Almost Full Congregation al Church Cemetery used
Ramaphosa	10	None	None	None	Full
Patensie Town	10	75	99	65	Almost Full New Patensie Cemetery approved through EIA process
Thornhill Private Land	7	9	8	10	New Thornhill Cemetery approved through EIA process
Loerieheuwel	7	22	19	20	Almost Full

3.19 FIRE AND DISASTER MANAGEMENT

3.19.1 FIRE SERVICES



The Kouga Fire Department serves the community by delivering swift and quality services to the public. It consists of four fire stations based in Humansdorp, Hankey, Jeffreys Bay, and St. Francis Bay and these stations serve a jurisdictional area of 2670 square kilometers.

Firefighters are responsible for the protection of life, properties, and the environment. This is accomplished through the suppression of fires, rescuing persons from danger and 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 and Disaster Services attended to 511 incidents during the year and achieved a response time of 83.82% within 15 minutes from call received until the time of arrival at the incident. The service strives to improve on response times by establishing volunteer fire fighting teams in the outlying areas to empower the community and enable them to practice better and smarter fire safety techniques. The aim is to train community members on basic firefighting in the wards and provide them with basic firefighting equipment.

The Fire Service also established overall good relationships with the community which leads to positive and successful cohesion during incidents.

Working On Fire strengthened their relationship with Kouga Municipality Fire Services by signing a five- year agreement until 2028. A new base was also established in Humansdorp to assist with bush clearing in the various wards of Humansdorp. Bush clearing and the maintenance of fire breaks is ongoing and there is vast improvement with the identified risk areas in the wards. Working on Fire has also assisted the municipality with two (2) chipper machines as per their mandate to address overgrown areas and maintain fire belts/breaks within the Kouga area.

Fire awareness campaigns and yearly evacuation drills were held at various public institutions like the hospitals in Humansdorp, Hankey Magistrate court and Old Age Homes in Humansdorp and Jeffreys Bay. Evacuation drills and basic firefighting training with municipal staff has also improved. Evacuation drill and simulation exercises between Woodlands Dairy, the Windfarm and the Kouga municipal fire teams are a yearly arrangement and highlight for the service. Fire awareness and safety education at schools in Kouga is also a highlight and very important to the service. Schools all over Kouga jurisdictional wards were visited as below:

Awareness and Training	1st Quarter July – September 2022	2nd Quarter October – December 2022	3rd Quarter Jan -March 2023	4th Quarter April - June 2023	Grand Total 2022/2023
Number of civilians reached	75	229	50	53	407
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 in the wards. Shops, Restaurants, Humansdorp & Isivivana Hospital, Woodlands Dairy, Old Age Homes, Townhouse complexes, Dept of justice St. Francis Links, Fountains mall, Elmo’s Furniture Factory Woodlands Dairy, Kouga Partnership Hospital ,Isivivana Hospital Kouga municipal buildings, The Windfarm, St. Francis Links				
Number of children and teachers reached	0	1025	126	18	2001
Number of schools covered	0	8	3	2	13
<ul style="list-style-type: none"> • Smiley Kids - Ward 11 • Pellsrus Primary School – Ward 2 • Kings College - Ward 14 • Jeffreys Bay Comprehensive High School - Ward 11 • Graslaagte Primary School – Ward 4 • Hankey Primary & Bambi Pre-Primary School - Ward 9 • Kate van der Merwe Primary School – Ward 5 • Centre of Grace Foundation – Ward 11 • Loerieheuwel Primary School – Ward 7 • Kleine Engele Daycare – Ward 15 • Eagles Accolades - Ward 11 • Sea Vista Primary School - Ward 1 • Makhunyane Primary School - Ward 2 • Kingdom Rise School - Ward 2 • Nolutho Day Care - Ward 6 					

The rise in structural fires is a concern for the department since loadshedding increased, which encouraged firefighters to embark on door-to-door awareness and educational programmes within the wards of KwaNomzamo, Thornhill and Oceanview. This exercise is ongoing and continue daily.

Reference	Performance Indicator	Reference	Data Element	2020/21 Baseline	2022/23			
					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		26 Structural Fires from July to September 2022	27 Structural Fires from October - December 2022	23 Structural Fires from January to March 2023	14 Structural Fires from April to June 2023
		FD1.11(2)	(2) Total number of distress calls for structural fire incidents received		29 Distress Calls for Structural Fires During July – September 2022.	33 Distress Calls for Structural Fires in October – December 2022	25 Distress Calls for Structural Fires from January – March 2023	14 Distress Calls for Structural Fires from April to June 2023

The procurement of 2 x 4 X4 LDV's for bushfire fighting purposes is also very encouraging for the service to complement the old and existing fleet. This project is funded by the Sarah Baartman District Municipality as per Service Level Agreement.

The Community Fire Safety Bylaw was approved and workshopped with stakeholders for the enforcing of the bylaws and transgressions.

3.19.2 DISASTER RISK MANAGEMENT



The Disaster management section and Kouga Municipality dealt with the devastating effects of drought, loadshedding and floods during the year.

The following disaster management policies have been developed to enhance the coordination and the management of disastrous incidents.

The Disaster Management Plan for the Kouga Local Municipality has been reviewed and adopted by Council.

Preparedness and Contingency plans have been developed and are ready for policy discussion and approval by the policy committee.

A term of reference for a Municipal interdepartmental committee for disaster risk management has been circulated to different stake holders for inputs and comments. This is a crucial document in which internal stakeholders or municipal departments and entities are identified and their roles and responsibilities in disaster risk management agreed upon and adopted.

Standard operating procedures for disaster management response and recovery have also been developed for all stakeholders and is due for policy discussion session and approval. This document outlines Standard Operating Procedures and the roles and responsibilities of relevant stakeholders during disaster response and recovery phase of disaster continuum.

A terms and references for Disaster Management Advisory Forums have also been developed and it is ready for the policy discussion and adoption. This arrangement is significant for the disaster management section and municipality. Internal and external role players utilize their expertise to advise the municipality for disaster management decision-making.

Disaster management response teams have been established in most of the wards. Its functions, roles and responsibilities are to assist and facilitate coordination of disaster risk reduction at the community level. Training of these structures are ongoing.

Kouga Municipality was also declared a state of disaster, due to the on-going drought and received assistance in the form of a grant National and Provincial Disaster Management for drought relieve and mitigation. A Joint Operating Committee was established to coordinate, discuss and monitor progress on all drought related activities. This forum met bi- weekly and at regular intervals as the need arose.

Drought intervention measures and strategies have been put in place are as follows:

- Trucking of water to affected communities.
- Upgrade of Jeffreys Bay Borehole & Water Treatment Works
- Upgrade of the Humansdorp ground water treatment plant
- Upgrade of the Hankey groundwater treatment plant
- Equipping of borehole GWA-HD7 in Humansdorp
- Upgrade of the St Francis Bay groundwater treatment plant
- Development of the Kruisfontein groundwater treatment plant
- Upgrade and development of the Thornhill Groundwater treatment plant.
- Installation of JOJO tanks at strategic points in the community.
- Water bottle distribution at various schools, Humansdorp & PZ Meyer hospitals, and old age homes.

Early warnings have been received from the South African Weather Services and Provincial Disaster Management Centre. Media platforms such as social media,

community radio stations, SMS and loud hailing have been utilised to make communities aware of these early warnings.

Over two thousand five hundred (2500) sandbags have been distributed to flood risk communities of almost every ward in anticipation of a looming flood disasters. Demonstrations on how to use sandbags have also been conducted in this regard.

There are several contingency plans and Standard Operating procedures that have been developed, such as:

- Kouga Local Municipality flood plan
- Standard Operating Procedures for disaster response and recovery
- Power outage contingency plan
- Drought plan

DISASTER TRAINING, EDUCATION AND AWARENESS

An integrated education and awareness strategy is on the conceptual stage. Planning meetings for disaster education and awareness programme has been initiated with Ward Councillors and committees, especially in the flood-prone areas, but will be escalated to all wards.

Training of registration of disaster volunteers is also a continuous activity.

DISASTER RESPONSE AND RECOVERY

QUARTER 2

AREA	INCIDENT	NUMBER OF AFFECTED DWELLINGS OR STRUCTURES	NUMBER OF AFFECTED PEOPLE	NUMBER OF DISPLACED PEOPLE
Ward 6	Flooding	15	30	0
Ward 14	Structural Fire	7	16	16
Ward 9	Structural Fire	1	3	3
Ward 6	Structural Fire	1	6	6
Ward 6	Structural Fire	1	10	2
Ward 7	Structural Fire	1	4	4
Ward 1	Structural Fire	16	35	35
TOTAL		42	104	66

QUARTER 3

AREA	INCIDENT	NUMBER OF AFFECTED DWELLINGS OR STRUCTURES	NUMBER OF AFFECTED PEOPLE	NUMBER OF DISPLACED PEOPLE
Ward 1	Structural Fire	3	5	5
Ward 5	Structural Fire	1	5	5
Ward 6	Structural Fire	1	2	2
Ward 10	Flooding	0	0	0

AREA	INCIDENT	NUMBER OF AFFECTED DWELLINGS OR STRUCTURES	NUMBER OF AFFECTED PEOPLE	NUMBER OF DISPLACED PEOPLE
Ward 14	Structural Fire	6	7	7
TOTAL		11	19	19

QUARTER 4

AREA	INCIDENT	NUMBER OF AFFECTED DWELLINGS OR STRUCTURES	NUMBER OF AFFECTED PEOPLE	NUMBER OF DISPLACED PEOPLE
Ward 10	Structural Fire	1	5	5
Ward 15	Flooding	5	23	0
Ward 6	Flooding	10	35	0
Ward 1	Flooding	7	20	0
Ward 4	Flooding	2	7	0
Ward 5	Flooding	2	5	0
Ward 13	Flooding	3	9	0
Ward 7	Flooding	2	0	0
Ward 14	Flooding	5	12	0
Ward 9	Flooding	35	85	18
Ward 2	Flooding	15	25	0
Ward 2	Structural Fire	3	7	7
Ward 15	Structural Fire	2	42	30
TOTAL		92	275	60

3.19.3 LIFESAVING SERVICES

LIFESAVING

Blue Flag status was awarded to Dolphin beach in Jeffreys Bay and Cape St. Francis main beach.

Summer in South Africa coincides with the Christmas holiday period, making our coastline a popular destination for locals and visitors alike, and Kouga is no stranger to this as it is home to one of the most beautiful shores and is among highly esteemed holiday destinations in the world, due to this fact, annually it is confronted with an influx of both local beach goers and tourists to their shores. However, the coast also has many risks and hazards that may be hard to recognise – especially when visiting an unfamiliar location. Many do not understand the risks and hazards along the coast, leading to numerous rescues, first aid treatment and other interventions provided by Surf Lifeguard services. Tragically, it has also led to fatal incidents, in particular drowning deaths. Our surf lifeguards worked in close collaboration with other emergency services to help manage the safety

of beach goers and should be commended for their efforts through what was another challenging season.

Despite being faced with a daunting task of safeguarding a total of 13 bathing areas, flocked by thousands of locals and visitors who are determined to engage in some form of water activity along the coast of Kouga Municipality, with limited staff, the highest standard of lifeguard services continued to be delivered throughout the region. A total of 54 seasonal lifeguards was appointed for the festive season and present on Blue Flag and other beaches of Kouga.

Between the 15 December 2022 and the 5 January 2023 which was the peak of the season; surf lifeguards rescued more than 200 bathers, treated 25 patrons for major injuries or medical complaints, countless blue bottle sting treatments, and performed thousands of preventative actions to minimise drowning incidents and first aid accidents.

The following areas have been identified as drowning hot spots and the relevant warnings signs have been erected.

PELLSRUS BEACH:

- Between the reef right in front of the Pellsrus Park.

DOLPHIN BEACH:

- The rip current opposite kitchen windows reef.

ASTON BAY:

- At the Paradise/Aston Bay estuary mouth.

CHECKERS BEACH:

- This beach has been deemed as a no swimming area due to the reef that is spread across the whole stretch of beach area thereby creating permanent and strong rip currents.

GRANNY'S POOL:

- The rocks on the shore of granny's pool reef create a pool during high tide that is deep enough for children to swim in. In-between these rocks are a slipway used to launch waterpower crafts. A strong rip current develops at the end of the slipway when the water draws back for low tide. Due to the above, this area has discreet hazards to those who have limited knowledge of the aquatic environment and has resulted in major first aid cases and even drowning.

Lifesaving Awareness Campaigns were conducted in the wards and mostly schools were visited to increase knowledge regarding water safety of and introducing lifesaving skills through training.

LIFE-SAVING AWARENESS CAMPAIGNS

- Water Safety and Awareness for Children at Main Beach - Ward 11
- Senior Lifeguards Visited Schools in Hankey, Patensie and Thornhill - Wards 7 ,9 & 10
- Makukhanye Primary School – Ward 2
- Joint NSRI & Lifeguards Training at Dolphin Beach - Ward 11
- Awareness Campaign at Pellsrus Beach - Ward 2
- Awareness Campaign at Humansdorp Fire Station - Ward 15
- Awareness Campaign at Thornhill Community Hall - Ward 7

The Lifesaving Eastern Cape Championship was hosted on the main beach in Jeffreys Bay.

The lifeguards assisted with water safety during the Corona Open working hand in hand with safety officials to ensure the safety of all participants.

The lifeguards also assisted at the South Africa Open Water Championships which were hosted at the Marina Martinique.

3.20 SAFETY AND SECURITY

Safety



&



Security

In terms of safety and security, we want to assure the community of Kouga that we strive to create a safe and secure environment, our main objective is to save and protect the lives and property of our residents and holiday makers.

Traffic law enforcement have a good working relationship with other law enforcement agencies e.g. South African Police Services (SAPS), Security Companies, Neighbourhood Watch to combat crime.

3.20.1 TRAFFIC LAW ENFORCEMENT

Traffic law enforcement focus on keeping National, Provincial and Local roads/streets in the municipal area safer and to minimize road fatalities.

Daily visible patrols and policing to ensure compliance and adherence to the National Road Traffic Act 93/1996, National Land Transportation Act 5/2009 and the Criminal Procedure Act 51/1977.

Traffic Safety is the mandate of the Department of Transport and has been delegated to Provincial and local authorities.

Scholar Patrols are performed on various National, Provincial and Local roads/streets in the Kouga area.

There are nine (9) schools that are participating in the scholar patrol programme.

<u>SCHOOL</u>	<u>WARD</u>	<u>AREA</u>
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	Phillipville
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

Our operational activities include roadblocks at strategic areas and joint operations with other stakeholders to ensure driver and vehicle fitness and public transport compliance.

Camera speed checking and manual operations is conducted on a daily basis.

Traffic Control Activities

Description	2021/22	2022/23
	Total	Total
Handwritten fines	6146	7098
Paid fines	1142	997
Disable Parking discs	117	150
Warrant of Arrests	554	1247
TMT Camera Fines		203 012
Roadblocks	27	54

Motor Vehicle Accidents/Incidents

Accidents with serious injuries and fatalities mostly happen on the N2, R102 and R330. Driving behaviour is the common cause of accidents.

Accidents Stats per area below:

J'Bay	H'Dorp	Thornhill	Hankey	Patensie	St Francis	Total
279	303	71	66	48	102	869

Number of injuries/fatalities through Motor Vehicle Accidents:

12 – Fatalities

187 – Injuries (minor-serious)



3.20.2 REGISTRATION AND LICENSING/ DRIVERS LICENSE/ VEHICLE TESTING

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.

- 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 & LICENCING TRANSACTIONS

Description	2021/22 Total	2022/23 Total
Duplicate Certificates	207	260
Special Permits	19	19
Temporary Permits	39	33
Search Fees	-	-
Duplicate Certificates	11	38
Special Permits	6	-

DRIVERS LICENCE SECTION (DLTC)

Driving Licence Testing Centre and Vehicle Testing Station

The driving license testing centre (DLTC) makes provision to test learner's licences, light and heavy motor vehicle driving licence tests, as well as renewal of driver licenses and professional driving permits for the community of Kouga municipality and neighbouring municipalities. Humansdorp and Hankey driving licence testing centres operate 5 days a week.

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.

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

Description	2021/22 Total	2022/2023 Total
Learners License Applications	2744	1997
Applicants passed	1690	431
Driving License Renewals	5512	6822
Driving License tests light m/v	1231	715
Driving License tests heavy m/v	766	847
Applicants passed	1038	675

Description	2021/22 Total	2022/2023 Total
Roadworthy tests conducted	57	95

e-NATIS system instability affects the issuing of learners/drivers licenses and the renewal of cards on a regular basis.

Disciplinary procedures have resulted in the dismissal of an examiner.

Highlights:

- Two posts for examiners of driving licences have been filled.
- The backlog of applications to cancel fingerprint reference images (758's) have been significantly reduced.
- Communication and assistance from department of Transport has improved through the establishment of regional helpdesks.
- In an interprovincial intelligence investigation between SAPS, Law Enforcement and NAVIC, suspects were arrested for the possession of abalone and vehicles seized.

3.20.3 SECURITY SERVICES

This section performs access control, monitoring and visible patrolling on a 24-hour basis, to ensure Municipal key areas e.g., water treatment plants, sewerage etc. are guarded. Currently there are 29 permanently employed and 21 contractual guards.

A private security service provider has been appointed to perform monitoring and response of alarms as well as ad hoc guarding of municipal infrastructure.

INCIDENT COMMAND CENTRE (ICC)

This section consists of the following staff:

- Principal Security Officer
- Security Officer
- 7 x Contractual CCTV Operators.

Number of Security Cameras - Live and Static

A total of 66 cameras were installed in the following areas:

- 16 -License Plate Recognition – Wards 3, 7 & 10
- 3- Point Zoom and Tilt – Wards 2, 8 & 11
- 45- Bullet Wards 2, 3, 4, 5, 7, 8, 11 & 14
- 2- Panoramic – Wards 4 & 15
- 1- Mobile - All Wards

Crime prevention remains an on-going struggle, but the cameras are a deterrent and with the assistance of SAPS, Law Enforcement, Security Companies and Neighbourhood

Watch we have successfully apprehended and prosecuted suspects, we endeavour to making Kouga safer for our residents.



ICC OFFICE, HUMANSDORP

3.20.4 LAW ENFORCEMENT

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.

Law Enforcement Officers do daily patrols and attend to complaints, protect municipal infrastructure. co-operate with other law enforcement agencies SAPS, Dept of Home Affairs, Private Security Agencies and Neighbourhood Watch on a regular basis.

A total number of **132 joint operations** were conducted in all wards.

These operations include:

- Illegal Electrical Connections
- Illegal Dog Breeding (Pit Bull)
- Illegal Taverns And Spaza Shops
- Removal Of Vagrants

Description	2021/22 Total	2022/23 Total
Impoundment Of Animals, (Cattle, Goats, And Pigs)	57	94
Complaints Investigated	670	754

Description	2021/22 Total	2022/23 Total
Arrests	12	33
Fine Issued	702	917
Operations In Humansdorp Joint Hankey, Patensie, St Francis Bay Thornhill And Loerie	60	74
Illegal Signage	219	354



“Boots on the Ground” initiative program was established for the festive season of December 2022 to assist law enforcement. A number of forty-two (42) incumbents were trained and appointed as Peace Officers under the program.

COMPONENT F: PLANNING AND DEVELOPMENT

3.21 SPATIAL PLANNING AND LAND USE MANAGEMENT

KOUGA MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK

The Kouga Municipal Spatial Development Framework (SDF) was reviewed and adopted by the Council on 26 February 2021 (Council resolution No. 21/02/PD11). It was reviewed in compliance with the provisions of section 26(e) of the Municipal Systems Act (MSA) 2000 and Spatial Planning and Land Use Management Act (SPLUMA) 2013.

In 2022/23 financial year the Town Planning Department finalised/compiled the annual performance review of the Kouga Municipal Spatial Development Framework. The annual Municipal Spatial Development Framework review took the form of an annual performance report that is included in the Annual “IDP Review Report” or report on the “Review of the IDP” for “2022/23 IDP Review Report”.

The annual performance review of the Kouga Municipal Spatial Development Framework concluded that there are errors that triggers the amendment of the MSDF. The following issues were highlighted:

- The preparation of the existing MSDF took place during COVID-19 Pandemic and critical steps or phases of the MSDF were not adequately considered; this includes thorough public participation (Community engagements) not everyone had access to internet to participate on virtual meetings arranged for public participations.
- The errors in the MSDF need to be rectified as a matter of urgency, a comprehensive CEF chapter is required. "Rural Development Edges" are incorrectly delineated in the MSDF.
- The MSDF was adopted by the outgoing Council in February 2021- new Council took office in December 2021 and the "changing circumstances" (such as change in political leadership, drought, climate change- have substantive impact on the MSDF) and this "annual performance review as submitted" triggers an amendment/compilation of the MSDF.

3.21.1 LOCAL SPATIAL DEVELOPMENT FRAMEWORK: PRECINCT PLANS

St Francis Bay CBD and Hankey CBD Precinct Plans

Urban Dynamics EC were appointed as the service provider for the development of both the precinct plans for St Francis Bay CBD and Hankey CBD in February 2022. The main purpose of the precinct plan is to set a vision for the future development of the area and Urban Regeneration Strategy.

Project Implementation Plan (Project Phases, Action, Deliverables & Timeframes):

The service provider was given a period of **9 months** to complete the project. The project is divided into 5 Phases.

Phase 1: Inception- this phase is 100% complete. The Project Inception Meeting was held virtually on 26 May 2022, Project Inception Report was presented to the Working Group/ Project Technical Steering Committee. A letter was sent to the MEC and a notice placed in the Newspaper indicating Kouga Municipality's intention to develop Precinct Plans for Both Hankey and St Francis Bay CBD's and calling for registration of I & AP.

Phase 2: Status Quo Analysis- This phase is 100% complete. Status Quo Report for both Hankey CBD and St Francis Bay CBD was presented to the Project Technical Steering Committee on 5 September 2022. All comments and inputs were considered. An updated and consolidated draft Status Quo report was shared with the Project Technical Steering Committee. Engagement with the Interested & Affected Parties Meeting was scheduled for December 2022 and February 2023 - inputs and comments were incorporated into the First draft report for both Precinct Plans.

Phase 3: First Draft CBD Precinct Plan- This phase is 100% complete. The First Draft for both Hankey CBD and St Francis Bay CBD precinct plan is complete.

Phase 4: Public Participation- The target date for public participation was January 2023- due to unforeseen circumstances and rescheduling of meeting with interested and affected parties (I&AP's) made it difficult to meet this deadline. The Council's permission

to commence with public participation process will ensure that the project gets finalised, the intention was to have the project finalised by 30 June 2023, this is no longer possible.

Phase 5: Final Submission & Approval of the CBD Precinct Plan-target date end of October 2023

3.21.2 ESTABLISHMENT OF THE APPEAL AUTHORITY

Kouga Municipality Council through (Council resolution: 22/06/PDT12) **approved** the appointment of the Executive Mayor: Alderman Horatio Hendricks as the Kouga Municipality's SPLUMA Appeal Authority, to consider all appeals relating to land development in terms of Section 51(1) of the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013).

Kouga Municipality Council further **approved** the members of the Mayoral Committee to serve as internal advisors to the SPLUMA Appeal Authority:

The Municipal Manager appointed external advisors to the Appeal Authority- as authorized by the above-mentioned Council Resolution.

The first Appeal Authority Sitting was on 1 March 2023- A total of 7 Appeals were received, 6 were finalized, 1 not finalized (cannot get hold of the applicant).

3.21.3 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 2022/2023 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										
Aston Bay			30							1
Crossways			29							
Hankey			5							
Humansdorp	6		12							
Humansdorp RD	2		12		1	2		1	3	
Jeffreys Bay	7		129		4	1	4	1		
Kaap St Francis			13							
Oesterbaai			1							
Paradysstrand			2							
Patensie			5							
Pellsrus			2							
Sea Vista	5		64				2			
St Francis Links	1		14				1			
Uitenhage RD			4				1			

	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
Loeriehuwel										
Kruisfontein			9						1	
Grand Total	21	0	331		5	4	8	2	3	1

	65 Amendment of Subdivision Plan - Sec 57 Spluma by-law	66 Application for exemption from Municipal Approval (Sec 66 SPLUM by-law)	68 Rezoning application	69 Removal of restrictive title deed conditions	69_com Combined Application - Removal of restrictive title deed conditions and Departure	71 Consolidation	74 Consent use application	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												
Aston Bay				1	1		3	3	3			
Crossways		1										
Hankey			1			1	1					
Humansdorp			3	1			3	1	1			
Humansdorp RD		12	6			1	2	3	2			
Jeffreys Bay		2	9	6	12		22	7	31			
Kaap St Francis				4	2	1	2		1			
Oesterbaai					2			1	1			
Paradysstrand				2	2	2	2	1	2			

	65 Amendment of Subdivision Plan - Sec 57 Spluma by-law	66 Application for exemption from Municipal Approval (Sec 66 SPLUM by-law)	68 Rezoning application	69 Removal of restrictive title deed conditions	69_com Combined Application - Removal of restrictive title deed conditions and Departure	71 Consolidation	74 Consent use application	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
Patensie								1	1			
Pellsrus												
Sea Vista		4	8	9	7	2	7	4	5			
St Francis Links		1							1			
Uitenhage RD	3											
Loerieheuwel												
Kriusfontein				1								
Grand Total	3	20	27	24	26	10	42	21	48			

A total of 265 land-use applications was recorded for abovementioned period.

OFFICIAL RESOLUTION REGISTER: 1 July 2021 – 30 June 2022

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 1 : 01 July 2022 – 30 September 2022					
	Application No.	Property description	Date submitted	Application type	Decision
1.	JL1920-00161	ERF 328, Humansdorp RD	23/03/2020	Application for Temporary Departure for telecommunication mast	24/08/2022 Approved
2.	JL1920-00209	Erf 1541, Jeffreys Bay	20/12/2019	Application for Permanent Departure to relax building lines	15/09/2022 Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 1 : 01 July 2022 – 30 September 2022					
	Application No.	Property description	Date submitted	Application type	Decision
3.	JL1920-00213	Erf 118, Pellsrus	20/04/2020	Application for Temporary Departure for telecommunication mast	27/06/2022 Refused
4.	JL2021-00046	Erf 6596, Jeffreys Bay	06/08/2020	Application for Permanent Departure to relax building lines	25/08/2022 Approved
5.	JL2021-00154	Erf 1396, Jeffreys Bay	20/03/2021	Application for Consent Use for an additional dwelling unit	18/08/2022 Approved
6.	JL2021-00172	Erf 8665, Jeffreys Bay	07/05/2021	Site Development Plan	01/09/2022 Approved
7.	JL2021-00174	Erf 6576, Jeffreys Bay	10/05/2021	Application for Permanent Departure to relax building lines	30/08/2022 Refused
8.	JL2021-00177	Erf 702, Aston Bay	11/05/2021	Application for Permanent Departure to relax building lines	18/08/2022 Approved
9.	JL2122-00007	Erf 695, Aston Bay	08/07/2021	Application for Permanent Departure to relax building lines	18/08/2022 Approved
10	JL2122-00008	Erf 942, Humansdorp	08/07/2021	Application for Permanent Departure to relax building lines	30/09/2022 Approved
11	JL2122-00015	Farm 809 of Humansdorp RD, Portion 8	23/07/2021	Exemption: Application for the Subdivision of Portion 8 of Farm 809	08/09/2022 Approved
12	JL2122-00025	Erf 2243, Jeffreys Bay	06/08/2021	Application for Consent Use for Home Occupation	15/09/2022 Approved
13	JL2122-00036	Erf 1255, Aston Bay	19/08/2021	Site Development Plan	23/08/2022 Approved
14	JL2122-00045	Erf 875, Patensie	10/09/2021	Site Development Plan for existing development (additional dwelling units)	28/07/2022 Approved
15	JL2122-00046	Erf 8667, Jeffreys Bay	13/09/2021	Site Development Plan	04/08/2022 Approved
16	JL2122-00051	Erf 5856, Jeffreys Bay	13/09/2021	Site Development Plan	04/08/2022 Approved
17	JL2122-00052	Erf 1307, Sea Vista	23/09/2021	Application for Permanent Departure to relax building lines	30/08/2022 Approved
18	JL2122-00066	Erf 154, Oesterbaai	15/10/2021	Site Development Plan	02/11/2021 Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 1 : 01 July 2022 – 30 September 2022					
	Application No.	Property description	Date submitted	Application type	Decision
19	JL2122-00072	Erf 141, Aston Bay	27/10/2021	Application for Permanent Departure to relax building lines	15/09/2022 Approved
20	JL2122-00086	Erf 1751, Jeffreys Bay	25/11/2021	Application for Permanent Departure to relax building lines	18/08/2022 Approved
21	JL2122-00104	Erf 8218, Jeffreys Bay	12/01/2022	Application for Permanent Departure to relax building lines	15/09/2022 Approved
22	JL2122-00137	Erf 630, Jeffreys Bay	09/03/2022	Site Development Plan	13/09/2022 Approved
23	JL2122-00169	Erf 1194, Jeffreys Bay	22/04/2022	Application for Permanent Departure to relax building lines	24/08/2022 Approved
24	SL2021-00017	Erf 492, Humansdorp	12/03/2021	Application for Temporary Departure for telecommunication mast	28/07/2022 Approved
25	SL2122-00015	Erf 2900, Sea Vista	16/02/2022	Amendments to previously approved Site Development Plan	04/08/2022 Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 2 : 01 October 2022 – 31 December 2022					
	Application No.	Property description	Date submitted	Application type	Decision and Date
26.	JL2122-00049	Erf 408, Kaap St Francis	20/09/2021	Application for Permanent Departure to relax	31/10/2022Deferred:

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 2 : 01 October 2022 – 31 December 2022					
	Application No.	Property description	Date submitted	Application type	Decision and Date
27	JL2122-00165	Erf 3538, Jeffreys Bay	13/04/2022	Application for Permanent Departure to relax building lines	30/09/2022 Approved
28.	JL2223-00045	Erf 424, St Francis Links	23/09/2022	Amended Site Development Plan	22/10/2021 Approved
29.	SL2122-00011	Erf 1287 Sea Vista	26/10/2021	Revised Site Development Plan	12/12/2021 Approved
30	SL2122-00018	Erf 1860, Sea Vista	09/05/2022	Application for Consent Use for an additional dwelling unit	09/03/2023 Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 3 : 1 January 2023 – 31 March 2023					
	Application No.	Property description	Date submitted	Application type	Decision and Date
31.	JL1920-00218	Erf 1929 Kruisfontein	11/07/2019	Application for Temporary Departure for off-site liquor business	23/02/2023 Refused
32.	JL2021-00159	Farm 745 of Humansdorp RD: Portion 117	12/04/2021	Application for Permanent Departure to relax building lines	20/06/2023 Approved
33.	JL2122-00044	Erf 1510, Jeffreys Bay	09/09/2021	Application for Permanent Departure to relax building lines and Municipal Consent Use in terms of the Title Deed	20/03/2023 Refused.
34.	JL2122-00087	Erf 6639, Jeffreys Bay	25/11/2021	Application for Subdivision of land into two portions	15/03/2023 Approved
35.	JL2122-00088	Erf 5014, Jeffreys Bay	25/11/2021	Application for Permanent Departure to relax building lines	20/03/2023 Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 3 : 1 January 2023 – 31 March 2023					
	Application No.	Property description	Date submitted	Application type	Decision and Date
36.	JL2122-00090	Erf 6703, Jeffreys Bay	30/11/2021	Site Development Plan	12/01/2023 Approved
37.	JL2122-00106	Erf 2962, Jeffreys Bay	19/01/2022	Application for Permanent Departure to relax building lines	20/03/2023 Approved
38.	JL2122-00121	Erf 1294, Aston Bay	22/02/2022	Application for Subdivision of land into two portions	27/02/2023 Approved
39.	JL2122-00136	Erf 706, Pellsrus	08/03/2022	Application for Permanent Departure to relax building lines	17/03/2023 Approved
40.	JL2122-00171	Erf 1958, Humansdorp	22/04/2022	Site Development Plan	02/02/2023 Approved
41.	JL2122-00177	Erf 6239, Jeffreys Bay	09/05/2022	Application for Permanent Departure to increase the maximum coverage	27/02/2023 Approved
42.	JL2122-00207	Erf 1837, Jeffreys Bay	21/06/2022	Application for Consent Use for an additional dwelling unit	29/03/2023 Approved
43.	JL2223-00033	Erf 3107, Sea Vista	01/09/2022	Application for Subdivision	31/05/2023 Approved
44.	JL2223-00077	Erf 189, Jeffreys Bay	20/11/2022	Application for Permanent Departure to relax building lines	10/03/2023 Approved
45.	SI2223-00006	Erf 3120 Sea Vista	18/08/2022	Site Development Plan	02/02/2023 Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 4 : 1 April 2023 – 30 June 2023					
	Application No.	Property description	Date submitted	Application type	Decision and Date
46.	JL1920-00226	Erf 8655 Jeffreys Bay	12/11/2019	Application for Consent Use for House of Worship	12/06/2023 Approved
47.	JL2021-00155	Erf 1870, Jeffreys Bay	29/03/2021	Application for Permanent Departure to relax building lines	12/06/2023 Refused
48.	JL2021-00160	Erf 2279, Jeffreys Bay	25/03/2021	Application for Permanent Departure to relax building lines	12/06/2023 Refused
49	JL2021-00162	Erf 439, Kaap St Francis	20/04/2021	Application for Permanent Departure to relax building lines	22/05/2023 Approved
50.	JL2021-00188	Erf 3370, Jeffreys Bay	04/06/2021	Application for Permanent Departure to relax building lines	12/06/2023 Approved
51.	JL2021-00215	Erf 1023, Jeffreys Bay	08/04/2021	Application for Permanent Departure to relax building lines	12/06/2023 Refused
52.	JL2122-00061	Erf 8580, Jeffreys Bay	12/10/2021	Application for Permanent Departure to relax building lines	12/06/2023 Refused
53.	JL2122-00069	Erf 659, Humansdorp	21/10/2021	Application for Consent Use for an additional dwelling unit, application for Permanent Departure from the zoning scheme provision to allow for a third dwelling unit and Permanent Departure to relax building lines	22/05/2023 Application for additional dwelling unit – Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 4 : 1 April 2023 – 30 June 2023					
	Application No.	Property description	Date submitted	Application type	Decision and Date
54.	JL2122-00085	Erf 2995, Sea Vista	19/11/2021	Application for Permanent Departure to relax building lines.	13/04/2023 Approved
55.	JL2122-00089	Farm 335 of Humansdorp RD (Portion 1)	29/11/2021	Site Development Plan	05/04/2023 Approved
56.	JL2122-00100	Erf 3642, Jeffreys Bay	19/12/2021	Application for Consent Use for additional dwelling unit	12/06/2023 Refused
57.	JL2122-00101	Farm 818 of Humansdorp RD	22/12/2021	Application for Consent Use for an agricultural industry	12/06/2023 Approved
58.	JL2122-00124	Erf 1623, Jeffreys Bay	28/02/2022	Application for Permanent Departure to relax building lines.	22/05/2023 Approved
59.	JL2122-00145	Erf 4096, Jeffreys Bay	08/11/2022	Application for Consent Use for an additional dwelling unit	12/06/2023 Approved
60.	JL2122-00172	Farm 691 of Humansdorp RD (Portion 12)	26/04/2022	Application for Special Consent Use for a home occupation and Application for Permanent Departure to permit 8 employees	22/05/2023 Approved
61.	JL2122-00174	Erf 1508, Jeffreys Bay	27/04/2022	Application for Consent Use for an additional dwelling unit	12/06/2023 Approved
62.	JL2122-00183	Erf 1275, Aston Bay	24/05/2022	Application for Permanent Departure to relax building lines	08/05/2023 Approved

AUTHORISED OFFICIAL LAND USE DECISIONS: Quarter 4 : 1 April 2023 – 30 June 2023					
	Application No.	Property description	Date submitted	Application type	Decision and Date
63.	JL2122-00190	Erf 385, Aston Bay	27/05/2022	Application for Consent Use for an additional dwelling unit	22/05/2023 Approved
64.	JL2122-00202	Erf 2676, Jeffreys Bay	07/06/2022	Application for Permanent Departure to relax building lines	12/06/2023 Approved
65.	JL2122-00205	Erf 317, Loerieheuwel	28/09/2021	Application for Consent Use for an additional right to operate a liquor shop	12/06/2023 Refused
66.	JL2122-00211	Farm 452 of Humansdorp RD (Portion 6)	27/06/2022	Application for Consent Use to allow and support a local shop/retail facility	22/05/2023 Approved
67.	JL2223-00013	Erf 1019, Patensie	26/07/2022	Application for Permanent Departure to relax building lines	12/06/2023 Refused
68.	JL2223-00022	Erf 2680, Sea Vista	17/08/2022	Application for Permanent Departure to relax height restrictions	08/05/2023 Approved
69.	JL2223-00104	Farm 335 of Humansdorp RD (Portion 58)	02/02/2023	Site Development Plan	25/04/2023 Approved
70.	JL2223-00109	Erf 3033, Jeffreys Bay	08/02/2023	Application for Consolidation of two erven	04/05/2023 Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: Quarter 1 : 01 July 2022 – 30 September 2022

	Application No.	Property description	Date submitted	Application type	Decision
71.	JL1617-00002	Farm 342 of Humansdorp RD	31/10/2016	Application for Subdivision and Removal of Restrictive Title Deed Conditions	02/08/2022 Approved
72.	JL2021-00080	Erf 386, Humansdorp	19/10/2020	Application for Temporary Departure for Telecommunication mast and Application for Permanent Departure to relax height restrictions	27/06/2022 Approved
73.	JL2021-00130	Erf 658, Aston Bay	02/02/2021	Application for Temporary Departure for Telecommunication mast	22/09/2022 Refused
74.	JL2021-00182	Farm 854 of Humansdorp RD (Portion 7)	27/05/2021	Application for Consent Use for intensive feed farming	21/10/2022 Approved
75.	JL2021-00205	Erf 1088, Jeffreys Bay	30/06/2021	Application Removal of Restrictive Title Deed Conditions	21/10/2022 Refused
76.	JL2122-00004	Erf 7761, Jeffreys Bay	06/07/2021	Application for Rezoning from Open Space 2 to Special Zone	21/10/2022 Approved
77.	JL2122-00021	Erf 99, Patensie	01/08/2021	Application Removal of Restrictive Title Deed Conditions	01/09/2022 Approved
78.	JL2122-00024	Erf 3804, Sea Vista	05/08/2021	Application for Rezoning from Residential Zone 1 to Business Zone 1	30/08/2022 Approved
79.	JL2122-00038	Erf 79, Oestebaii	21/08/2021	Application Removal of Restrictive Title Deed Conditions and Application for Permanent Departure to relax building lines	16/09/2022 Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: Quarter 1 : 01 July 2022 – 30 September 2022

	Application No.	Property description	Date submitted	Application type	Decision
80.	JL2122-00108	Erf 35, Sea Vista	21/01/2022	Application for Rezoning from Residential Zone 1 to Business Zone 2 and Application for Removal of Restrictive Title Deed Conditions	26/09/2022 Approved
81.	JL2122-00149	Erf 308, Humansdorp	29/03/2022	Application for Rezoning from Residential Zone 1 to Business Zone 2	21/10/2022 Approved
82.	JL2122-00206	Erf 1382, Sea Vista	17/06/2022	Approval of Site Development Plan	11/04/2023 Approved
83.	SL2021-00002	Erf 862, 871 and 872, Kaap St Francis,	07/08/2020	Application for the Rezoning of land and Application for Removal of Restrictive Title Deed Conditions	30/08/2022 Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: Quarter 2: 01 October 2022 – 31 December 2022

	Application No.	Property description	Date submitted	Application type	Decision
84.	JL1920-00215	Erf 983, Sea Vista	12/12/2019	Application for Removal of Restrictive Title Deed Conditions and Application for Permanent Departure to relax building lines	18/03/2021 Approved
85.	JL2021-00132	Erf 67, Patensie	02/02/2021	Application for Removal of Restrictive Title Deed Conditions and Application for	23/12/2022 Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: Quarter 2: 01 October 2022 – 31 December 2022					
	Application No.	Property description	Date submitted	Application type	Decision
				Consent Use for Flats and Place of Assembly	
86.	JL2122-000140	Erf 1249, Sea Vista	17/03/2022	Application for Removal of Restrictive Title Deed Conditions and Application for Permanent Departure to relax building lines	06 March 2023 Approved
87.	JL2122-000155	Erf 136, and Erf 173 Crossways	05/04/2022	Application for Subdivision, Consolidation and Rezoning	02/02/2023 Approved
88.	JL2122-000159	Erf 154, Crossways	06/04/2022	Application for Rezoning from Agriculture Zone 1 to Special Zone and Application for subdivision into 4 portions	06/03/2023 Approved
89.	SL2021-00011	Erf 46, Sea Vista	17/12/2020	Application for Removal of Restrictive Title Deed Conditions and Application for Permanent Departure to relax building lines	02/02/2023 Approved

23 MUNICIPAL PLANNING TRIBUNAL MEETING: Quarter 3: 01 January 2023 – 31 March 2023					
	Application No.	Property description	Date submitted	Application type	Decision
90	JL2021-00135	Erf 1354, Humansdorp	16/02/2021	Application for Rezoning from Residential Zone 1 to Community Zone. Application for Consent Use to permit a Parsonage and application for Permanent Departure to permit the erection of a 50m telecommunication mast and base station	21/06/2023 Refused

23 MUNICIPAL PLANNING TRIBUNAL MEETING: Quarter 3: 01 January 2023 – 31 March 2023					
	Application No.	Property description	Date submitted	Application type	Decision
91.	JL2021-00214	Erf 598 and 599 Humansdorp	24/05/2021	Application for Exemption of Consolidation and Application of Rezoning of Erf 598 and Erf 599 from Residential Zone 1 to Business Zone 2	23/01/2023 Approved
92.	JL2122-00043	Erf 5082 Jeffreys Bay	08/09/2021	Application for Rezoning from Residential Zone 1 to Community Zone and Application for Permanent Departure to relax building lines	23/04/2023 Approved
93	JL2122-00119	Erf 901 Sea Vista	22/02/2022	Application for Remanent Departure to relax building lines	02/02/2023 Approved
94	JL2122-00130	Farm 501 of Uitenhage RD (Portion 220)	02/03/2022	Application for Consolidation and Application for Subdivision	20/04/2023 Approved in part
95.	JL2122-00170	Farm 688 of Humansdorp RD (Portion 2) and Farm 689 of Humansdorp RD (Portion 15) and 868 of Humansdorp RD (Portion 1)	22/04/2022	Application for extension of validity periods	29/02/2023 Approved
96	JL2122-00181	Erf 24, Sea Vista	09/05/2022	Application for Rezoning from Residential Zone 1 to Business Zone 2 and Application for Removal of Restrictive Title Deed Conditions	29/02/2023 Approved
97.	JL2122-00182	Erf 1339, Jeffreys Bay	23/05/2022	Application for Removal of Restrictive Title Deed Conditions, application for Permanent Departure to relax building lines and Permanent Departure to relax height restrictions	29/02/2023 Approved
98	JL2223-00021	Erf 844, Paradysstrand	17/08/2022	Application for Removal of Restrictive Title Deed Conditions	20/04/2023 Deferred
99.	JL2223-00101	715 of Humansdorp RD (Portion 5), 715 of Humansdorp RD (Portion 6), 716 of Humansdorp	01/02/2023	Application for amendment of existing approval: Impofu Wind Farms	31/03/2023 Approved

23 MUNICIPAL PLANNING TRIBUNAL MEETING: Quarter 3: 01 January 2023 – 31 March 2023

	Application No.	Property description	Date submitted	Application type	Decision
		RD (Portion 1), 716 of Humansdorp RD (Portion 3), 716 of Humansdorp RD (Portion 4), 716 of Humansdorp RD (Portion 5), 732 of Humansdorp RD (Portion 17), 733 of Humansdorp RD (Portion 4), 737 of Humansdorp RD, 799 of Humansdorp RD, 945 of Humansdorp RD			
100.	JL2223-00102	676 of Humansdorp RD (Portion 1), 676 of Humansdorp RD (Portion 2), 676 of Humansdorp RD (Portion 3), 716 of Humansdorp RD, 716 of Humansdorp RD (Portion 3), 716 of Humansdorp RD (Portion 4), 717 of Humansdorp RD (Portion 1), 818 of Humansdorp RD	01/02/2023	Application for amendment of existing approval: Impofu Wind Farms	31/03/2023 Approved
101	JL2223-00103	675 of Humansdorp RD, 675 of Humansdorp RD (Portion 3), 676 of Humansdorp RD (Portion 1), 818 of Humansdorp RD, 675 of Humansdorp RD (Portion 5), 851 of Humansdorp RD (Portion 1)	01/02/2023	Application for amendment of existing approval: Impofu Wind Farms	31/03/2023 Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: Quarter 4: 01 April 2023 – 30 June 2023					
	Application No.	Property description	Date submitted	Application type	Decision
104.	JL2122-00041	Erf 474, Kaap St Francis	05/09/2021	Application for Removal of Restrictive Title Deed Conditions and Application for Permanent Departure to relax building lines	29/06/2023 Approved
105.	JL2122-00064	Erf 466, Jeffreys Bay	12/10/2021	Application for Removal of Restrictive Title Deed Conditions, Application for Permanent Departure to relax building lines and Application for Consent Use for a Home Occupation	29/06/2023 Approved
106.	JL2122-00131	Erf 1270, Jeffreys Bay	03/03/2022	Application for Removal of Restrictive Title Deed Conditions	29/06/2023 Approved
107.	JL2122-00142	Erf 631, Paradysstrand	21/03/2023	Application for Removal of Restrictive Title Deed Conditions	29/06/2023 Approved
108	JL2122-00157	Farm 151, Crossways	05/04/2022	Application for Rezoning from Open Space to Special Zone and Application for Subdivision into three portions	29/06/2023 Approved
109	JL2122-00166	Erf 26, Patensie	20/04/2022	Application for Removal of Restrictive Title Deed Conditions and Application for Subdivision	29/06/2023 Approved
110.	JL2223-00015	Erf 758, Humansdorp	01/08/2022	Application for Rezoning from Residential Zone 1 to Business Zone 2	29/06/2023 Approved

MUNICIPAL PLANNING TRIBUNAL MEETING: Quarter 4: 01 April 2023 – 30 June 2023					
	Application No.	Property description	Date submitted	Application type	Decision
111.	JL2223-00073	Erf 279, Kaap St Francis	09/11/2022	Application for Removal of Restrictive Title Deed Conditions and Application for Permanent Departure to relax building lines	29/06/2023 Approved
112.	SL2122-00016	Erf 159, Kaap St Francis	07/03/2022	Application for Removal of Restrictive Title Deed Conditions	29/06/2023 Approved

SPECIAL MUNICIPAL PLANNING TRIBUNAL MEETING: 10 OCTOBER 2021					
	Item	Property description	Date submitted	Application type	Decision
20.	SMPT 1	Erf 922 and 958 Cape St Francis	09 March 2022	Application for Rezoning of Erf 922, Consolidation of Erf 922 and Erf 958, Subdivision of the Consolidated Erf into 41 Portions, Consent Use of Town Housing Development of the Consolidated Erf and Access Servitude over Portion 62 of the Farm Ongegunde Vryheid NO 746	23/05/2023 Deferred: The application needs to be amended in terms of Section 100 of the Spatial Planning and Land Use Management By-Law: Kouga Municipality, 2016. The application needs to address the comments raised by the Electricity Department. That the applicant's Power of Attorney needs to be corrected. The application is not in line with the Spatial Development Framework.

3.21.4 GIS Working Group

The Kouga Local Municipality has embarked on the establishment of a GIS Working Group to capture and consolidate all spatially relevant data into a central, well-structured GIS database to manage data which is currently fragmented and saved in different formats. The process started with the identification of GIS Champions from each directorate. The GIS Working Group Induction Meeting convened on 5th of September 2022 at the Council Chambers, a representative of each directorate attended the first meeting. The purpose of the group is to ensure the collection of accurate and consistently formatted datasets to be able to develop spatial tools and technologies between departments of each directorate.

An Enterprise GIS Strategy and Policy was developed, the intention from the department is to:

- Develop an organization-wide GIS approach using standards and consistent methodologies that address the needs of all units within the organization.
- Migrating existing GIS applications and data to GIS technology capable of supporting all potential users in a cohesive manner.
- Integrating GIS data and services with other information systems within the organization as part of an overall enterprise information systems solution.
- Adapting the GIS staffing structure (inclusion of the GIS Champions) to support the enterprise approach.
- Training the GIS staff to assist and provide input to design, develop, and maintain the enterprise GIS resources.
- Training staff in the departments which are new to GIS in the effective use of GIS specific to their business needs.

Extract of meeting agenda:

NOTICE IS HEREBY GIVEN that a GIS Working Group Induction Meeting will be held on **Monday, 5 September 2022 at 10:00.**

C DU PLESSIS
MUNICIPAL MANAGER

AGENDA

1. OPENING AND WELCOME
2. APOLOGIES / LEAVE OF ABSENCE
3. MATTERS FOR DISCUSSION
 - 3.1 Introduction
 - 3.2 Purpose of the meeting
 - 3.3 Terms of reference
 - 3.4 Way forward
4. CLOSURE

Spatial Data Sets

The GIS Unit currently have the following spatial data sets:

Administrative

- Cadastre, Ward Boundaries (2020) and previous years, Provincial Boundaries, Municipal Boundaries, Zonings, Facilities (Schools, clinics, churches, caravan parks ect.)

Infrastructure

- Water, Sewer, Electricity (reticulation and asset/facilities), Stormwater, Road Infrastructure (culverts, etc.)

Transport

- Road Centrelines, Street Addresses, Street Names, Road Condition

**It should be noted that most of the datasets needs to be updated especially infrastructure datasets as significant gaps exists where no services are reflected in the GIS.

Incremental approach to implement Enterprise GIS

The department has developed a work plan for implementation of Enterprise GIS. The work plan provides an incremental approach for migrating from the existing GIS to the Enterprise GIS which is an essential tool for achieving success. The incremental approach recognizes the substantial investment in GIS made by the Municipality to date and provides a path forward that sustains and enhances the prior investment.

In particular, the work plan identifies how the GIS data, system resources, and to a lesser extent, GIS application investments can be brought forward as parts of the new Enterprise GIS. As these prior investments are sustained, the addition of further GIS capabilities enables the value of these investments to be leveraged for further benefit to departments and the public.

The goal of the work plan is to establish a foundation that brings widespread use of GIS, ensuring success is built on at each step in the implementation process. Within the work plan, it is important to set reasonable goals for each step and to produce tangible results.

We believe that the advantage of an incremental approach includes lower start-up costs, lower risk, better knowledge of requirements gained through experience, ability to keep up with the latest technology because the initial investment is smaller, less disruption to the existing organization, and greater acceptance by staff because introduction of Enterprise GIS is gradual.

The anticipated incremental approach to implement Enterprise GIS for Kouga Municipality will be phased as follows:

Phase 1	<ul style="list-style-type: none"> • Develop an inter-departmental GIS user community across the institution by identifying “GIS Champions” from each directorate to serve on GIS Working Group • Develop training opportunities for GIS Champions • Business analysis, needs and requirements gathering for an Enterprise GIS platform, • Develop GIS documentation (GIS Policy and GIS Strategy)
Phase 2	<ul style="list-style-type: none"> • Begin development of Enterprise GIS system and viewer portal • Implement strategies to advance transformative technologies throughout the Municipality • Share standards document/s with internal departments • Implement GIS training for other staff within the municipality. • Schedule a list of datasets for enhancement and required data, e.g., updating of infrastructure, cemetery data, informal settlements. • Review internal applications to find opportunities to integrate with GIS, e.g., cemeteries. • Identify opportunities to implement a field data collection program; develop a training program and user guide for available solutions like Field Maps and Survey123 to capture field data, eg. individual shacks with attribute data • Schedule quarterly reviews/audits of data to determine what is still being used, who maintains the data, if it can be archived.
Phase 3	<ul style="list-style-type: none"> • Evaluate status of Enterprise GIS and implement any outstanding goals from phases 1 and 2. • Review progress and success of both internal and inter-departmental initiatives implemented in phases 1 and 2

Festive Season Street Float Parade: Expression of Interest survey and Kouga Talent Database

In September 2022 the GIS Unit developed a survey and/ or databases for the Festive Season Street Float Parade: Expression of Interest survey and Kouga Talent Database that has information of all members of the municipality that have an interest in being part of any events that are conducted by the municipality.

Kouga Local Municipality Talent Database

A. Personal / Business / Group Details

1. Business / Group Name*

2. Brief Description*
e.g.

3. First name*

4. Last name*

B. Performance Details

1. Please select which applies to you*

2. Please select what entertainment service you provide*

3. Upload an image of your performance*

4. Please provide your website

5. Please provide social media link e.g. Facebook, Instagram, TikTok

The LED office also requested a Business Retention and Expansion Survey for the Construction Sector. In this regard, the GIS Unit developed a web-based survey which allowed SMMEs in the municipality to register their respective businesses that can be shared to all relevant municipal officials in a form of report.

Kouga LM Business Retention & Expansion Survey

BR & E Survey

1. Company / Organization Profile

1.1. Company / Organization Name

1.2. Company Address

1.3. Ward

Kouga LM Business Retention & Expansion Survey

2. Business Information

2.1. Is at least one of the primary owners involved in the day-to-day operation of the business?

2.2. Identify the entity that your business falls under :


2.3. How long has your business been running?

GIS Workshop

On the 19th of October 2022 a GIS Workshop was held at Mentorskraal Conference Centre where GIS was being launched to the top management in the municipality. Ms. Sihlahla and Mr. Khutswa from EC CoGTA presented on the Establishment of Enterprise GIS for local municipalities. Mr. Mkhathswa from Sarah Baartman District Municipality delivered a presentation on 'GIS in response to natural disasters'. Mr. Nhleko from Stellenbosch Local Municipality presented on the Esri Arc-GIS for Local Authorities (AFLA).

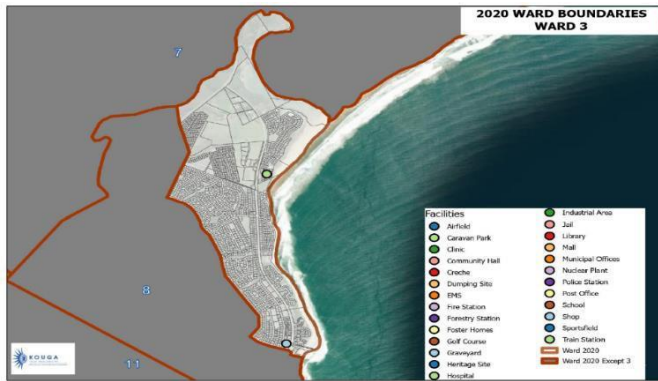
The outcomes of the workshop were to ensure that members of the municipality understand the steps and processes involved in developing an enterprise GIS for Local municipalities and to provide Kouga Municipality with clear way forward. Further outcomes of the workshop were: (1) To clarify and understand the role of GIS Unit within the Municipality; (2) Ensuring that the change management process in implementing Enterprise GIS is understood; (3) Communicating the benefits of implementing an Enterprise GIS; (4) To lay a foundation for breaking down silos through GIS within the municipality; (5) Sharing lessons learnt from other institutions that have established an enterprise GIS; (6) Build relationship and collaborate in terms of available support and capacity building from the Provincial (EC CoGTA), District municipality and other local municipalities.



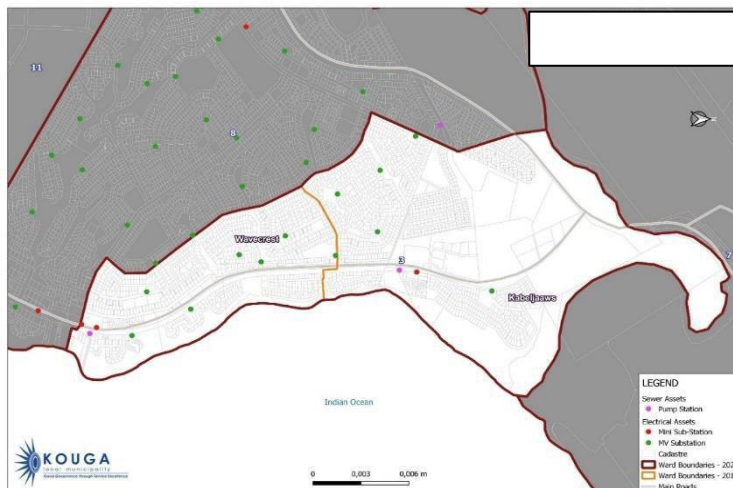
GIS WORKSHOP		
Hosted by the Planning, Development & Tourism Directorate		
Date: Wednesday, 19 October 2022		
Time: 8:30am – 15:00pm		
Venue: Mentorskraal Conference Centre, Jeffreys Bay		
		
Programme Director: Ms. F.F Mabusela; Director Planning, Development & Tourism		
PROGRAMME		
Time	Program	Responsible
8:30am – 9:00am	Registration	All
9:00am – 9:30am	Opening & Welcoming	Mr. H. Bommman MMC Planning, Development & Tourism – KLM
9:30am – 10:00am	Establishing an Enterprise GIS for local municipalities	Ms. Z. Sihlahla Chief GIS Professional- Spatial Planning Directorate – EC CoGTA

Ward Based planning and the Review of the Integrated Development plan and Mapping

Ward-based planning is a form of participatory planning which has been designed to promote community action and link to the integrated Development Plan (IDP). Within a ward, there can be a wide variety of resources, including natural assets, infrastructure and NGOs and businesses (small /big). A resource mapping exercise was conducted in order to identify potential collaborations and funding.



Maps were created of Facilities, Ward infrastructure analysis, and land use and zoning information per ward map for all 15 Wards in the municipality for the ward-based planning reports for 2023/2024 period. The GIS Unit also assisted with compiling some of the reports and attending all the ward-based meetings.



Land and Properties Department – Public Participation Notice

In January the GIS Unit was tasked to assist the Land and Properties department to develop a public participation Notice Survey for comments, inputs, or objections to any a notice for land earmarked for alienation. The survey was well received by the public as there were more than 200 respondents, this method was convenient and better to use than sending an email.

PUBLIC PARTICIPATION NOTICE

NOTICE NO. 17/2023

PUBLIC PARTICIPATION NOTICE

PUBLIC INVITATION FOR COMMENTS, INPUTS OR OBJECTIONS TO THE COUNCIL'S INTENDED ALIENATION OF MUNICIPAL LAND: ERE, 873, 5478, 5479, 5480, 5481 AND 8825, JEFFREYS BAY (JEFFREYS BAY GOLF COURSE & SURROUNDING ERVEN)

Notice is hereby given that at a Special Council Meeting held on 18 January 2023 (RESOLUTION 23/01/PD71), the Council resolved to call for public comments, inputs, or objections on the intended alienation of immovable assets for a mixed land use development at a fair market related value in terms of the Local Government: Municipal Finance Management Act, 2003, Sections 14, 90 and 33, Regulation 6(a) and (b) of the MATF, 2008 and Section 5 of the Municipal Policy and Procedures for the Disposal of Immovable Assets, 2020.

Land earmarked for alienation.
 Erf 673, Jeffreys Bay (excluding the bowling Club)
 Erf 5478, Jeffreys Bay
 Erf 5479, Jeffreys Bay
 Erf 5480, Jeffreys Bay
 Erf 5481, Jeffreys Bay
 Erf 8825, Jeffreys Bay

Intended use: Mixed- land use development.

1 Name*

2 Surname*

3 Address*

4 Contact number*

5 Comments, inputs or objections.*

Training opportunities

In consultation with the members of the working group, a need for **Basic GIS training** was identified as being essential to ensure success of the working group in capturing spatial data of the municipality.

Eastern Cape Department of Cooperative Governance and Traditional Affairs (CoGTA) provided training in GIS specifically in QGIS software on the 6th and 7th of February 2023. This training encouraged the members of the working group to seek more GIS training to ensure that their data is well represented spatially.

Province of the EASTERN CAPE
 COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS

Directorate of Spatial Planning
 Tyamazshe Building | Civic Square | Bisho | 5605
 P/Bag X0035 | Civic Square | Bisho | 5605
 Tel: +27 (0)40 940 7333 | Fax: +27 (0)40 609 5525

PROPOSED AGENDA FOR GIS TRAINING AT KOUGA LM: 6-7 FEBRUARY 2023

Venue: Kouga LM

SESSIONS	TOPIC	PRESENTER	DURATION
09h00	Welcome & Purpose	Chairperson	10 Minutes
09h10	Introductions	All	10 minutes
09h20	Installation of QGIS Software and Training Data	All	10 minutes
09h30	EC COGTA GIS Portal Live Demo	Z. Sihlahla	15 minutes
09h45	Sarah Baartman District GIS Portal Live Demo	S. Mkhathswa	15 minutes
10h00	Tea Break		15 minutes

AGENDA

GIS WORKING GROUP MEETING

Date: 17th FEBRUARY 2023

ITEMS		
1.	Opening and Welcoming	Mr. Maqokolo
2.	Introduction/Apologies	All
3.	Adoption of the agenda	All
3.	Purpose of the Meeting	Mr. Maqokolo
5.	COGTA GIS support	Ms. Z. Sihlahla

Virtual BCM District Working Group

GIS Unit attended the Virtual District Working Group on the 17th of February 2023, KLM is currently the only Local Municipality in the Sarah Baartman District Municipality that has a GIS Unit. In the other municipality there is a town planning official in support or doing most of the GIS work.



Provincial Local Government Geospatial Forum (LGGF)

On the 21st - 22nd of June, the GIS Unit was invited to attend the Provincial Local Government Geospatial Forum (LGGF) which was hosted in East London. The following were presented: Eastern Disaster Risk Profile; National CoGTA Support available to local municipalities; SASDI /SDI presentation; STATSTA presented on systems available to municipalities in collecting ward-based statistical information. Each District municipality presented their quarterly GIS projects.

Members of the GIS Working Group were encouraged to be part of a national program by CoGTA to train municipal officials in training/courses that are provided by Esri. Kouga Municipality, through the GIS Unit, submitted a list of officials interested in different courses at the end of June 2023. The interested officials are only awaiting a response from the department on training dates.



PROGRAM OF THE 1st Quarter LOCAL GOVERNMENT GEOSPATIAL FORUM

Wednesday, 21 June, and Thursday 22nd June 2023

08H30- 16H00

East London- IDZ

CHAIRPERSON: Mr A. Makhanya: Director Spatial Planning

SESSIONS	TOPIC	PRESENTER	DURATION
08h30	REGISTRATION	All	
09h00	Welcome & Introductions	Mr A. Makhanya	20 Minutes
09h20	Presentation and discussion of Action Issues of the last forum	Ms Z. Sihlahla	30 minutes
09h50	Eastern Disaster Risk Profile	Dr Herman	30 minutes

Informal Settlements Survey

The GIS Unit has developed a Web-based Survey for the human settlements department to provide a digital option in addition to the paper-based survey that is currently being utilized by the officials and clerks in the unit. This survey will assist the officials in ensuring that the number of people living in informal settlements are captured on site to limit having to duplicate data and information. This information will help to provide information of access to water, sanitation, electricity, and other services and can be used as a form of report to be sent to Infrastructure and Engineering directorate to provide such services.

Municipal Streets Naming and Streets Renaming

Street Naming Committee meeting was held on the 28th of June 2023. The committee facilitates the naming and renaming process. The committee also deals with all applications, submissions, and reports pertaining to the naming and renaming of street within the Municipality's jurisdiction. GIS Unit updated maps with proposed street names and numbering as per the submissions from Ward Councillors, developers, and the public in respect of the committee meeting. Preparation of the agenda and coordination of the meeting was the responsibility of the GIS Unit. In line with GIS

responsibilities, minutes were compiled and distributed to committee members, and the final recommendations and reports are yet to be submitted to Portfolio Committee for approval.

The following proposals for street names were received by the committee:

Ward 6 Committee: Proposed Street Names for Kwanomzamo (Humansdorp)

- *P.X. Mabindla Road, Mxolisi Swepu Road, A. Mlindazwe Street, S. Mpevana Street, Lindi Street, Ndlovu Street, Mpemvu Street, Dlamini Street, Ndzeza Street, Mpondo Street, Jola Street, Tabata Street, Tana Street, Siheula Street, Lengs Street, Dlamini Street, Jackie Phiri Street, Noma Street, Hermanus Street,*



Nodaka Street, Dlova Street, Mamatu Street, Jali Street.

Ms Botha: Proposed Renaming of Hoffman Street in Kruisfontein (Humansdorp)

- *Rename from Hoffman Street to Africa Street*

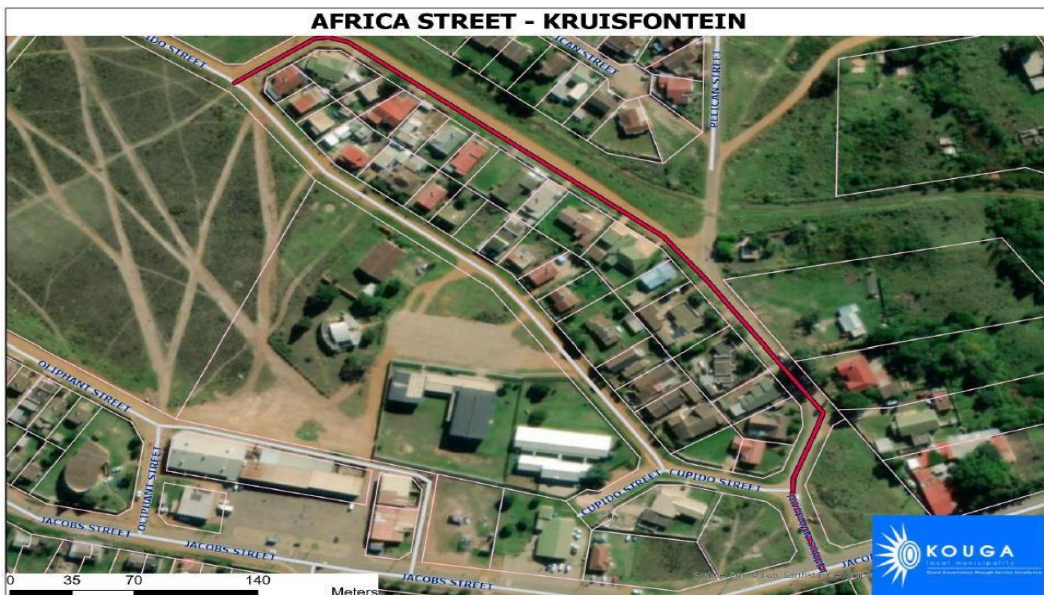
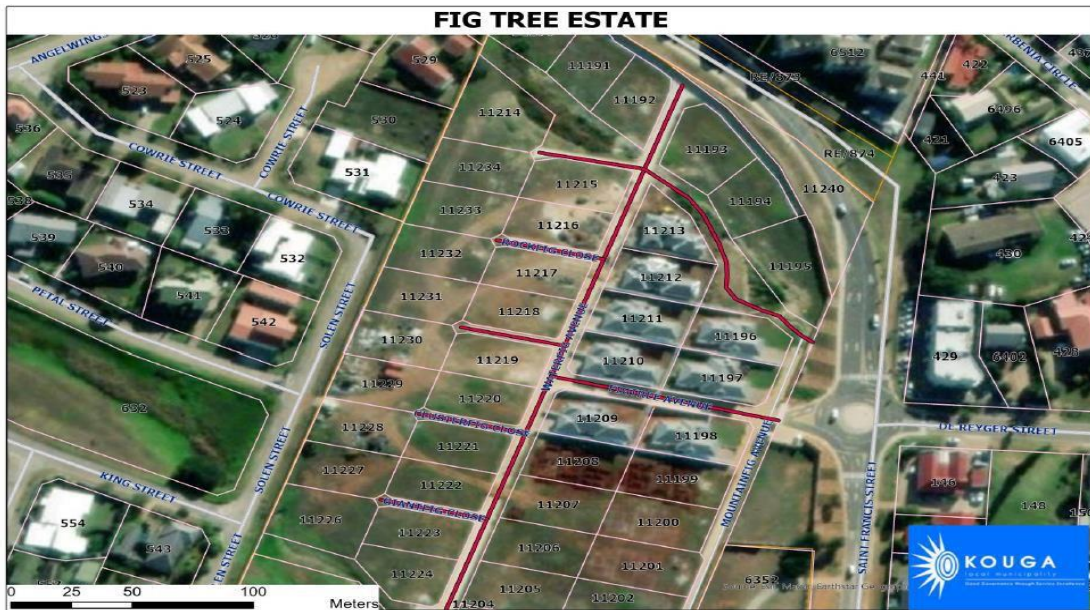


Fig Tree Estate: Proposed Street Names within the estate in Jeffreys Bay



Forestfig Close, Pondofig Close, Rockfig, Wildfig Close, Clusterfig Close, Figtree Avenue, Waterfig Avenue, Mountainfig Avenue

Mr Krüger: Proposed Street Name in St Francis Bay

- Field Way



Development of Suburbs Layer



Suburbs Layer was also developed and the following areas were demarcated : Arcadia, Aston Bay, C-Place, Cape St Francis / St. Francis, CBD, Certeeeton, Die Berg, Eden Glen Retirement Village – 1st Phase, Extension 4, Gamtoos Mouth, Graslaagte, Hankey, Hankey Central, Hopeville, Humansdorp, Humansdorp Central, Industrail Area, Jeffrey's Bay, Jeffrey's Bay – Ferreira Town, Johnsons Ridge, Kabeljauws, Kleinrivier, Kruisfontein, Kwanoxolo, Loerie, Loots Park IDZ, Maak 'N Las, Madiba Bay, Marina Martiniqu, Matt Melville, Milton, Moersarivier, Ocean View, Old Hankey, Old Kwanomzamo, Oyster Bay, Panorama, Paradise Beach, Patensie, Pearl Road, Pellsrus, Phillipsville, Ramaphosa Village, Rosedale, Sewende Laan, Shushukuma, Sitrus, The Sands, Thornhill, Tokyo Sexwale, Upper Golf Course, Vaaldam, Van Stadensriviermond, Vergenoeg, Vregenoeg, Wavecrest, Weston, and Youth Camp.

GIS Planning System Tender

The GIS Unit was tasked with facilitation of a process for procurement of a new electronic system for Planning and Building Control processes. Land and Properties, and Cemeteries modules are to be incorporated into the system. The tender process has been initiated in this regard. To date, Terms of Reference have been developed and proposals were received from service providers across the country in a bid for the required system.

Common challenges Encountered:

- Resistance to change by colleagues in most directorates.
- Requesting the user's inputs and requirements has been a challenge as there are misconceptions that GIS is there to replace officials which is untrue. Any system or software needs a human aspect to operate and function properly.

- Management needs to be bold and ensure that users use the system and software effectively.
- There needs to be identified 'champion/s' that take responsibility for their data, as most feel that it is the sole function of the GIS Unit.
- One man run GIS unit, there is a need for a more GIS officials to ensure that unit grows within the municipality.

IT Infrastructure

- As the solutions are web based decent internet speeds and uptime is required, and it can be verified accordingly that Kouga LM meets those criteria.

As the solutions are web based therefore decent internet speeds and uptime is required.

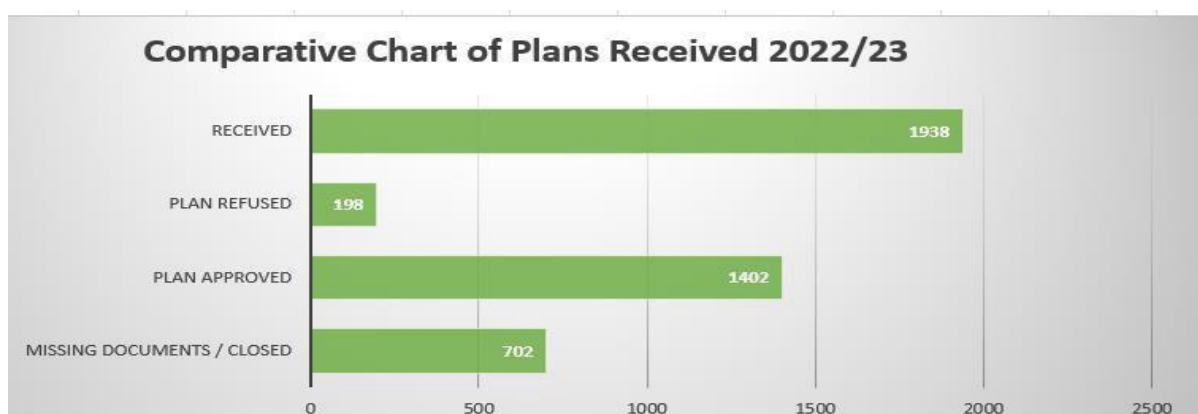
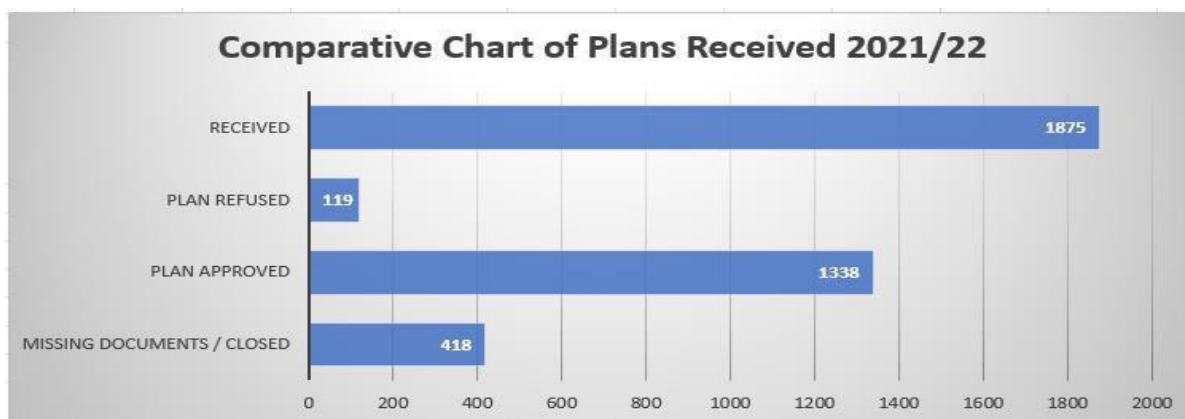
3.21.5 BUILDING CONTROL

The 2022/23 financial year was the **third** year since 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 2022/23 financial year shows the following key trends:

- **1938** Building plan applications were received in the 2022/23 financial year. This represents a 2.8% increase compared to plans received for the 2021/22 financial year (See "**Comparative chart of plans received 2021/22 vs 2022/23**"). **Table 1** shows the detailed breakdown of areas where building plan submissions occurred in the 2022/23 financial year.
- Of the 1938 plans received in the financial year, a total of 1035 (53.4%) plans were approved. (Note that an **additional 367** plans were approved within this financial year which was captured in the previous financial year (**total 1035 + 367 = 1402 plans approved**)).
- Of the 1938 plans received in the financial year, a total of 198 (10.2%) were refused. (Note that an **additional 1150** plans were refused within this financial year which was captured in the previous financial year (**total 198 + 1150 = 1348 plans refused**)).

This is reflective of the removal of the "deferment" of plans that were not compliant 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 a 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 2022/23 financial year.

Building Applications Date Captured between 1 Jul 2022 and 30 Jun 2023										
Area in Kouga	Churches	Garden Walls and Fixed Fences	General Building Work	Industrial Rural	Minor building applications (< 10m ²)	RDP Informal Housing	Revised Plan	Swimming Pool	Total	
Aston Bay	0	1	124	0	8	0	27	2	162	
Crossways	0	0	37	0	1	0	7	0	45	
Gamtoos Mouth	0	0	54	0	6	0	13	0	73	
Hankey	0	0	6	0	0	0	1	0	7	
Humansdorp	0	0	27	0	7	0	6	0	40	
Humansdorp RD	0	0	80	5	5	1	1	0	92	
Jeffreys Bay	1	2	473	1	63	0	170	12	722	
Kaap St Francis	0	0	78	0	11	0	15	1	105	
Kruisfontein	0	0	10	0	0	3	4	0	17	
Oesterbaai	0	0	25	0	1	0	1	0	27	
Paradysstrand	0	0	92	1	4	0	16	1	114	
Patensie	0	0	3	0	0	0	2	0	5	
Pellrus	0	0	6	5	0	4	0	0	15	
Sea Vista	0	1	278	0	35	1	49	1	365	
St Francis Links	0	0	92	0	7	0	21	2	122	
Twin Valley	0	0	7	0	0	0	0	0	7	
Uitenhage RD	0	0	16	0	2	0	2	0	20	
Grand Totals	1	4	1408	12	150	9	335	19	1938	

Table 1: Building Plan Applications - 2022/23 Financial Year

Building Application				
Approved between 1 Jul 2022 and 30 Jun 2023				
Area in Kouga	Floor Area (square meters)		Estimated Cost	Number
Aston Bay	8826	R	47,692,350.00	103
Crossways	4589	R	29,637,250.00	30
Gamtoos Mouth	5422	R	41,450,000.00	52
Hankey	508	R	5,670,000.00	4
Humansdorp	2541	R	9,146,000.00	16
Humansdorp RD	17880	R	160,793,250.00	40
Jeffreys Bay	62106	R	444,938,250.00	618
Kaap St Francis	7979	R	54,622,000.00	73
Kruisfontein	214	R	1,664,100.00	5
Oesterbaai	1759	R	12,732,250.00	11
Paradysstrand	14093	R	93,374,150.00	95
Patensie	178	R	1,349,100.00	3
Pellsrus	84	R	704,950.00	3
Sea Vista	43363	R	336,245,550.00	243
St Francis Links	24330	R	179,008,350.00	106
Twin Valley	2003	R	19,587,650.00	5
Uitenhage RD	866	R	6,718,250.00	13
Total	196740	R	1,445,333,450.00	1402

Table 2: Number of Compliant Building Plan Applications supported and approved in the 2022/23 Financial Year.

Building Application				
<u>Refused</u> between 1 Jul 2022 and 30 Jun 2023				
Area in Kouga	Floor Area (square meters)		Estimated Cost	Number
Aston Bay	10082	R	55,660,650.00	112
Crossways	5233	R	46,541,900.00	17
Gamtoos Mouth	5600	R	35,343,750.00	53
Hankey	508	R	5,670,000.00	4
Humansdorp	2863	R	14,503,100.00	29
Humansdorp RD	14621	R	57,023,900.00	42
Jeffreys Bay	65535	R	532,840,800.00	582
Kaap St Francis	7005	R	55,392,050.00	61
Kruisfontein	1307	R	11,907,100.00	8
Oesterbaai	2011	R	15,536,850.00	20
Paradysstrand	18204	R	126,642,550.00	106
Patensie	1186	R	3,147,900.00	4
Pellsrus	166	R	779,900.00	6
Sea Vista	53421	R	408,004,050.00	228
St Francis Links	10134	R	68,516,250.00	51
Twin Valley	2587	R	22,957,950.00	7
Uitenhage RD	1356	R	11,743,400.00	19
Total	201820	R	1,472,212,100.00	1348

Table 3: Number of Compliant Building Plan Applications Not Supported and Refused in 2022/23 Financial Year.

Building plan applications and approvals and occupation certificate issuance should be viewed as major measuring tools for economic activity. The estimated costs of building plans approved provide a leading indicator of 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.

In the 2022/23 financial year the economic data revealed that:

- A total proposed new and additional building area of 19670m² at an estimated value of R1,45 billion was approved for construction by Kouga Municipality in the 2022/23 financial year (See **Table 4**). This represents a 20.35% growth (in rand value) in proposed building work compared to the R1,15 billion in estimated value reported in the 2021/22 financial year.
- A total amount of **R 5,258,960.30** in building plan application fees was received for the 2022/23 financial year. This was a 4.0% increase in revenue from application fees as compared to the 2021/22 financial year.

Approved Building Application Evaluations Evaluation Date between 1 Jul 2022 and 30 Jun 2023		
Area in Kouga	Floor Area (square meters)	Estimated Cost
Aston Bay	8826	R 47,692,350.00
Crossways	4589	R 29,637,250.00
Gamtoos Mouth	5422	R 41,450,000.00
Hankey	508	R 5,670,000.00
Humansdorp	2541	R 9,146,000.00
Humansdorp RD	17880	R 160,793,250.00
Jeffreys Bay	62106	R 444,938,250.00
Kaap St Francis	7979	R 54,622,000.00
Kruisfontein	214	R 1,664,100.00
Oesterbaai	1759	R 12,732,250.00
Paradysstrand	14093	R 93,374,150.00
Patensie	178	R 1,349,100.00
Pellsrus	84	R 704,950.00
Sea Vista	43363	R 336,245,550.00
St Francis Links	24330	R 179,008,350.00
Twin Valley	2003	R 19,587,650.00
Uitenhage RD	866	R 6,718,250.00
Total	196740	R 1,445,333,450.00

Table 4: Total floor area (square meters) and estimated cost of building activity approved in the 2022/23 Financial Year.

Building Applications			
Date Captured between 1 Jul 2022 and 30 Jun 2023			
Area in Kouga	Number		Income Received
Aston Bay	162	R	327,080.42
Crossways	45	R	138,304.72
Gamtoos Mouth	73	R	124,066.05
Hankey	7	R	14,472.78
Humansdorp	40	R	77,084.83
Humansdorp RD	92	R	400,538.47
Jeffreys Bay	718	R	1,747,729.53
Kaap St Francis	105	R	218,108.45
Kruisfontein	17	R	24,741.41
Oesterbaai	27	R	47,910.45
Paradysstrand	114	R	397,167.22
Patensie	5	R	1,035.00
Pellsrus	15	R	2,689.54
Sea Vista	362	R	1,152,286.86
St Francis Links	122	R	509,398.26
Twin Valley	7	R	30,116.89
Uitenhage RD	20	R	46,229.42
Total	1938	R	5,258,960.30

Table 5: Total building plan application fees was received for the 2022/23 financial year.

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 of 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 2022/23. The findings are:

- A total of 742 OCs were issued in 2022/23 against 617 in 2021/22 (a 16.8% increase) where an estimated R577 million in 2022/23 was spent by built environment stakeholders against R377 million spent in 2021/22 (a 34.5% increase). A total of 84 692m² of building area was added in 2021/2023 against 56 680m² in 2020/21 (a 33.1% increase). This newly built area is equivalent to 15 football fields of new building work added in Kouga Municipality.

Occupation Certificates			
Date of Issue between 1 Jul 2022 and 30 Jun 2023			
Area in Kouga	Floor Area	Estimated Cost	Number
Aston Bay	5438.63	R 39,951,950.00	54
Crossways	1237.9	R 9,068,950.00	11
Gamtoos Mouth	1924.13	R 12,732,200.00	23
Humansdorp	185.93	R 599,600.00	4
Humansdorp RD	1429.89	R 9,523,250.00	14
Jeffreys Bay	39634.28	R 268,027,600.00	385
Kaap St Francis	4293.3	R 28,119,100.00	46
Oesterbaai	705	R 5,246,500.00	3
Paradysstrand	3814.71	R 27,659,100.00	39
Patensie	206	R 1,573,950.00	2
Sea Vista	13600.62	R 85,488,200.00	92
St Francis Links	12103.23	R 88,264,150.00	65
Uitenhage RD	118	R 747,500.00	4
Total	84691.62	R 577,002,050.00	742

Table 6: Occupancy Certificates issued in the 2022/23 Financial Year.

- A total of 2410 stage inspections were conducted in the 2022/23 Financial year compared to 2173 (9.8% increase) in the previous financial year. The breakdown is as follows:
 - 789 Foundation inspections
 - 623 Drainage inspections
 - 764 Final inspections
 - 116 Re-inspections of foundations
 - 24 Re-inspections of drainage
 - 10 Final re-inspections
 - 20 Routine inspections

Building Application Inspections	
Date between 1 Jul 2022 and 30 Jun 2023	
Inspection Type	Number
Drainage	623
Final	764
Foundation	789
General	64
Re-Drainage	24
Re-Final	10
Re-Foundation	116
Routine	20
Total	2410

Table 7: Building site inspections carried out in the 2022/23 Financial Year.

- An estimated 312 general and routine inspections were conducted to respond to resident complaints and tip-offs of unauthorized or suspected illegal building work, with an average of 26 general and routine inspections conducted per month.

BUILDING CONTROL HIGHLIGHTS & ACHIEVEMENTS 2022/23

Kouga Municipality's Building Control Department was the first in the Eastern Cape to host the National Building Control Officers Convention.

Building Control

FIRST LOCAL MUNICIPALITY IN THE EASTERN CAPE TO HOST THE NATIONAL BUILDING CONTROL OFFICERS CONVENTION

Held at Cape St Francis under the theme "Our Building Future", the convention was attended by more than 100 building control officers from various municipalities from across South Africa, as well as affected stakeholders and members from building and construction industries.

Kouga Municipality Executive Mayor, Horatio Hendricks, said, "The aim of the convention is to promote uniformity in the law relating to the construction of buildings in municipal jurisdictional areas and to ensure that municipalities adhere to the prescribed building standards.

"It, furthermore, enforces the maintenance of compulsory specifications in the interest of public health and safety, the protection of the environment, and the promotion of fair trade."

According to Hendricks, the selection of the municipality to host the convention, can in part be attributed to the continued successful use of the fully electronic building plan submission process that continues to yield positive build environment and development results.

"This enables Registered Professionals (RPs) of the South African Council for the Architectural Profession (SACAP) from anywhere in the world to submit building plans in a fully electronic and paperless channel to the municipality," he said.



Good governance through service excellence



Our Building Future

Kouga Municipal Building Control section together with NRCS hosted the event under the Theme” **Our Building Future**” on the 17th and 18th of November 2022 at Cape St Francis Resort.

Various Stakeholders, mostly comprise Building Control Officers from various Municipalities across the Country and other Registered Professionals & Engineers from the Built Environment and construction industries.

The BCO Convention is rotated country-wide (from Province to Province) to facilitate greater access, attendance, and participation by BCOs from all regions, and nationally. The NRCS together with the National Building Control Forum (NBCF) partners with volunteering Municipalities to host the event on an annual basis. The

Kouga Municipality has been requested by the NBCF to host the BCO Convention for the year 2022.

The NRCS is a public entity established and mandated in terms of the National Regulator for Compulsory Specifications Act, 2008 (Act no. 5 of 2008) for the administration and maintenance of compulsory specifications (otherwise known as technical regulations) in the interests of public health and safety, and protection of the environment as well as the promotion of fair trade. It is responsible for the implementation of a regulatory and compliance system for compulsory specifications {also known as technical regulations) on behalf of the Minister of Trade, Industry, and Competition (the DTIC).

The NRCS is also responsible for the administration of the National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977) herein referred to as the NBR Act. The objective of the NBR Act is to provide for the promotion of uniformity in the law relating to the erection of buildings in the areas of jurisdiction of local authorities; for the prescribing of building standards; and for matters connected therewith.

National Building Control Forum: 2nd Quarter Meeting



The meeting was held on 29 June 2023 at Boardroom 213, ETA Building, Second Floor - 30 Archie Gumede Place.

Matters discussed:

- 1.1 Clarity regarding the framework of the interpretation, application, and enforcement for compliance with the NBR Act referring to section 7 of any other applicable law.
- 1.2 The enforcement of the NBR&BS Act on informal structures on municipal / provincial / national land.
- 1.3 Election of Executive Committee – urgent (5 or 7 members).
- 1.4 Finalising of the TOR – Urgent.

1.5 TC-60 reporting.

1.6 NBC Convention - Urgent

- Theme
- Date
- Speakers

1.7 Chairpersons Vision/goals – Short presentation

1.8 Urgent Official NBCF letters to be issued for deliberation:

- SACAP – (Draft) IDOW matrix - comment
- Importance of attendance of BCO officials to attend NBCF – to all Local Authorities
- SAHRIS – All Heritage Authorities to develop a uniform simple framework template for Grade III accreditation for Local Authorities.

Under item 3.3 above, (Election of Executive Committee) the Acting BCO, Mr. Adrian Thorne, attended his first meeting.

The Acting Chief Building Control Officer, Mr. Nico Lappert, has been elected to serve on the Executive Committee.

DEVELOPMENT FACILITATION PROJECTS

1. ERF 2304 Sea Vista, St. Francis Bay -

The first intention is to increase the floor area of the existing shop and service building from about 510sqm to about 1314sqm which will bring more offering and variety of products for the community. Estimated Cost 13,755,000.00, Floor Area 1,314.35 sqm. However, due to some signs of decay in the building and many columns that rendered the building impractical and therefore force it to demolish and a build completely new building. Most importantly, we are proving a high-speed pump for the benefit of boat vehicles to ease traffic congestion, especially during the holiday season. (See 3D artistic impression below).



2. ERF 3854 SEA VISTA – THE GRAND CAMOROS RETIREMENT ESTATE

Spanning an area of over 60 hectares in the heart of St Francis, The Grand Comoros is an architecturally designed and carefully planned, secure retirement estate, boasting 130+ units, with multiple design options on offer, a clubhouse for all residents to enjoy, as well as medical amenities and a gym. With a project estimate of around R 500 million, the estate will be benefitting the area by creating an influx of additional capital and further job creation, all while keeping within the look and feel of the town in order to maintain the charm of St Francis. (See 3D artistic impression below).



3. Erf 3924 St Francis Bay - Homestead

Estimated Value - 8 million per block (5 Blocks).

(See 3D artistic impression below).

BLOCK A



BLOCK B

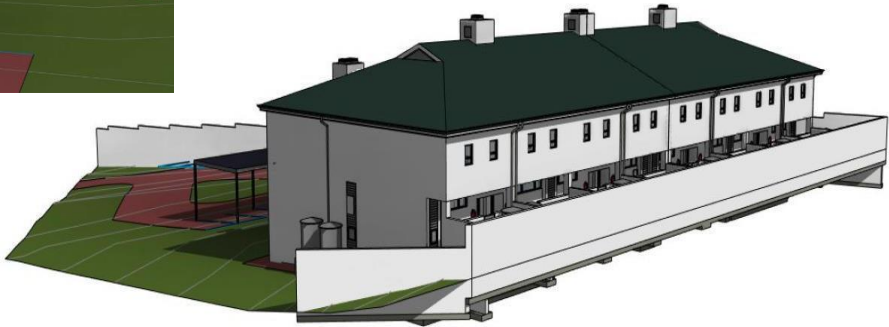


2. Erf 11225 Project (Figtree)

Floor Area 1156 sqm, Estimated Cost 12,180,000.00.



(See 3D artistic impression below).



3. Erf 3862 Sea View - St Francis Bay - Village2 La Digue Place

Floor Area 1204sqm, Estimated Cost R12,600,000.00



CONCLUSION

Building Control and Outdoors Advertising Compliance Section has shown an improvement in the previous financial year, 22/23 versus the 21/22 financial year. Our Department Enforced Outdoor Advertising laws and removing of illegal signage across the Kouga region, a meeting was conducted by the committee to discuss operation WAILS (War Against Illegal Signage). The department initiated the Application of Information process as a prospective to generate more income for the municipality due to the requirement of payment fees. We are in the process of establishing a Kouga Architectural Forum to assist the public and RPs to iron out challenges and bottlenecks. We strive towards higher approval and less refusal rate, to contribute and stimulate the building industry, generate more income for our Municipality and more job creation opportunities. Thus our departmental vision and objective for the 23/24 Financial Year is to become the best Building control Section in Eastern Cape and South – Africa.

COMPONENT G: LOCAL ECONOMIC DEVELOPMENT

3.22 LOCAL ECONOMIC DEVELOPMENT

ROLE PLAYERS

1. 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.

2. Staff Role Players

The staff component comprises of the following:

Filled positions	Acting positions	Vacant positions	Contract appointments
Senior LED Officer x 1 (Contract)		Manager LED & Tourism	LED Agriculture Officer x 1
Senior Tourism, Marketing and Branding officer x 1 (Contract)	Manager LED & Tourism	SMME LED Officer x 2	Snr LED Officer
Tourism, Marketing, and Information Officer x 1		Admin Clerk x 2	Snr Tourism, Marketing, events and Branding Officer

Events Management Officer x 1			
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3. 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:

- South African Local Government Association (SALGA)
- 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 Wind Farms
- Eastern Cape Parks and Tourism Agency (ECPTA)
- South African Tourism (SAT)

4. Community Role Players

These include:

- Kouga Local Economic Development Forum
- Kouga Business Forum (KBF)
- Kouga Emerging Farmers Forum
- Kouga Cooperatives Forum
- Kouga SMME Forum
- Kouga Local Tourism Organization (KLTO)
- Various event organizers that are responsible for staging and organizing events in Kouga
- Members of the public who visit the offices daily.

The 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.

3.22.1 LOCAL ECONOMIC DEVELOPMENT

1. Local Economic Development Forum

The Kouga Local Economic Development (LED) Forum is a multi-stakeholder platform that is coordinated by the LED Unit quarterly and Chaired by the Portfolio Chairperson for Local Economic Development and Tourism. The Kouga LED Forum offers Kouga Municipality, Government Sector Departments, Private Sector and Non-Governmental Organisations the opportunity to share information.

The white paper on Local Government (1998) clearly explains that LED is about creating a platform and environment where investment and entrepreneurship thrives. The white paper further states that: "Local Government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities".

Section 152 (1) of the Constitution spells out the objects of local government as follows:

- a. To provide democratic and accountable government for local communities,
- b. To promote social and economic development.
- c. To encourage the involvement of communities and community organisations in the matter of local government.

Section 153 of the South African Constitution states that:

"A municipality must structure and manage its administration, budgeting, and planning processes to give priority to the basic needs of the community and to promote the social and economic development the community".

The LED Forum thereof offers Local Government, Private Sector, Non-Profit Sectors, and the Local Community the opportunity to work together to improve the local economy. It aims to enhance competitiveness and thus encourage sustainable growth that is inclusive.

The Objectives of the Forum

The overall objective of the LEDF is to drive and steer the local economic development agenda of the local municipality, in collaboration with relevant strategic partners/stakeholders. All activities of the partnership platform will give expression to this objective with the aim of developing an inclusive local economy and contributing towards strategic economic growth.

Meeting Dates for 2022/2023 FY	
Quarter 1	23 September 2022
Quarter 2	12 December 2022
Quarter 3	24 March 2023
Quarter 4	Meeting will be held in July 2023

2. Training, Workshops, Seminars and SMME Registration Sessions

Name	Date
Entrepreneurship Training – Kouga Artisans	17 September 2022
KLM SMME Database Update and Registration	22, 26, 27 September 2022
Cooperative Workshop	1 – 3 November 2022
SMME Tender Advise Workshop	16 - 18 November 2022

3. LED Projects

BR&E Programme in the Construction Sector:

Kouga Local Municipality identified and interviewed 65 businesses across Kouga in the Construction Sector. These in-person surveys known as Business Retention and Expansion (BR+E) provide baseline information about each business, their future plans and challenges with doing business in the community.

BR+E project serves as an important resource for informing Economic Development priorities and work plans.

They also provide a natural opportunity for outreach to the business community to identify any immediate needs that may be impeding business growth which in return gives the Municipality the opportunity to have an in-depth look at the health and vitality of each sector of our economy in Kouga.



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 |

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 the centre will be to provide expert business training, advice, and facilitate linkages to emerging entrepreneurs with a desire to succeed in business.

Kouga Entrepreneurship Academy Portal Launch:

Council authorized the Accounting Officer to conclude a partnership agreement with Start-up tribe for the setting up of the Kouga -Entrepreneurship Academy web-based platform.

Council Resolution: 22/03/PDT2 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, and has been signed by the accounting officer, LED and tourism office will formally launch the academy in the new financial year. This is an ongoing project.

4. LED Key Performance Areas:

KPIs	Annual Target	Achievement level during the year	Achievement during the 2022/23 FY
LED Budget Spent on LED related Activities	90%	Full Budget was spent	100%
LED Stakeholder Forum Meetings	4	LED Forums are successful held quarterly	75% (3 Meetings held)
Number of SMME's that have benefitted from an SMME Support Programme	550 SMME's	Local SMMEs exposed and supported through Training workshops and Outreaches collaborating with other sector departments	736
Job opportunities created through PPP: (LED and Tourism).	100	The LED Department promotes an enabling environment for job creation.	431

Job Creation through Local Economic Development Initiatives

Total Jobs created / Top 3 initiatives	Jobs created through LED & Tourism No.
Reporting Period	431

COMMENT ON LOCAL ECONOMIC DEVELOPMENT CAPITAL PERFORMANCE OVERALL:

Oceanview Business Capital Project – capital fully spend.

3.22.2 TOURISM

The priorities of this section are Local Economic Development, tourism development, destination marketing and, heritage management 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 Plan (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. Memorandum of agreements are 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, MARKETING:

1. **Kouga Attended World Travel Market (WTM) & Travel Africa Indaba 2023**

SBDM tourism provides international marketing platforms, marketing material and uniforms for local municipalities and Local tourism organisations. KLM has been part of the World Travel market in Cape Town and Travel Indaba in Durban, and a number of projects are emerging from the two shows, these platforms share on new tourism trends which assist local tourism in shaping the destination based on current

demand and trends. KLTO still to update KLM of business opportunities and partnerships from the two shows.

The district covers all the exhibition costs and the LTO and LM's cover transportation and accommodation.

The reason to attend the trade show was to get exposure to new trends,

- New types of tourism; looking at the emerging micro and macro tourism niches,
- Travel technology and its impact on our future; this looked at the travellers expectation from tech empowered travel,
- How can the African tourism sector take full advantage of virtual reality as an innovative and effective technology tool.
- Mixing MICE business with pleasure; mixing events with tourism proving to be successful within the MICE industry.
- Best digital marketing strategies and tactics to increase direct ecotourism bookings.
- Creating an Inclusive Business: How Internal Policies Can Help to Better Welcome LGBTQ+ Travellers.

All these seminars have assisted the municipality in set up tourism project for growth. New tourism businesses and partnerships for Kouga,



WTM



Travel Africa Indaba

2. Kouga products for China Expo:

LED and Tourism identified an opportunity for local businesses in Kouga to be part of an international product expo in China. This project is facilitated by Sarah Baartman Development Agency and the municipality.

Local businesses need to be flexible and efficient enough to gear for new market opportunities, it means some gaps and challenges may not be dealt with utilising traditional way of doing business (inclusive of post covid strategies for local business and the municipal economy). Professional advising and support are important to realize the opportunity, to bridge the gap KLM has initiated to be part of an international expo and open local production to international export.

Destination marketing is a key component of development for Kouga, exhibiting on an international platform that will assist the municipality to understand the requirements and standards for the Chinese market. This will create investment opportunities and demand from the international market.

Opportunities: Business promotion

The platform focuses on investment, tourism, to promote and facilitate business partnerships. The objective is to identify and realize the business opportunities.

Export facilitation

An enabling environment to local business to export products and services to China, assist to identify the strategic buying, bridging channel and test the market for export investment.

Sourcing service

Provide local SMMEs with competitive and value for money product exchange channels. Destination readiness to provide suitable packages.

Consulting service

Provision of professional consulting services that assists with addressing challenges for investors and businesses to realize and ventures between China and Southern Africa.

Kouga municipality in support of local product producers, sent a request to the Kouga Local Tourism Organization to assist with products that the municipality can showcase in China. Out of the 10 products that showed interest in the Expo, 7 local products have been approved for exhibition in China after an extensive application process. For economic support and growth, the municipality recommended to purchase these products at cost as part of local economic development, therefore for all cost incurred by the product owner the municipality will be invoiced, and the budget for SMME support will be utilised.

Selected products

- Gin- One33 (delivery received)
- Coffee- Infood coffee roastery (delivery received)
- African Accessories- Be original (delivery received)
- Snails- Pabala (delivery received)
- Honey- Pabala (not delivered)
- Coffee- First Light (to deliver)
- Rum- Ferreira Distillery (unable to secure a hygiene/health certificate or a certificate of origin as part of the requirements).
- KLTO- Marketing martial (delivery received).

Exhibition costs: SBDM covered costs for product exporting for exhibition, marketing material, exhibition stand and accreditation.





3. Township tourism

The tourism section budgeted R200 000 for sponsorship events for township tourism events. This concept is to start with supporting township tourism development, activities, and events. Two proposals were received one for Jeffreys and Humansdorp, but due to the second applicant encountering issues, one event was supported by KLM with R150 000.00



4. **Kouga Tourism Indaba Media Launch and Kouga Indaba**

The Kouga Tourism Indaba media launch was phase one of a continues programme that would have taken place till the implementation of on the KTI.

Invitations were sent to media houses to cover the event for publicity, and inclusion of critical stakeholders and investors. This was a way of getting a buy in from different stakeholders and the community of Kouga. This programme had a positive impact as the municipality is receiving positive feedback from interested parties to be part of the event to ensure success.

The tourism officer worked with LED office and the municipal communications office to execute the project.

Response to invitations was received from the following media houses:

- Herald new paper
- SABC
- Oasis FM
- Bay FM
- Netpos online
- St Francis today
- St Francis chronicle

Several tourism stakeholders were invited from national to local, due to September being tourism month a number of stakeholders had prior engagements.

The program is supported by the Eastern Cape Parks and Tourism Agency (ECPTA) which is the provincial tourism entity.

An invitation was also sent to the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) and Sahara Baartman district Municipality (SBDM) that supported the program in absentia.

The Kouga business forum (KBF) and Kouga Local Tourism Organisation (KLTO) was amongst the stakeholders that are in support of the planned event and offered to assist the municipality to making sure that the event is a success and attract tourists and investors to the region.

The Mayor and other stakeholders were interviewed by media houses that attended the launch, and those interviews where published, therefore the Tourism & LED team regards the event as a success.

Internal processes for the project

- With the above background Tourism officer prepared a tender specification,
- The internal SCP processes followed, BSC, BEC, BAC
- Tender was approved and advertised,

- Tender was cancelled due to the project not being funded for the implementation phase in 2023 and no budget support were approved.

Kouga planning tourism indaba for 2023

Simtembile Mgidl
mgidis@theherald.co.za

A planned Kouga Tourism Indaba was launched yesterday with the aim of promoting the municipality as a tourist destination of choice.

Kouga mayor Horatio Hendricks said focusing on the area's heritage was how the municipality planned on drawing in tourists during the Kouga Tourism Indaba in September next year.

Hendricks was speaking during the media launch of the indaba at the Intle Game Lodge in Thornhill.

He said Kouga wanted to be the events capital of SA.

Hendricks said the indaba was a way to bring all role players in the tourism sector under one roof to exhibit what Kouga had to offer.

Having seen the effect of using culture and heritage in Prince Edward County in



LOOKING AHEAD: Kouga mayor Horatio Hendricks speaks at the launch of the Kouga Tourism Indaba. Picture: SIMTEMBILE MGIDI

Canada, Hendricks said they repurposed their heritage towards fitting into the tourism industry.

"We have a rich heritage in Khoi and San along with African heritage.

"How do you repurpose that so that people are interested in it?

"That is what we are trying to launch in the tourism indaba."

He said a legacy project would see a heritage route called Route 66 that went through Thornhill, Loerie, Hankey, Patensie, Humansdorp and Jeffreys Bay.

The route would offer small-town glamour, agri-tourism, the Sarah Baartman and Dawid Stuurman grave sites along with the Sarah Baartman memorial.

It would also include an experience of township vibes in KwaNomzamo.

Eastern Cape Parks and Tourism Agency regional development manager Duma Maqubela said the indaba fitted perfectly with the UN's world tourism organisation 2022 theme, "Rethinking Tourism".

"We are coming out of the Covid-19 pandemic, tourism has declined, so we support initiatives of this nature, especially places that emphasise our own heritage and intensify digital platforms to promote tourism," Maqubela said.

Kouga business forum committee member Wayne Furphy said they were fully behind tourism development in the region.

"If a decade ago there were a million visitors coming into this region, there are about 500,000 people now.

"I think it is possible for us to reach a million mark and more," Furphy said.

5. Local Tourism Organisation Support and Funding

Kouga Local Municipality entered into a service level agreement with Kouga tourism organisation for destination marketing function, which caters for three tourism offices operations, social media, and provision of tourism statistics to the municipality.

The organization consists of member representatives of our three geographic Tourism Information Centres in Jeffreys Bay, St Francis Bay and Gamtoos. The financial support of R300,000.00 provided by Kouga Municipality in the 2022/2023 financial year included the support to the smaller tourism offices for general administration, office operations and eMarketing.

The Kouga Local Tourism Office submits reports to Kouga Municipality throughout the year on performance and expenditure and regular meetings held for monitoring and evaluation purposes.

2.22.3 MUSEUMS

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 belongs to the Kouga Municipality.

The artefacts in the Humansdorp Museum belongs 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 financial year Kouga municipality through its grant in aid funded the Humansdorp Museum Association with an amount of R 200 000.00 for general administration, events, repairs and maintenance.

The Museum Association submits quarterly reports on progress, and the Kouga Municipality has meetings and monitors and manages their performance.

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

6. **Procurement of Promotional Material and Branding**


The LED and tourism office has procured promotion items for destination marketing and tourism awareness.




Branded promotional items	R 134,031.72
LED and Tourism, KLTO co-branding	R 82,826.68

Branding items procured were used to do destination marketing of Kouga at all municipal and funded events. Unfortunately, at these events a lot of the items were damaged. Additional feather banners, pull-up banners, gazebos, 3 backdrop wall banners and canvasses were to be procured.



3.22.4 EVENTS

1. Event Funding Support

Quarter 1	
Event	World Surf League: J-Bay Open Surf
Date	12 – 21 July 2022
Amount	R1.5 million
Council Resolution	2022/04/PDT13
Town	Jeffreys Bay
Type	Funded global event that is part of the WSL world tour hosted by the WSL
Job Creation	88 permanent event jobs created and 120 event casual jobs
Gallery	
Event	J-Bay Surf Festival
Date	13 – 21 July 2022
Amount	R200,000.00
Council Resolution	22/06/PDT14
Town	Jeffreys Bay
Type	Funded local festival hosted by a local events company in conjunction with the global WSL: J-Bay Open Surf event.
Job Creation	42

Gallery	
Event	South African Longboard Championship
Date	August 2022
Amount	R300,000.00
Council Resolution	22/04/PDT8
Town	Jeffreys Bay
Type	Funded event national event hosted by Surfing South Africa
Job Creation	64
Gallery	
Event	Calamari Festival
Date	September 2022
Amount	R200,000.00
Council Resolution	22/08/PDT6
Town	St Francis Bay
Type	Funded local festival event hosted by the St Francis Local Tourism Organisation
Job Creation	24
Gallery	
Quarter 2	
Event	Concours Sur Mesure Festival
Date	October 2022
Amount	R250,000.00
Council Resolution	22-04PDT7
Town	St Francis Bay
Type	Funded local festival event hosted by
Job Creation	Not available

Gallery	<p>EVENT REPORT FOR KOUGA MUNICIPALITY</p>  <p>The Great St Francis Bay Experience 27 – 30 October 2022</p> 
Event	PGA Golf Tournament – South Africa
Date	31 October – 6 November 2022
Amount	R500,000.00
Council Resolution	21/09/LED&T3
Town	St Francis Bay
Type	Global/National golf event hosted by the Professional Golfers Association of South Africa
Job Creation	158
	 
Event	Kouga Summer Festival
Date	10 – 31 December 2022
Amount	R500,000.00
Council Resolution	22/12/PDT2
Type	Municipal festive season event project hosted by KLM for the people and seasonal visitors of Kouga.
Gallery	 
Event	J-Bay Annual Picnic
Date	23 December 2022
Amount	R150,000.00
Council Resolution	22/12/PDT5
Type	Funded event in support of Township Tourism Events

Gallery	
Quarter 3	
Event	National Open Water Swim Championship
Date	10 – 12 March 2023
Amount	R130,000.00
Council Resolution	22/10/PDT2
Type	Funded national swim event.
Job Creation	21
Gallery	
Event	SDC Championship
Date	13 – 20 March 2023
Amount	R1,7 million
Council Resolution	23/02/PDT12
Type	Funded event that comprises of 2 national and 2 local sport events.
Job Creation	102
Gallery	
Quarter 4	
Event	St Francis Amanzi Challenge
Date	17 – 21 March and 1-2 April 2023
Amount	R300,000.00
Council Resolution	23/02/PDT13
Type	Funded event that comprises of 2 national and 2 local sport events.
Job Creation	18

Gallery	
Event	Aloe Cup Rugby & Netball Tournament
Date	22 – 24 June 2023
Amount	R70,000.00
Council Resolution	23/05/PDT6
Type	Funded local primary school sports event
Job Creation	30
Gallery	
Event	Yellowwoods Music Festival
Date	TBA – event date was supposed to be 2 – 4 June 2023 however the date had to change as council resolution done at May 2023 council meeting
Amount	R500,000.00
Council Resolution	23/05/PDT3
Type	Funded local festival event hosted by the Gamtoos Local Tourism Organisation in partnership with KLM for 3 years.
Job Creation	Event have not taken place - TBA

2. Events Planning Committee – Event Application Approvals

Quarter 1		
EPC Meeting Date	Event Applications Received	Event Applications Approved
28 July 2022	7	6
25 August 2022	13	13
21 September 2022	37	37
Quarter 2		

EPC Meeting Date	Event Applications Received	Event Applications Approved
27 October 2022	10	10
23 November 2022	4	4
Quarter 3		
EPC Meeting Date	Event Applications Received	Event Applications Approved
19 January 2023	6	6
16 February 2023	10	10
16 March 2023	6	6
Quarter 4		
EPC Meeting Date	Event Applications Received	Event Applications Approved
13 April 2023	6	6
18 May 2023	12	12
15 June 2023	9	9

3.22.5 GRANT IN AID

Name of Applicant	Budget Allocation	Council Resolution
Kouga Local Tourism Organisation	R300,000.00	22/11/PDT16
Humansdorp Museum Association	R200,000.00	22/12/PDT6
Kouga Business Forum	R100,000.00	22/11/PDT17
Jeffreys Bay Animal Rescue	R 85,000.00	22/11/PDT18
St Francis Bay Animal Rescue	R 85,000.00	22/11/PDT19
SPCA ASSISI	R250,000.00	22/11/PDT20
National Sea Rescue Institute	R250,000.00	22/11/PDT21
Sakhe Singamadoda Youth Program	R 33,750.00	22/12/PDT6
Salvation SA Kouga Kruisfontein Farmers	R 100000.00	Needs approval from Council still.
On Eagles Wings Multi-Purpose Centre	R 50,000.00	22/12/PDT6

COMPONENT H: LAND AND PROPERTY ADMINISTRATION

3.23 LAND AND PROPERTY ADMINISTRATION

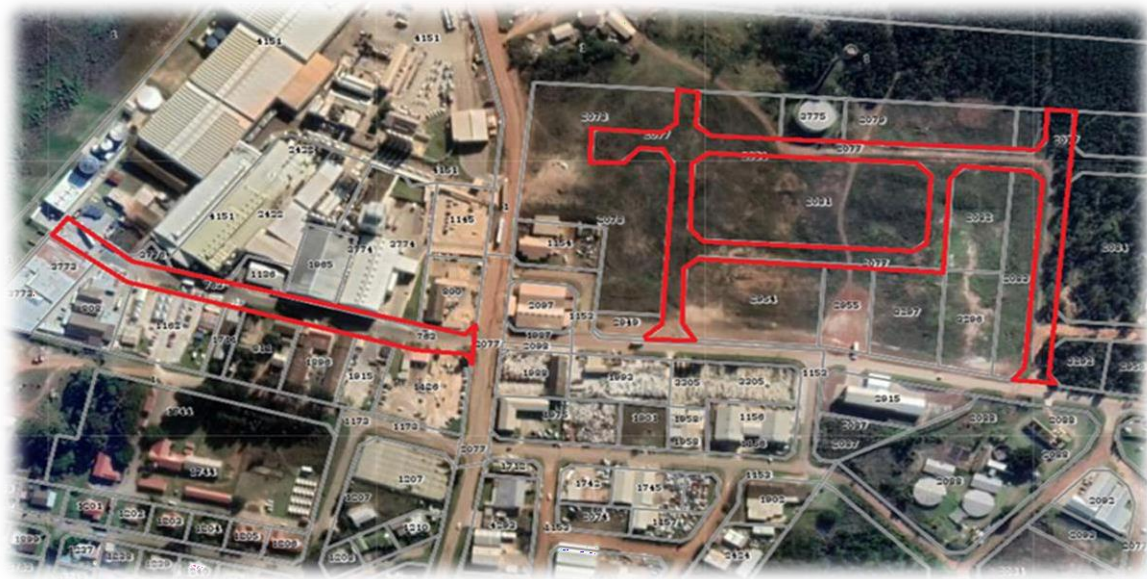
The Land and Properties Administration Department has recorded the following activities during the 2022/23 financial year:

Some of the most significant municipal land disposals recorded includes the following:

Disposals

Disposal of erven 4159 and 4160 – Woodlands Dairy

The disposal of municipal erven 4159 and 4160 (streets) to Woodlands Dairy was concluded in November 2022. The erven (streets) disposed is totally surrounded by erven 2078, 2079, 2081, 2082, 3296 and 3297 which is already owned by Woodlands Dairy. The intention of Woodlands Dairy is to consolidate all the erven into one entity. Securing the land means that there is potential for expansion and creating more job opportunities. Woodlands Dairy plays a vital role in socio-economic well-being of the Kouga Municipal area and is also amongst the biggest employers of local labour.



Disposal of erf 1382 Sea Vista – Grand Comoros Retirement Estate

The disposal and transfer of erf 1382 Sea Vista has been completed in May 2023. The development has already commenced. The envisaged capital investment for this development is estimated at R350 million. The development will generate a much-needed financial injection into the Kouga Municipal area by creating 250 direct jobs to all sectors of the community. On completion the development will also ensure an increased source

of revenue to the municipality.



Disposal of erf 2896 Sea Vista – Nexus Yachts

The disposal of a portion of erf 2895 Sea Vista to Nexus Yachts. Nexus Yachts has completed the building recently. The company 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. However, the increased floor area of the factory will result in more employment and skills development of the local communities.



Tender No 137/2021 – Disposal of Municipal Residential Properties

Council received offers from the Panel of Estate Agents that was established to sell municipal owned residential properties. The Council granted final approval in May 2023 for the disposal of 27 vacant municipal residential properties at a value of R7,167,000.00.

Council granted final approval for the alienation of the following municipal owned properties:

Alienation of erf 2599, Sea Vista - Extension and upgrade of St Francis Bay Clinic



Alienation of unregistered erf 4593, Kruisfontein - Church



Alienation of erf 3085, Sea Vista: St Francis Bay - Bowling Club



Alienation of erf 1787, Hankey – Residential Property



Leases

The Department are also responsible for concluding new leases on municipal land as well as administering current leases. There is currently 65 leases that is being administered.

Please find below a table with lease:

Leasing Entity	Account Number	Type	Property Description	Commencement Date	Termination Date	Contract	Monthly Rental Amount	Billing in place (Y/N)
MILTON FARMERS ASSOCIATION	2000017158	AGRICULTURAL	PTN OF FARM 17, HANKEY	10 MARCH 2023	9 MARCH 2026	Y	2,500.00	Y
TOTAL							2,500.00	

Leasing Entity	Account Number	Type	Property Description	Commencement Date	Termination Date	Contract	Monthly Rental Amount	Billing in place (Y/N)
MINET NETWORKS		COMMERCIAL TELECOMMUNICATIONS/TOWERS	ERF 745, PORTION 103, SEA VISTA	17 MAY 2021	16 MAY 2024	Y	0.00	Y
MINET NETWORKS		COMMERCIAL TELECOMMUNICATIONS/TOWERS	ERF 2088, HUMANSDO RP	17 MAY 2021	16 MAY 2024	Y	0.00	Y
MINET NETWORKS		COMMERCIAL TELECOMMUNICATIONS/TOWERS	ERF 1455, HANKEY	17 MAY 2021	16 MAY 2024	Y	0.00	Y
MINET NETWORKS		COMMERCIAL TELECOMMUNICATIONS/TOWERS	ERF 5903, JEFFREYS BAY	17 MAY 2021	16 MAY 2024	Y	0.00	Y
High Five Solar t/a Cape Carbon	3000499195	COMMERCIAL	ERF 499, HUMANSDO RP	1 SEPTEMBER 2020	31 JULY 2030	Y	3,450.00	Y
OASIS FM	4005830013	COMMERCIAL	ERF 5830, JEFFREYS BAY	18 SEPTEMBER 2020	17 SEPTEMBER 2023	Y	4,400.00	Y
LERIZO INTERNATIONAL INVESTMENT CC	4500032033	COMMERCIAL	ERF 32, LOERIEHEUW EL	8 June 2021	7 June 2024	Y	270.00(329.13)	Y
LERIZO INTERNATIONAL INVESTMENT CC	6000259512	COMMERCIAL	ERF 259, PATENSIE	8 June 2021	7 June 2024	Y	320.00(339.20)	Y
LERIZO INTERNATIONAL INVESTMENT CC	4007294022	COMMERCIAL	ERF 7294, JEFFREYS BAY	1 September 2021	30 August 2024	Y	960.00(1170.24)	Y
LERIZO INTERNATIONAL INVESTMENT CC	2001826519	COMMERCIAL	ERF 1826, HANKEY	14 May 2021	13 May 2024	Y	280.00(341.32)	Y
JC VORSTER	3000275027	COMMERCIAL	ERF 275, HUMANSDO RP	26 May 2021	25 May 2024	Y	2000.00	Y
Limitless Racing Group	5000150117	RECREATIONAL	Erf 150, Oyster Bay	N/A	September 2023	Y	7,600.00	Y
Jeffreys Bay Golf Club	4000873048	RECREATIONAL	Erf 873, Jeffreys Bay	22 June 2021	22 May 2031	Y	7,460.00	Y
J. Ackerman	4000013505	COMMERCIAL	Erf 13, Aston Bay	28 July 2021	27 July 2024	Y	100.00	Y
T. A. Bamba	3004833023	COMMERCIAL	Erf 4833, Kruisfontein	20 October 2022	19 October 2025	Y	120.00	Y
BET-EL REVIVAL CENTRE	3006199020	RECREATIONAL	ERF 6199, KRUISFONTEIN	7 APRIL 2022	6 APRIL 2025	Y	560.00	Y
LITTLE URCHINS MONTESSORI CULTURE	7003087038	PRIMARY PRIVATE SCHOOL	ERF 3087, SEA VISTA	14 February 2021	13 February 2022	Y	2800.00	Y
IMPACT CENTRE		RECREATIONAL	ERF 7293, JEFFREYS BAY	23 JANUARY 2023	22 JANUARY 2026	Y	330.00	Y
TOTAL							30200.00	

Leasing Entity	Account Number	Type	Property Description	Location	Commencement Date	Termination Date	Contract	Annual Rental Amount	Billing in place (Y/N)
JEFFREYS BAY EDUCARE	4000033936	CRECHE	ERF 33	PELLSRUS	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
BIMBO CRECHE	3000085039	CRECHE	ERF 85	KRUISFONTEIN	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
ELDRID GROEP CRECHE	4001568015	CRECHE	ERF 1568	PELLSRUS	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
TOKYO SEXWALE CRECHE	4000492982	CRECHE	ERF 492	PELLSRUS	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
MKHUSELI KOLITI CRECHE	8000074003	CRECHE	ERF 74	THORNHILL	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
UMZAMOMHLE CRECHE	2000695019	CRECHE	ERF 2236	HANKEY	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
PHILLIPSVILLE CRECHE	2000015101	CRECHE	ERF 15	HANKEY	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
LOERIEHEUWEL CRECHE	4500001932	CRECHE	ERF 47	LOERIE	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
KABOUTER HESS & FREE CRECHE	6000586005	CRECHE	ERF 1057	PATENSIE	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
NOXOLO CRECHE	6000570000	CRECHE	ERF 570	PATENSIE	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
NOAH'S ARCH CRECHE	4000190116	CRECHE	ERF 190	PELLSRUS	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
HAASBEKKIES	3002088320	CRECHE	ERF 5060	KRUISFONTEIN	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
KOKKEWIET SPEELSKOOL		CRECHE	ERF 500	OYSTER BAY	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
DINKY DOT CRECHE	3001961002	CRECHE	ERF 1853	KRUISFONTEIN	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
NKQUBELA CRECHE	3002739129	CRECHE	ERF 2739	HUMANSDORP	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y
ETHEMBENI DAY CARE		CRECHE	ERF 2014	HANKEY	1 SEPTEMBER 2018	MONTH-TO-MONTH	Y	10.00	Y

MASIKHULE CRECHE / PRE SCHOOL	3000349007	CRECHE	ERF 1301	HUMANSDORP	1 SEPTEMBER 2018	MONTH-TO- MONTH	Y	10.00	Y
SIEMBAMBA CRECHE	3090008558	CRECHE	ERF 2	KRUISFONTEIN	1 SEPTEMBER 2018	MONTH-TO- MONTH	Y	10.00	Y
MADIBA BAY CRECHE	4001244036	CRECHE	ERF 1244	PELLSRUS	1 SEPTEMBER 2018	MONTH-TO- MONTH	Y	10.00	Y
DISNEY CRECHE	7002539123	CRECHE	ERVEN 2596, 2597, 2598	SEA VISTA	1 SEPTEMBER 2018	MONTH-TO- MONTH	Y	10.00	Y
TOTAL								200.00	

Leasing Entity	Account Number	Type	Property Description	Location (Address)	Termination Date	Contract	Monthly Rental Amount	Billing in place (Y/N)
L SEPTEMBER	4006175001	MUNICIPAL HOUSES	ERF 6175	6 CHRISTIAAN STREET, JEFFREYS BAY	MONTH TO MONTH	Y	1553.79	Y
F WINDVOGEL	4000187011	MUNICIPAL HOUSES	ERF 187	31 SEEKAT STREET, PELLSRUS	MONTH TO MONTH	Y	1168.96	Y
WB BOSCH	7001044105	MUNICIPAL HOUSES	ERF 1044	11 PALMA ROAD, SEA VISTA	MONTH TO MONTH	Y	2936.86	Y
NA MALGAS- GOEDA	7002293003	MUNICIPAL HOUSES	ERF 2293	154 ST FRANCIS DRIVE, SEA VISTA	MONTH TO MONTH	Y	9150.00	Y
VACANT		MUNICIPAL HOUSES	ERF 2291	2 DIANA ROAD, SEA VISTA	N/A	N/A	N/A	N/A
VACANT		MUNICIPAL HOUSES	ERF 1053	12 MAJORCA CRESCENT, SEA VISTA	N/A	N/A	N/A	N/A
LR VAALTYN	3000437113	MUNICIPAL HOUSES	ERF 437	VOORTREKKER ROAD, HUMANSDORP	MONTH TO MONTH	Y	1013.98	Y
VACANT		MUNICIPAL HOUSES	ERF 440	VOORTREKKER ROAD, HUMANSDORP	N/A	N/A	N/A	N/A
B JAFTA	6000013011	MUNICIPAL HOUSES	ERF 13	PATENSIE	MONTH TO MONTH	Y	1347.74	Y
DF SWEPU	3001324045	MUNICIPAL HOUSES	ERF 1324	KWANOMZAMO, HUMANSDORP	MONTH TO MONTH	Y	1316.04	Y
VACANT		MUNICIPAL HOUSES	ERF 543	HANKEY	N/A	N/A	N/A	N/A
MM VAN DER MERSCH T	2000543101	MUNICIPAL HOUSES	ERF 543	HANKEY	MONTH TO MONTH	Y	1275.00	Y
TOTAL							19762.37	

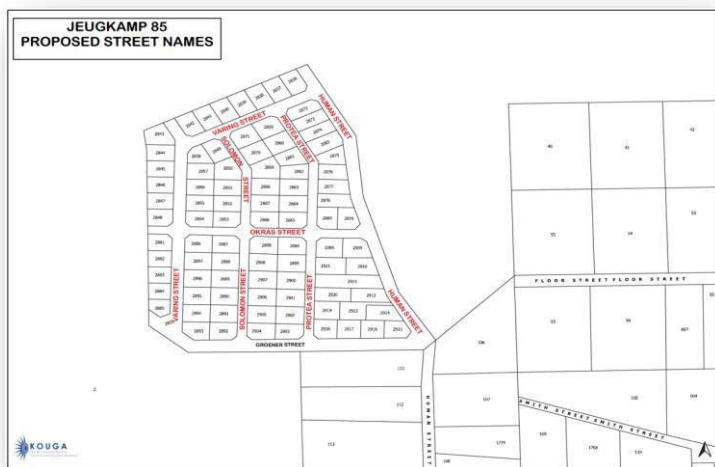
Leasing Entity	Account Number	Type	Property Description	Commencement Date	Termination Date	Contract	Monthly Rental Amount	Billing in place (Y/N)
HERITAGE CENTRE HARBOUR ROAD	7002116117	RECREATIO NAL	ERF 2116, SEA VISTA	1 JULY 2019	31 MAY 2029	Y	1,950.00	Y

A PETERSEN BRAND-ON	3002360112	BUSINESS	ERF 2360, KRUISFONTEIN	OCTOBER 2020	SEPTEMBER 2023	Y	170.00	Y
M & J ENTERPRISES	3002094112	STORAGE	ERF 2094, HUMANSDORP	15 DECEMBER 2021	15 NOVEMBER 2030	Y	4,400.00	Y
TOTAL							6,520.00	

Leasing Entity	Type	Account Number	Property Description	Commencement Date	Termination Date	Contract	Monthly Rental Amount	Billing in place (Y/N)
JBAY ANIMAL RESCUE	ANIMAL RESCUE	NOT YET CREATED	ERF 8783, JEFFREYS BAY	9 SEPTEMBER 2020	8 SEPTEMBER 2023	Y	0.00	ZERO BILLING
PARADISE BEACH AIRFIELD	PPP	NOT YET CREATED	ERF 1373, PARADISE BEACH	N/A	N/A	Y	0.00	ZERO BILLING
GAM-INQUA KHOISAN TRIBAL HOUSE	TRIBAL HOUSE	NOT YET CREATED	PTN 2 OF FARM 781	JUNE 2021	MAY 2024	Y	0.00	ZERO BILLING
GAM-INQUA KHOISAN TRIBAL HOUSE	TRIBAL HOUSE	NOT YET CREATED	PTN OF ERF 2	JUNE 2021	MAY 2024	Y	0.00	ZERO BILLING
RED LIONS RUGBY CLUB	RECREATIONAL	2000515003	ERF 515, HANKEY	29 APRIL 2019	31 MAY 2029	Y	0.00	ZERO BILLING
RED LIONS RUGBY CLUB	RECREATIONAL	2000515003	ERF 512, HANKEY	29 APRIL 2019	31 MAY 2029	Y	0.00	ZERO BILLING
SUPERTUBES SURFING FOUNDATION	NURSERY	NOT YET CREATED	ERF 2716, JEFFREYS BAY	2 SEPTEMBER 2021	1 SEPTEMBER 2024	Y	0.00	ZERO BILLING
JBSD T/A HYDRO RUBBER	MAINTAINING PROPERTY	NOT YET CREATED	ERF 445, JEFFREYS BAY	3 AUGUST 2021	2 AUGUST 2024	Y	0.00	ZERO BILLING
P. J COETZEE	AGRICULTURAL	4005465000	ERF 5465, JEFFREYS BAY	Lease expired	Month to month	Y	0.00	ZERO BILLING
ASTON BAY RATE PAYERS AND RESIDENTS ASSOCIATION (ABRRA)	COMMUNITY HALL		ERF 315, ASTON BAY	29 JULY 2022	29 JUNE 2032	Y	0.00	ZERO BILLING
PATENSIE PIGGERY FARMING GROUP	LAND USE	NOT YET CREATED	ERF 223, PATENSIE			Y	0.00	ZERO BILLING
TOTAL							0.00	

Street Naming Committee

The Street Naming Committee has dealt with proposed street and place names for various government subsidised housing projects in Ward 2, 4 and 5 which includes Kruisfontein and Pellsrus. These are existing RDP housing projects that has never been provided with street names in the past. The street and place names have already served at the Portfolio Committee and Mayoral Committee Meeting and will be presented to Council in the first quarter of the new financial year to consider granting final approval.



New proposals on street names have also been received from Ward 6 Committee (Kwanomzamo), Fig Tree Development (Jeffreys Bay) and St Francis Field which was presented to the Street Naming Committee on 28 June 2023. It is anticipated that the proposed street names will be presented to the Portfolio Committee Meeting in August 2023.

Strategic Objectives and Considerations



The Department has established the Land Evaluation Committee (LEC) in February 2023 which consist of relevant service departments and recommends on applications received for municipal land.

The LEC considers the applications received and informs the section 14 confirmations by the service department. The comments flows to the Portfolio Committee in the

form of an item for in principle approval after which the public participation calling for comments or objections on the application received. The committee had several meetings since its establishment in an effort to deal with the large number of applications. The Department currently have to deal with the implementation of

both new and historic council resolutions which was never finalized. Progress is being made in this regard in the sense that a number of current and historic council resolutions has been implemented or has been presented to council for final approval.

An example of this is the Ethiopian Episcopal Church on erf 588 Pellsrus which has been presented to Council for in-principle approval to alienate. The Ethiopian Episcopal Church has been on the property since the 1940's.

The Department is also keen on addressing land for churches and making the existing municipal land zoned for churches available. The Department has concluded its verification of available church land and will present to Council for in-principle approval to alienate.

Another critical consideration is to address issues pertaining to the availability of land for commonages. The Department are looking into available municipal land and also opportunities that exist with land belonging to other spheres of Government. In order to deal effectively with the available land, the Department together with the Local Economic Development Department are working on Commonage Management Plan. We also want to work closer with the Provincial Department of Rural Development and Agrarian Reform to support and assist emerging farmers by tapping into funding opportunities.

The Department want to embark developing a land management strategy for all its available land in order to deal in a more effective manner with its assets and provide an improved service to the communities.

COMPONENT I: HUMAN SETTLEMENTS

3.23 HUMAN SETTLEMENTS

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.

This project is still on-going, and the achievements reach until 13 June 2023 is as follows:

- Various stages : 85
- Slabs 85
- Walls 41
- Roofs 14

APPOINTMENT OF IMPLEMENTING AGENT FOR THE CONSTRUCTION OF 468 TOP STRUCTURES IN THE OCEAN VIEW 1500 HOUSING PROJECT.



The Eastern Cape Provincial Department of Human Settlements appointed Coega Development Corporation as implementing agent for the second phase of the Ocean View 1500 Housing Project. Their appointment is for 468 top-structures. CDC was introduced on 14 April 2023 to the Municipality by the ECDHS. They are currently busy with the procurement of a suitable service provider for the construction of the 468 top-structures.

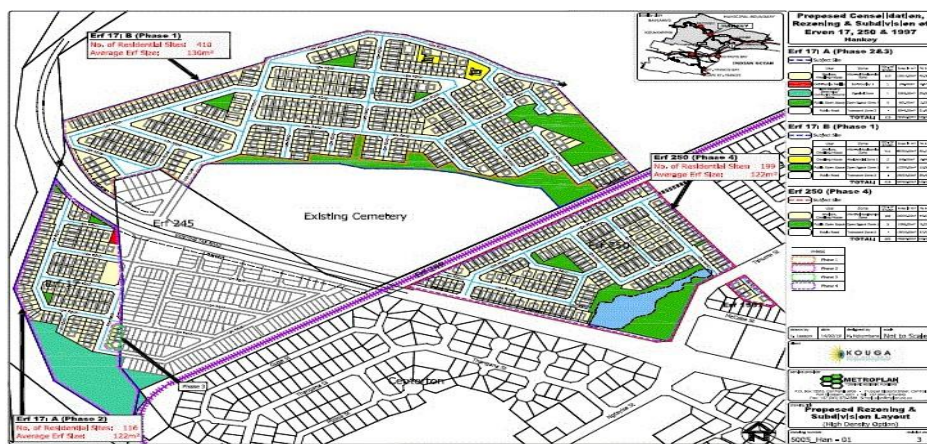
APPOINTMENT OF SERVICE PROVIDER FOR THE INSTALLATION OF SERVICES IN HANKEY 990 HOUSING PROJECT

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.

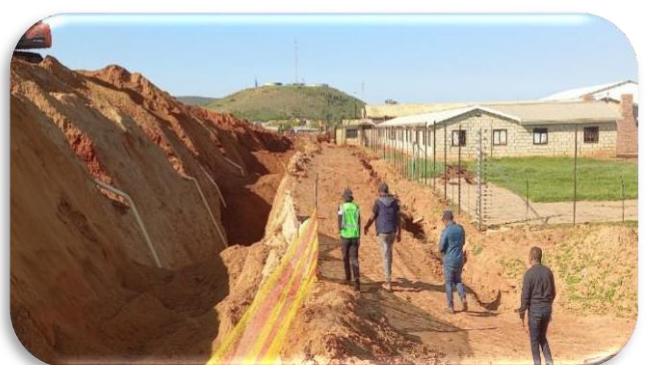
This project is still on-going and the total overall progress by the appointed Service Provider by the end of June 2023 was 60% of work complete.

The revised date for the completion of this project was 21 June 2023, however the Service Provider failed to complete all outstanding works. The contractor requested

some of the works to be de-scope. Due to non-performance by the contractor a decision was made to terminate the contract of the contractor.



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.

Work has commenced on the PPC land and the following services were installed, namely installation of sewer and water connection on the site. Until 30 June 2023, good progress was made on-site.

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.

Donkerhoek 363	-	interim services to permanent services
Oceanview 1250	-	interim services to permanent services
Cyril Ramaphosa 278-		Permanent services
Polar Park 257-		interim services to permanent services
Shukushukuma 93-		interim services to permanent services
Thornhill 160-		Permanent services
Bungalows 103-		interim services to permanent services
Golf Course 553-		interim services to permanent services
No. R10 191-		interim services

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.

HDA appointed V3 consulting Engineers in November 2021 as consulting engineers for the upgrading of the abovementioned informal settlements. V3 Consulting Engineers appointed Baledi Re-Engineering Solutions on 22 November 2022 for the construction of interim engineering infrastructure services (Water, Sanitation, Roads, Stormwater, Waste Management and Electricity).

Baledi Re-Engineering Solutions started the installation of temporary (poor flush) toilets in the following informal settlements, namely Nr10 Informal Settlement and the Ocean View 1250 Informal Settlements. The progress until June 2023 is the installation of 22 poor flush toilets in Nr 10 Informal settlements and in Ocean View 1250 Informal settlement a total of 180 poor flush toilets were installed out of 250.



HANDING OVER OF 70 SITES TO 10 LOCAL CONTRACTOR

HANDING OVER OF 70 SITES TO 10 LOCAL CONTRACTOR

A total of 70 sites for the construction of houses in Ocean View, Jeffreys Bay were handed over to 10 local Small, Medium, and Micro Enterprises (SMME's) on 16 January 2023. The total package is valued at R 8.75 million. The appointment letters for the construction of these 70 houses which farms part of phase 1 (200) of the Ocean View 1500 Housing project. The appointment letters between Kontinental Engineering and the SMME's were signed on the 15th of November 2022.



APPROVAL OF FUNDING FOR THE CONSTRUCTION OF SIX (6) HOUSES IN PATENSIE

The Eastern Cape Department of Human Settlements approved funding for the construction of six (6) delapidated houses in Patensie. The total amount that was

approved amounts to R 1 153 141.40 and was signed by the Provincial Department of Human Settlements on the 13th of March 2023.

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 household s/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%	7427	200	200	100%
2	Percentage of informal settlements that have been provided with basic services	100%	7427	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%

COMPONENT J CORPORATE SERVICES

3.24 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.

3.24.1 TARGETS AND ACHIEVEMENTS

DEPT. ANNUAL TARGETS	ACHIEVEMENT 2022/23	ACHIEVEMENT 2021/22	PRIOR ACHIEVEMENT 2020/21	PRIOR YEAR ACHIEVEMENT 2019/20	PRIOR YEAR ACHIEVEMENT 2018-19	COMMENT
Imaging and storage of Records	None for the FY. For the new FY 2023/24, The registry section will embark on a project to verify, scan and profile securities (title deeds/agreements/lease agreements), to assist the Town planning section.	To date 4,355,098 documents scanned and imaged.	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 Telkom phone bill by	The Telkom bill has continued to decrease, the total Telkom landline costs between FY	During FY 2020/21 to FY 2021/22 the Telkom bill	The Telkom phone bill was reduced further by 93%	The Telkom phone bill was reduced by -95% from	The Telkom phone bill was reduced by an	The total Telkom landline costs

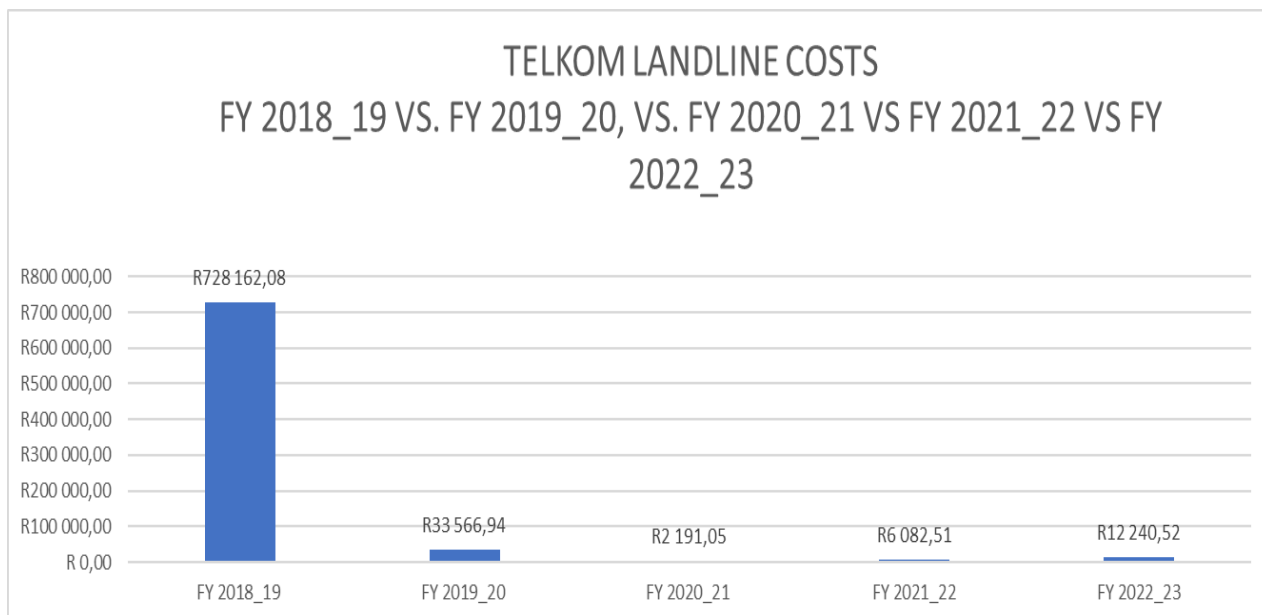
DEPT. ANNUAL TARGETS	ACHIEVEMENT 2022/23	ACHIEVEMENT 2021/22	PRIOR ACHIEVEMENT 2020/21	PRIOR YEAR ACHIEVEMENT 2019/20	PRIOR YEAR ACHIEVEMENT 2018-19	COMMENT
R60 000 per month	2018/19 vs. FY 2022/23 has decreased with 98%	increased with R3891,46. This was due to Telkom not billing Kouga Municipality. 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	from FY 2019.20 to FY 2020.21	FY 2018.19 to FY 2019.20	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	Tender has been awarded and roll out of printers has taken place. The billing system has not been implemented as budget is required. To obtain in FY 2023/24	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	Tender for FY 2022/23 has been advertised, award to take place in FY 2023/24	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	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

DEPT. ANNUAL TARGETS	ACHIEVEMENT 2022/23	ACHIEVEMENT 2021/22	PRIOR ACHIEVEMENT 2020/21	PRIOR YEAR ACHIEVEMENT 2019/20	PRIOR YEAR ACHIEVEMENT 2018-19	COMMENT
				Cell Phone Tender		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 the FY 2022/23 Reported service delivery request increased by 31% compared to the 2021/22 year	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 FY 22/23 R942 243,77 has been spent on building maintenance	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.

Below graphs indicates targets met during FY 2022/23 and indicates a comparison on previous Financial Years.

TELKOM LANDLINE COST

GRAPH 1:

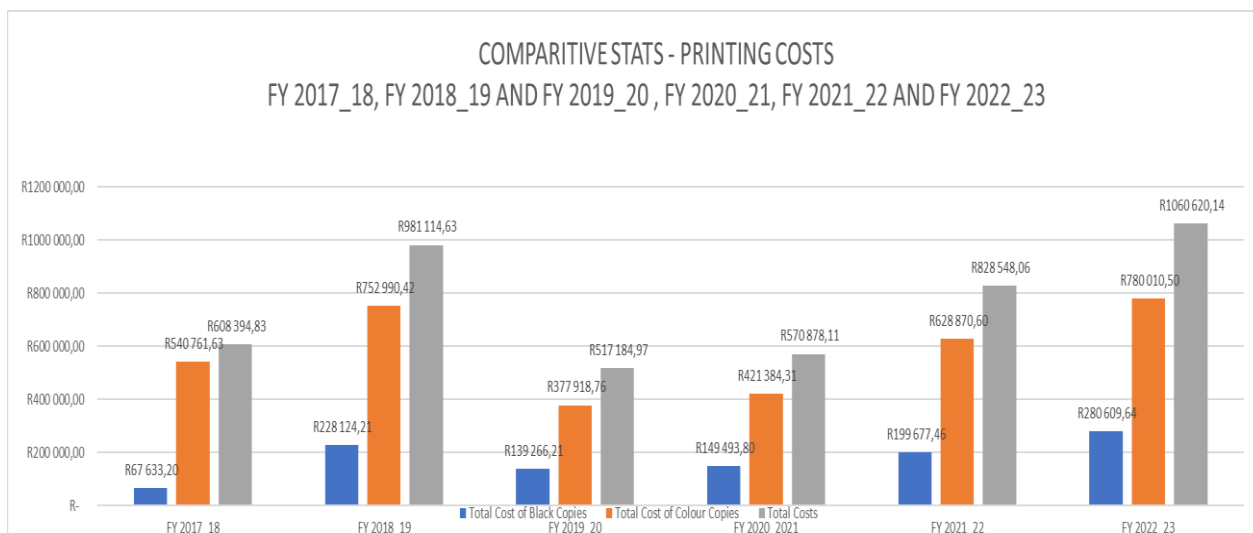


The total Telkom landline costs between FY 2018/19 vs. FY 2022/23 has decreased significantly with 98%.

YEAR ON YEAR COMPARATIVE PRINTING STATS - FY 2017/18 to 2022/2023

GRAPH

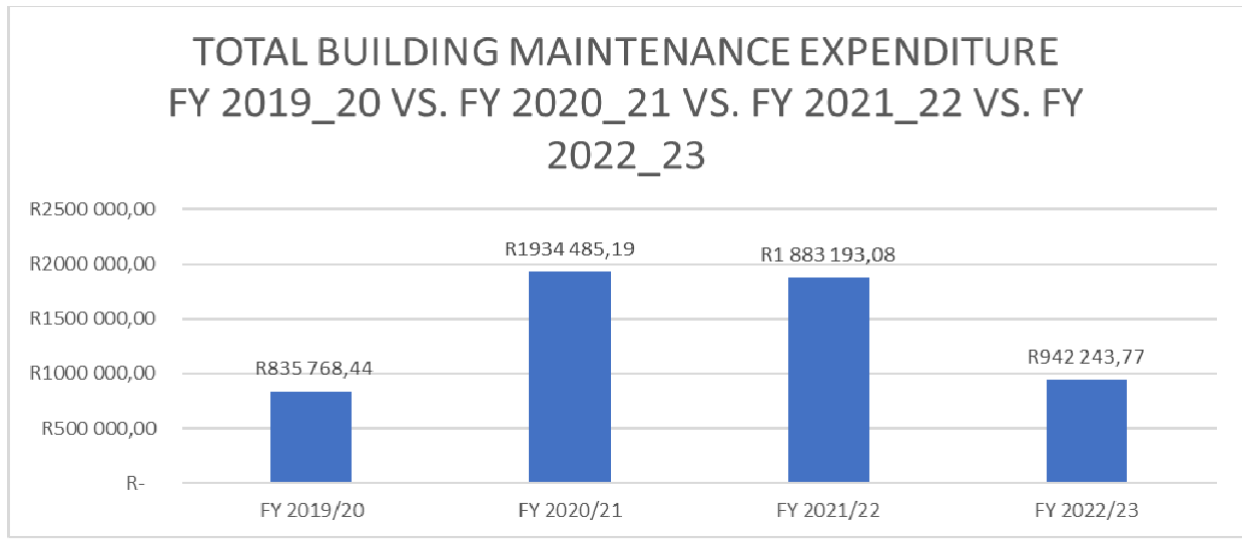
1:



The total cost of printing completed in FY 2021_22 increased from R 828 548,06 to R 1 060 620,14 in FY 2022_23. The Auxiliary Department will need to monitor printing per Department and Section and implement a billing system, to bill those employees completing personal printing.

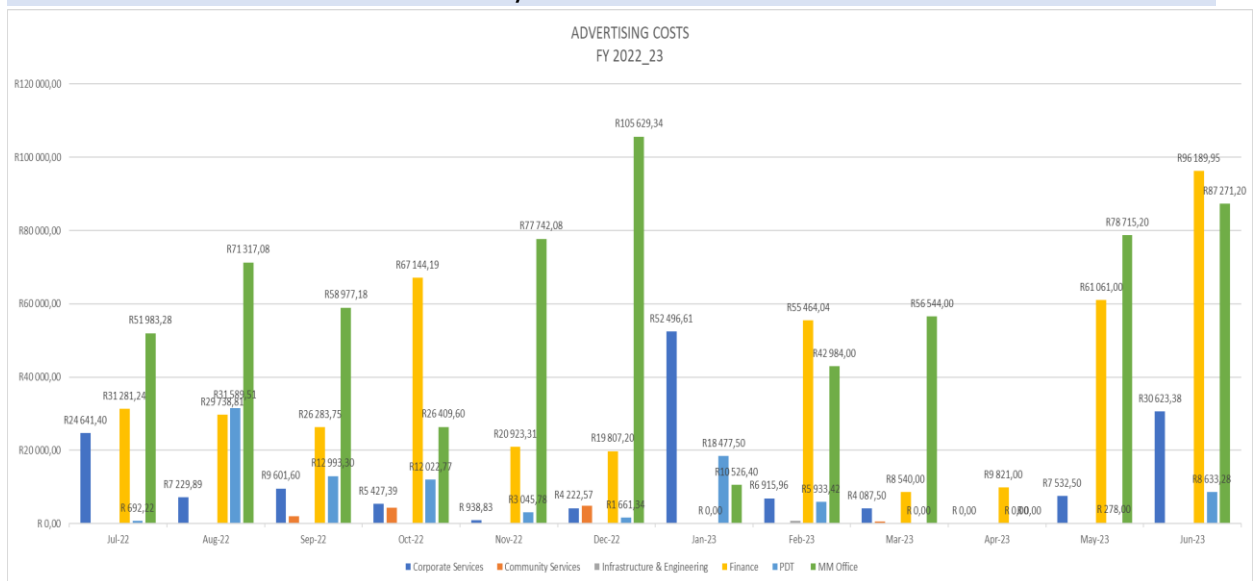
BUILDING MAINTENANCE EXPENDITURE – FY 2019/2020 VS FY 2020/21 VS FY 2021/22 VS FY 2022/23

GRAPH 1:



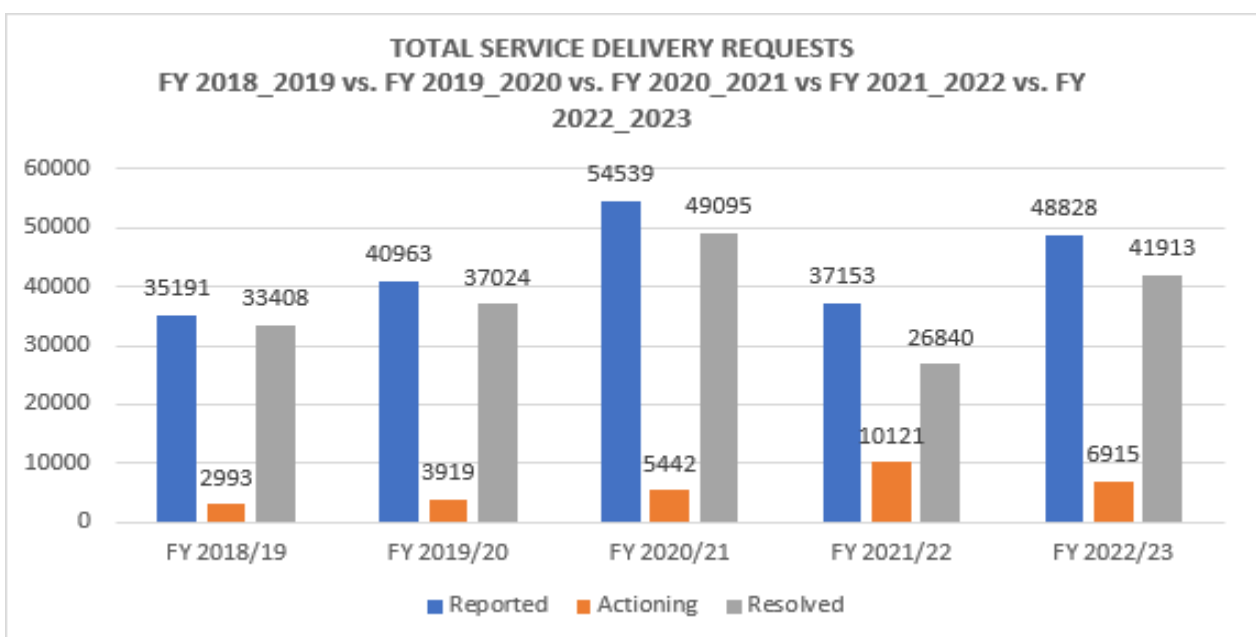
For the 2022/23 financial year R942 243,77 had been spent on Administrative Buildings and Ward Offices.

ADVERTISING EXPENDITURE – FY 2022/23



3.24.2 CALL CENTRE STATISTICS: 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
Reported	35191	40963	54539	37153	48828
Actioning	2993	3919	5442	10121	6915
Resolved	33408	37024	49095	26840	41913
Resolution Rate	95%	90%	90%	72%	85.84%



COMPONENT K: HUMAN RESOURCES

“Human Resources isn’t a thing we do. It’s the thing that runs our organization.”

The Human Resources Section handles a range of different functions within the municipality. The Section is responsible for the Organizational Development & recruitment, 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

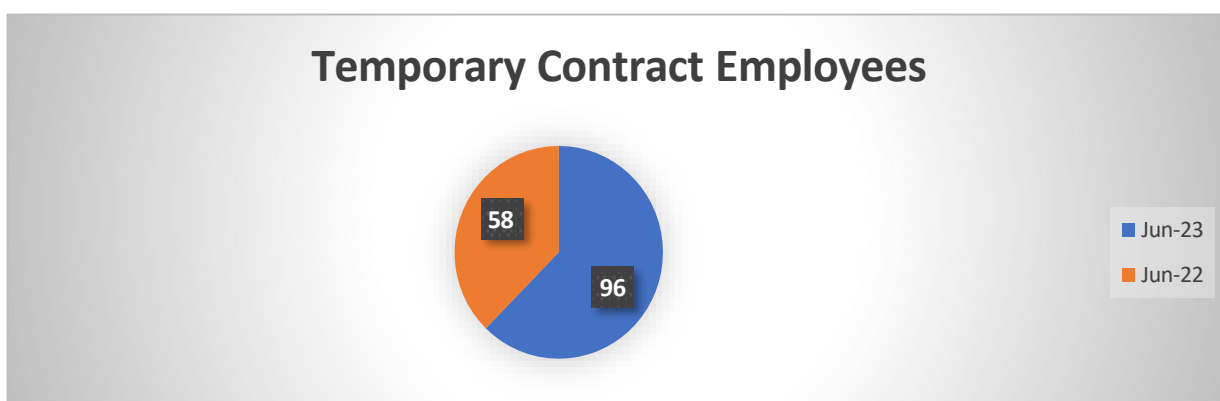
- Skills Development
- Organisational Development.

3.25.1 HEADCOUNT STATISTICS

The table below is a representation of the number of permanent as well as temporary employees as at June 2023.

As at June 2023, the total staff compliment was 866. This is due to the number of projects that management embarked on, and the number of temporary employees was 96. This is indicative of the municipality's commitment to employment creation and service delivery.

Year ending	June 2023	June 2022
Permanent Employees (Including Section 56 & 57 employees)	866	874
Temporary contract employees	96	58



3.25.2 HEADCOUNT STATISTICS: HUMAN RESOURCES

Job Level	Employees	Vacancies (fulltime equivalents)
0 - 3	151	
4 - 6	277	2
7 - 9	233	6
10 - 12	149	7
13 - 15	35	4
16 - 18	21	2
19 - 20		
Total	866	21

3.25.3 HEADCOUNT STATISTICS PER SECTION

Section	Employees	Vacancies
Municipal Manager	40	1
Water	95	1
Wastewater (Sanitation)	83	3
Electricity	35	
Waste Management	87	
Housing	10	
Wastewater (Stormwater Drainage)	52	3
Roads	44	
Transport		
Planning	9	
Local Economic Development	3	2
Planning (Strategic & Regulatory)		
Community & Social Services	105	3
Finance	87	7
Health	10	
Security and Safety	124	
Sport and Recreation	15	
Corporate Policy Offices and Other	75	1
Totals	866	21

3.25.4 VACANCY RATE

Departments	Vacancy Rate
Municipal Manager	2.5%
Community Services	1%
Infrastructure and Engineering	2.1%
Corporate Services	1.6%
Planning, Development & Tourism	11.7%
Finance	6.4%
Overall Total	2.4%

3.25.5 STAFF TURNOVER

Turn-over Rate			
Details	Total Staff Compliment as of 1 June 2023	Terminations during the Financial Year (all categories)	Turn-over Rate*
Year 2022/23	866	112	12.9%

3.25.6 SERVICE STATISTICS

Comparative Pension/Provident Fund membership on 30 June 2023 is as follows:

FUND	30 June 2023
Consolidated retirement fund	475
Consolidated Retirement Fund (No CC)	5
National Fund for Municipal Workers	4
SA Local Authorities Pension Fund	4
Municipal Workers Retirement Fund	137
Momentum Provident Fund	148
Municipal Councillors Pension Fund	1
Consolidated Retirement Fund Cllrs	7
LA Retirement Fund	4
Total	785

Comparative Medical Aid membership on 30 June 2023 is as follows:

MEDICAL AID	30 June 2023
Bonitas	169
Key Health	18
Hosmed	46
LA Health	249
SAMWU Med	55
Total	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 2023
SAMWU	475
IMATU	262

3.25.7 WORKPLACE CAPACITY DEVELOPMENT



From the graph above, Kouga Local Municipality's investment in human capital spending/capacity building is commendable and its evident that the municipality is serious in ensuring that the employees and councillors is capacitated. Even though the spending for the 2022/23 Financial year was less than the 2021/2022 financial year the Municipality's expenditure on staff development was still a whopping R1 157,187.52. It must be noted for the 2022/2023 financial year and due the budget cut for drought mitigation and the constant electrical power outages, however, the Municipality still spent 86% 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 June 2023
Training Cost	R1,157,187.52
Categories of Beneficiaries	
Legislators	48
Managers	17
Professionals	36
Technicians and Associate Professionals	11
Clerical Support Workers	78
Service & Sales Workers	18
Skilled Agricultural, Fishery and Related Trade Workers	0
Plant & Machine Operators and Assemblers	13
Elementary Occupations	34
Total Number of beneficiaries	255

As per the table above Kouga embarked on extensive training for its employees in the 2022/2023 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	✓
Supply Chain Management Manager	✓	✓	✓	✓	4	✓
Middle Manager: Finance	✓	✓	✓	✓	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)
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.

62 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.

COMPONENT B: MANAGING THE WORKFORCE

3.26.1 ACTING APPOINTMENTS

The number of employees appointed in acting positions increased, from 13 as at June 2022 to 21 in June 2023.

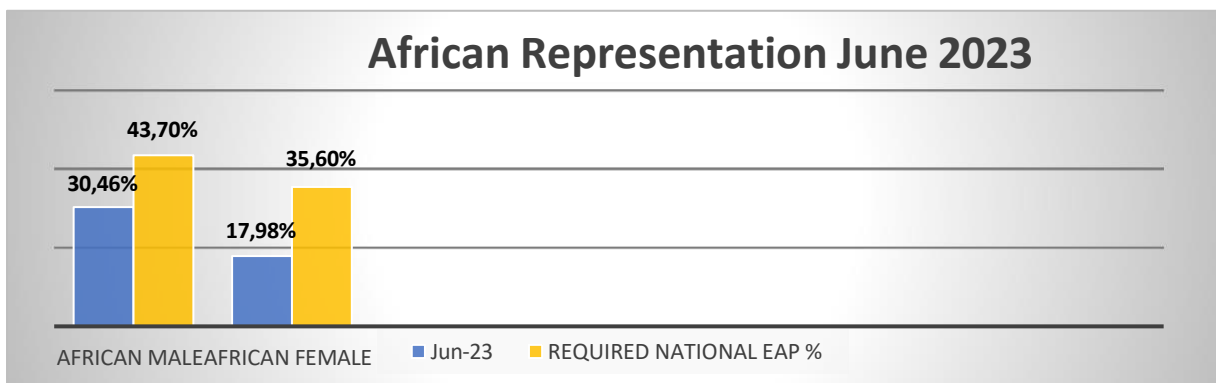
Prolonged periods of acting appointments can also lead to unnecessary disputes. Therefore, it is advisable to keep acting appointments to a minimum.

The graph below, shows the trend with acting.



3.26.2 EMPLOYMENT EQUITY

The table and graph below, illustrates the number African Females as well as African Males as at June 2023. 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 December 2022, the numerical targets that are set out in the new Employment Equity Plan, and the current profile as at 30 June 2023.

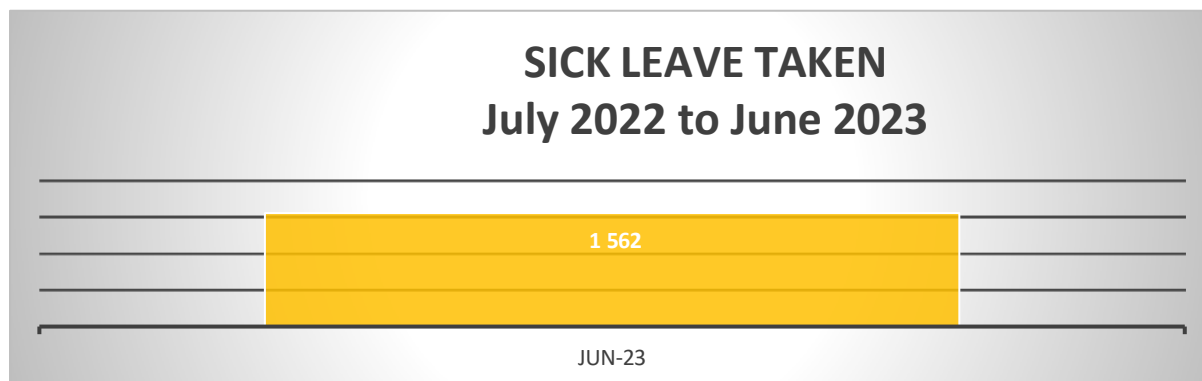
		Male Race			Female Race				Foreign Nationals			
		A	C	I	W	A	C	I	W	Male		Female
	Top management											
SEPTEMBER 2023 TARGET		0	0	0	1	0	0	0	0	0	0	1
December 2022		0	0	0	1	0	0	0	0	0	0	1
June 2023		0	0	0	1	0	0	0	0	0	0	1
	Senior management											
SEPTEMBER 2023 TARGET		1	0	1	0	2	0	1	0	0	0	5
December 2022		0	0	1	1	2	0	0	0	0	0	4
June 2023		0	0	1	2	1	0	0	0	0	0	4
	Professionally qualified and experienced specialists and mid-management											
SEPTEMBER 2023 TARGET		7	11	1	10	5	6	0	6	0	0	46
December 2022		8	14	1	7	4	7	0	4	0	0	45
June 2023		9	13	1	10	4	8	0	4	0	0	49

	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
SEPTEMBER 2023 TARGET		44	48	1	15	38	28	0	13	0	0	187
December 2022		39	61	1	15	41	30	1	13	0	0	201
June 2023		39	58	1	17	38	30	1	13	0	0	197
	Semi-skilled and discretionary decision making											
SEPTEMBER 2023 TARGET		169	139	0	7	63	42	0	5	0	0	425
December 2022		183	168	0	11	64	54	0	7	0	0	487
June 2023		170	157	0	10	60	57	0	9	0	0	463
	Unskilled and defined decision making											
SEPTEMBER 2023 TARGET		75	40	0	2	68	32	0	4	0	0	221
December 2022		53	22	0	1	57	23	0	2	0	0	158
June 2023		50	22	0	1	54	23	0	2	0	0	152

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.

3.26.3 LEAVE STATISTICS

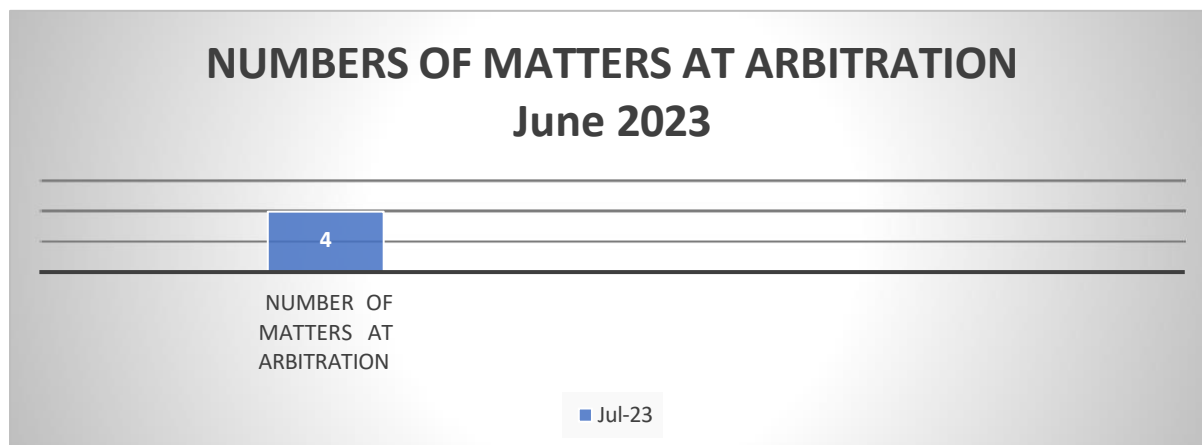


In the graph above the total sick leave stood at 1562 in June 2023.

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.

3.26.4 DISCIPLINARY MATTERS

The graph below depicts matters referred to Arbitration for the 2022/2023 financial year. Matters at Arbitration stood at 4 in June 2023. This is attributed to the Human Resource Section dealing with the substantive and procedural fairness of cases, and the management thereof.



3.26.5 OCCUPATIONAL HEALTH AND SAFETY

The Kouga Local Municipality is in Good Standing with the Department of Labour for 2022/2023 financial year. ROE's already submitted for the 2023/ 2024 financial year at the end of May 2023.

3.26.6 HUMAN RESOURCE POLICIES

The following HR related policies and staff documents have been developed and has been approved by Council and it must be noted that all Human Resources policies is going to be reviewed in the 2023/2024 financial year.

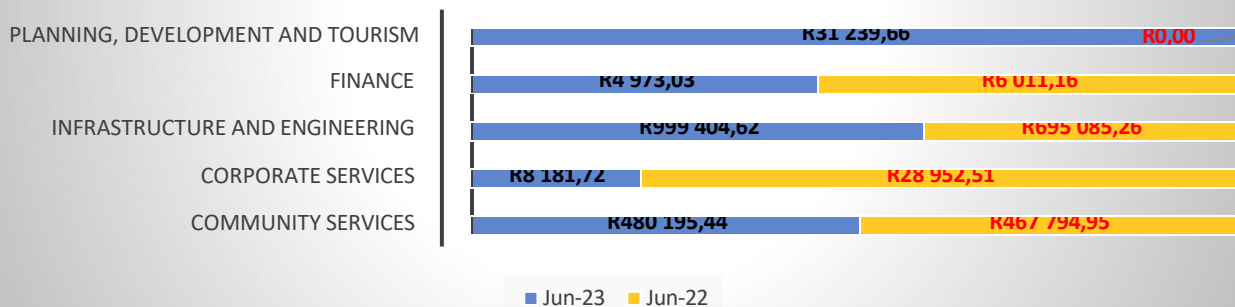
Standard Operating procedures will also be updated to assist the section in enhancing support to produce the best services to Kouga.

NO	POLICY
1	Succession and Career Pathing
2	Sexual Harassment Policy
3	Absenteeism and Reporting Absence from Work Policy
4	Acting Policy
5	Essential Car Scheme Policy
6	Occupational Health and Safety Policy
7	Leave Policy (Leave Management Policy)
8	Recruitment and Selection Policy
9	Scarce Skills
10	Subsistence and Traveling Policy
11	Training Policy
12	Vehicle Allowance Policy
13	Overtime Policy
14	Personal Protective Equipment Policy
15	Acting Policy for Section 57 Managers

3.26.7 STAFF COSTS

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%
2016/2017	824	R 672,685,052	R 224,583,364	33.39%
2017/2018	873	R 740,044,276	R 245,776,991	32.21%
2018/2019	924	R820, 968, 796	R274,158,400	33.39%
2019/2020	960	R902, 792, 776	R293,708,032	32.53%
2020/2021	904	R980, 060, 968	R335,334,005	34.22%
2021/2022	874	R1, 082, 359, 170	R343, 042, 304	31.69%
2022/2023	866	R1, 257, 001, 617	R355, 768, 121	28.30%

OVERTIME EXPENDITURE June 2023 vs June 2022



There was a slight increase in overtime in the Service Delivery departments due to the number of projects that was done and ensuring that the best possible services is delivered. The municipality also experienced a severe drought and the constant electrical power outages also needed more hours to be worked to ensure that we deliver the best possible services.

3.26.8 ICT GOVERNANCE



Kouga Local Municipality has identified improved connectivity as one of the critical strategic elements for the municipality. A process of implementing a new strategy is underway. The strategy is characterised by network efficiency, cost effectiveness, security, redundancy features and Disaster Recover features.

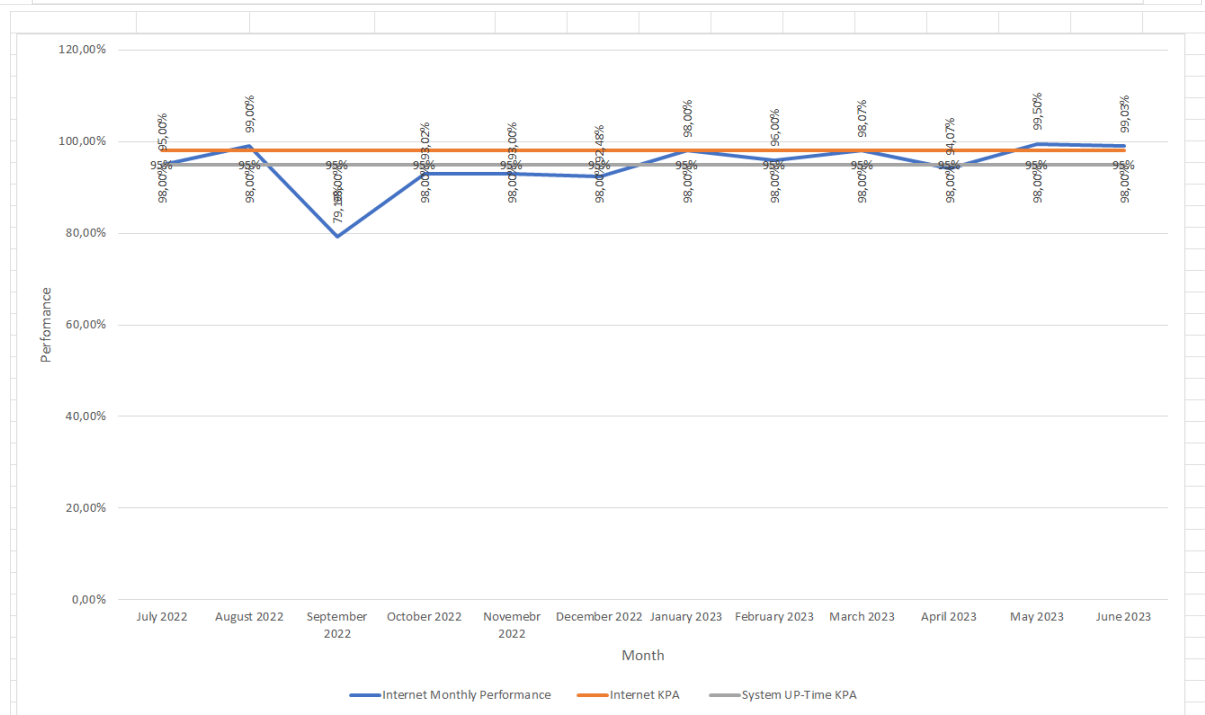
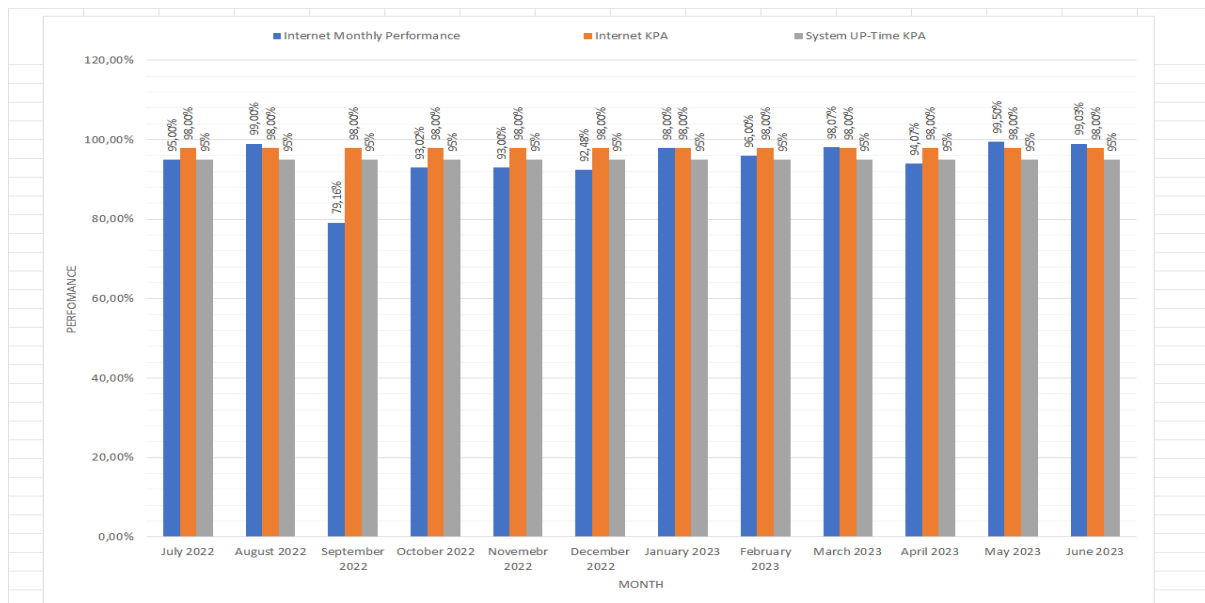
The Gamtoos Valley Area posed challenges in connectivity, which largely those challenges were caused by socio-economic issue in the area. Interventions were put in place to mitigate the risks associated with the challenges. KLM exploited the mobile telecommunications infrastructure to provide alternative communications network means to GV area. The strategy has proven to be very effective for the size of KLM operations in the area.

Loadshedding is a major risk to KLM Data Centre (Servers operations) which will affect systems availability KPA. Digital Services unit has resolved to put a special focus to transform the organisation towards the total Cloud Service strategy. The strategy will enable the ability for KLM to transact with systems directly from the Cloud instead of the local Server Room and make provision of Disaster Recovery Plan and Data Centre Continuity Plan for the KLM ICT systems.

The two mentioned strategies bring about opportunities for KLM to implement systems that help in improving KLM internal efficiencies and position the municipality for 4th Industrial Revolution readiness.

The municipality has started processes to implement projects that will revolutionize much of the KLM core-business operations and capabilities. Such projects will rely mostly on the stability of the ICT infrastructure (Cloud Services and Connectivity).

Upon the conclusion of the priority projects as discussed above, the following statistics will improve greatly. Which then will be one of the indicators for Digital Services performance.



The two graphs above show the performance of both the ICT Systems availability and Connectivity availability against the expectation. The drop in performance in other months is mostly caused by Loadshedding effect. It is for that reason that Digital Services has decided on the Cloud Services and SD WAN strategies which together are targeting minimum of 98% performance.

3.26.9 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, regulations, 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 ensuring legally compliant council resolutions resolved on by Council, avoiding litigation, mitigating legal risks, and safeguarding the municipality's interests.

Highlights

Highlight	Description
Functional Legal Services Department	No formal appeals lodged against the municipality regarding the award of tenders.
	The municipality once again managed to reduce contingent liability.
	Thanks to an ongoing strong HR component, Labour matters are dealt with speedily, within the confines of the law and with success to the Employer.
	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.
	The Legal Services functions continues to provide Council with a detailed Report on Legal Matters, allowing Council to effectively implement its oversight function.
	By-laws and Policies has been reviewed and/or approved in the 2022/23 financial year, standard operating procedure approved by for legal services department. We look forward to additional

Highlight	Description
	reviews of outdated by-laws and policies in the coming financial year, this is an ongoing exercise with the intention of updating the Municipal Code in line with the changing legislation, local government environment and precedent setting court judgements.
Panel of Legal Services Providers and legal matters instituted against the municipality	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. A new procurement process will be embarked upon in the 2023/24 financial year due to the termination of the 3-year contract period.
	The municipality started the year off with ten (10) litigation matters instituted against the municipality and closed the year off with eleven (11) matters instituted against the municipality.

**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	april@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@bonqwanaburns.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 KRETMANN	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@hjsproc.co.za	P O BOX 501, HUMANSDORP.6300 CORNER OF DU PLESSIS & KEMP STREET, HUMANSDORP, 6300

CHAPTER 4: FINANCIAL PERFORMANCE

COMPONENT A: FINANCIAL PERFORMANCE

4.1 FINANCIAL HEALTH OVERVIEW

To provide an overview of the financial outcomes for the 2022/23 financial year, it is necessary to compare the 2022/23 Adjustments Budget, the actual financial results, the actual cash inflows and outflows, and the actual expenditure and revenue trends for the period, 1 July 2022 to 30 June 2023.

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 1,174 billion, whilst actual operating expenditure amounted to R 1,257 billion, resulting in an actual operating deficit of R 82,702 million. The 2022/23 Adjustments Budget for operating revenue (excluding capital grants) amounted to R 1,057 billion, whilst operating expenditure amounted to R 1,178 billion, resulting in a budgeted deficit of R 121,716 million.

It should be noted that the 2022/23 actual operating revenue of R 1,277 billion, includes an amount of R 102,222 million, which relates to capital grants.

The following, however, needs to be noted:

Property Rates (refer to AFS page 8 & 13)

The actual property rates revenue raised amounted to R 259,514 million (109.62%), compared to the Adjustments budgeted amount of R 236,747 million.

Service charges – Electricity Revenue (refer to AFS page 78, note 21)

The actual electricity revenue raised, amounted to R 306,477 million (87.51%), compared to the Adjustments budgeted amount of R 350,201 million.

Service charges – Water Revenue (refer to AFS page 78, note 21)

The actual water revenue raised, amounted to R 117,400 million (132.54%), compared to the Adjustments budgeted amount of R 88,580 million.

Service charges – Sanitation Revenue (refer to AFS page 78, note 21)

The actual sanitation revenue raised, amounted to R 61,797 million (103.95%), compared to the Adjustments budgeted amount of R 59,450 million.

Service charges – Refuse Revenue (refer to AFS page 78, note 21)

The actual refuse revenue raised, amounted to R 61,945 million (99.48%), compared to the Adjustments budgeted amount of R 62,269 million.

Property Rates and Services Revenue: (refer to AFS page 8, 13, note 21)

Description	2022/23 Financial Year		
	Adjusted Budget (Including Indigent Subsidies)	Actuals as at 30 June 2023 (Including Indigent Subsidies)	Variance
R thousands			
Revenue By Source			
Property rates	236 747	259,514	(22,767)
Service charges revenue	560 500	547,619	12,881
Service charges - electricity revenue	350 201	306,477	43,724
Service charges - water revenue	88 580	117,400	(28,820)
Service charges - sanitation revenue	59 450	61,797	(2,347)
Service charges - refuse revenue	62 269	61,945	324
Total	797,247	807,133	(9,886)

Fines, Penalties and Forfeits: (refer to AFS page 8 & 13)

The actual revenue amounted to R 132,921 million (2050.06%), compared to the adjustments budgeted amount of R 6,484 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 & 13)

The actual revenue amounted to R 2,570 million (89.71%), compared to the adjustments budgeted amount of R 2,865 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 & 13)

The actual revenue amounted to R 279,561 million (100.03%), compared to the Adjustments budget amount of R 279,471 million.

Licences and Permits: (refer to AFS page 8 & 13)

The actual licences and permits revenue amounted to R 9,872 million (117.57%), compared to the adjustments budgeted amount of R 8,397 million.

Licences and permits mostly relate to motor vehicle drivers, and learners' licences. The licences and permits revenue are slightly higher than anticipated, compared to the adjusted budget amount.

Interest Earned – External Investments: (refer to AFS page 8, 13 and note 25)

The actual interest earned – external investments amounted to R 6,824 million (223.23%), compared to the adjustments budgeted amount of R 3,057 million. This is largely influenced by the extent of municipal investment portfolio.

Interest Earned – Outstanding Debtors: (refer to AFS page 8, 13 and note 25)

The actual interest earned – outstanding debtors amounted to R 23,974 million (119.24%), compared to the adjustments budgeted amount of R 20,106 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 & 13)

The actual sales of goods and rendering of services revenue amounted to R 9,188 million (97.70%), compared to the Adjustments budgeted amount of R 9,405 million.

Operational Revenue: (refer to AFS page 8 & 13)

The actual operational revenue amounted to R 1,200 million (4.71%), compared to the Adjustments budgeted amount of R 25,474 million. Operational revenue is mainly influenced by a budgeted amount of R 23, 085 million for housing projects refund which never materialised.

Employee Related Costs: (refer to AFS page 8 & 13)

Employee related costs amounted to R 355,768 million (86.95%), compared to the adjustments budgeted amount of R 409,183 million.

Remuneration of Councillors: (refer to AFS page 8 & 13)

The remuneration of councillors amounted to R 13,700 million (95.38%), compared to the adjustments budgeted amount of R 14,364 million.

Depreciation and Amortization: (refer to AFS page 8 & 13)

The Depreciation and Amortization amounted to R 101,358 million (97.60%), compared to the adjustments budgeted amount of R 103,850 million.

Impairment losses: (refer to AFS page 8 & 13)

Bad debts are written off upon Council's approval. Debt impairment amounted to R 228,882 million (560.06%), compared to the adjustments budgeted amount of R 40,868 million.

Impairment losses mostly relate to allowance for bad debts raised against property rates and services charges (water, sanitation, refuse and electricity) debtors and includes impairment for traffic fines issued. The impairment losses are largely influenced by the traffic fines impairment provision which was budgeted for.

Bulk Purchases - Electricity: (refer to AFS page 8 & 13)

The Bulk purchases electricity amounted to R 291,888 million (89.56%), compared to the Adjustments budgeted amount of R 325,900 million.

The variance relates to the impact of load-shedding as well as consumers using less municipal electricity as a result of own generation.

Inventory Consumed: (refer to AFS page 8 & 13)

The inventory consumed amounted to R 91,082 million (100.44%), compared to the Adjustments budgeted amount of R 90,680 million.

Interest, Dividends and Rent on Land Earned: (refer to AFS page 8 & 13)

The Interest, Dividends and Rent on Land Earned amounts to R 8,059 million (280.28%), compared to the Adjustments budgeted amount of R 2,875 million.

This relates to finance costs for the finance lease. The variance of R 5,183 million relates to the interest raised for the landfill site provision which was not budgeted for.

Contracted Services: (refer to AFS page 8 & 13)

The contracted services amounted to R 87,317 million (86.21%), compared to the Adjustments budgeted amount of R 101,288 million.

Contracted services are broken down as follows:

Item Description	Adjusted Budget 2022/23	Actuals as at 30 June 2023	%
Amanzi Challenge National Tournament	300 000	300 000	100,00%
Animal Care	485 000	483 372	99,66%
Audit of Municipal Land & Properties	300 000	-	0,00%
Boreholes Investigation - Thornhill	50 420	17 394	34,50%
Burial Services	30 000	11 950	39,83%
Calamari Festival	200 000	200 000	100,00%
Catering Services	882 323	732 035	82,97%
Clearing and Grass Cutting Services	1 829 999	1 832 555	100,14%
Concours Sur Mesure	250 000	250 000	100,00%
Consultants and Professional Services	6 178 594	3 813 287	61,72%
Destination Marketing and Promotion	291 000	169 862	58,37%
Drivers Licence Cards	500 000	1 516 691	303,34%
Dune Stabilisation	1 000 000	1 019 306	101,93%
Electricity Generation Project	819 800	596 350	72,74%
Employee Wellness	321 000	305 378	95,13%
ERF554 SUB DIVISION AND REZONING	200 000	28 143	14,07%
Event Promoters	100 000	97 945	97,94%
FMG-Data cleansing	771 634	771 726	100,01%
Hankey Precinct Plan Development	985 000	621 830	63,13%
Housing Panel of Professional Team	330 000	313 586	95,03%
Internal Auditors	255 000	29 095	11,41%
Ironman Tournament	165 000	111 000	67,27%
KLTO	300 000	300 000	100,00%
Kouga Tourism Indaba	364 280	301 909	82,88%
Laboratory Services:Water	2 683 500	1 607 584	59,91%
Land Availability and Readiness for Strategic Projects	200 000	-	0,00%
Land Valuations, Surveyor & Planning Services	150 000	43 778	29,19%
Legal Advice and Litigation	5 400 000	3 557 433	65,88%
Legal Cost:Collection	1 299 059	960 785	73,96%
Litter Picking and Street Cleaning	408 000	400 670	98,20%
Maintenance of Buildings and Facilities	5 921 999	6 252 558	105,58%
Maintenance of Electrical Infrastructure	3 140 517	2 998 657	95,48%
Maintenance of Equipment	658 779	498 373	75,65%
Maintenance of Sanitation Infrastructure	3 909 073	2 914 405	74,55%
Maintenance of Vehicles	7 654 189	6 869 150	89,74%
Maintenance of Water Infrastructure	2 045 790	1 412 140	69,03%
Occupational Health and Safety	1 192 850	946 943	79,38%
Other Contracted Services	1 591 550	2 911 886	182,96%
Payroll data cleansing	1 000 000	919 165	91,92%
Personnel and Labour	13 644 869	10 055 772	73,70%
PM: Special Projects	50 000	-	0,00%
Qualification Verification	1 120 000	881 760	78,73%
Roads Maintenance	11 440 673	10 776 300	94,19%
Security Services	4 658 920	4 895 455	105,08%
Special Rating Area	9 270 034	8 386 899	90,47%
Summer Festival	630 000	630 000	100,00%
Township Events	150 000	150 000	100,00%
Transport Services	459 340	204 095	44,43%
Valuer	3 600 000	3 132 663	87,02%
Winterfest	1 600 000	1 586 957	99,18%
Yellow Wood Annual Jazz Festival	500 000	500 000	100,00%
	101 288 192	87 316 841	86,21%

Operating Leases: (refer to AFS page 8 & 13)

The operating leases amounted to R 6,814 million (98.25%), compared to the Adjustments budgeted amount of R 6,935 million.

The operating leases relate to the rental of photocopy machines, IT related network equipment and other assets.

Operational Costs: (refer to AFS page 8 & 13)

The operational costs amounted to R 70,112 million (85.85%), compared to the Adjustments budgeted amount of R 81,670 million.

Operational Costs are broken down as follows:

Item Description	Adjusted Budget 2022/23	Actuals as at 30 June 2023	%
Achievements and Awards	3 994 775	3 831 001	95,90%
Advertising, Publicity and Marketing	3 412 224	3 156 572	92,51%
Bank Charges	900 000	1 108 359	123,15%
Bargaining Council	3 913 185	3 553 325	90,80%
Cellular Contract (Subscription and Calls)	2 896 864	2 481 378	85,66%
Claims paid to Third Parties	300 000	108 873	36,29%
External Audit Fees	4 500 000	3 995 409	88,79%
External Computer Service:Internet Charge	6 942 977	4 718 758	67,96%
Hire Charges	10 865 558	8 255 063	75,97%
Insurance Claims	1 200 000	804 977	67,08%
Insurance Underwriting:Premiums	3 945 026	3 714 135	94,15%
Motor Vehicle Licence and Registrations	1 605 030	1 029 438	64,14%
Other	897 837	764 042	85,10%
Postage/Stamps/Frinking Machines	2 311 500	2 065 076	89,34%
Printing, Publications and Books	1 209 325	977 804	80,86%
Registration Fees:Professional and Regulatory Bodies	347 725	208 198	59,87%
Registration Fees:Seminars, Conferences, Workshops	2 072 511	1 568 520	75,68%
Remuneration to Ward Committees	2 241 923	2 962 848	132,16%
Riparian Levies	6 280 241	6 348 420	101,09%
Signage	525 518	453 753	86,34%
Skills Development Fund Levy	3 398 919	3 473 067	102,18%
Software Licences	3 170 800	2 620 857	82,66%
Storage of Files (Archiving)	100 000	53 307	53,31%
Supplier Development Programme	24 301	24 300	100,00%
Third Party Vendors	5 500 000	3 631 415	66,03%
Travel and Subsistence	2 663 696	1 996 024	74,93%
Uniform and Protective Clothing	3 921 459	3 335 801	85,07%
Vehicle Tracking	754 565	893 730	118,44%
Workmen's Compensation Fund	1 774 003	1 977 511	111,47%
Total	81 669 962	70 111 961	85,85%

Conclusion:

The Municipality recorded an actual operating surplus of R 19,520 million, compared to the adjustments budgeted deficit of R 20,481 million.

4.1.2 STATEMENT OF FINANCIAL POSITION (refer to AFS page 7)

Net Assets: (refer to AFS page 7)

Net Assets increased from R 2,081 billion (2021/22) to R 2,101 billion (2022/23) due to the following:

Non-current Liabilities: (refer to AFS page 7)

Finance lease payables increased from R 21,944 million in 2021/22 to R 24,202 million in 2022/23, due to additional finance lease recognised during the 2022/23 financial year.

The Employee Benefit Liabilities increased during the 2022/23 financial year, based on an actuarial valuation.

The liabilities consequently increased from R 105,496 million in 2021/22 to R 106,638 million in 2022/23. The Employee Benefit Liabilities consist of Post-Retirement Health Care Benefits and Ex-Gratia Pensions.

Non-current Provisions increased from R 106,420 million in 2021/22 to R 110,110 million in 2022/23, 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 7,089 million in the net assets of the municipality.

Current liabilities:

Consumer Deposits (refer to AFS page 7)

Consumer deposits increased from R 23,673 million in 2021/22 to R 29,060 million in 2022/23.

Consumer deposits relate to deposits paid by consumers for water, electricity, building plans and for rental of municipal properties and are mainly influenced by an increase in new applications for water and electricity connections.

Provisions (refer to AFS page 7)

The current provisions increased from R 43,631 million in 2021/22 to R 45,898 million in 2022/23, and the increase is mainly due to leave, and long service awards provisions recognised during the 2022/23 financial year.

Unspent conditional grants and receipts (refer to AFS page 7 & note 20)

Unspent conditional grants amount to R 28,994 million recognised during the 2022/23 financial year and no unspent condition grants recognised during the prior year, 2021/22 financial year.

Lease payables (refer to AFS page 7)

Lease payables increased by R 0,834 million from R 10,508 million in 2021/22 to R 11,342 million in 2022/23. This is attributable to additional finance lease recognised during the 2022/23 financial year.

Payables – Exchange Transactions (refer to AFS page 7)

Payables from Exchange Transactions have increased by R 20,640 million from R 105,579 million in 2021/22 to R 126,219 million in 2022/23.

Employee benefit liabilities (refer AFS page 7)

The employee benefit liabilities Increased by R 1,111 million from R 7,444 million in 2021/22 to R 8,555 million in 2022/23.

The net result is that the increase in Current liabilities, accounted for a movement of R 59,234 million in the Net Assets of the Municipality.

Non-current Assets: (refer to AFS page 7)

Property, Plant and Equipment decreased from R 2,066 billion in 2021/22 to R 2,054 billion in 2022/23.

Intangible Assets decreased from R 0,870 million in 2021/22 to R 0,603 million in 2022/23.

Investment Property remained the same at R 262,608 million.

The net result is that the decrease in non-current assets accounted for a movement of R 12,747 million in the Net Assets of the Municipality.

Current Assets:

Inventories (refer to AFS page 7)

Inventories increased by R 1,548 million from R17,050 million in 2021/22 to R 18,598 million in 2022/23.

Receivables from exchange transactions (refer to AFS page 7 and 41 note 2)

The increase in receivables amounted to R 13,046 million, or 20.39%, when compared to the previous financial year.

Year	Gross Balances	Impairment Allowance	Carrying Amount
	R	R	R
2021/22	293 945 098	229,960,538	63,984,559
2022/23	386 280 711	309 250 603	77 030 108
Increase	92,335,613	79,290,065	13,045,549

Statutory Receivables from Exchange transactions (refer to AFS page 7)

The Statutory Receivables from exchange transactions decreased by R 6,784 million from R 52,206 million in 2021/22 to R 45,422 million in 2022/23.

Statutory Receivables from Non-Exchange transactions (refer to AFS page 7)

The Statutory Receivables from non-exchange transactions increased by R 13,739 million from R 15,276 million in 2021/22 to R 29,015 million in 2022/23.

Cash and Cash Equivalents (refer to AFS page 7)

Cash and cash equivalents increased by R 77,084 million from R 27,851 million in 2021/22 to R 104,935 million in 2022/23.

Lease Receivables (refer to AFS page 7)

Lease Receivables decreased from R 0,153 million in 2021/22 to R 0,109 million in 2022/23.

The net result is that the increase in Current assets accounted for a movement of R 98,590 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 increased by R 77,084 million (276.77%) from R 27,851 million in 2021/22 to R 104,935 million in 2022/23.

Current Liabilities increased by R 59,234 million (31.04%) from R 190,835 million in 2021/22 to R 250,068 million in 2022/23.

Current assets increased by R 98,590 million (55.85%) from R 176,519 million in 2021/22 to R 275,109 million in 2022/23.

4.1.3 FINANCIAL INDICATORS

The following ratios reflect the municipality's relative financial viability and sustainability:

Borrowing Management		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	Actual as at 30 June 2023
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	1.78%	1.21%	1.22%	1.13%	1.04%	1.21%
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 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	Actuals as at 30 June 2023

Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.02	0.01	0.01	0.01	0.01	0.01
Current Ratio	Current assets / current liabilities	1.58	1.44	1.26	1.07	0.51	0.78
Liquidity Ratio	Monetary assets / current liabilities	0.75	0.87	0.61	0.34	0.15	0.42
Annual Debtors Collection Rate	Billed Revenue / Received Revenue	90.73%	97.62%	95.42%	95%	94.32%	86.71%

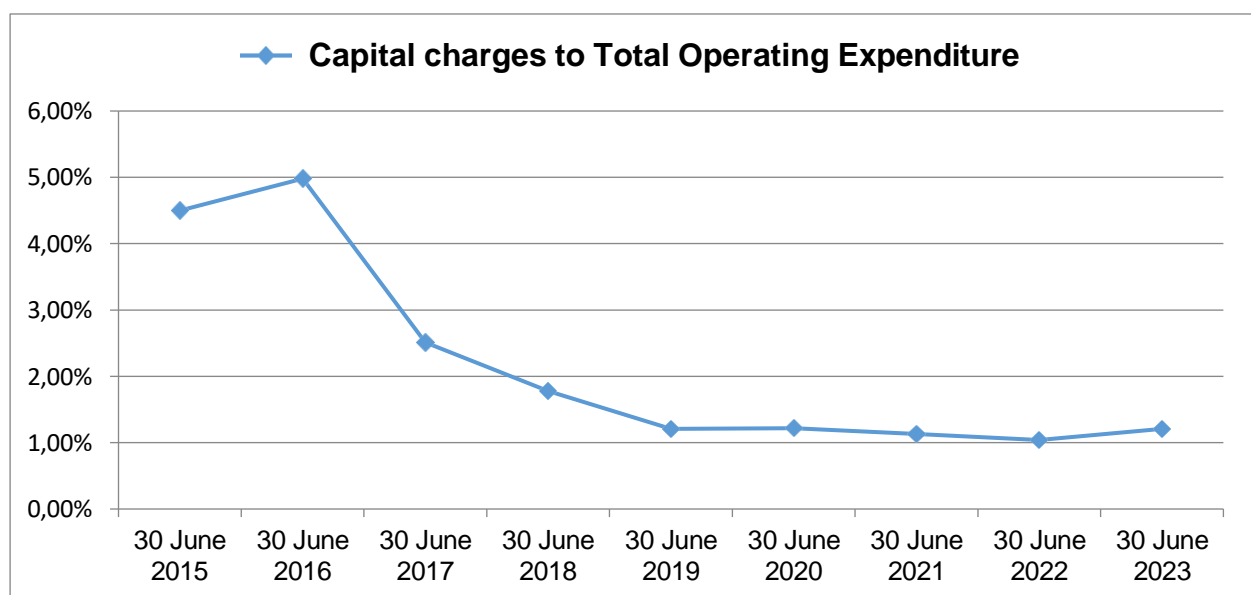
The above table is discussed in detail below.

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 1.21% of the Total Operating Expenditure was utilised for capital charges as at 30 June 2023, whilst the Municipality's audited ratio as at 30 June 2022 was 1.04%.



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 2023, the was 0% as no capital expenditure was funded from borrowings, whilst the Municipality's audited ratio as at 30 June 2022 was also 0%.

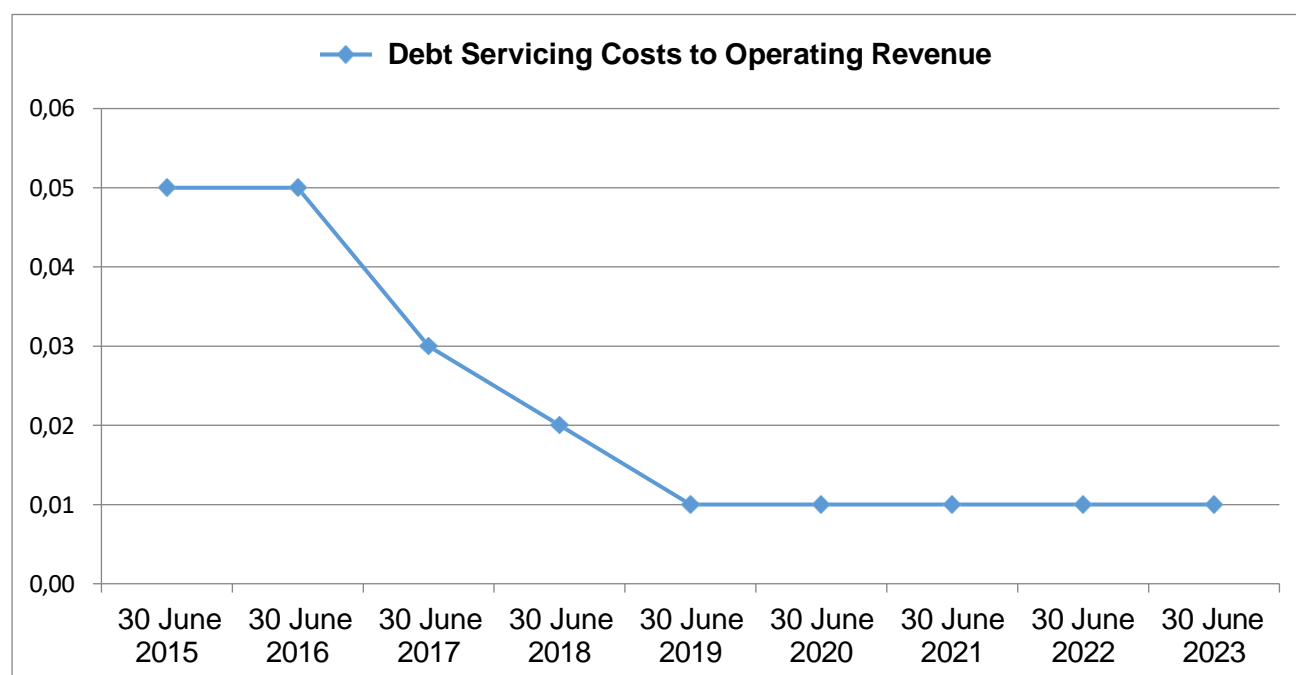
4.1.3.3 DEBT SERVICING COST TO OPERATING REVENUE RATIO

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:

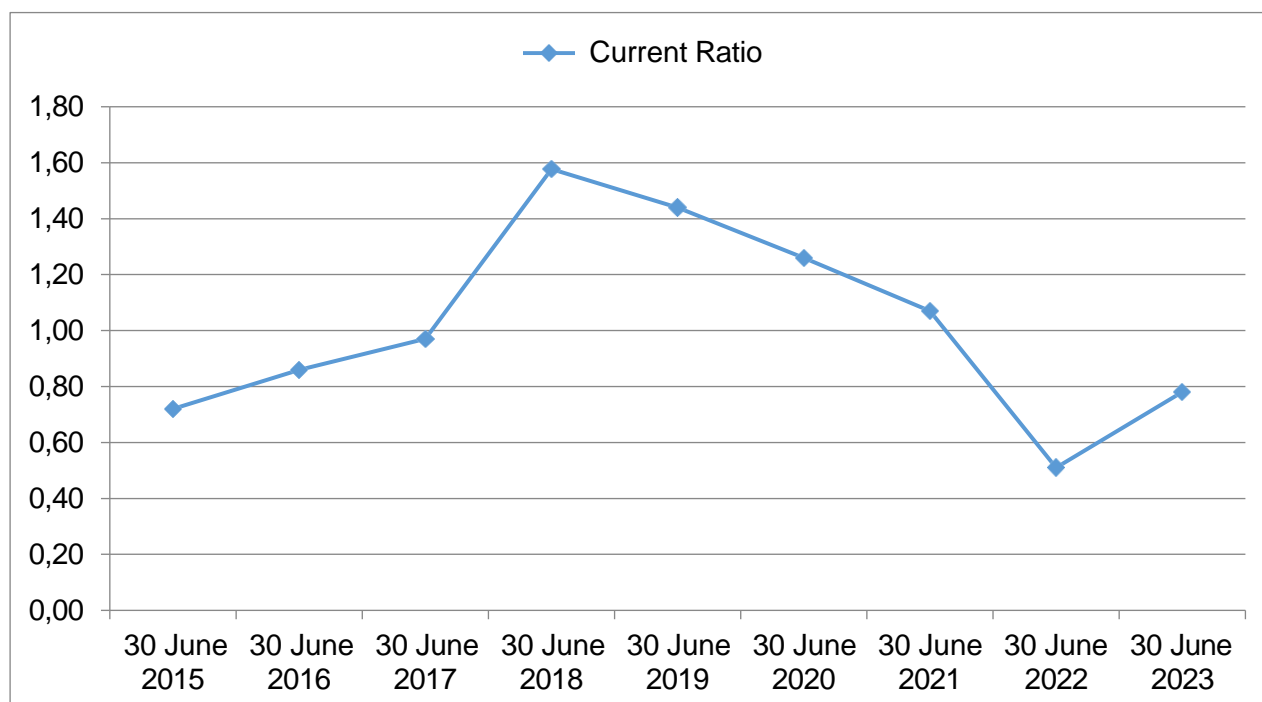
Current assets/Current liabilities

As at 30 June 2023, the Ratio was 0.78:1, whilst the Municipality's audited ratio as at 30 June 2022 was 0.51:1

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

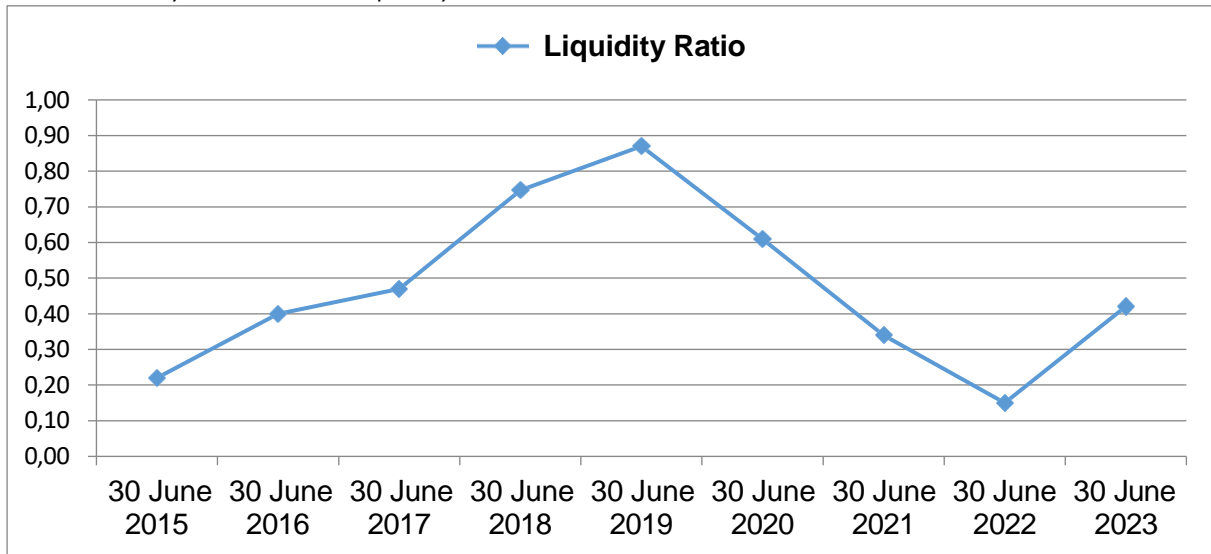
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 2023 was 0.42:1, whilst the Municipality's audited ratio as at 30 June 2022 was 0.15:1.

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

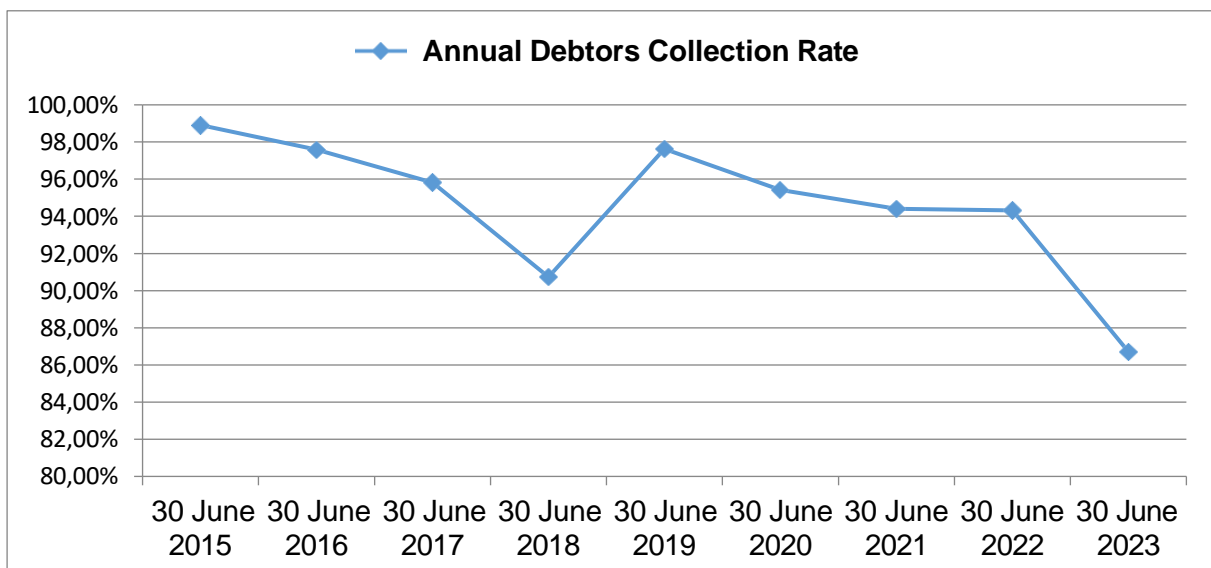
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

The ratio to determine the percentage collection rate is as follows:

$$\text{Total Payments Received in Current month} / \text{Total Value of Accounts Rendered in the Previous Month} \times 100$$

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 2023 was 86.71%, compared to the average collection rate of 94.32% for the 2021/22 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.

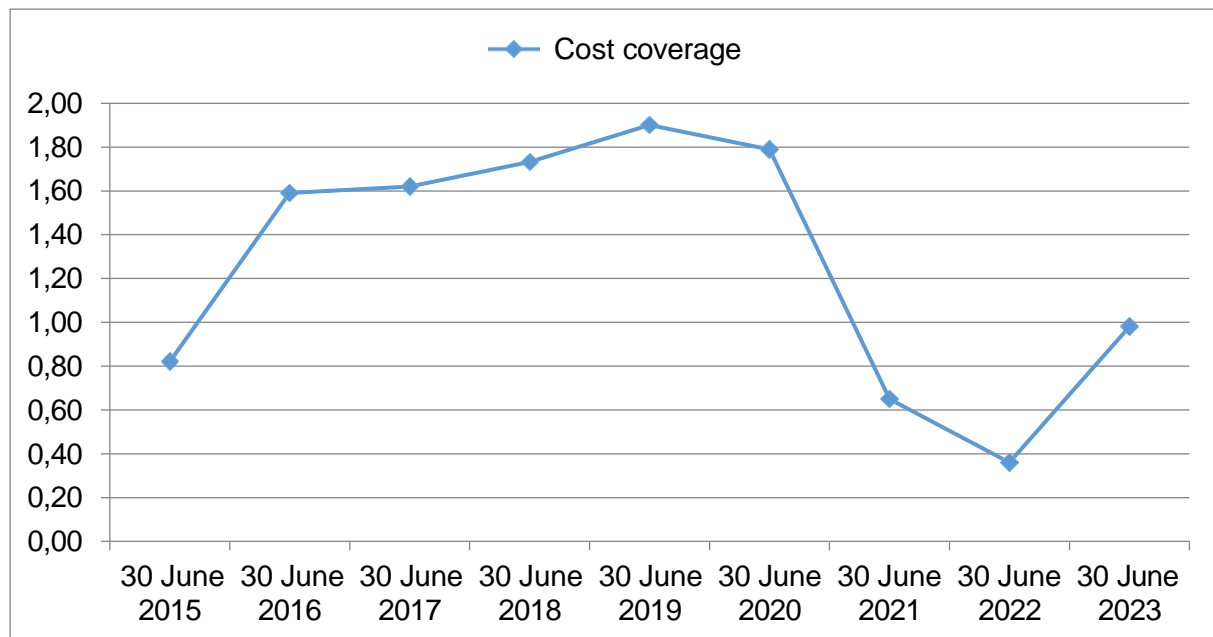
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 2023, the Ratio was 0.98 months, whilst the Municipality's audited ratio as at 30 June 2022 was 0.36 months.

In terms of MFMA Circular No. 71, the norm is 1 month to 3 months.



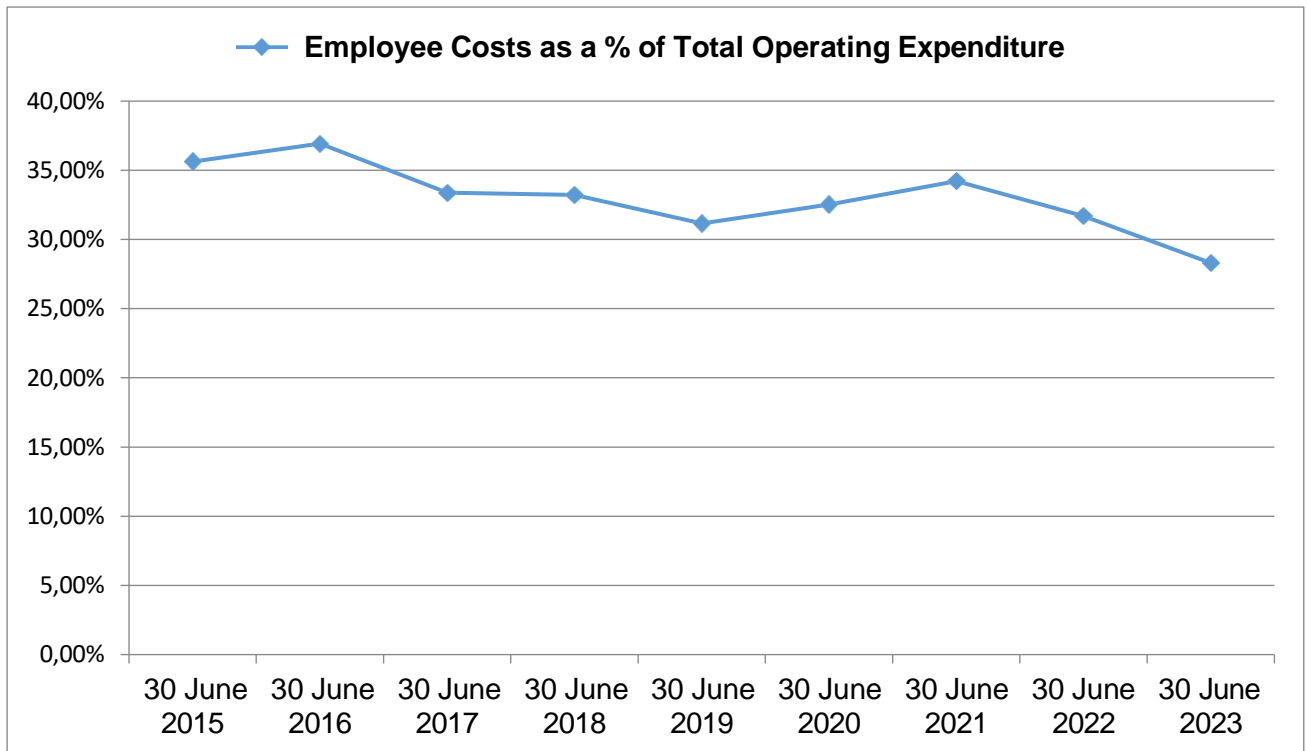
4.1.3.8 EMPLOYEE COSTS AS A % OF TOTAL OPERATING EXPENDITURE

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 2023, Employee Related Costs constituted 28.30% of the Total Operating Expenditure, whilst the Municipality's audited ratio as at 30 June 2022 was 31.69%.

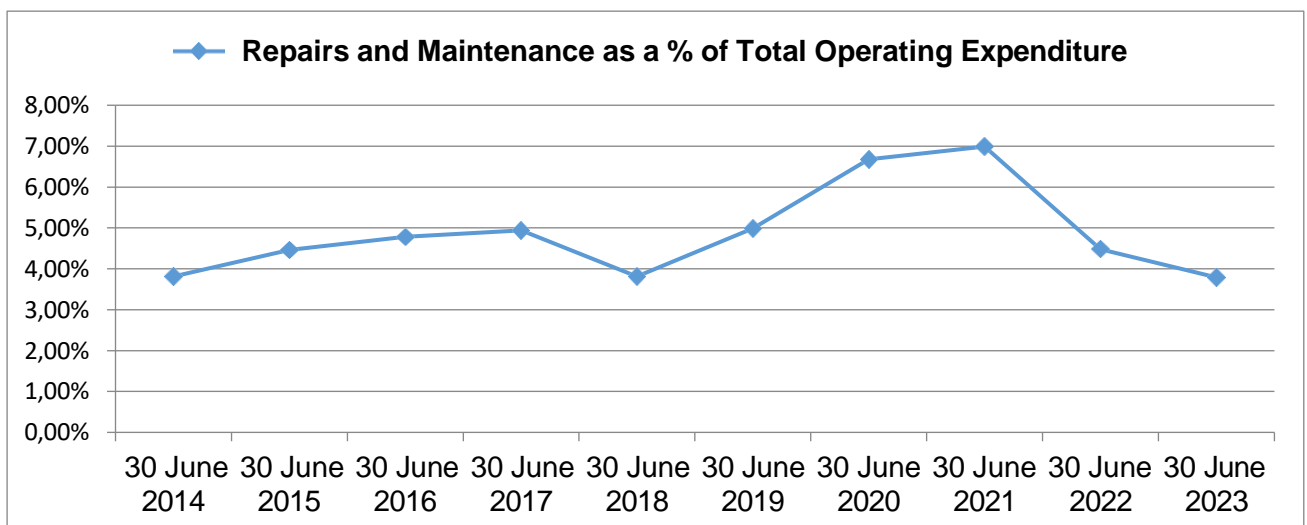


4.1.3.9 REPAIRS AND MAINTENANCE AS A % OF TOTAL OPERATING EXPENDITURE

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:

Repairs and maintenance expenditure to date / Total Operating Expenditure to date.

As at 30 June 2023, the Ratio was 3.79%, compared to the Municipality's audited ratio of 4.32% as at 30 June 2022.



4.1.3.10 REPAIRS AND MAINTENANCE AS A % OF THE BOOK VALUE OF PROPERTY PLANT AND EQUIPMENT (PPE)

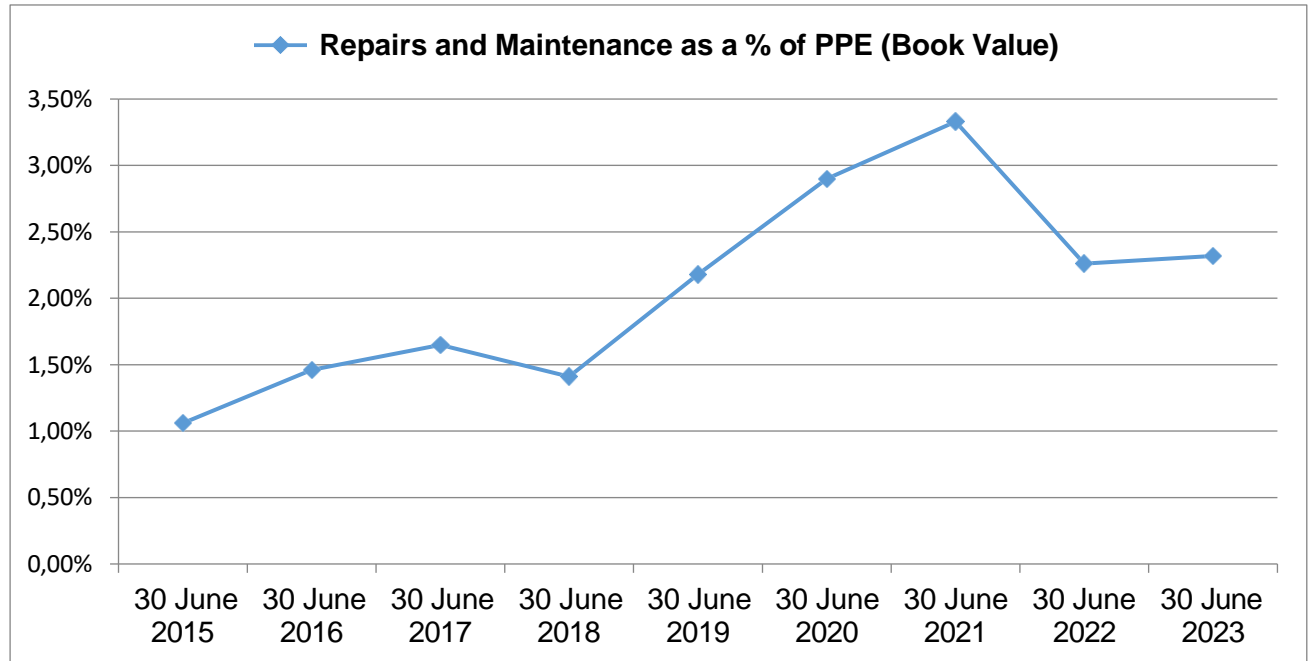
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Book value of PPE to date

As at 30 June 2023, repairs and maintenance expenditure constituted 2.32% of the book value of PPE. The Municipality's audited ratio as at 30 June 2022 was 2.26%. In

terms of the MFMA Circular No.71, the norm is 8%.



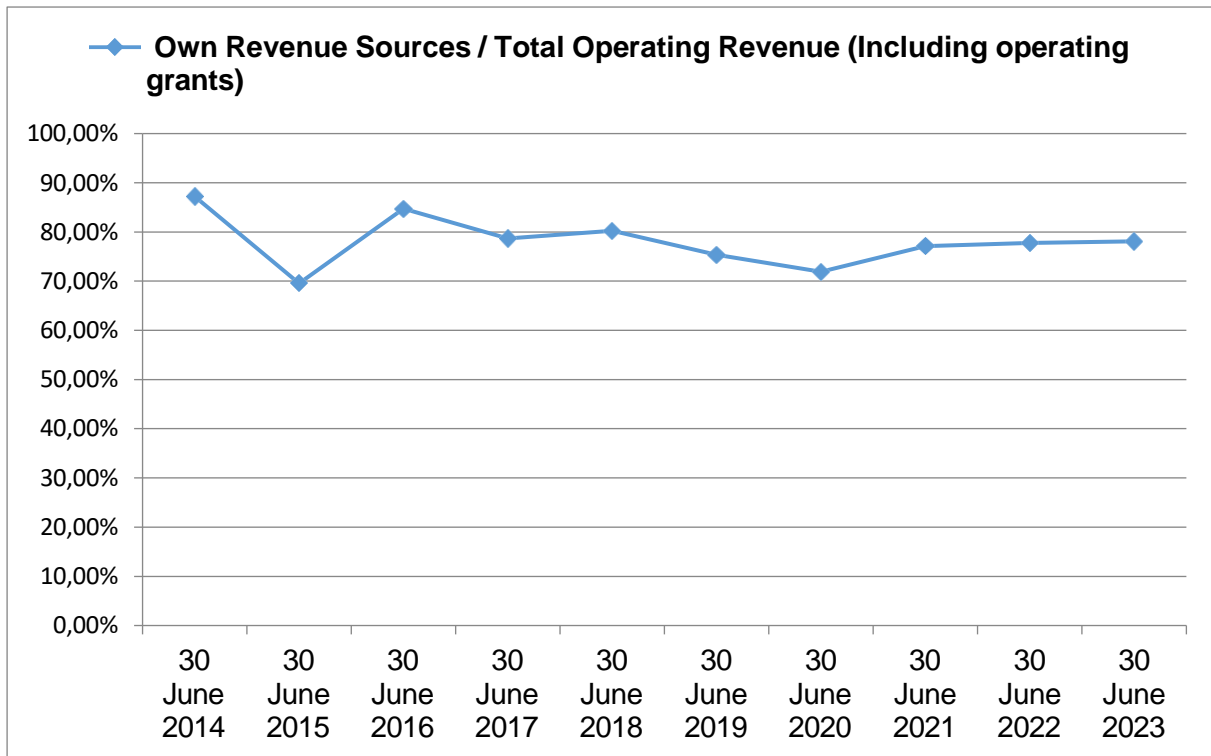
4.1.3.11 OWN REVENUE GENERATION

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 2023, the Municipality's own revenue sources constituted 78.10% of its total Operating Income. The Municipality's audited ratio as at 30 June 2022 was 77.76%.



COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

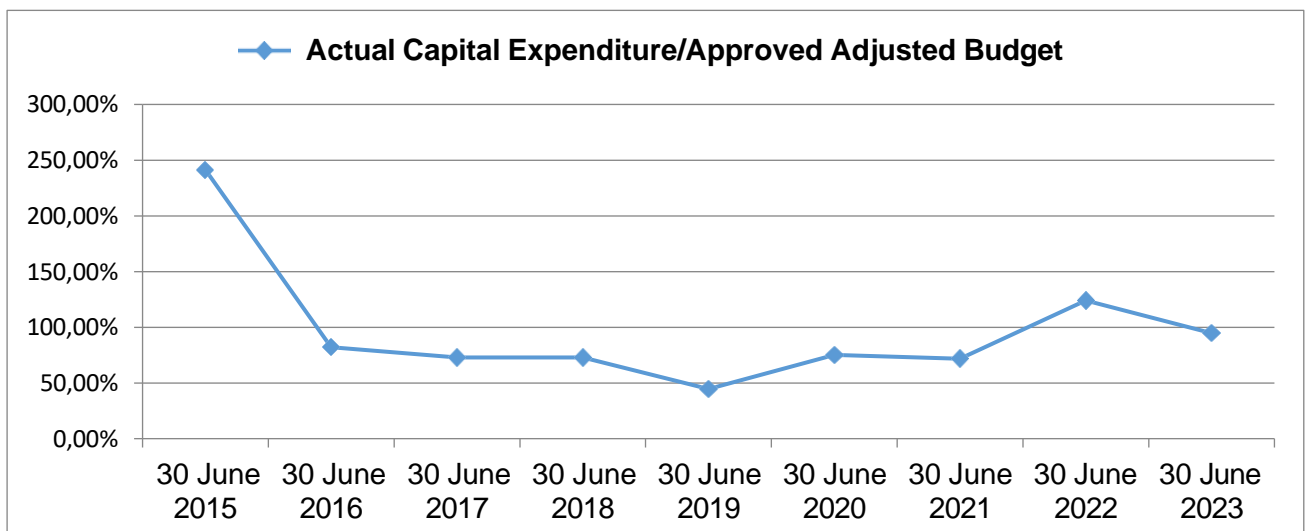
4.2 CAPITAL BUDGET SPENDING

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 2023 amounted to 94.66%, compared to the 2022/23 Capital Adjustments Budget. The Municipality's audited ratio as at 30 June 2022 was 123.92%.



4.3 FINANCIAL VIABILITY AND MANAGEMENT

	Indicator Name			
1.	Status of Audit Outcome (2022/23)	Unqualified		
2.	Submission of AFS after the end of the financial year	Draft AFS submitted by 31 August 2023		
	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 (2022/23)
3.	Percentage of expenditure of Capital Budget	95%	123.92%	94.66%
	Indicator Name	Operational Budget for the 2022/23 year	Amount spent on employee related cost & Councillor remuneration (Expenditure on salaries budget) against operational budget.	Achievement Percentage during the year
4.	Percentage of salary budget as of total operational budget	1,178,338,613	R 369,468,258	31.36%
	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		126 219 323	164.48%

		76 739 860		
	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	878,386,756	996,960,951	113.50%
	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	344,313,346	447,561,182	29.99%
	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	35,891,000	35,891,000	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	The Audit Committee is fully functional		

4.3.1 ARREARS IN PROPERTY RATES AND SERVICE CHARGES

(Refer to pages 41 to 48 of the Annual Financial Statements)

COMPONENT D OTHER FINANCIAL MATTERS

NONE

Report of the auditor-general to 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 on page 318 ("Annexure U" pages 1 to 116), which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net asset, cash flow statement and statement of comparison of budget information with actual information 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 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management of South Africa 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTERS

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

ALLOWANCE FOR IMPAIRMENTS

7. As disclosed in notes 2 and 4 to the financial statements, receivables from exchange transactions and statutory receivables from non-exchange transactions had a provision

for impairment of R309,25 million (2021-22: R229,96 million) and R152,62 million (2021-22: R71,29 million), respectively.

MATERIAL LOSSES

8. As disclosed in note 43.1.8 to the financial statements, the municipality incurred material losses relating to water and electricity of R19,49 million (2021-22: R42,03 million) and R19,68 million (2021-22: R21,08 million), respectively.

RESTATEMENT OF CORRESPONDING FIGURES

9. As disclosed in notes 39 and 40 to the financial statements, the corresponding figures for 30 June 2022 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 2023.

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 Generally Recognised Accounting Practice 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 is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 audit of the annual performance report

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

17. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected development priorities that measure the Municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Development priority	Page numbers	Purpose
Basic service delivery & infrastructure	261-266	The purpose of this development priority is to manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs
Municipal financial viability and management	270-275	The purpose of this development priority is to manage and develop financial services to ensure financial viability, compliance and reporting

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

19. I performed procedures to test whether:

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

- the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.
20. I performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the selected development priorities.

OTHER MATTERS

22. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

23. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

MATERIAL MISSTATEMENTS

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure and municipal financial viability and management. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

29. A performance management system was not adopted, as required by municipal planning and performance management regulation 8. As the performance management system developed did not clarify the roles and responsibilities of each roleplayer in the system as required by MSA sections 40 and 41, and municipal planning and performance management regulations.
30. 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 in the annual report

31. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
32. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
33. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. 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

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
36. The matters reported below are limited to the significant internal control deficiencies that resulted in material findings on compliance with legislation included in this report.
37. The municipality's leadership did not adequately discharge its oversight responsibilities in relation to performance information, as material misstatements were identified on performance reporting, which were initially reported in the previous financial year and

management did not implement the recommendations provided to prevent the recurrence of the findings.

38. Management did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities, as a result material misstatements were identified on the annual performance report due to a lack of review and implementation of the performance management controls.

East London

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J (1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)

Legislation	Sections or regulations
and Managers directly Accountable to Municipal Managers, 2006	
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

5.1.1 AUDITOR GENERAL REPORT: 2021/22

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

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

11. 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.
12. 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

13. 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.
14. 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

15. 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.
16. 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.

17. 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

18. 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.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected development priority.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. 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

22. 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

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality’s compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

25. 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

26. 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

27. 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.
28. 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.
29. 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.
30. 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

31. 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.

32. Leadership was slow in responding to previous audit recommendations and did not implement adequate review processes over performance reporting.
33. 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.
34. 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.

Auditor-General

East London
30 November 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

5.2

AUDIT CORRECTIVE ACTION PLAN

DETAILS OF THE FINDING	ACTION	RESPONSIBLE PERSON
As disclosed in note 2 and 4 to the financial statements, receivables from exchange transactions and statutory receivables from non-exchange transactions had a provision for impairment of R309,25 million (2021-22:R229,96 million) and R 152,62 million (2021-22: R71,29 million) respectively.	CFO and revenue manager must develop debt reduction plan tabled to council by 31 March 2023, implement and monitor the plan on a monthly basis.	REVENUE MANAGER
As disclosed in note 43.1.8 to the financial statements, the municipality incurred material losses relating to water and electricity of R19,49 million (2021-22: R42,03 million) and R19,68 million (2021-22: R21,08 million), respectively.	A plan to reduce electricity and water losses has been developed. The Director Infrastructure and Engineering and Director Electricity must table the plan to council BY 31 March 2024, implement the plan and monitor the plan on a monthly basis	DIRECTOR CWS & DIRECTOR EM
As disclosed in note 39 and 40 to the financial statements, the corresponding figures for 30 June 2022 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 2023.	No further action required.	ALL
In terms of section 125(2)(e)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.	ALL
A performance management system was not adopted, as required by municipal planning and performance management regulation 8. As the performance management system developed did not clarify the roles and responsibilities of each roleplayer in the system as required by MSA sections 40 and 41, and municipal planning and performance management regulations.	Implementation and monitoring over the controls should be actioned.	PERFORMANCE MANAGER

DETAILS OF THE FINDING	ACTION	RESPONSIBLE PERSON
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.	PERFORMANCE MANAGER
The municipality did not adequately discharged its oversight responsibilities in relation to performance information, as material misstatements were identified on performance reporting, which were initially reported in the previous financial year and management did not implement the recommendations provided to prevent the recurrence of the findings.	Implementation and monitoring over the controls should be actioned.	PERFORMANCE MANAGER
Management did not establish and communicate policies and procedures to enable and support understanding and execution of Internal control objectives, processes and responsibilities as a result material misstatements were identified on the annual performance report due to lack of review and implementation of the performance management controls.	Implementation and monitoring over the controls should be actioned.	PERFORMANCE MANAGER

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCIL MEETING ATTENDANCE (July 2022 to June 2023)

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	Community Services	PR	DA	94%	0	1
	Infrastructure and Engineering Services					
	Corporate and Digital Services					
	Planning, Development and Tourism					
	Monitoring and Evaluation					
	Finance					
H. Hendricks(resigned June 2023)	Corporate and Digital Services	PR	DA	100%	0	0
	Planning, Development and Tourism					
	Monitoring and Evaluation					
	Community Services					
	Finance					
	Infrastructure and Engineering Services					
B. Williams	Corporate and Digital Services	PR	DA	94%	1	0
	Planning, Development and Tourism					
	Monitoring and Evaluation					
	Community Services					
	Finance					
	Infrastructure and Engineering Services					

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
D. Benson	Community Services	PR	DA	100%	0	0
	Monitoring and Evaluation					
B. Dhludhlu	Finance	PR	DA	100%	0	0
	Corporate and Digital Services					
T. Jantjes	Corporate and Digital Services	Ward 15	DA	100%	0	0
	Community Services					
	Finance					
W. Gertenbach	Infrastructure and Engineering Services	Ward 3	DA	100%	0	0
	Finance					
C. August	Planning, Development and Tourism	Ward 9	DA	100%	0	0
	Monitoring and Evaluation					
M. Biko	Infrastructure and Engineering Services	Ward 5	DA	100%	0	0
	Monitoring and Evaluation					
M. van Niekerk	Corporate and Digital Services	PR	DA	100%	0	0
	Planning, Development and Tourism					
	Community Services					
J. Alexander	Infrastructure and Engineering Services	Ward 4	DA	100%	0	0
	Finance					
P. Oliphant	Infrastructure and Engineering Services	PR	ANC	100%	0	0
	Infrastructure and Engineering Services	PR	ANC	69%	1	4



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
M. Dayimani (resigned June 2023)	Finance					
H. Murray	Corporate and Digital Services	Ward 2	DA	100%	0	0
	Community Services					
R. Foley	Planning, Development and Tourism	Ward 8	DA	100%	0	0
	Infrastructure and Engineering Services					
F. Heystek	Community & Safety Services	Ward 11	DA	100%	0	0
S. Ruth	Corporate and Digital Services	PR	DA	100%	0	0
	Monitoring and Evaluation					
	Finance					
L. Maree	Finance	Ward 12	DA	100%	0	0
	Monitoring and Evaluation					
	Infrastructure and Engineering Services					
M. Yali	Corporate and Digital Services	Ward 14	ANC	82%	1	2
V. Gunuza	Finance	PR	ANC	94%	0	1
K. Ndzaleni	Monitoring and Evaluation	Ward 6	ANC	100%	0	0
N. Ntshota	Planning, Development and Tourism	Ward 1	ANC	100%	0	0
M. Mbandana	Community & Safety Services	Ward 10	ANC	59%	4	3
B. Human	Community Services	PR	PA	100%	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
	Infrastructure and Engineering Services					
	Corporate and Digital Services					
	Planning, Development and Tourism					
	Monitoring and Evaluation					
	Finance					
M Valgee	Community Services	PR	ANC	76%	0	4
V. Zana	Planning, Development and Tourism	Ward 13	ANC	100%	0	0
E. Mbuqu	Monitoring and Evaluation	Ward 7	ANC	94%	0	1
L. Nkilishane	Community Services	PR	EFF	65%	5	1
	Infrastructure and Engineering Services					
	Corporate and Digital Services					
	Planning, Development and Tourism					
	Monitoring and Evaluation					
	Finance					
L. Van der Linde	Community Services	PR	VF/FFP	88%	2	0
	Infrastructure and Engineering Services					
	Corporate and Digital Services					
	Planning, Development and Tourism					
	Monitoring and Evaluation					
	Finance					
W. Petersen	Not applicable	PR	ANC	100%	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
(he was sworn in on 30 June 2023)						



APPENDIX B : COMMITTEE AND COMMITTEE PURPOSE

(JULY 2022 – JUNE 2023)

Corporate & Digital Services Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr T Jantjes		Administration / Auxiliary Services Human Resources Internal Communication IT
	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		
Ex-officio	Speaker B Williams		
Planning, Development & Tourism Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr H Bornman		Human Settlements Town & Regional Planning MPT Tourism Local Economic Development Creative Industries Crèches Events Committee
	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		
	Cllr W van der Linde		
	Cllr B Human		
Ex-officio	Executive Mayor Horatio Hendricks		
Ex-officio	Executive Deputy Mayor H Bornman		
Ex-officio	Speaker B Williams		

Monitoring & Evaluation Portfolio(Changed to Section 79 Committee December 2022)	Committee Members	Alternate Members	Functions
Chairperson 	Cllr S Ruth		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 B Human		
	Cllr W van der Linde		
Ex-officio	Executive Mayor Horatio Hendricks		
Ex-officio	Executive Deputy Mayor H Bornman		
Ex-officio	Speaker B Williams		

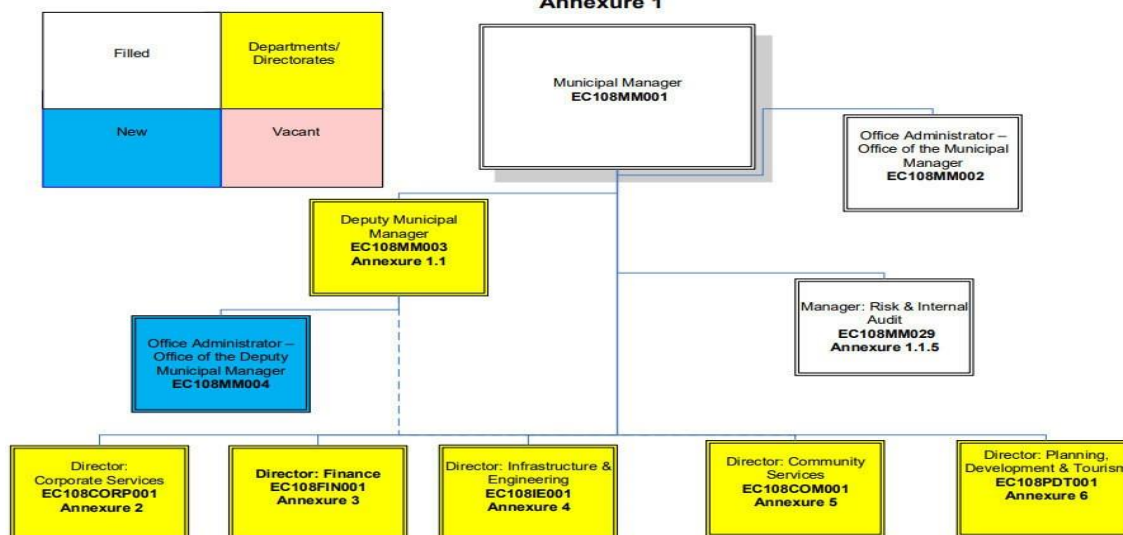
Community Services Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr D Benson		Environmental Management Community Amenities & Environmental Health Protection Services Beaches
	Cllr H Murray		
	Cllr F Heystek		
	Cllr T Jantjes	Cllr R Foley	
	Cllr M van Niekerk	Cllr S Ruth	
	Cllr 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		
Ex-officio	Speaker B Williams		

Infrastructure and Engineering Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr L Maree		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 (Resigned June 2023)	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		
Ex-officio	Speaker B Williams		
Finance Portfolio	Committee Members	Alternate Members	Functions
Chairperson 	Cllr W Gertenbach		Budget & treasury Revenue Expenditure Assets Management Supply Chain Management
	Cllr J Alexander		
	Cllr L Maree		
	Cllr T Jantjes	Cllr H Murray	
	Cllr S Ruth	Cllr B Dhludhlu	
	Cllr M Dayimani (Resigned June 2023)		
	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		
Ex-officio	Speaker B Williams		

APPENDIX C: ADMINISTRATIVE STRUCTURE

**Kouga Local Municipality
Office of the Municipal Manager**

Annexure 1



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 COMMITTEE ATTENDED	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Cllr N Ntshota	10	1	1	1	1	1	0	1	1	1	1	1	1
Cllr H Murray	10	1	1	1	1	1	0	1	1	1	1	1	1
Cllr W Gertenbach	10	1	1	1	1	1	0	1	1	1	1	1	1
Cllr J Alexander	10	1	1	1	1	1	0	0	1	1	1	1	1
Cllr M Biko	10	1	1	1	1	1	0	0	1	1	1	1	1
Cllr K Ndzaleni	10	1	1	1	1	1	0	1	1	1	1	1	1
Cllr T Mbuqu	10	1	1	1	1	1	0	0	1	1	1	1	1
Cllr R Foley	10	1	1	1	1	1	0	1	1	1	1	1	1
Cllr C August	10	1	1	1	1	1	0	0	1	1	1	1	1
Cllr M Mbadana	10	1	1	1	1	1	0	1	1	1	1	1	1
Cllr F Heystek	10	1	1	1	1	1	0	0	1	1	1	1	1
Cllr L Maree	10	1	1	1	1	1	0	0	1	1	1	1	1
Cllr V Zana	10	1	1	1	1	1	0	0	1	1	1	1	1
Cllr M Yali	10	1	1	1	1	1	0	1	1	1	1	1	1
Cllr T Jantjes	10	1	1	1	1	1	0	0	1	1	1	1	1

APPENDIX G: RECOMMENDATIONS BY THE MUNICIPAL AUDIT COMMITTEE

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2023 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 2023.

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,

Both 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 2022/2023 financial year, the Audit Committee held meetings as set out below:

Name of Member	Appointed	Total number of meetings 2022/23	Number of meetings attended 2022/23
Mr Gregory Bilson (Chairperson)	Existing	5	5
Mr R Moodaley	Existing	5	5
Mr Rodney Coetzer	Existing	5	5

Dates of meetings were as follows:

26 August 2022	Annual Financial Statements review
13 October 2022	Quarter 1-Ordinary Audit Committee Meeting
14 February 2023	Quarter 2-Ordinary Audit Committee Meeting
25 April 2023	Medium Term Revenue and Expenditure budget review
26 May 2023	Quarter 3-Ordinary Audit Committee Meeting

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.

Council should note that the municipality continues to utilise existing reserves to fund operations. Approximately R 100 million in existing reserves has been utilized over the past two years. It is expected that the municipality will continue operating at a deficit for the next 10 (ten) years, where plans are in place to reduce the annual projected deficit through an increase in the collection rate for services. Operating at a deficit year on year is not viable in the long term.

The municipality has demonstrated sound financial controls during the year. The CFO was not present for three of the ordinary Audit Committee meetings, where the financial performance of the municipality is reviewed by the Audit Committee. In many instances, answers to specific matters could not be obtained due to either a lack of representation from the finance department or due to representatives not having the requisite knowledge to address relevant

queries. All critical management representatives should attend the Audit Committee quarterly meetings, where these are scheduled well in advance per the calendar of meetings.

Council should consider the accuracy and eligibility of Indigent recipients given the material cost to the municipality. Significant work has been undertaken on this register during the year under review.

Council to consider the property rental register and ensure that municipal assets are being optimized with this significant asset base being a material source of additional income to the municipality.

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 still have limited resources available to ultimately execute the approved audit plan.

Internal Audit, through the execution of the Internal Audit plan, identify various weaknesses where recommendations are set out to mitigate these identified risks.

The Audit Committee note with concern that limited to no identified risks have been addressed. Identified risks go back as far as twenty four months. It is critical that management review, consider and implement Internal Audit recommendations to mitigate identified risks. Failing to do so increases the risk of fraud, repeat findings by the Auditor General and other material consequences. Importantly, failing to address Internal Audit findings, negates the efforts of the Internal Audit function.

Although Internal Audit findings have not been addressed, the Municipality received a clean audit indicating that the administrative and control environment are operating effectively.

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 has access to the Chairperson of the Audit Committee at any time.

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.

Internal Audit were able to complete the majority of the Internal Audit plan for the year with limited roll overs of planned Internal Audits being necessary.

The Audit Committee received the Internal Audit reports whereafter constructive discussions with management on the findings reported by Internal Audit took place during the quarterly Audit Committee meetings.

The Internal Audit findings tracker should be monitored on an ongoing basis, where findings are considered, recommendations to mitigate risk are tested and confirmed to have been implemented, to ensure the risk environment within which the municipality operates is optimized and improved on an on-going basis.

The Audit Committee reviewed the Internal Audit Charter and the Audit Committee Charter. These charters were updated and approved in October 2022 and April 2023 respectively.

2. RISK MANAGEMENT AND COMPLIANCE

The Kouga Local Municipality have made good progress in addressing risk management within the institution. A risk register has been compiled with identified process owners and target dates for completion.

The risk management committee are 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 committee remain responsible for:

- 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

Consideration should continue to be given to the capacity within IA to provide council with a reasonable level of assurance that all risks are being identified and actioned.

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 2022/23 financial year with management. An external service provider, Altimax, were again appointed to provide an independent technical review of the financial statements at 30 June 2023. 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. The financial statements were submitted to the Auditor General within the prescribed time frame as determined by the MFMA.

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.

The Audit Committee note that quarterly performance monitoring reports have not been up to date for the respective quarterly Audit Committee meetings. It is important that performance information is up to date to allow the Audit Committee to consider actual performance in relation to the quarters being reviewed, allowing for the identification of any problem areas in good time.

No annual performance evaluations for S56 managers were conducted during the reporting period.

5. EFFECTIVE GOVERNANCE

Attendance of the Audit Committee quarterly meetings by senior management is generally good with the noted absence of the CFO. Provincial Treasury, COGTA, the Auditor General and Chairperson of MPAC should be encouraged to attend the Audit Committee meetings.

The municipality does not have an operational fraud hotline in place. While a whistle blowing policy has been developed and approved, it remains non-functional. A disciplinary committee is in place, where the municipality have had no instances requiring the review thereof by the disciplinary committee. Further management have confirmed that there have been no noted instances of fraud requiring investigation.

The Audit Committee have prepared a standard agenda setting out the required agenda items / reports to be considered at each of the scheduled Audit Committee meetings. The following agenda items have not always been included for review at these scheduled meetings, resulting in the Audit Committee only being able to review such at six monthly or longer intervals. It is critical that all set agenda items are available for review to allow the Audit Committee to carry out their oversight responsibilities in respect of the agreed Audit Committee Charter:

- Irregular fruitless and wasteful and Unauthorised register
- Performance management reports
- Municipal Policies register
- Disaster recovery plan

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 Bilson
Audit Committee Chairperson

12 January 2024

APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE

Kouga Municipality does not have any Municipal Entities nor does any external service provider provide a municipal service on behalf of Kouga Municipality.

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

The following Senior Managers completed the prescribed declaration of interest for the 2022/23 year:

NAME	POSITION
C du Plessis	Municipal Manager
D de Jager	Deputy Municipal Manager
R Lorgat	Chief Financial Officer (Director Finance)
N Machelesi	Director: Community Services
C de Kock	Director Infrastructure and Engineering

APPENDIX K: REVENUE COLLECTION PERFORMANCE**APPENDIX K(i): REVENUE BY VOTE**

Revenue by Vote	Actuals	
	2023	2022
Vote Description	R	R
Executive and Council	2 521 449	386 221
Finance	424 202 009	326 694 627
Corporate Services	1 372 578	1 825 217
Planning, Development and Tourism	5 979 898	6 860 196
Infrastructure and Engineering	619 439 218	583 610 771
Community Services	223 006 922	105 901 666
Total Revenue by Vote	1 276 522 074	1 025 278 697

APPENDIX K(ii) REVENUE BY SOURCE

Item Description	Actual	
	2023	2022
	R	R
Revenue by Source		
Property Rates	259 514 398	224 326 475
Fines, Penalties and Forfeits	132 921 224	5 881 345
Licences and Permits	9 872 124	9 593 213
Transfers and Subsidies	279 561 123	228 023 067
Interest, Dividends and Rent on Land Earned Non-Exchange	3 729 096	1 774 617
Service Charges	547 618 751	521 290 057
Sales of Goods and Rendering of Services	9 188 788	9 602 709
Income from Agency Services	2 677 528	2 559 892
Rental from Fixed Assets	2 570 123	3 094 059
Interest, Dividends and Rent on Land Earned – Exchange	27 669 391	15 328 365
Operational Revenue	1 199 528	3 804 898
Total Revenue by Source	1 276 522 074	1 025 278 697

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	8 100 000	5 205 047
Municipal Disaster Relief Grant	3 000 000	-
Water Service Infrastructure Grant	54 339 469	54 339 469
Department of Housing Settlement	25 689 286	5 484 553
Department of Economic Development, Environment Affairs and Tourism.	5 000 000	1 741 857

Expanded Public Works Programme Incentive Grant	1 175 000	1 175 000
Total	99 023 755	69 665 926

APPENDIX M: CAPITAL BUDGET EXPENDITURE

Project Name	Actual Expenditure As at 30 June 2023	Funding Source
Upgrade Sanitation System Old Hankey	16 117 109	MIG
Upgrading of Gravel Roads in Humansdorp	13 519 588	MIG
Upgrading of Sports Facilities	4 459 754	MIG
MIG Admin	1 794 550	MIG
	35 891 000	

APPENDIX N: CAPITAL PROGRAMME BY PROJECT

DEPARTMENT	PROJECT DESCRIPTION	FUNDING	Adjusted Budget 2022/23	Actuals as at 30 June 2023	%
COMMUNITY SERVICES					
CARAVAN PARKS & CAMPING SITES	Furniture and Equipment	Operational revenue	160 000	120 979	75,61%
FIRE SERVICES	Fire Services - Vehicle (DISTRICT)	District subsidy	1 638 000	-	0,00%
LAW ENFORCEMENT	Machinery and Equipment (Radio communication) -	Operational revenue	58 270	45 511	78,10%
LAW ENFORCEMENT	Quadbike	Operational revenue	95 597	95 597	100,00%
LAW ENFORCEMENT	Computer Equipment	Operational revenue	387 811	258 117	66,56%
Sport & Recreation	Furniture and Equipment	Operational revenue	-	37 490	0,00%
WASTE SERVICES	Vehicle	Finance lease	6 110 930	13 343 587	218,36%
WASTE SERVICES	Vehicle	Finance lease	3 993 476	3 472 588	86,96%
			12 444 084	17 373 869	139,62%
CORPORATE SERVICES					
INFORMATION COMMUNICATION TECHNOLOGY (ICT)	Computer Equipment	Operational revenue	1 520 000	1 400 112	92,11%
INFORMATION COMMUNICATION TECHNOLOGY (ICT)	LOCAL SERVER STORAGE SPACE	Operational revenue	20 000	-	0,00%
INFORMATION COMMUNICATION TECHNOLOGY (ICT)	IT INVERTERS	Operational revenue	200 000	174 288	87,14%
Corporate Services	Furniture and Equipment	Operational revenue	-	818 969	0,00%
			1 740 000	2 393 369	137,55%
EXECUTIVE & COUNCIL					
MAYOR	Furniture and Equipment - Municipal Court	Operational revenue	250 000	30 668	12,27%
MUNICIPAL MANAGER	FURNITURE&EQUIPMENT -MUNICIPAL MANAGER	Operational revenue	50 000	12 368	24,74%
Risk and Internal Audit Unit	Furniture and equipment	Operational revenue	22 819	23 028	100,91%
WARD COUNCILLORS	Ward councillors Capital project	Operational revenue	750 000	-	0,00%
WARD COUNCILLORS	FURNITURE&EQUIPMENT-WARD COUNCILLORS	Operational revenue	150 000	264 378	176,25%
			1 222 819	330 441	27,02%
FINANCE					
ASSET MANAGEMENT	AIR CONDITIONERS-WHOLE OF MUNICIPALITY	Operational revenue	500 000	217 994	43,60%
ASSET MANAGEMENT	Furniture and equipment	Operational revenue	30 000	26 266	87,55%
BUDGET AND FINANCIAL REPORTING	Furniture and Equipment	Operational revenue	-	3 861	0,00%
EXPENDITURE	Furniture and equipment	Operational revenue	30 000	29 372	97,91%
EXPENDITURE	Computer Equipment	Operational revenue	150 000	-	0,00%
REVENUE	FURNITURE &EQUIPMENT REV STAFF	Operational revenue	20 000	6 075	30,38%
SCM STORES: LOGISTICS AND DISPOSAL MANAGEMENT	REFURBISHMENT OF STORES	Operational revenue	250 000	0	0,00%
			980 000	283 569	28,94%
PLANNING, DEVELOPMENT AND TOURISM					
LOCAL ECONOMIC DEVELOPMENT	Kouga Business Support Centre	Operational revenue	364 985	-	0,00%
Planning & Development	Computer Software and Applications	Operational revenue	32 000	-	0,00%
TOWN AND REGIONAL PLANNING	Computer Equipment	Operational revenue	20 000	19 065	95,33%
TOWN AND REGIONAL PLANNING	IMPLEMENTATION OF JEFFREYS BAY PRECINCT PLAN	Operational revenue	2 000 000	-	0,00%
			2 416 985	19 065	0,79%

DEPARTMENT	PROJECT DESCRIPTION	FUNDING	Adjusted Budget 2022/23	Actuals as at 30 June 2023	%
INFRASTRUCTURE & ENGINEERING					
PROJECT MANAGEMENT UNIT (PMU)	Upgrading/Improvement of Sport Facilities within K	Operational revenue	1 080 555	-	0,00%
PROJECT MANAGEMENT UNIT (PMU)	Upgrading of Sports Facilities	Municipal Infrastructure Grant	4 081 739	4 081 739	100,00%
PROJECT MANAGEMENT UNIT (PMU)	Mini Fresh Food and Craft Markets in Jbay & Hankey	Operational revenue	400 000	-	0,00%
Electricity	Saffery Substation	Operational revenue	1 573 347	1 345 775	85,54%
Electricity	Machinery & Equipment	Operational revenue	125 000	1 788 698	1430,96%
FLEET AND WORKSHOP	Generator	Operational revenue	310 000	-	0,00%
METERING & REVENUE	Bulk 66kv Overhead lines	Operational revenue	165 068	-	0,00%
METERING & REVENUE	Ocean View Electrification	Integrated National Electrification Programme Grant	3 217 391	2 071 206	64,38%
METERING & REVENUE	Bulk 66kv Overhead lines	Integrated National Electrification Programme Grant	3 826 087	2 454 922	64,16%
ROADS AND STORMWATER	Upgrading of Gravel Roads in Humansdorp	Municipal Infrastructure Grant	11 552 470	11 552 470	100,00%
Sewerage	New bypass Sewer Rising Main and Pump Stations Jba	Operational revenue	450 000	126 514	28,11%
Sewerage	Upgrade Sewer Rising Mains Jbay (La Mer-4A-4B) Pre	Operational revenue	32 000	32 000	100,00%
Sewerage	Piped Reticulation - St Francis Bay	Operational revenue	110 000	37 500	34,09%
Sewerage	Machinery & Equipment	Operational revenue	8 340	8 339	99,99%
Sewerage	Upgrade Sanitation System Old Hankey	Municipal Infrastructure Grant	14 014 877	14 014 877	100,00%
SEWERAGE	Construct emergency overflow pond Koraal Sewer pu	Operational revenue	300 000	-	0,00%
SEWERAGE	Upgrade Lorie sewer pump station	Operational revenue	80 000	23 438	29,30%
Water	Replace 250mm Water Main Canal Road St Francis Ba	Operational revenue	65 000	54 283	83,51%
Water	Repair Leaking Concrete Water Tower Paradise Beach	Operational revenue	17 395	-	0,00%
Water	Replace Main Waterline Sout Rivier Bridge Crossing	Operational revenue	110 000	27 500	25,00%
Water	Replace 250mm Water Main Mimosa Street Jbay	Operational revenue	60 000	49 500	82,50%
WATER	Connect 4 x drilled boreholes to treatment works	Operational revenue	4 328 169	3 159 040	72,99%
WATER	WATER TANKS JEFFREYS BAY - DROUGHT PROJECT	Operational revenue	388 059	385 834	99,43%
WATER	HUMANSDORP BOREHOLE 7	Water Services Infrastructure Grant	3 043 478	1 339 055	44,00%
WATER	ST FRANCIS BAY: BOREHOLES	Water Services Infrastructure Grant	3 565 217	4 045 966	113,48%
WATER	THORNHILL: GROUNDWATER DEVELOPMENT	Water Services Infrastructure Grant	2 869 565	1 242 293	43,29%
WATER	HANKEY: BOREHOLES	Water Services Infrastructure Grant	3 304 348	4 171 411	126,24%
WATER	LOERIE: GROUNDWATER DEVELOPMENT	Water Services Infrastructure Grant	2 956 522	1 513 606	51,20%
WATER	HUMANSDORP: KRUISFONTEIN: BOREHOLES	Water Services Infrastructure Grant	12 260 870	11 803 105	96,27%
WATER	ST FRANCIS BAY: WATER TREATMENT WORKS	Water Services Infrastructure Grant	5 130 435	5 597 310	109,10%
WATER	HUMANSDORP :WATER TREATMENT WORKS	Water Services Infrastructure Grant	7 130 435	5 987 630	83,97%
WATER	HANKEY: WATER TREATMENT WORKS	Water Services Infrastructure Grant	3 217 391	5 161 570	160,43%
WATER	JEFFREYS BAY: NEW OXIDATION WATER TREATMENT PLANT	Water Services Infrastructure Grant	6 434 783	6 389 767	99,30%
WATER	Machinery and Equipment	Operational revenue	14 408	14 407	100,00%
			96 222 948	88 479 574	91,95%
			115 026 836	108 880 067	94,66%

APPENDIX O: CAPITAL PROJECT BY WARD

DEPARTMENT	PROJECT DESCRIPTION	Ward Nr.	Adjusted Budget 2022/23	Actuals as at 30 June 2023
METERING & REVENUE	Bulk 66kv Overhead lines	2;3;8;11;12;14	3 826 087	2 454 922
WATER	HANKEY: BOREHOLES		3 304 348	4 171 411
WATER	HANKEY: WATER TREATMENT WORKS		3 217 391	5 161 570
WATER	HUMANSDORP: WATER TREATMENT WORKS		7 130 435	5 987 630
WATER	HUMANSDORP BOREHOLE 7		3 043 478	1 339 055
WATER	HUMANSDORP: KRUISFONTEIN: BOREHOLES		12 260 870	11 803 105
TOWN AND REGIONAL PLANNING	IMPLEMENTATION OF JEFFREYS BAY PRECINCT PLAN		2 000 000	-
WATER	JEFFREYS BAY: NEW OXIDATION WATER TREATMENT PLANT		6 434 783	6 389 767
WATER	LOERIE: GROUNDWATER DEVELOPMENT		2 956 522	1 513 606
Sewerage	New bypass Sewer Rising Main and Pump Stations Jbay		450 000	126 514
METERING & REVENUE	Ocean View Electrification	14	3 217 391	2 071 206
Electricity	Saffery Substation	6	1 573 347	1 345 775
WATER	ST FRANCIS BAY: BOREHOLES		3 565 217	4 045 966
WATER	ST FRANCIS BAY: WATER TREATMENT WORKS		5 130 435	5 597 310
WATER	THORNHILL: GROUNDWATER DEVELOPMENT		2 869 565	1 242 293
Sewerage	Upgrade Sanitation System Old Hankey		14 014 877	14 014 877
ROADS AND STORMWATER	Upgrading of Gravel Roads in Humansdorp		11 552 470	11 552 470
PROJECT MANAGEMENT UNIT (PMU)	Upgrading of Sports Facilities		4 081 739	4 081 739
PROJECT MANAGEMENT UNIT (PMU)	Upgrading/Improvement of Sport Facilities within Kouga		1 080 555	-
WARD COUNCILLORS	Ward councillors Capital project		750 000	-
WATER	WATER TANKS JEFFREYS BAY - DROUGHT PROJECT		388 059	385 834

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 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	PROJECT DESCRIPTION
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 (Papiestfontein)
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 2022/23			
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: 2022/23	Future Commitment
Kouga Business Forum	Sponsorship as per funding agreement and approved by Council.	R 100 000	Grant-No future commitment
Humansdorp Museumvereniging	Sponsorship as per funding agreement and approved by Council.	R 200 000	Grant-No future commitment
Sakhe Singamadoda Youth Programs	Janome Domestic Sewing Machine	33 750	Grant-No future commitment
Lifesaving Nelson Mandela By	Eastern Cape Lifesaving Champs Sponsorship	75 000	Grant-No future commitment
Jeffreys Bay Animal Rescue:	Animal Welfare	R 85 000.00	Grant-No future commitment
St Francis Bay Animal Rescue:	Animal Welfare	R 85 000.00	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:	1. Build Institutional Capacity and Financial Viability
	A Better Africa and World	2. Governance and Public Participation 3. Municipal Transformation and Organizational Development

APPENDIX U: ANNUAL FINANCIAL STATEMENTS

APPENDIX "U"



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023**

KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Index

The reports and statements set out below comprise the Annual Financial Statements presented to the Council:

Index

General Information	3 - 4
Approval of Annual Financial Statements	5
Report of the Auditor General	6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes In Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 17
Accounting Policies	18 - 40
Notes to the Financial Statements	41 - 116

KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

General Information

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 JUNE 2023

H Hendricks	Executive Mayor
C Borman	Executive Deputy Mayor, Local Economic Development and Tourism
B Williams	Speaker
T Jantjies	Corporate Service
C Borman	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 2023

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, Lorie

Patensie, Thornhill

KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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	Gunuza	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 2023

Date

KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Report of the Auditor General

- Insert Audit Report -

KOUGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Note	Actual	
		2023 R	2022 Restated R
ASSETS			
Current Assets		275 109 068	176 519 236
Inventories	1.	18 598 035	17 049 849
Receivables from Exchange Transactions	2.	77 030 108	63 984 559
Statutory Receivables from Exchange Transactions	3.	45 422 024	52 205 682
Statutory Receivables from Non-Exchange Transactions	4.	29 014 533	15 275 873
Cash and Cash Equivalents	5.	104 935 019	27 850 560
Lease Receivables	9.	109 349	152 713
Non Current Assets		2 316 886 828	2 329 633 441
Property, Plant and Equipment	6.	2 053 675 835	2 066 155 216
Intangible Assets	7.	602 549	869 781
Investment Property	8.	262 608 444	262 608 444
Total Assets		<u>2 591 995 896</u>	<u>2 506 152 677</u>
LIABILITIES			
Current Liabilities		250 068 234	190 834 590
Consumer Deposits	10.	29 060 072	23 672 925
Payables from Exchange Transactions	11.	126 219 323	105 579 188
Unspent Conditional Grants and Receipts	12.	28 993 833	-
Lease Payables	13.	11 342 009	10 508 192
Employee Benefit Liabilities	14.	8 555 397	7 443 566
Provisions	15.	45 897 600	43 630 719
Non Current Liabilities		240 949 963	233 860 842
Lease Payables	13.	24 202 066	21 944 356
Employee Benefit Liabilities	14.	106 638 259	105 496 394
Provisions	15.	110 109 638	106 420 092
Total Liabilities		<u>491 018 197</u>	<u>424 695 432</u>
Total Assets and Liabilities		<u>2 100 977 699</u>	<u>2 081 457 245</u>
NET ASSETS		2 100 977 699	2 081 457 245
Accumulated Surplus / (Deficit)	16.	2 100 977 699	2 081 457 245
Total Net Assets		<u>2 100 977 699</u>	<u>2 081 457 245</u>

KOUGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Note	Actual	
		2023 R	2022 Restated R
REVENUE			
Revenue from Non-exchange Transactions		685 597 965	469 598 717
Property Rates	17.	259 514 398	224 326 475
Fines, Penalties and Forfeits	18.	132 921 224	5 881 345
Licences and Permits	19.	9 872 124	9 593 213
Transfers and Subsidies	20.	279 561 123	228 023 067
Interest, Dividends and Rent on Land Earned	25.	3 729 096	1 774 617
Revenue from Exchange Transactions		590 924 109	555 679 980
Service Charges	21.	547 618 751	521 290 057
Sales of Goods and Rendering of Services	22.	9 188 788	9 602 709
Income from Agency Services	23.	2 677 528	2 559 892
Rental from Fixed Assets	24.	2 570 123	3 094 059
Interest, Dividends and Rent on Land Earned	25.	27 669 391	15 328 365
Operational Revenue	26.	1 199 528	3 804 898
Total Revenue		<u>1 276 522 074</u>	<u>1 025 278 697</u>
EXPENDITURE			
		1 257 001 617	1 082 359 170
Employee Related Costs	27.	355 768 121	343 042 304
Remuneration of Councillors	28.	13 700 137	13 394 816
Depreciation and Amortisation	29.	101 358 180	89 252 403
Impairment Losses	30.	228 881 516	68 567 093
Interest, Dividends and Rent on Land	31.	8 058 566	4 587 292
Bulk Purchases	32.	291 888 014	295 222 161
Contracted Services	33.	87 316 841	75 039 055
Inventory Consumed	34.	91 081 828	93 045 884
Transfers and Subsidies Paid	35.	708 750	458 000
Operating Leases	36.	6 813 840	5 789 222
Operational Costs	37.	70 111 959	83 686 278
Loss on Disposal of Property, Plant and Equipment	38.	1 313 865	10 274 662
Total Expenditure		<u>1 257 001 617</u>	<u>1 082 359 170</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u>19 520 457</u>	<u>(57 080 473)</u>

KOUGA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 202

	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R
2022		
Balance at 30 June 2021	2 140 988 009	2 140 988 009
Correction of Error (Note 40)	(2 450 284)	(2 450 284)
Restated Balance	2 138 537 725	2 138 537 725
Surplus / (Deficit) for the year	(57 080 473)	(57 080 473)
<i>Surplus / (Deficit) as per prior 2021/22 AFS</i>	<i>(30 796 199)</i>	<i>(30 796 199)</i>
<i>Revenue & Expenditure Correction of Error (Note 40.)</i>	<i>(26 284 274)</i>	<i>(26 284 274)</i>
Balance at 30 June 2022	2 081 457 245	2 081 457 245
2023		
Surplus / (Deficit) for the year	19 520 454	19 520 454
Balance at 30 June 2023	2 100 977 699	2 100 977 699

KOUGA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Note	Actual 2023 R	2022 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	17.	252 083 085	222 910 709
Transfers and Subsidies	20.	308 554 956	221 824 411
Service Charges	21.	484 425 663	481 764 674
External Interest	25.	6 824 262	3 224 544
Other Receipts	26.	45 769 253	29 121 224
VAT Received	4.	6 783 658	-
Payments			
Employee Related Costs	27.	(350 791 962)	(332 334 550)
Remuneration of Councillors	28.	(13 700 137)	(13 394 816)
External Interest	31.	(3 926 240)	(790 277)
Suppliers Paid	34.	(470 268 353)	(453 333 726)
Other Payments	37.	(77 802 761)	(90 882 229)
VAT Paid	4.	-	(4 455 469)
NET CASH FLOWS FROM OPERATING ACTIVITIES	41.	<u>187 951 424</u>	<u>63 654 495</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	6.	(113 965 764)	(128 498 239)
Purchase of Intangible Assets	7.	-	-
Proceeds / (Payments) on Disposal of Property, Plant and Equipment	6.	5 715	13 557 118
Proceeds on Disposal of Intangible Assets		1 557	-
Proceeds on Disposal of Investment Property		-	37 000
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(113 958 492)</u>	<u>(114 904 121)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in Finance Leases (Leases Paid)	13.	3 091 527	31 834 047
Decrease in Borrowings (Loans Repaid)	15.	-	(6 128 308)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>3 091 527</u>	<u>25 705 739</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>77 084 459</u>	<u>(25 543 887)</u>
Cash and Cash Equivalents at Beginning of Period	5.	27 850 560	53 394 447
Cash and Cash Equivalents at End of Period	5.	104 935 019	27 850 560

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

30 June 2023

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	12 570 366	5 038 934	17 609 300	18 598 035	988 735	105.61	147.95
Receivables from Exchange Transactions	51 383 711	(1 323 564)	50 060 147	77 030 108	26 969 961	153.88	149.91
Statutory Receivables from Exchange Transactions	39 404 762	9 593 161	48 997 923	45 422 024	(3 575 899)	92.70	115.27
Statutory Receivables from Non-Exchange Transactions	24 090 629	(3 469 773)	20 620 856	29 014 533	8 393 677	140.70	120.44
Cash and Cash Equivalents	5 438 792	4 476 180	9 914 972	104 935 019	95 020 047	1 058.35	1 929.38
Operating Lease Receivables	107 590	45 123	152 713	109 349	(43 364)	71.60	101.63
Non-Current Assets							
Property, Plant and Equipment	1 989 453 099	87 334 613	2 076 787 712	2 053 675 835	(23 111 877)	98.89	103.23
Intangible Assets	1 889 848	(1 480 184)	409 664	602 549	192 885	147.08	31.88
Investment Property	262 645 444	0	262 645 444	262 608 444	(37 000)	99.99	99.99
Long-term Receivables	13 000	(13 000)	0	0	0	0.00	0.00
Total Assets	2 386 997 241	100 201 490	2 487 198 731	2 591 995 896	104 797 165	104.21	108.59
Current Liabilities							
Consumer Deposits	20 774 255	2 898 670	23 672 925	29 060 072	5 387 147	122.76	139.89
Provisions	38 274 788	3 235 797	41 510 585	54 452 997	12 942 412	131.18	142.27
Payables from Exchange Transactions	95 168 239	(18 428 379)	76 739 860	126 219 323	49 479 463	164.48	132.63
Unspent Conditional Grants and Receipts	987 171	(987 171)	0	28 993 833	28 993 833	0.00	2 937.06
Lease Payables	0	12 169 022	12 169 022	11 342 009	(827 013)	93.20	0.00
Non-Current Liabilities							
Lease Payables	0	16 043 214	16 043 214	24 202 066	8 158 852	150.86	0.00
Employee Benefit Liabilities	99 163 499	5 148 844	104 312 343	106 638 259	2 325 916	102.23	107.54
Non-current Provisions	92 212 000	30 791 284	123 003 284	110 109 638	(12 893 646)	89.52	119.41
Total Liabilities	346 579 952	50 871 281	397 451 233	491 018 197	93 566 964	123.54	141.68
Total Assets and Liabilities	2 040 417 289	49 330 209	2 089 747 498	2 100 977 699	11 230 201	100.54	102.97
Net Assets (Equity)							
Accumulated Surplus / (Deficit)	2 040 704 286	40 864 975	2 081 569 261	2 100 977 699	19 408 438	100.93	102.95
Total Net Assets	2 040 704 286	40 864 975	2 081 569 261	2 100 977 699	19 408 438	100.93	102.95

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

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
Receivables from Exchange Transactions:

The receivables from exchange transactions relate to the trading service and customer service debtors for waste management, electricity, water and waste water management. The debtors increased by 53.79% compared to the approved final budget, the increase is due to high water consumption and lower than anticipated collection rate of 86.71% (95% collection rate was approved by Council in the 2022/23 Adjustments Budget).

Statutory Receivables from Non-Exchange Transactions

Statutory receivables from non-exchange transactions mostly relate to property rates by usage and the traffic fines issued/oustanding. Statutory receivables from non-exchange is 29.34% more than anticipated, compared to the final budget and the variance is mainly due to the outstanding traffic fines issued.

VAT Receivable

VAT Receivable is 13.01% lower than anticipated, compared to the final budget. The variance is influenced by the vat output tax and vat input tax recognised during the financial year.

Cash and Cash Equivalents:

The cash and cash equivalents is R 95 million more than anticipated, compared to the final budget amount of R 9 million. The cash position of R 104,935 million at end of 30 June 2023, is largely influenced by the unspent conditional grants of R 28 million, underspending in bulk electricity budget by R 34 million, employee related cost budget by R 44 million and other various operating budget line items.

Operating Lease Receivables

Operating lease receivables relate to the operating lease agreement entered into by the municipality. The variance is due to GRAP application in terms of straight lining methodology for revenue recognition.

Intangible Assets:

Intangible assets recognised during the 2022/23 financial year is higher than anticipated, compared to the final budgeted amount.

Consumer Deposits:

Consumer deposits relate to deposits paid by consumers for water, electricity, building plans and for rental of municipal properties. The variance is 22.76% more than the anticipated budget amount.

Provisions

The current provisions are R 12.9 million more than anticipated, compared to the final budgeted amount. The variance is mainly due to the landfill sites' provision which was not adequately budgeted for.

Payables from Exchange Transactions

Payables from exchange transactions are R 47 million more than the projected budget amount of R 76 million. The final budget amount only includes projected trade creditors and the variance is largely influenced by the R 30 million for advanced payments, R 7 million for retentions and R 28 million for other payables.

Unspent Conditional Grants and Receipts

The Municipality is not allowed to budget for unspent conditional grants in terms of Municipal Finance Management Act and the Division of Revenue Act.

Lease Payables (Non-Current Liabilities)

Lease payables are R 8 million more than the final budget amount of R 16 million and the variance is mainly due to additional finance lease recognition during the 2022/23 financial year.

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

30 June 2023

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	240 848 623	(4 102 093)	236 746 530	259 514 398	22 767 868	109.62	107.75
Fines, Penalties and Forfeits	1 841 957	4 641 825	6 483 782	132 921 224	126 437 442	2 050.06	7 216.30
Licences and Permits	8 396 509	0	8 396 509	9 872 124	1 475 615	117.57	117.57
Transfers and Subsidies	213 654 420	65 816 141	279 470 561	279 561 123	90 562	100.03	130.85
Surcharges and Taxes	0	0	0	0	0	0.00	0.00
Interest, Dividends and Rent on Land Earned	1 729 056	934 781	2 663 837	3 729 096	1 065 259	139.99	215.67
Revenue from Exchange Transactions							
Service Charges	586 819 565	(26 318 828)	560 500 737	547 618 751	(12 881 986)	97.70	93.32
Sales of Goods and Rendering of Services	8 003 252	1 402 085	9 405 337	9 188 788	(216 549)	97.70	114.81
Income from Agency Services	5 351 604	(1)	5 351 603	2 677 528	(2 674 075)	50.03	50.03
Rental from Fixed Assets	2 968 180	(103 245)	2 864 935	2 570 123	(294 812)	89.71	86.59
Interest, Dividends and Rent on Land Earned	14 787 405	5 711 632	20 499 037	27 669 391	7 170 354	134.98	187.11
Operational Revenue	4 295 061	21 179 388	25 474 449	1 199 528	(24 274 921)	4.71	27.93
Total Revenue	1 088 695 632	69 161 685	1 157 857 317	1 276 522 074	118 664 757	110.25	117.25
Expenditure							
Employee Related Costs	391 318 457	17 864 395	409 182 852	355 768 121	(53 414 731)	86.95	90.92
Remuneration of Councillors	14 364 405	0	14 364 405	13 700 137	(664 268)	95.38	95.38
Depreciation and Amortisation	103 850 144	(2)	103 850 142	101 358 180	(2 491 962)	97.60	97.60
Impairment Losses	42 068 693	(1 201 052)	40 867 641	228 881 516	188 013 875	560.06	544.07
Interest, Dividends and Rent on Land	0	2 875 190	2 875 190	8 058 566	5 183 376	280.28	0.00
Bulk Purchases	325 900 000	0	325 900 000	291 888 014	(34 011 986)	89.56	89.56
Contracted Services	93 374 834	7 913 358	101 288 192	87 316 841	(13 971 351)	86.21	93.51
Inventory Consumed	74 648 403	16 031 870	90 680 273	91 081 828	401 555	100.44	122.01
Transfers and Subsidies Paid	400 000	325 000	725 000	708 750	(16 250)	97.76	177.19
Operating Leases	21 979 166	(15 044 210)	6 934 956	6 813 840	(121 116)	98.25	31.00
Operational Costs	96 005 325	(14 335 363)	81 669 962	70 111 959	(11 558 003)	85.85	73.03
Loss on Disposal of Property, Plant and Equipment	0	0	0	1 313 865	1 313 865	0.00	0.00
Total Expenditure	1 163 909 427	14 429 186	1 178 338 613	1 257 001 617	78 663 004	106.68	108.00
Surplus/(Deficit for the Year)	(75 213 795)	54 732 499	(20 481 296)	19 520 457	40 001 753	-	-

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

Financial Performance: Explanation of Variances between Approved Budget and Actual

below:

Fines, Penalties and Forfeits:

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 is slightly higher than anticipated in the 2022/23 final budget.

Interest, Dividends and Rent on Land Earned (Revenue from Non-Exchange Transactions)

The interest, dividends and rent on land earned relate to the property rates interest recognised which is high than budgeted for. The variance is due to the increase in consumer debtors for property rates by usage as result of implementation of supplementary valuation roll during the 2022/23 financial year.

Income from Agency Services

Income from Agency Services is commission or management fees received specifically relating to agency services provided by municipalities on behalf of Department of Transport for the administration of road ordinances - issue of driver's licenses and vehicle registrations. The revenue recognised is significantly lower than anticipated, compared to the final budgeted amount.

Rental from Fixed Assets

This relates to the rental of municipal buildings, community halls and other municipal facilities. The revenue is influenced by the extent of rental agreements and the revenue recognised is slightly lower than anticipate.

Interest, Dividends and Rent on Land Exchange (Exchange Transactions)

This relates to interest earned on outstanding debtors (for water, waste management, electricity and waste water management debtors) and is largely influenced by an increase on overdue water debtors. Please refer to Note. 2 for the detailed breakdown of outstanding consumer debtors.

Operational Revenue:

Operational revenue is mainly influenced by a budgeted amount of R 23,085 million for housing projects refund which never materialised.

Impairment Losses:

Impairment losses mostly relate to allowance for bad debts 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

This relates to finance costs for the finance lease. The variance of R 5,183 million relates to the interest raised for the landfill site provision which was not budgeted for.

Operational Costs

Operational costs comprise of various line items relating to the daily operations of the municipality and the budget is slightly underspent.

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.

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

30 June 2023

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	1 020 000	720 000	1 740 000	2 393 369	653 369	137.55	234.64
Executive and Council	750 000	472 819	1 222 819	330 441	(892 378)	27.02	44.06
Financial Services	710 000	270 000	980 000	283 569	(696 431)	28.94	39.94
Infrastructure and Engineering	35 567 488	60 655 462	96 222 950	88 479 754	(7 743 196)	91.95	248.77
Planning, Development and Tourism	-	2 416 985	2 416 985	19 065	(2 397 920)	0.79	0.00
Community Services	1 638 000	10 806 085	12 444 085	17 373 869	4 929 784	139.62	1 060.68
Total Capital Expenditure	39 685 488	75 341 351	115 026 839	108 880 067	(6 146 772)	94.66%	1 628.08

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

Corporate services reflects a 137.55% capital expenditure, compared to the approved budget.

Executive and Council:

The Executive and Council reflects a 27.02% capital expenditure compared to the approved budget. The variance is mostly influenced by the rollover of some capital projects to be implemented in the 2023/24 financial year and the rollovers were approved by Council on 22 August 2023.

Financial Services

Financial services reflects a 28.94% of capital expenditure, compared to the approved budget. Some capital projects were approved by Council to be rolled over to the 2023/24 financial year for implementation.

Infrastructure and Engineering:

The infrastructure and engineering reflects a 90.05% of capital expenditure, compared to the approved budget. Some capital projects are being rolled over to the 2023/24 financial year for the implementation and include Upgrading/Improvement of Sport Facilities within Kouga, Mini Fresh Food and Craft Markets in Jbay & Hankey, New bypass Sewer Rising Main and Pump Stations Jbay, Construct emergency overflow pond Koraal Sewer pump station, Piped Reticulation - St Francis Bay, Construct emergency overflow pond Koraal Sewer pump station and Upgrade Loerie sewer pump station.

Planning, Development and Tourism:

The Planning, Development and Tourism reflects a 0.79% of capital expenditure, compared to the approved budget. The capital project which relates to the Implementation of the Jeffreys Bay Precinct plan amounting to R 2 Million was rolled over to the 2023/24 Financial year for implementation.

Community Services:

The Community Services reflects a 139.62% of capital expenditure, compared to the approved budget. The variance is mainly influenced by the finance lease vehicles recognised during the 2022/23 financial year.

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

30 June 2023

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	230 448 795	(3 008 945)	227 439 850	252 083 085	24 643 235	110.84	109.39
Transfers and Subsidies	213 654 420	57 400 000	271 054 420	308 554 956	37 500 536	113.84	144.42
Service Charges	652 478 158	(23 561 474)	628 916 684	484 425 663	(144 491 021)	77.03	74.24
External Interest and Dividends Received	2 810 789	246 534	3 057 323	6 824 262	3 766 939	223.21	242.79
Other Receipts	57 444 576	43 591 540	101 036 116	45 769 253	(55 266 863)	45.30	79.68
VAT Receivable / Payable	0	0	0	6 783 658	6 783 658	0.00	0.00
Payments							
Employee Related Costs	(391 318 457)	(18 060 485)	(409 378 942)	(350 791 962)	58 586 980	0.86	0.00
Remuneration of Councillors	(14 364 405)	0	(14 364 405)	(13 700 137)	664 268	0.95	0.00
External Interest and Dividends Paid	0	(2 875 189)	(2 875 189)	(3 926 240)	(1 051 051)	1.37	0.00
Suppliers Paid	(710 134 555)	(4 011 611)	(714 146 166)	(470 268 353)	243 877 813	0.66	0.00
Other Payments	0	0	0	(77 802 761)	(77 802 761)	0.00	0.00
Cash Flows from/(used in) Investing Activities							
Purchase of Property, Plant and Equipment	(39 685 488)	(75 341 349)	(115 026 837)	(113 965 764)	1 061 073	0.99	0.00
Proceeds on Disposal of Property, Plant and Equipment	0	0	0	5 715	5 715	0.00	0.00
Proceeds on Disposal of Intangible Assets	0	0	0	1 557	1 557	0.00	0.00
Cash Flows from/(used in) Financing Activities							
Increase in Long-term Loans (Loans Taken-on)	0	(12 169 021)	(12 169 021)	0	12 169 021	0.00	0.00
Cash and Cash Equivalents at Beginning of the Year	4 104 959		27 850 595	27 850 560	110 449 099	100.00	678.46
Cash and Cash Equivalents at End of the Year	5 438 792		8 542 312	104 935 019			

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

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 services charges cash inflow was significantly lower by R 146 million, compared to the budgeted amount. This variance was largely influenced by the electricity revenue which was 15% lower compared to the budgeted amount and lower collection rate of 86.71%, compared to the Council approved collection rate of 95% in the 2022/23 adjustments budget.

External Interest and Dividends Received

The external interest and dividends received relates to the interest earned on cash and investments and is mainly influenced by the municipality's investment portfolio. The municipality ended the 2022/23 financial year with the closing cash and investments amounting to R 104 million.

Other Receipts

Other receipts reflect a 86.57% of the budgeted amount and are slightly lower than anticipated.

Employee Related Costs

Employee related costs reflect 85% of the budgeted amount and are slightly lower than anticipated. The variance is mainly due to the budgeted vacancies not yet filled.

External Interest and Dividends Paid

External interest and dividend paid related to the finance costs for the finance lease. The finance costs paid is higher than anticipated due to additional finance lease assets recognised during the 2022/23 financial year.

Suppliers Paid and Other Payments

Suppliers paid and other payments reflect a 82% compared to the budgeted amount and the budget is slightly underspent due to overall underspending of the operating budget.

Increase in long-term loans

The increase in long-term loans relate to the additional finance lease recognised during the 2022/23 financial year and was not budgeted for. The municipality entered into a finance lease for new vehicles in 2021/22 and some vehicles were only delivered during the 2022/23 financial year.

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.

1.2.4 Impairment of Statutory Receivables

Accounting Policy 5.2. 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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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. 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.

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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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	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 	1 April 2023	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. 	1 April 2023	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

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 2022 to 30 June 2023.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. INVENTORIES

3.1 Recognition and Initial Measurement

Inventories comprises of 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.

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. 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 of the Inventories recognised as an expense in the period in which the reversal occurs.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 or Financial Liabilities 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
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.

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
Consumer Deposits	Financial Liabilities at Amortised Cost
Finance Lease Liabilities	
Payables from Exchange Transactions	
Payables from Non-exchange Transactions	
Unspent Conditional Grants	

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

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.

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.

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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

5.1 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

5.2 Other Statutory Receivables

5.2.1 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.

5.2.2 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.

5.2.3 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.

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

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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5.24 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	30		Community Facilities	30
				Recreational Facilities	15 - 20
	Infrastructure			Other	
	Electricity	15 - 30		Computer Equipment	3 - 7
	Roads and Paving	10 - 30		Emergency Equipment	5 - 15
	Sanitation	10 - 20		Furniture and Fittings	10
	Sewerage / Solid Waste	10 - 20		Office Equipment	3 - 7
	Water	15 - 20		Plant and Equipment	2 - 7
				Transport Assets	7 - 15
	Landfill Sites	10 - 20			

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

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).

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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
	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. Management took a decision that the residual values on Investment properties will be equal to the cost on initial recognition, as the properties held, are appreciating.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

8.3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position):

(a) on disposal (including disposal through a non-exchange transaction); or

(b) when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The gain or loss arising 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.

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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

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.

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. 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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 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.

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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

15. REVENUE RECOGNITION

15.1 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.

15.2 Revenue from Non-exchange Transactions

15.2.1 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.

15.2.2 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.

15.2.3 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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

15.2.4 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

15.2.5 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.

15.2.6 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.

15.2.7 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.

15.2.8 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.

15.3 Revenue from Exchange Transactions

15.3.1 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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

15.3.2 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.

15.3.3 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.

15.3.4 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.

15.3.5 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. 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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

17. 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).

18. 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.

19. 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.

20. 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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

21. 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.

22. 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.

23. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

24. 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.

KOUGA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

25. 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.

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.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
1. INVENTORIES		
Materials and Supplies	17 404 498	16 251 171
Water - At Cost	1 193 537	798 678
Total Inventories	<u>18 598 035</u>	<u>17 049 849</u>
1.1 Allocation for Cash Flow		
Suppliers Paid:-		
Inventory - Opening Balance	17 049 849	12 570 366
Inventory - Closing Balance	(18 598 036)	(17 049 849)
Adjustment for Non-cash Transactions: Realisable Value Adjustment	(424 835)	97 142
Total Inventory allocated to Suppliers Paid	<u>(1 973 022)</u>	<u>(4 382 341)</u>
Total Inventory allocated to Cash Flow	<u>(1 973 022)</u>	<u>(4 382 341)</u>

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. Adjustment of Inventory to Net Realisable Value was required.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Allowance for Impairment R	Net Balances R
As at 30 June 2023			
Service Debtors:	375 970 409	309 228 603	66 741 806
Electricity	56 507 111	24 044 709	32 462 402
Refuse	91 662 728	86 660 443	5 002 285
Sewerage	60 207 132	54 904 029	5 303 103
Other Service Charges	5 720 358	5 720 457	(99)
Water	161 873 080	137 898 965	23 974 115
Other Debtors	3 712 009	-	3 712 009
Prepayments and Advances	4 165 478	22 000	4 143 478
Control, Clearing and Interface Accounts	1 539 272	-	1 539 272
Deposits for Land	893 543	-	893 543
Total Receivables from Exchange Transactions	<u>386 280 711</u>	<u>309 250 603</u>	<u>77 030 108</u>

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Gross Balances R	Allowance for Impairment R	Net Balances R
As at 30 June 2022			
Service Debtors:	285 223 419	229 938 538	55 284 881
Electricity	52 792 349	21 350 024	31 442 325
Refuse	71 667 244	70 095 820	1 571 424
Sewerage	45 727 373	41 707 929	4 019 444
Other Service Charges	6 605 573	6 372 701	232 872
Water	108 430 880	90 412 064	18 018 816
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	293 945 097	229 960 538	63 984 559

2.1 Allocation for Cash Flow

Service Charges:-

	2023 R	2022 R
Service Debtors - Opening Balance	55 284 881	49 585 971
Service Debtors - Closing Balance	(66 741 806)	(55 284 881)
Service Debtors: Allowance for Impairment - Opening Balance	229 938 538	180 492 826
Service Debtors: Allowance for Impairment - Closing Balance	(309 228 603)	(229 938 538)
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	(90 746 990)	(55 144 622)

Other Receipts:-

Receivables from Exchange Transactions: Gross - Opening Balance	293 945 097	235 786 735
Receivables from Exchange Transactions: Gross - Closing Balance	(386 280 711)	(293 945 097)
Less Cash Flow for:-		
Service Charges	90 746 990	55 144 622
Suppliers Paid	420 710	131 069
Profit on Sale of Land	197 947	2 790 000
Total Receivables from Exchange Transactions allocated to Other Receipts	(969 967)	(92 671)

Suppliers Paid:-

Prepayments and Advances - Opening Balance	3 722 768	3 591 699
Prepayments and Advances - Closing Balance	(4 143 478)	(3 722 768)
Prepayments and Advances: Allowance for Impairment - Opening Balance	22 000	22 000
Prepayments and Advances: Allowance 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 **(420 710)** **(131 069)**

Total Receivables from Exchange Transactions allocated to Profit on Sale of Land (Other Receipts) **(197 947)** **(2 790 000)**

Total Receivables from Exchange Transactions allocated to Cash Flow **(92 335 614)** **(58 158 362)**

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2.2 Ageing of Receivables from Exchange Transactions

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	32 118 104	2 208 876	2 588 935	19 591 196	56 507 111
Less: Allowance for Impairment	-	-	-	-	24 044 709
Net Balances	32 118 104	2 208 876	2 588 935	19 591 196	32 462 402
Refuse:					
Gross Balances	5 787 345	2 109 607	3 485 116	80 280 659	91 662 728
Less: Allowance for Impairment	-	-	-	-	86 660 443
Net Balances	5 787 345	2 109 607	3 485 116	80 280 659	5 002 285
Sewerage:					
Gross Balances	6 274 582	2 185 140	3 348 393	48 399 017	60 207 132
Less: Allowance for Impairment	-	-	-	-	54 904 029
Net Balances	6 274 582	2 185 140	3 348 393	48 399 017	5 303 103
Other Service Charges:					
Gross Balances	(22 348)	22 953	34 156	5 685 596	5 720 358
Less: Allowance for Impairment	-	-	-	-	5 720 457
Net Balances	(22 348)	22 953	34 156	5 685 596	(99)
Water:					
Gross Balances	27 437 867	6 426 149	13 094 665	114 914 399	161 873 080
Less: Allowance for Impairment	-	-	-	-	137 898 965
Net Balances	27 437 867	6 426 149	13 094 665	114 914 399	23 974 115
Other Debtors:					
Gross Balances	3 712 009	-	-	-	3 712 009
Net Balances	3 712 009	-	-	-	3 712 009
Prepayments and Advances:					
Gross Balances	4 165 478	-	-	-	4 165 478
Less: Allowance for Impairment	-	-	-	-	22 000
Net Balances	4 165 478	-	-	-	4 143 478
Control, Clearing and Interface Accounts:					
Gross Balances	1 539 272	-	-	-	1 539 272
Net Balances	1 539 272	-	-	-	1 539 272
Deposits for Land					
Gross Balances	893 543	-	-	-	893 543
Net Balances	893 543	-	-	-	893 543

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

As at 30 June Receivables of R304 374 859 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	12 952 726	22 551 264	268 870 868	304 374 859
Less: Allowance for Impairment	-	-	-	-
Net Balances	12 952 726	22 551 264	268 870 868	304 374 859

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	15 822 719	15 276 527	2 726 861	18 966 242	52 792 349
Less: Allowance for Impairment	-	-	-	-	21 350 024
Net Balances	15 822 719	15 276 527	2 726 861	18 966 242	31 442 325

Refuse:

Gross Balances	13 162 818	4 198 872	1 847 848	52 457 706	71 667 244
Less: Allowance for Impairment	-	-	-	-	70 095 820
Net Balances	13 162 818	4 198 872	1 847 848	52 457 706	1 571 424

Sewerage:

Gross Balances	9 894 520	3 974 169	1 534 200	30 324 484	45 727 373
Less: Allowance for Impairment	-	-	-	-	41 707 929
Net Balances	9 894 520	3 974 169	1 534 200	30 324 484	4 019 444

Other Service Charges:

Gross Balances	264 882	1 777 317	162 506	4 400 868	6 605 573
Less: Allowance for Impairment	-	-	-	-	6 372 701
Net Balances	264 882	1 777 317	162 506	4 400 868	232 872

Water:

Gross Balances	32 943 533	8 476 633	2 174 744	64 835 970	108 430 880
Less: Allowance for Impairment	-	-	-	-	90 412 064
Net Balances	32 943 533	8 476 633	2 174 744	64 835 970	18 018 816

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: Allowance for Impairment	-	-	-	-	22 000
Net Balances	3 744 768	-	-	-	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 2023

Deposits for Land

Gross Balances	893 543	-	-	-	893 543
Net Balances	893 543	-	-	-	893 543

As at 30 June Receivables of R213 134 947 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: Allowance for Impairment	-	-	-	-
Net Balances	33 703 518	8 446 159	170 985 270	213 134 947

2023
R

2022
R

2.3 Reconciliation of the Allowance for Impairment

Balance at beginning of year	229 960 537	180 514 827
Impairment Losses recognised	84 125 824	54 281 468
Amounts written off as uncollectable	(4 835 758)	(4 835 757)
Balance at end of year	<u>309 250 603</u>	<u>229 960 538</u>

2.3.1 Allocation for Cash Flow

Allowance for Impairment at Beginning of Year	229 960 537	180 514 826
Movement in Non-cash Transactions:-		
Impairment Recognised	84 125 824	219 785 198
Impairment Reversed	-	(165 503 730)
Total Receivables from Exchange Transactions Impairment allocated to Non-cash Transactions	<u>84 125 824</u>	<u>54 281 468</u>
Movement in Service Charges:-		
Amounts Written-off	(4 835 758)	(4 835 757)
Total Receivables from Exchange Transactions Impairment allocated to Service Charges	<u>(4 835 758)</u>	<u>(4 835 757)</u>
Allowance for Impairment at End of Year	<u>309 250 603</u>	<u>229 960 537</u>

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Allowance 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 Allowance 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 allowance 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.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Allowance for Impairment R	Net Balances R
As at 30 June 2023			
VAT Receivable	45 422 024	-	45 422 024
Total Statutory Receivables from Exchange Transaction	<u>45 422 024</u>	<u>-</u>	<u>45 422 024</u>
As at 30 June 2022			
VAT Receivable	52 205 682	-	52 205 682
Total Statutory Receivables from Exchange Transaction	<u>52 205 682</u>	<u>-</u>	<u>52 205 682</u>
		2023 R	2022 R

3.1 Allocation for Cash Flow

VAT Receivable:

VAT Received	6 783 658	-
VAT Paid	-	(4 455 469)
Total VAT allocated to Cash Flow	<u>6 783 658</u>	<u>(4 455 469)</u>

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

4. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Allowance for Impairment R	Net Balances R
As at 30 June 2023			
Property Rates	61 280 471	48 604 832	12 675 639
Fines	116 258 117	104 016 081	12 242 036
Accrued Income	4 096 858	-	4 096 858
Total Statutory Receivables from Non-Exchange Transactions	<u>181 635 446</u>	<u>152 620 913</u>	<u>29 014 533</u>
As at 30 June 2022			
Property Rates	50 368 249	39 237 678	11 130 571
Fines	32 589 670	32 052 115	537 555
Accrued Income	3 607 747	-	3 607 747
Total Statutory Receivables from Non-Exchange Transactions	<u>86 565 666</u>	<u>71 289 793</u>	<u>15 275 873</u>

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
4.1 Allocation for Cash Flow		
Property Rates:-		
Property Rates Debtors - Opening Balance	11 130 571	10 555 665
Property Rates Debtors - Closing Balance	(12 675 639)	(11 130 571)
Property Rates Debtors: Allowance for Impairment - Opening Balance	39 237 678	36 870 387
Property Rates Debtors: Allowance for Impairment - Closing Balance	(48 604 832)	(39 237 678)
Total Statutory Receivables from Non-exchange Transactions allocated to Property Rates	<u>(10 912 222)</u>	<u>(2 942 197)</u>
Other Receipts:		
Fines Debtors - Opening Balance	537 555	1 473 500
Fines Debtors - Closing Balance	(12 242 036)	(537 555)
Fines Debtors: Allowance for Impairment - Opening Balance	32 052 115	30 754 158
Fines Debtors: Allowance for Impairment - Closing Balance	(104 016 081)	(32 052 115)
Accrued Income - Opening Balance	3 607 747	-
Accrued Income - Closing Balance	(4 096 858)	(3 607 746)
Total Statutory Receivables from Non-Exchange Transactions allocated to Other Receipts	<u>(84 157 558)</u>	<u>(3 969 758)</u>
Total Statutory Receivables from Non-Exchange Transactions allocated to Cash Flow	<u>(95 069 780)</u>	<u>(6 911 955)</u>

4.2 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates (Including Services Debtors):					
Gross Balances	21 636 872	2 815 463	857 492	35 970 644	61 280 471
Less: Allowance for Impairment	-	-	-	-	48 604 832
Net Balances	21 636 872	2 815 463	857 492	35 970 644	12 675 639
Fines:					
Gross Balances	116 258 117	-	-	-	116 258 117
Less: Allowance for Impairment	-	-	-	-	104 105 761
Net Balances	116 258 117	-	-	-	12 152 356

As at 30 June Receivables of R39 643 599 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	2 815 463	857 492	35 970 644	39 643 599
Less: Allowance for Impairment	-	-	-	
Net Balances	2 815 463	857 492	35 970 644	39 643 599

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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	2 953 223	10 981 751	1 170 645	35 262 630	50 368 249
Less: Allowance for Impairment					32 237 678
Net Balances	2 953 223	10 981 751	1 170 645	35 262 630	18 130 571

Fines:

Gross Balances	32 589 670	-	-	-	32 589 670
Less: Allowance for Impairment	32 052 115	-	-	-	32 052 115
Net Balances	537 555	-	-	-	537 555

As at 30 June Receivables of R47 415 026 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: Allowance for Impairment	-	-	-	-
Net Balances	10 981 751	1 170 645	35 262 630	47 415 026

**2023
R**

**2022
R**

4.3 Reconciliation of Allowance for Impairment

Balance at Beginning of year	71 289 793	67 624 545
Impairment Losses Recognised	81 579 307	28 667 422
Impairment Losses Reversed	-	(24 753 987)
Amounts Written-off as uncollectable	(248 188)	(248 187)

Balance at end of year 152 620 912 71 289 793

4.3.1 Allocation for Cash Flow

Allowance for Impairment at Beginning of Year 71 289 793 67 624 545

Movement in Non-cash Transactions:-

Impairment Recognised	81 579 307	28 667 422
Impairment Reversed	-	(24 753 987)

Total Non-exchange Transactions Impairment allocated to Non-cash Transactions 81 579 307 3 913 435

Movement in Property Rates:-

Amounts Written-off (248 187) (248 187)

Total Receivables from Non-exchange Transactions Impairment allocated to Property Rates (248 187) (248 187)

Movement in Other Receipts:-

Amounts Written-off (1) -

Total Receivables from Non-exchange Transactions Impairment allocated to Other Receipts (1) -

Allowance for Impairment at End of Year 152 620 912 71 289 793

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Allowance for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Allowance for Impairment was calculated after assessing each individual receivable for Property rates, and calculating the recoverability ratio based on the specific collection rate, a grouping of the rest of the financial assets of similar nature and risk ratings and assessing the recoverability.

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.

5. CASH AND CASH EQUIVALENTS

Current Investments	83 334 266	9 802 828
Bank Accounts	21 600 332	18 047 311
Cash on Hand	421	421
Total Bank, Cash and Cash Equivalents	104 935 019	27 850 560

5.1 Allocation for Cash Flow:

Increase / (Decrease) in Cash Equivalents:-

Cash and Cash Equivalents - Opening Balance	27 850 559	53 394 447
Cash and Cash Equivalents - Closing Balance	(104 935 019)	(27 850 559)

Total Cash and Cash Equivalents allocated to Increase / (Decrease) in Cash Equivalents	(77 084 460)	25 543 888
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Total Cash and Cash Equivalents allocated to Cash Flow	(77 084 460)	25 543 888
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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.

5.2 Current Investment Deposits

Call Deposits	83 334 266	9 802 828
Total Current Investment Deposits	83 334 266	9 802 828

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 6.00 % to 8.00% (2022: 3.00 % to 8.00 %) per annum.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5.3 Bank Accounts

Cash in Bank	21 600 332	18 047 311
Total Bank Accounts	<u>21 600 332</u>	<u>18 047 311</u>

The Municipality has the following operational bank accounts:

Primary Bank Account

Cash book balance at beginning of year	18 047 311	12 904 130
Cash book balance at end of year	<u>21 600 332</u>	<u>18 047 311</u>

First National Bank - Jeffreys bay Branch-Cheque Account Number: 52540020791

Bank statement balance at beginning of year	4 850 118	7 082 227
Bank statement balance at end of year	<u>15 413 743</u>	<u>4 850 118</u>

First National Bank - Jeffreys bay Branch-Cheque Account Number: 52540033504

Bank statement balance at beginning of year	13 197 193	5 795 584
Bank statement balance at end of year	<u>3 874 471</u>	<u>13 197 193</u>

First National Bank - Jeffreys bay Branch-Cheque Account Number: 62682103591

Bank statement balance at beginning of year	-	26 319
Bank statement balance at end of year	<u>780</u>	<u>-</u>

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	<u>421</u>	<u>421</u>

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

6. PROPERTY, PLANT AND EQUIPMENT

30 June 2023

Reconciliation of Carrying Value

Description	Land	Buildings	Infrastructure	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 2022	215 558 377	46 583 835	1 529 025 119	26 160 062	35 876 047	18 116 649	59 158 675	660 766	135 015 686	2 066 155 216
Cost	215 558 377	50 938 775	2 327 245 293	77 204 173	44 541 785	53 632 587	95 329 866	2 039 160	135 015 686	3 001 505 702
- Completed Assets	215 558 377	50 938 775	2 327 245 293	77 204 173	44 541 785	53 632 587	95 329 866	2 039 160	-	2 866 490 016
- Under Construction	-	-	-	-	-	-	-	-	135 015 686	135 015 686
Accumulated Impairment Losses	-	(879 000)	(2 576 527)	-	(8 037 000)	(391 915)	(36 480)	-	-	(11 920 922)
Accumulated Depreciation	-	(3 475 940)	(795 643 647)	(51 044 111)	(628 738)	(35 124 023)	(36 134 711)	(1 378 394)	-	(923 429 564)
Acquisition of Assets										
- Cost	-	-	324 660	-	-	5 299 985	16 911 772	-	-	22 536 417
- Capital Under Construction	-	-	-	-	-	-	-	-	91 429 347	91 429 347
Decommissioning and other Liabilities	(4 221 595)	-	-	4 300 382	-	-	-	-	-	78 787
Depreciation	-	(600 926)	(80 656 139)	(5 235 495)	(609 704)	(4 782 994)	(8 874 539)	(203 379)	-	(100 963 176)
Carrying value of Disposals:	-	-	(1 187 229)	-	-	(124 493)	(4 367)	(3 491)	-	(1 319 580)
- Cost	-	-	(2 960 585)	-	-	(4 064 151)	(108 700)	(98 715)	-	(7 232 151)
- Accumulated Impairment Losses	-	-	-	-	-	391 047	-	-	-	391 047
- Accumulated Depreciation	-	-	1 773 356	-	-	3 548 611	104 333	95 224	-	5 521 524
Impairment (losses)/reversals	-	(1 291 942)	(20 224 906)	-	(612 032)	(1 055 649)	-	-	-	(23 184 529)
Capital under Construction - Completed	-	-	-	-	-	-	-	-	-144 275 375.00	(144 275 375)
Transfer to Cost - Completed	-	925 945	134 633 584	-	7 659 196	-	-	-	-	143 218 725
Carrying values at 30 June 2023	211 336 782	45 616 912	1 561 915 089	25 224 949	42 313 507	17 453 498	67 191 541	453 896	82 169 658	2 053 675 832
Cost	211 336 782	51 864 720	2 459 242 952	81 504 555	52 200 981	54 868 421	112 132 938	1 940 445	82 169 658	3 107 261 452
- Completed Assets	211 336 782	51 864 720	2 459 242 952	81 504 555	52 200 981	54 868 421	112 132 938	1 940 445	-	3 025 091 794
- Under Construction	-	-	-	-	-	-	-	-	82 169 658	82 169 658
Accumulated Impairment Losses	-	(2 170 942)	(22 801 433)	-	(8 649 032)	(1 056 517)	(36 480)	-	-	(34 714 404)
Accumulated Depreciation	-	(4 076 866)	(874 526 430)	(56 279 606)	(1 238 442)	(36 358 406)	(44 904 917)	(1 486 549)	-	(1 018 871 216)

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note

The council resolution dated 30 May 2023 indicated that residential erven (41) with a carrying value of R 12 201 000 to be disposed off through a tender process. The tender process will be completed within the next two financial years.

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

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
Carrying values at 01 July 2021	238 306 377	46 800 128	1 589 425 177	13 793 293	33 060 139	17 297 020	25 578 517	921 673	76 808 015	2 041 990 339
Cost	238 306 377	50 571 346	2 312 315 085	59 176 217	34 876 061	50 546 716	57 225 835	2 039 160	76 808 015	2 881 864 812
- Completed Assets	238 306 377	50 571 346	2 312 315 085	59 176 217	34 876 061	50 546 716	57 225 835	2 039 160	-	2 805 056 797
- Under Construction	-	-	-	-	-	-	-	-	76 808 015	76 808 015
Accumulated Impairment Losses	-	(879 000)	(68 413)	-	(1 587 000)	(503 144)	(36 480)	-	-	(3 074 037)
Accumulated Depreciation	-	(2 892 218)	(722 821 495)	(45 382 924)	(228 922)	(32 746 552)	(31 610 838)	(1 117 487)	-	(836 800 436)
Acquisition of Assets										
- Cost	-	-	-	254 799	(254 800)	5 700 400	38 219 007	-	-	43 919 406
- Capital Under Construction	-	-	-	-	-	-	-	-	84 065 354	84 065 354
Decommissioning and other Liabilities	-	-	-	17 773 157	-	-	-	-	-	17 773 157
Depreciation	-	(583 722)	(72 822 152)	(5 661 187)	(399 816)	(4 277 273)	(4 631 068)	(260 907)	-	(88 636 125)
Carrying value of Disposals:	(22 748 000)	(472 500)	-	-	-	(603 498)	(7 781)	-	-	(23 831 779)
- Cost	(22 748 000)	(472 500)	-	-	-	(2 614 529)	(114 976)	-	-	(25 950 005)
- Accumulated Impairment Losses	-	-	-	-	-	111 229	-	-	-	111 229
- Accumulated Depreciation	-	-	-	-	-	1 899 802	107 195	-	-	2 006 997
Impairment (losses)/reversals	-	-	(2 508 114)	-	(6 450 000)	-	-	-	-	(8 958 114)
Capital under Construction - Completed	-	-	-	-	-	-	-	-	(25 857 683)	(25 857 683)
Transfer to Cost - Completed	-	839 929	14 930 208	-	9 920 524	-	-	-	-	25 690 661
Carrying values at 30 June 2022	215 558 377	46 583 835	1 529 025 119	26 160 062	35 876 047	18 116 649	59 158 675	660 766	135 015 686	2 066 155 216
Cost	215 558 377	50 938 775	2 327 245 293	77 204 173	44 541 785	53 632 587	95 329 866	2 039 160	135 015 686	3 001 505 702
- Completed Assets	215 558 377	50 938 775	2 327 245 293	77 204 173	44 541 785	53 632 587	95 329 866	2 039 160	-	2 866 490 016
- Under Construction	-	-	-	-	-	-	-	-	135 015 686	135 015 686
Accumulated Impairment Losses	-	(879 000)	(2 576 527)	-	(8 037 000)	(391 915)	(36 480)	-	-	(11 920 922)
Accumulated Depreciation	-	(3 475 940)	(795 643 647)	(51 044 111)	(628 738)	(35 124 023)	(36 134 711)	(1 378 394)	-	(923 429 564)

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
6. PROPERTY, PLANT AND EQUIPMENT (Continued)		
6.1 Allocation for Cash Flow		
Property, Plant and Equipment at Beginning of Year	2 066 155 213	2 041 990 337
Property, Plant and Equipment	1 931 139 527	1 965 182 323
Construction Work-in-Progress	135 015 686	76 808 014
Movement in Non-cash Transactions:-		
Depreciation for the Year	(100 963 178)	(88 636 125)
Impairment for the Year	(23 184 529)	(8 958 114)
Decommissioning, Restoration and Other Liabilities	78 787	17 773 157
Donated Assets	-	-
Revaluation	-	-
Total Property, Plant and Equipment allocated to Non-cash Transactions	(124 068 920)	(79 821 082)
Purchase of Property, Plant and Equipment:-		
Acquisition of Property, Plant and Equipment	22 536 417	44 432 885
Acquisitions	22 536 417	43 919 405
Correction of Error	-	-
Decommissioning, Restoration and Other Liabilities	-	513 480
Acquisition of Construction Work-in-Progress	91 429 347	84 065 354
Total Property, Plant and Equipment allocated to Purchase of Property, Plant and Equipment	113 965 764	128 498 239
Disposal of Property, Plant and Equipment:-		
Carrying Value of Disposals	(1 319 580)	(23 831 780)
Total Property, Plant and Equipment allocated to Proceeds on Disposal of Property, Plant and Equipment	(1 319 580)	(23 831 780)
Transfer of Property, Plant and Equipment:-		
Work in Progress Completed: Transferred In	143 218 724	25 690 661
Work in Progress Completed: Transferred Out	-	-
Total Property, Plant and Equipment allocated to Suppliers Paid	(1 056 651)	(167 022)
Property, Plant and Equipment at End of Year	2 053 675 826	2 066 668 692
Proceeds on Disposal of Property, Plant and Equipment:-		
Disposals as per Reconciliation of Property, Plant and EquipmeNote 6.1	1 319 580	23 831 780
Gains / Losses on Disposal of Property, Plant and Equipment Note 38.	(1 313 865)	(10 274 662)
Total Proceeds on Disposal of Property, Plant and Equipment allocated to Cash Flow	5 715	13 557 118

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 2023

6.4 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R23 184 529 (2022: R8 958 114) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 30..

The main reasons for the impairment are vandalism of Municipal assets and the components being obsolete. This was impaired to the extent of the components usefulness.

Buildings	1 291 942	-
Community Assets	612 032	6 450 000
Infrastructure	20 224 906	2 508 114
Other Assets	1 055 649	-
Total Impairment of Property, Plant and Equipment	23 184 529	8 958 114

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 2023		
Other Assets	124 493	(124 493)
Transport Assets	4 367	(4 367)
Totals for Lost Property, Plant and Equipment	128 860	(128 860)
	Carrying Value of Lost Assets R	Surplus / Deficit on Compensation R
30 June 2022		
Buildings	472 500	(472 500)
Other Assets	603 498	(603 498)
Transport Assets	7 781	(7 781)
Totals for Lost Property, Plant and Equipment	1 083 779	(1 083 779)

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 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	8 177 746	5 906 174
- Contracted Services	2 998 657	1 102 395
- Inventory Consumed	4 931 469	4 729 428
- Other Operational Costs	247 620	74 351
Information and Communication Infrastructure	-	164 163
- Contracted Services	-	164 163
- Other Operational Costs	-	-
Rail Infrastructure	-	695 607
- Contracted Services	-	695 607
Roads Infrastructure	12 860 522	11 131 682
- Contracted Services	10 657 062	9 850 312
- Inventory Consumed	2 203 460	1 281 370
Sanitation Infrastructure	4 558 732	2 518 419
- Contracted Services	2 914 405	1 450 152
- Inventory Consumed	1 158 161	843 071
- Other Operational Costs	486 166	225 196
Storm Water Infrastructure	876 028	1 115 443
- Contracted Services	382 089	137 228
- Inventory Consumed	493 939	544 264
- Other Operational Costs	-	433 951
Water Supply Infrastructure	5 193 280	9 189 071
- Contracted Services	1 149 288	943 773
- Inventory Consumed	2 835 917	3 085 412
- Other Operational Costs	1 208 075	5 159 886
Community Assets	3 227 864	3 139 741
- Contracted Services	2 280 568	2 501 807
- Inventory Consumed	947 296	637 934
Machinery and Equipment	593 850	665 913
- Contracted Services	318 470	537 176
- Inventory Consumed	275 380	128 737
Other Assets - Buildings	3 712 478	3 063 141
- Contracted Services	3 351 450	2 653 232
- Inventory Consumed	359 038	409 909
- Other Operational Costs	1 990	-
Transport Assets	8 471 963	9 161 435
- Contracted Services	6 869 150	7 638 441
- Inventory Consumed	1 602 813	1 476 204
- Other Operational Costs	-	46 790
Total Expenditure related to Repairs and Maintenance Projects	47 672 463	46 750 789

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

7. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	602 549	869 781
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The movement in Intangible Assets is reconciled as follows:

Software Purchased:

Carrying values at 01 July	869 781	1 294 964
Cost	2 153 379	2 153 379
Accumulated Amortisation	(1 283 598)	(858 415)
Acquisitions:	-	-
Purchased	-	-
Amortisation:	(267 232)	(425 183)
Purchased	(267 232)	(425 183)
Disposals:	-	-
Carrying values at 30 June	602 549	869 781
Cost	2 153 379	2 153 379
Accumulated Amortisation	(1 550 830)	(1 283 598)

7.1 Allocation for Cash Flow

Intangible Assets at Beginning of Year	869 781	1 294 964
Movement in Non-cash Transactions:-		
Amortisation for the Year	(265 675)	(425 184)
Total Intangible Assets allocated to Non-cash Transactions	(265 675)	(425 184)
Purchase of Intangible Assets:-		
Acquisition of Intangible Assets	-	-
Total Intangible Assets allocated to Purchase of Intangible Assets	-	-
Disposal of Intangible Assets:-		
Carrying Value of Disposals	(1 557)	-
Total Intangible Assets allocated to Proceeds on Disposal of Intangible Assets	(1 557)	-
Transfer of Intangible Assets:-		
Carrying Value of Transfers	34 801	-
Total Intangible Assets allocated to Suppliers Paid	34 801	-
Intangible Assets at End of Year	637 350	869 780

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 29.).

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.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

8. INVESTMENT PROPERTY

At Cost less Accumulated Depreciation

262 608 444 262 608 444

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July

262 608 444 262 645 444

Cost

262 608 444 262 645 444

Acquisitions during the Year

-

Cost

-

Carrying values at 30 June

262 608 444 262 608 444

Cost

262 608 444 262 608 444

8.1 Allocation for Cash Flow

Investment Property at Beginning of Year

262 608 444 262 645 444

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

262 608 444 262 608 444

Gains / (Losses) in Fair Value of Investment Property:-

Fair Value Adjustments

-

Total Investment Property allocated to Gains or Losses

-

Proceeds on Disposal of Investment Property:-

Disposals as per Reconciliation of Investment Property Note 8.1

- 37 000

Gains / Losses on Disposal of Investment Property Note 38.

-

Total Proceeds on Disposal of Investment Property allocated to Cash Flow

- 37 000

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property

2 026 351 2 263 717

Direct Operating Expenses - incurred which did not generate rental revenue

118 352 -

Investment Property had been pledged as security for any liabilities of the municipality as indicated below:

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 2023

	2023 R	2022 R
9. LEASE RECEIVABLES		
Current Lease Receivables	109 349	152 713
Non-current Lease Receivables	-	-
Total Lease Receivables	<u>109 349</u>	<u>152 713</u>
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	152 713	107 590
Operating Lease Revenue effected	(43 364)	45 123
Total Operating Lease Receivables	<u>109 349</u>	<u>152 713</u>
9.1.1 Allocation for Cash Flow		
Other Receipts:-		
Operating Lease Receivables - Opening Balance	152 713	107 590
Operating Lease Receivables - Closing Balance	(109 349)	(152 713)
Total Operating Lease Receivables allocated to Other Receipts	<u>43 364</u>	<u>(45 123)</u>
Total Operating Lease Receivables allocated to Cash Flow	<u>43 364</u>	<u>(45 123)</u>
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	385 711	360 075
2 to 5 years	793 966	1 311 975
Total Operating Lease Arrangements	<u>1 696 824</u>	<u>1 672 050</u>

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 R43 364 (2022: decrease of R-45 123) in current year income.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
10. CONSUMER DEPOSITS		
Electricity	14 301 679	12 906 149
Water	2 987 483	2 219 214
Other Deposits:-	11 770 910	8 547 562
- Land Sales	11 569 970	8 371 633
- Rental Properties	104 940	79 929
- Wayleave	96 000	96 000
Total Consumer Deposits	29 060 072	23 672 925
10.1 Allocation for Cash Flow		
Service Charges:-		
Consumer Deposits: Trading Services - Opening Balance	(15 125 363)	(13 905 923)
Electricity	(12 906 149)	(11 881 426)
Water	(2 219 214)	(2 024 497)
Consumer Deposits: Trading Services - Closing Balance	17 289 162	15 125 363
Electricity	14 301 679	12 906 149
Water	2 987 483	2 219 214
Total Consumer Deposits allocated to Service Charges	2 163 799	1 219 440
Other Receipts:-		
Consumer Deposits: Other Services - Opening Balance	(8 547 562)	(6 868 333)
Consumer Deposits: Other Services - Closing Balance	11 770 911	8 547 563
Total Consumer Deposits allocated to Other Receipts	3 223 349	1 679 230
Total Consumer Deposits allocated to Cash Flow	5 387 148	2 898 670
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	28 811 223	12 871 829
Retentions	7 067 757	3 382 568
Salary Related Payables	1 143 348	1 059 452
Trade Creditors	59 159 892	64 404 854
Advance Payments	30 037 103	23 860 485
Total Payables from Exchange Transactions	126 219 323	105 579 188

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

11.1 Allocation for Cash Flow

Service Charges:-

Advance Payments	6 176 618	6 059 786
Control, Clearing and Interface Accounts: Prepaid Electricity	828 969	1 071 949
Total Payables from Exchange Transactions allocated to Service Charges	7 005 587	7 131 735

Other Receipts:-

Control, Clearing and Interface Accounts: Licensing and Registration	520 578	48 466
Unallocated Deposits	10 576 396	1 266 182
Total Payables from Exchange Transactions allocated to Other Receipts	11 096 974	1 314 648

Employee Related Costs:-

Control, Clearing and Interface Accounts: Salary Clearing and Control	(4 363)	-
Long Service Award	139 049	143 768
PAYE Deductions	(55 153)	81 593
Total Payables from Exchange Transactions allocated to Employee Related Costs	79 533	225 361

Suppliers Paid:-

Auditor-General of South Africa	(64 534)	6 772
Bulk Water	20 252	(947 686)
Control, Clearing and Interface Accounts: Goods Received / Invoices Received	4 056 693	-
Electricity Bulk Purchase	1 327 769	5 024 165
Payables and Accruals	(6 528 449)	5 504 266
Retentions	3 685 189	(315 279)
Total Payables from Exchange Transactions allocated to Suppliers Paid	2 496 920	9 272 238

Other Payments:-

Control, Clearing and Interface Accounts: Cash and Bank	(38 878)	(6 201)
Total Payables from Exchange Transactions allocated to Other Payments	(38 878)	(6 201)

Total Payables from Exchange Transactions allocated to Cash Flow	20 640 136	17 937 781
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

National Government	5 894 953	-
Provincial Government	23 098 880	-

Total Unspent Conditional Grants and Receipts	28 993 833	-
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12.1 Allocation for Cash Flow

Transfers and Subsidies:-

Unspent Conditional Grants and Receipts - Opening Balance	-	(6 198 656)
Unspent Conditional Grants and Receipts - Closing Balance	28 993 833	-

Total Unspent Conditional Grants and Receipts allocated to Transfers and Subsidies	28 993 833	(6 198 656)
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Total Unspent Conditional Grants and Receipts allocated to Cash Flow	28 993 833	(6 198 656)
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The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 20 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.

13. LEASE PAYABLES

Current Lease Payables	11 342 009	10 508 192
Non-current Lease Payables	24 202 066	21 944 356

Total Lease Payables	35 544 075	32 452 548
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13.1 Finance Lease Payables

Finance Lease Liability	35 544 075	32 452 548
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Total Non-current Lease Payables	35 544 075	32 452 548
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Less: Current Portion transferred to Current Lease Payables:-	(11 342 009)	(10 508 192)
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Non-Current Portion of Finance Lease Payables	24 202 066	21 944 356
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13.1.1 Allocation for Cash Flow

13.1.1.1 Current Portion:-

Movement in Current Portion of Finance Lease Payables:-

Opening Balance	(10 508 192)	(618 501)
Closing Balance	11 342 009	10 508 192

Total Movement in Current Portion of Finance Lease Payables	833 817	9 889 691
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Adjustment for Non-cash Transactions:	422 045	696 860
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- Transfer from Non-current Finance Lease Payables	422 045	696 860
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- Other Non-cash Transactions	-	-
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Total Current Portion allocated to Repayment of Borrowings	1 255 862	10 586 551
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13.1.1.2 Non-current Portion:-

Movement in Non-current Finance Lease Payables:-

Non-current Finance Lease Payables - Opening Balance	(21 944 356)	-
Non-current Finance Lease Payables - Closing Balance	24 202 066	21 944 356
Total Movement in Non-current Finance Lease Payables	2 257 710	21 944 356
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	1 835 665	21 247 496
Total Long-term Liabilities allocated to Cash Flow	3 091 527	31 834 047

13.1.2 Summary of Arrangements

The Municipality as Lessee:

Finance Leases relate to vehicles with lease terms not more than 3 years (2022: 3 years). The effective interest rate on Finance Leases is between 1% and 19% (2022: 1% and 19%).

The municipality has options to purchase the vehicles 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	
	2023 R	2022 R	2023 R	2022 R
Amounts payable under borrowings:				
Within one year	14 736 609	14 167 024	12 168 693	11 599 108
In the second to fifth years, inclusive	25 403 817	18 285 524	23 375 382	20 853 440
Over five years	-	-	-	-
	40 140 426	32 452 548	35 544 074	32 452 548
Less: Future Finance Obligations	4 596 351	7 164 268		
Present Value of Minimum Lease Obligations	35 544 074	25 288 281	35 544 074	32 452 548
Less: Amounts due for settlement within 12 months (Current Portion)			(12 168 693)	(11 599 108)
Borrowings due for settlement after 12 months (Non-current Portion)			23 375 382	20 853 440

The municipality has finance lease agreements for the following significant classes of assets:

- Vehicles

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Included in these classes are the following significant leases:

(i) Various Vehicles, New Plant and Office Equipment	R 35 544 074	R 32 452 548
- Instalments are payable monthly in arrears		
- Average period outstanding	24 months	32 months
- Average effective interest rate, based on prime	13,5%	19.00%
- Average monthly instalment	R 1 481 003	R 1 014 142

14. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	115 193 656	112 939 960
Post-retirement Health Care Benefits Liability	95 726 999	92 123 834
Post-retirement Pension Benefits Liability	50 080	52 695
Long Service Awards Liability	17 286 000	18 958 334
Performance Bonus	2 130 577	1 805 097
Less: Current Portion of Employee Benefit Liabilities	8 555 397	7 443 566
Post-retirement Health Care Benefits Liability	3 736 000	3 253 911
Post-retirement Pension Benefits Liability	8 820	9 414
Long Service Awards Liability	2 680 000	2 375 144
Performance Bonus	2 130 577	1 805 097
Non-Current Portion of Employee Benefit Liabilities	106 638 259	105 496 394

14.1 Allocation for Cash Flow

14.1.1 Current Portion

Provisions at Beginning of Year	7 443 566	7 872 752
Movement in Non-cash Transactions:-		
Defined Benefit Obligations	-	3 253 911
Post Retirement Pension	(594)	(11 835)
Long Service Awards Liability	304 856	402 144
Performance Bonus	325 480	(929 406)
Total Provisions allocated to Non-cash Transactions	629 742	2 714 814
Movement in Employee Related Costs:-		
Actual Benefit Payments	(3 144 000)	(3 144 000)
Reductions (Outflow of Economic Benefits)	-	-
Total Provisions allocated to Employee Related Costs	(3 144 000)	(3 144 000)
Provisions at End of Year	4 929 308	7 443 566

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

14.1.2 Non-current Portion

Employee Benefit Liabilities at Beginning of Year	105 496 394	101 796 699
Movement in Non-cash Transactions:-		
Long-service Awards	1 002 783	3 194 000
Post Retirement Health Care	6 857 076	5 631 870
Post Retirement Pension	6 799	(56 654)
Total Employee Benefit Liabilities allocated to Non-cash Transactions	<u>7 866 658</u>	<u>8 769 216</u>
Movement in Employee Related Costs:-		
Long-service Awards: Reductions (Outflow of Economic Benefits)	(2 979 973)	(1 794 810)
Post Retirement Health Care: Actual Employer Benefit Payments	-	(3 274 711)
Post Retirement Pension Payment	-	-
Total Employee Benefit Liabilities allocated to Employee Related Costs	<u>(2 979 973)</u>	<u>(5 069 521)</u>
Employee Benefit Liabilities at End of Year	<u>110 383 079</u>	<u>105 496 394</u>

14.2 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 2023				
Opening Balance	1 805 097	3 736 000	8 820	2 375 144
Current service cost	325 481	-	-	2 680 000
Actual employer benefit payments	-	-	-	-
Reversals	-	-	-	(2 375 144)
Balance at end of year	<u>2 130 578</u>	<u>3 736 000</u>	<u>8 820</u>	<u>2 680 000</u>
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>

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 2023

14.3 Post-retirement Health Care Benefits Liability

Opening Balance	88 869 923	89 626 999
Interest Cost	11 583 601	9 038 000
Current Service Cost	3 811 110	6 757 911
Actual Employer Benefit Payments	-	(6 397 911)
Actuarial Loss/ (Gain) recognised in the year	(8 537 635)	(6 901 165)
Balance at end of Year	95 726 999	92 123 834
Transfer to Current Provisions	3 736 000	3 253 911
Total Post-retirement Health Care Benefits Liability	91 990 999	88 869 923

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 2023 by Arch Actuarial Consulting. 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)	429	424
In-service Non-members (Employees)	343	-
Continuation Members (Retirees, widowers and orphans)	81	78
Total Members	853	502

The liability in respect of past service has been estimated as follows:

In-service Members	51 875 999	51 568 834
Continuation Members	43 851 000	40 555 000
Total Liability	95 726 999	92 123 834

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 2023 is estimated to be R3 811 110, whereas the cost for the ensuing year is estimated to be R3 736 000 (30 June 2022: R3 504 000 and R3 811 110 respectively)."

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	12.48%	12.80%
Health Care Cost Inflation Rate	8.09%	9.31%
Net Effective Discount Rate	4.06%	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 2023

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening Balance	92 123 834	89 626 999
Interest Cost	11 583 601	9 038 000
Current Service Cost	3 811 110	3 504 000
Benefits Paid	(3 253 910)	(3 144 000)
Actuarial Losses / (Gains)	(8 537 635)	(6 901 165)
Total Recognised Benefit Liability	95 727 000	92 123 834

The amounts recognised in the Statement of Financial Position are as follows:

Present Value of Fund Obligations	95 727 000	92 123 834
Total Benefit Liability	95 727 000	92 123 834

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	3 811 110	6 757 911
Interest cost	11 583 601	9 038 000
Actuarial losses / (gains)	(8 537 635)	(6 901 165)
Total Post-retirement Benefit included in Employee Related Costs (Note 27.)	6 857 076	8 894 746

The history of fair values are as follows:

	2023 R	2022 R	2021 R	2020 R	2019 R
Present Value of Defined Benefit Obligation	95 727 000	92 123 834	89 626 999	83 222 393	86 379 999
Deficit	95 727 000	92 123 834	89 626 999	83 222 393	86 379 999
Experienced adjustments on Plan Liabilities	(9 109 000)	(9 109 000)	(1 919 000)	2 356 040	41 820

	2023 R	2022 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	18 027 552	18 027 552
Effect on the defined benefit obligation	110 146 000	106 203 313

Decrease:

Effect on the aggregate of the current service cost and the interest cost	13 254 634	13 254 634
Effect on the defined benefit obligation	83 894 000	80 533 893

The municipality expects to make a contribution of R3,736,000 (2022: R3,253,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 46., "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 2023

14.4 Post-retirement Pension Benefits Liability

Opening Balance	43 281	130 149
Interest Cost	4 425	8 800
Current Service Cost	-	-
Actual Employer Benefit Payments	-	(20 800)
Actuarial Loss/ (Gain) recognised in the year	2 374	(65 454)
 Balance at end of Year	 50 080	 52 695
 Transfer to Current Provisions	 8 820	 9 414
 Total Post-retirement Pension Benefits Liability	 41 260	 43 281

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 2023 by Arch Actuarial Consulting. 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	10.03%	9.26%
Health Care Cost Inflation Rate	0.00%	0.00%
Net Effective Discount Rate	10.03%	9.26%
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	43 282	157 862
Interest Cost	4 425	8 800
Current Service Cost	-	-
Actual Employer Benefit Payments	-	(20 800)
Actuarial Loss/ (Gain) recognised in the year	2 374	(102 580)
 Total Recognised Benefit Liability	 50 081	 43 282

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	50 081	43 282
 Total Benefit Liability	 50 081	 43 282

The amounts recognised in the Statement of Financial Performance are as follows:

Interest cost	4 425	8 800
Actuarial losses / (gains)	(65 454)	(65 454)
 Total Post-retirement Benefit included in Employee Related Costs (Note)	 (61 029)	 (56 654)

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The history of experienced adjustments is as follows:

	2023 R	2022 R	2021 R	2020 R	2019 R
Obligation	41 260	43 281	157 862	179 207	715 000
Deficit	<u>41 260</u>	<u>43 281</u>	<u>157 862</u>	<u>179 207</u>	<u>715 000</u>
Experienced adjustments on Plan Liabilities	8 965	7 899	(1 189)	622 911	Unknown
				2023 R	2022 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	4 667
Effect on the defined benefit obligation	47 920	49 952

Decrease:

Effect on the aggregate of the current service cost and the interest cost	4 156	4 156
Effect on the defined benefit obligation	52 420	54 774

14.5 Long Service Awards Liability

Opening Balance	18 958 334	17 157 000
Current Service Cost and Interest Cost	6 362 783	5 569 144
Payments Made	(2 979 973)	(1 794 810)
Other Reductions	(2 680 000)	-
Actuarial Gain/(Loss)	(2 375 144)	(1 973 000)
Balance at end of Year	<u>17 286 000</u>	<u>18 958 334</u>
Transfer to Current Provisions	2 680 000	2 375 144
Total Long Service Awards Liability	<u>14 606 000</u>	<u>16 583 190</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 2023 by Arch Actuarial Consulting. 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, 772 (2022: 798) employees were eligible for Long-service Awards.

The Current-service Cost and Interest Cost for the year ending 30 June 2023 is estimated to be R6 362 783, whereas the cost for the ensuing year is estimated to be R (30 June 2023: R5 569 144 and R6 362 783 respectively).

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	11.08%	10.02%
Cost Inflation Rate	6.47%	6.65%
Net Effective Discount Rate	4.33%	2.20%
Expected Rate of Salary Increase	7.65%	7.65%
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	18 958 334	17 157 000
Interest Cost	-	-
Current Service Cost	(2 375 144)	(1 973 000)
Actuarial Loss/ (Gain) recognised in the year	3 682 783	5 569 144
Benefits Paid	(2 979 973)	(1 794 810)
Total Recognised Benefit Liability	<u>17 286 000</u>	<u>18 958 334</u>

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	17 286 000	18 958 334
Total Benefit Liability	<u>17 286 000</u>	<u>18 958 334</u>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	6 362 783	5 569 144
Interest cost	-	-
Total Post-retirement Benefit included in Employee Related Costs (Note 27.)	<u>6 362 783</u>	<u>5 569 144</u>

The history of experienced adjustments is as follows:

	2023 R	2022 R	2021 R	2020 R
Present Value of Defined Benefit Obligation	17 286 000	18 958 334	17 157 000	16 490 264
Deficit	<u>17 286 000</u>	<u>18 958 334</u>	<u>17 157 000</u>	<u>16 490 264</u>
Experienced adjustments on Plan Liabilities	(632 777)	-	179 135	-
			2023	2022
			R	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	3 648 131
Effect on the defined benefit obligation	18 127 000	18 003 663

Decrease:

Effect on the aggregate of the current service cost and the interest cost	3 720 419	3 720 419
Effect on the defined benefit obligation	16 510 000	20 014 386

The municipality expects to make a contribution of R1,973,000 (2022: R6 362 783) 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 2023

15. PROVISIONS

Current Provisions	45 897 600	43 630 719
Non-current Provisions	110 109 638	106 420 092
Total Provisions	156 007 238	150 050 811

15.1 Current Provisions

Current Portion of Non-Current Provisions:	45 897 600	43 630 719
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	8 717 618	8 196 051
Environmental Cleanup	1 147 460	1 925 750
Leave	36 032 522	33 508 918
Total Provisions	45 897 600	43 630 719

15.1.1 Allocation for Cash Flow

Provisions at Beginning of Year	43 630 719	27 574 289
Movement in Non-cash Transactions:-		
Provisions	1 745 312	16 056 431
Total Provisions allocated to Non-cash Transactions	1 745 312	16 056 431
Provisions at End of Year	45 376 031	43 630 720

The movement in Current Provisions is reconciled as follows:

Current Portion of Non-Current Provisions:

Staff Benefit Provisions:

Leave Provision

Opening Balance	33 508 918	22 500 013
Increases / Decreases	2 523 602	11 008 906
Balance at end of year	36 032 520	33 508 919

Other Operational Provisions:

	Environmental Cleanup	Decommissioning of Landfill Sites
	R	R
30 June 2023		
Opening Balance	1 925 750	8 717 618
Other Reductions	778 290	-
Balance at end of year	2 704 040	8 717 618

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	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
Balance at end of year	<u>1 925 750</u>	<u>8 196 051</u>

Environmental Clean-up Illegal dumping of builders and other rubble is taking 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.

15.2 Non-current Provisions

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	110 109 638	106 420 092
Total Non-current Provisions	<u>110 109 638</u>	<u>106 420 092</u>

15.2.1 Allocation for Cash Flow

Non-current Provisions at Beginning of Year	106 420 092	89 160 416
Movement in Non-cash Transactions:-		
Decommissioning, Restoration and Similar Liabilities	4 211 112	17 259 677
Total Non-current Provisions allocated to Non-cash Transactions	<u>4 211 112</u>	<u>17 259 677</u>
Total Non-current Provisions allocated to Suppliers Paid	<u>-</u>	<u>-</u>
Non-current Provisions at End of Year	<u>110 631 204</u>	<u>106 420 093</u>

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The movement in Non-current Provisions are reconciled as follows:

	Decommissioning of Landfill Sites
	R
30 June 2023	
Opening Balance	105 898 525
Finance Charges	4 211 113
Increases (Passage of Time/Discounted Rate)	-
Balance at end of year	<u>110 109 638</u>
	Decommissioning of Landfill Sites
	R
30 June 2022	
Opening Balance	89 160 416
Finance Charges	17 259 677
Other Reductions	-
Balance at end of year	<u>106 420 093</u>

15.3 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 2023 by Bonakude Consulting (Pty) (Ltd). 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 2023 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 2023	28	7	0	-	0

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The following Landfill sites have closed:

St Francis - Site
 Patensie - Site
 Papiestfontein - Site

	Humansdorp	Hankey	Oyster Bay	JBAY (Open)	St. Francis (Open)
Closing Provision as at 30 June 2021	52 663 658	9 445 758	600 113	600 113	600 113
Interest cost at 2019 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
Interest cost at 2020 weighted average - unwinding of interest	3 653 794	478 532	-	-	-
Change in PV in the future cash flows due to change in the discount rate	12 747	907 785	81 364	81 364	26 041
Closing Provision as at 30 June 2023	73 262 627	10 501 204	590 964	590 964	280 841
	Paradise Beach (JBAY)	Papiestfontein (Closed)	St. Francis (Closed)	Paradise Beach (JBAY)	Patensie
Closing Provision as at 30 June 2021	-	15 326 415	12 669 858	600 113	278 550
Interest cost at 2019 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
Interest cost at 2020 weighted average - unwinding of interest	-	-	-	-	-
Change in PV in the future cash flows due to change in the discount rate	26 041	1 873 616	844 045	-	447 378
Closing Provision as at 30 June 2023	280 841	17 966 437	14 954 420	-	4 620 552

16. ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations	2 100 977 699	2 081 457 245
Total Accumulated Surplus	2 100 977 699	2 081 457 245

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 2023

		2023 R	2022 R
17. PROPERTY RATES			
		Actual Levies	
Property Rates Levies		259 514 398	224 326 475
Total Property Rates		<u>259 514 398</u>	<u>224 326 475</u>
17.1 Allocation for Cash Flow:			
Total Property Rates		259 514 398	224 326 476
Adjustment for Non-cash Transactions:-		-	-
Total Property Rates allocated to Cash Flow		<u>259 514 398</u>	<u>224 326 476</u>
17.2 Calculation of Cash Flow:			
Property Rates Income	Note 17.1	259 514 398	224 326 476
Non-exchange Interest Earned	Note 25.1	3 729 096	1 774 617
Cash Flow from Non-exchange Receivables	Note 5.1	(10 912 222)	(2 942 197)
Amounts Written-off as Uncollectable	Note 4.3.1	(248 187)	(248 187)
Total Receipts for Property Rates		<u>252 083 085</u>	<u>222 910 709</u>
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.			
Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.			
A 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)			
A Rebate of R15,000 is received on all residential properties, equitable share recipients and Pensioners earning R15 000 and less per month, receives an additional R85,000 rebate on property value.			
18. FINES, PENALTIES AND FORFEITS			
Traffic Fines:		132 560 532	5 696 291
Municipal		7 284 632	5 696 291
Service Provider		125 275 900	-
Other Fines:		360 692	185 054
Building		339 756	185 036
Overdue Books Fine		936	18
Pound Fees		20 000	-
Total Fines, Penalties and Forfeits		<u>132 921 224</u>	<u>5 881 345</u>

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

18.1 Allocation for Cash Flow:

Total Fines, Penalties and Forfeits	132 921 223	5 881 345
Adjustment for Non-cash Transactions:-	-	-
Total Fines, Penalties and Forfeits allocated to Other Receipts	132 921 223	5 881 345

19. LICENCES AND PERMITS

Boat	6 570 297	6 164 580
Health Certificates	10 785	6 272
Road and Transport:	3 100 815	3 337 680
Activities on Public Roads	15 540	12 321
Drivers Licence Application/Duplicate Drivers Licences	886 299	1 050 814
Drivers Licence Certificate	1 609 632	1 373 103
Learner Licence Application	425 361	597 999
Learners Certificate	29 739	118 611
Motor Vehicle Licence	-	79 099
Operators and Public Drivers Permits	134 244	105 733
Trading	190 227	84 681
Total Licences and Permits	9 872 124	9 593 213

19.1 Allocation for Cash Flow:

Total Licences and Permits	9 872 123	9 593 214
Adjustment for Non-cash Transactions:-	-	-
Total Licences and Permits allocated to Other Receipts	9 872 123	9 593 214

20. TRANSFERS AND SUBSIDIES RECEIVED

Capital Grants	102 222 418	74 142 587
Monetary Allocations	102 222 418	74 142 587
Operational Grants	177 338 705	153 880 480
Monetary Allocations	177 338 705	153 880 480
Total Transfers and Subsidies Received	279 561 123	228 023 067

20.1 Allocation for Cash Flow:

Total Transfers and Subsidies Received	279 561 123	228 023 067
Adjustment for Non-cash Transactions:	-	-
Total Transfers and Subsidies Received allocated to Cash Flow	279 561 123	228 023 067

20.2 Calculation of Cash Flow:

Government Grants and Subsidies Income	Note 20.1	279 561 123	228 023 067
Cash Flow from Unspent Government Grants	Note 12.1	28 993 833	(6 198 656)
Total Receipts for Government Grants and Subsidies		308 554 956	221 824 411

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20.3 Summary of Grants:

20.3.1 Capital Grants

	Monetary Allocations	
	2023	2022
District Municipalities	2 732 898	1 638 000
National Governments	93 640 966	58 005 265
Provincial Government	5 848 553	14 499 322
Total Capital Grants Received	<u>102 222 417</u>	<u>74 142 587</u>

20.3.2 Operational Grants

	Monetary Allocations	
	2023	2022
District Municipalities	3 028 720	2 888 420
Foreign Government and International Organisations	2 471 449	354 406
National Governments	4 704 679	4 813 650
National Revenue Fund	163 292 000	143 774 003
ABSA	50 000	-
Provincial Government	3 791 857	2 050 000
Total Operational Grants Received	<u>177 338 705</u>	<u>153 880 479</u>

20.4 Detailed Summaries

20.4.1 Equitable Share

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	163 292 000	143 774 000
Transferred to Revenue	(163 292 000)	(143 774 000)
Unspent Balance at the End of the Year	<u>-</u>	<u>-</u>

In terms of the Constitution, the grant is used to subsidise the provision of basic services to indigent community members. This grant is unconditional.

20.4.2 National: EPWP Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 175 000	1 423 000
Conditions Met - Transferred to Revenue	(1 175 000)	(1 423 000)
Unspent Balance at the End of the Year	<u>-</u>	<u>-</u>

The Expanded Public Works Programme Grant was allocated to the municipality for environmental projects. No funds has been withheld.

20.4.3 National: FMG Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 720 000	1 720 000
Transferred to Revenue	(1 720 000)	(1 720 000)
Unspent Balance at the End of the Year	<u>-</u>	<u>-</u>

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 2023

20.4.4 National: MIG Funds

Unspent Balance at the Beginning of the Year	-	5 962 915
Current Year Receipts	35 891 000	33 413 000
Conditions Met - Transferred to Revenue	(35 891 000)	(39 375 915)
Unspent Balance at the End of the Year	-	-

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.

20.4.5 National: WSIG Funds

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	54 339 469	-
Conditions Met - Transferred to Revenue	(54 339 469)	-
Unspent Balance at the End of the Year	-	-

The Water Services Infrastructure Grant is allocated to municipalities to assist in drought relief.

20.4.6 National: Municipal Disaster Relief Grant for drought

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	3 000 000	12 500 000
Transferred to Revenue	-	(12 500 000)
Unspent Balance at the End of the Year	3 000 000	-

The Municipal Disaster Relief Grant for drought is allocated to assist in drought relief.

20.4.7 Integrated National Electrification Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	8 100 000	7 800 000
Conditions Met - Transferred to Revenue	(5 205 047)	(7 800 000)
Unspent Balance at the End of the Year	2 894 953	-

Expenses were incurred to promote rural development and upgrade electricity infrastructure.

20.4.8 Provincial: Department Human Settlement (Houses)

Balance unspent at the beginning of the year	-	-
Current year receipts	25 689 286	13 512 151
Funds spent on behalf of the Department of Human Settlement	(5 848 553)	(13 512 151)
Balance at the End of the Year	19 840 733	-

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.

20.4.9 Provincial: Department of Economic Development, Environment Affairs and Tourism

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	5 000 000	13 512 151
Conditions Met - Transferred to Revenue	(1 741 857)	(13 512 151)
Unspent Balance at the End of the Year	3 258 143	-

The purpose of the grant is for the implementation of the EPWP Cleansing Project - Kouga Working on Waste.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

21. SERVICE CHARGES

Sale of Electricity	306 476 961	327 234 203
Sale of Water	117 399 856	83 125 109
Refuse Removal	61 945 031	54 525 598
Sewerage and Sanitation Charges	61 796 903	56 405 147

Total Services Charges	<u>547 618 751</u>	<u>521 290 057</u>
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21.1 Allocation for Cash Flow:

Total Service Charges	547 618 752	521 290 057
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Adjustment for Non-cash Transactions:-	-	-
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Total Service Charges allocated to Cash Flow	<u>547 618 752</u>	<u>521 290 057</u>
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21.2 Calculation of Cash Flow:

Service Charges Income	Note 21.1	547 618 752	521 290 057
Exchange Interest Earned	Note 25.1	20 845 129	12 103 821
Cash Flow from Exchange Receivables	Note 2.1	(90 746 990)	(55 144 622)
Cash Flow from Consumer Deposits	Note 10.1	2 163 799	1 219 440
Cash Flow from Exchange Payables	Note 11.1	7 005 587	7 131 735
Exchange Receivables: Amounts written-off as uncollectable	Note 2.3.1	(4 835 758)	(4 835 757)
Bad Debt Written-off	Note 30.1	2 375 144	-

Total Receipts for Service Charges	<u>484 425 663</u>	<u>481 764 674</u>
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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.

22. SALES OF GOODS AND RENDERING OF SERVICES

Application Fees for Land Usage	328 203	300 062
Building Plan Approval	4 777 237	5 214 545
Camping Fees	13 082	55 781
Cemetery and Burial	372 034	416 510
Cleaning and Removal	14 817	283 115
Development Charges	-	20 251
Encroachment Fees	166	8 591
Fire Services	14 855	16 182
Photocopies and Faxes	8 504	44 958
Legal Fees	1 935 325	2 471 687
Removal of Restrictions	534 283	166 331
Sale of Goods	1 006 522	145 736
Scrap, Waste & Other Goods	926	313
Valuation Services	182 834	458 647

Total Sales of Goods and Rendering of Services	<u>9 188 788</u>	<u>9 602 709</u>
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22.1 Allocation for Cash Flow:

Total Sales of Goods and Rendering of Services	9 188 788	9 602 709
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Adjustment for Non-cash Transactions:-	-	-
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Total Sales of Goods and Rendering of Services allocated to Other Receipts	<u>9 188 788</u>	<u>9 602 709</u>
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

23. INCOME FROM AGENCY SERVICES

Commission on Vehicle Registration	2 677 528	2 559 892
Total Income from Agency Services	2 677 528	2 559 892

23.1 Allocation for Cash Flow:

Total Income from Agency Services	2 677 528	2 559 892
Adjustment for Non-cash Transactions:-	-	-
Total Income from Agency Services allocated to Other Receipts	2 677 528	2 559 892

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	(2 677 528)	(2 559 892)
Revenue due to the Principal	8 670 039	8 005 398

24. RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue

Investment Property	2 026 351	2 263 717
Other Fixed Assets:	543 772	830 342
Property Plant and Equipment	543 772	830 342

Total Rental of Facilities and Equipment	2 570 123	3 094 059
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24.1 Allocation for Cash Flow:

Total Rental of Facilities and Equipment	2 570 123	3 094 059
Adjustment for Non-cash Transactions:-	-	-
Total Rental of Facilities and Equipment allocated to Other Receipts	2 570 123	3 094 059

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 2023

25. INTEREST, DIVIDENDS AND RENT ON LAND EARNED

Non-exchange Receivables:

Outstanding Billing Debtors	3 729 096	1 774 617
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Total Non-exchange Interest, Dividends and Rent on Land Earned	<u>3 729 096</u>	<u>1 774 617</u>
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External Investments:

Bank Account	2 909 170	1 043 183
Investments	3 915 092	2 181 361

	<u>6 824 262</u>	<u>3 224 544</u>
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Outstanding Exchange Receivables:

Outstanding Billing Debtors	20 845 129	12 103 821
Electricity	1 750 339	1 150 533
Service Charges	329 316	252 484
Waste Management	6 260 551	3 737 054
Waste Water Management	3 359 119	2 229 667
Water	9 145 804	4 734 083

	<u>20 845 129</u>	<u>12 103 821</u>
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Total Exchange Interest, Dividends and Rent on Land Earned	<u>27 669 391</u>	<u>15 328 365</u>
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Total Interest, Dividends and Rent on Land Earned	<u>31 398 487</u>	<u>17 102 982</u>
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25.1 Allocation for Cash Flow:

Property Rates:-

Interest on Outstanding Non-exchange Receivables	3 729 096	1 774 617
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Total Interest, Dividends and Rent on Land Earned allocated to Property Rates	<u>3 729 096</u>	<u>1 774 617</u>
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Service Charges:-

Interest on Outstanding Exchange Receivables	20 845 129	12 103 821
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Total Interest, Dividends and Rent on Land Earned allocated to Service Charges	<u>20 845 129</u>	<u>12 103 821</u>
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External Interest and Dividends Received:-

Interest on External Investments	6 824 262	3 224 544
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Total Interest, Dividends and Rent on Land Earned allocated to External Interest and Dividends Received	<u>6 824 262</u>	<u>3 224 544</u>
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Total External Interest and Dividends Received allocated to Cash Flow	<u>31 398 487</u>	<u>17 102 982</u>
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25.2 Calculation of Cash Flow:

External Interest and Dividends Income	6 824 262	3 224 544
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Total Receipts for Interest and Dividends Received	<u>6 824 262</u>	<u>3 224 544</u>
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

26. OPERATIONAL REVENUE

Commission	350 808	415 138
Discounts and Early Settlements	190	-
Development Charges	28 506	-
Insurance Refund	28 749	2 541 783
Skills Development Levy Refund	686 203	653 650
Staff Recoveries	105 072	194 327
Total Operational Revenue	<u>1 199 528</u>	<u>3 804 898</u>

26.1 Allocation for Cash Flow:

Total Operational Revenue	1 199 528	3 804 898
Adjustment for Non-cash Transactions:-	-	-
Total Operational Revenue allocated to Other Receipts	<u>1 199 528</u>	<u>3 804 898</u>

26.2 Calculation of Cash Flow:

Income from Operational Revenue	Note 26.1	1 199 528	3 804 898
Income from Rental from Fixed Assets	Note 24.1	2 570 123	3 094 059
Income from Agency Services	Note 23.1	2 677 528	2 559 892
Income from Sales of Goods and Rendering of Services	Note 22.1	9 188 788	9 602 709
Income from Licences and Permits	Note 19.1	9 872 123	9 593 214
Income from Fines, Penalties and Forfeits	Note 18.1	132 921 223	5 881 345
Cash Flow from Exchange Receivables	Note 2.1	(1 167 914)	(2 882 671)
Cash Flow from Statutory Non-exchange Receivables	Note 4.1	(84 157 558)	(3 969 758)
Variance on Impairment (Provision for on Receivables)		(41 698 276)	(1 511 218)
Cash Flow from Operating Lease Receivables	Note 9.1	43 364	(45 123)
Cash Flow from Consumer Deposits	Note 10.1	3 223 349	1 679 230
Cash Flow from Exchange Payables	Note 11.1	11 096 974	1 314 648
Total Receipts for Other Revenue		<u>45 769 253</u>	<u>29 121 224</u>

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 17 to 25, 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 2023

	2023 R	2022 R
27. EMPLOYEE RELATED COSTS		
Salaries and Wages:		
Basic	219 610 585	206 449 976
Long Service Awards	1 250 930	953 230
Bonusses	348 480	178 167
Leave Payments	4 711 208	5 631 168
Overtime	19 088 052	17 265 899
Allowances:		
Acting and Post Related Allowances	6 469 594	5 949 602
Bonus Allowance	14 536 946	14 465 934
Cellular and Telephone	30 438	101 653
Housing Benefits	722 353	782 294
Standby Allowance	8 898 587	7 725 438
Travel or Motor Vehicle	10 897 854	10 762 198
Social Contributions:		
Bargaining Council	179 445	166 786
Group Life Insurance	11 037 725	8 499 241
Medical	17 776 602	16 688 454
Pension	31 574 592	30 455 049
Unemployment Insurance	1 807 767	1 758 394
Post-retirement Benefits:		
Current Service Cost	557 199	3 504 000
Interest Cost	11 578 612	9 005 200
Actuarial Gains and Losses	(8 535 261)	(9 464 831)
Past Service Cost	-	-
Defined Contribution Fund Expenses	-	-
Leave Gratuity	2 523 603	11 008 906
Long Term Service Awards	702 810	1 155 546
Total Employee Related Costs	355 768 121	343 042 304
27.1 Allocation for Cash Flow:		
Employee Related Costs	355 768 120	343 042 306
Adjustment for Non-cash Transactions:	(11 020 598)	(18 695 916)
Total Employee Related Costs allocated to Cash Flow	344 747 522	324 346 390
27.2 Calculation of Cash Flow:		
Employee Related Costs Expenditure	344 747 522	324 346 390
Cash Flow from Exchange Payables	(79 533)	(225 361)
Cash Flow from Employee Benefit Liabilities	6 123 973	8 213 521
Total Payments for Employee Related Costs	350 791 962	332 334 550

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

27.3 Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager: C Du Plessis

Annual Remuneration	1 705 252	1 602 573
Car and Other Allowances	98 431	660 700
Company Contributions to UIF, Medical and Pension Funds	66 024	28 396
Total	1 869 707	2 291 669

Remuneration of the Chief Financial Officer: R Lorgat

Annual Remuneration	1 393 749	1 307 459
Car and Other Allowances	157 580	238 532
Company Contributions to UIF, Medical and Pension Funds	63 197	21 151
Total	1 614 525	1 567 142

Remuneration of the Director: Community Services - N Machalesi

Annual Remuneration	1 333 749	1 247 459
Car and Other Allowances	180 000	428 140
Company Contributions to UIF, Medical and Pension Funds	63 064	21 916
Total	1 576 813	1 697 515

Remuneration of Director: AME- K Moodley (Contract expired 30 September 2022)

Annual Remuneration	359 630	1 331 459
Car and Other Allowances	24 000	346 736
Company Contributions to UIF, Medical and Pension Funds	26 387	22 554
Leave Encashment-contract expired	74 118	
Total	484 135	1 700 749

Remuneration of Deputy Municipal Manager: D Dejager

Annual Remuneration	1 317 690	-
Car and Other Allowances	213 890	-
Company Contributions to UIF, Medical and Pension Funds	48 550	-
Total	1 580 131	-

Remuneration of Director LED: C De Kock 8036-Start 1 Jan 2023

Annual Remuneration	686 168	-
Car and Other Allowances	71 993	-
Company Contributions to UIF, Medical and Pension Funds	23 273	-
Total	781 434	-

Remuneration of Acting Director: IPD - T. Madatt

Annual Remuneration	-	-
Car and Other Allowances	62 706	-
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	62 706	-

Remuneration of Acting Director: Corporate Services -M Rossouw

Annual Remuneration	-	-
Car and Other Allowances	174 086	-
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	174 086	-

Remuneration of Director: Planning, Development and Tourism - F Mabusela- Resigned 31 January 2023

Annual Remuneration	765 530	1 247 459
Car and Other Allowances	121 262	377 538
Leave Encashment-Contract expire	52 940	
Company Contributions to UIF, Medical and Pension Funds	43 848	21 644
Total	983 579	1 646 641

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Remuneration of Acting Director: PDT -L Opperman

Period: April till June 2023

Acting Allowance

Total

	30 521	-
	<u>30 521</u>	<u>-</u>

Remuneration of Acting Director: PDT-K Cakata

Period: 3-16 November 2022

Acting Allowance

Total

	13 298	-
	<u>13 298</u>	<u>-</u>

Summary of Remuneration of Section 57 Employees:

All Managers

Total Remuneration of Section 57 Employees

	5 088 319	7 336 574
	<u>5 088 319</u>	<u>7 336 574</u>

28. REMUNERATION OF COUNCILLORS

Executive Mayor

Deputy Mayor

Speaker

Executive Committee Members

Total for All Other Councillors

Total Councillors' Remuneration

	920 656	893 853
	736 530	-
	736 530	715 079
	3 087 191	4 022 282
	8 219 229	7 763 603
	<u>13 700 137</u>	<u>13 394 816</u>

28.1 Allocation for Cash Flow:

Total Councillors' Remuneration

Adjustment for Non-cash Transactions:-

Total Councillors' Remuneration allocated to Cash Flow

	13 700 137	13 394 816
	-	-
	<u>13 700 137</u>	<u>13 394 816</u>

28.2 Calculation of Cash Flow:

Remuneration of Councillors Expenditure

Note 28.1

Total Payments for Employee Related Costs

	13 700 137	13 394 816
	<u>13 700 137</u>	<u>13 394 816</u>

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.

29. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment

Amortisation: Intangible Assets

Total Depreciation and Amortisation

	101 092 505	89 252 403
	265 675	-
	<u>101 358 180</u>	<u>89 252 403</u>

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

30. IMPAIRMENT LOSSES

Impairment Losses on Fixed Assets	23 428 418	8 958 114
Impairment Losses on Financial Assets	207 403 407	59 706 121
Fair Value Adjustment	(1 950 309)	(97 142)

Total Impairment Losses	228 881 516	68 567 093
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30.1 Allocation for Cash Flow:

Total Impairment Losses		228 881 516	68 567 093
Adjustment for Non-cash Transactions:		(231 256 660)	(68 567 093)
Impairment Losses on Fixed Assets	Note 30.2	(23 428 418)	(8 958 114)
Impairment Losses on Financial Assets	Note 30.3	(207 403 407)	(59 706 121)
Realisable Value Adjustment - Inventories		(424 835)	97 142

Total Impairment Losses allocated to Service Charges	(2 375 144)	-
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30.2 Impairment Losses on Fixed Assets

Impairment Losses		23 428 418	8 958 114
Property, Plant and Equipment		16 804 993	8 958 114
Construction Work-in-Progress		6 623 425	-
		23 428 418	8 958 114

30.3 Impairment Losses on Financial Assets

Impairment Losses		119 944 006	222 825 061
Other Receivables from Non-exchange Revenue		40 652 618	31 405 611
Trade and Other Receivables from Exchange Transactions		79 291 388	191 419 450
Bad Debts Written Off		87 459 401	8 552 538
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)
		207 403 407	59 706 121

30.4 Fair Value Adjustment

Inventory		424 835	(97 142)
Long Service Awards		(2 375 144)	-
		(1 950 309)	(97 142)

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

31. INTEREST, DIVIDENDS AND RENT ON LAND PAID

Interest Paid:	8 058 566	4 587 292
Borrowings	-	247 384
Finance Leases	3 814 241	501 890
Interest costs non-current Provisions	4 132 326	3 797 013
Overdue Accounts	111 999	41 005
Total Interest Expense	8 058 566	4 587 292
Total Interest, Dividends and Rent on Land Paid	8 058 566	4 587 292

31.1 Allocation for Cash Flow:

Non-cash Transactions:-

Interest Paid	4 132 326	3 797 013
Total Interest, Dividends and Rent on Land Paid allocated to Non-cash Transactions	4 132 326	3 797 013

External Interest and Dividends Paid:-

Interest Paid	3 926 240	790 277
Total Interest, Dividends and Rent on Land Paid allocated to External Interest and Dividends Paid	3 926 240	790 277

Total External Interest and Dividends Paid allocated to Cash Flow

	8 058 566	4 587 290
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31.2 Calculation of Cash Flow:

Interest, Dividends and Rent on Land Paid Expenditure	Note 31.1	3 926 240	790 277
Total Payments for External Interest and Dividends Paid		3 926 240	790 277

32. BULK PURCHASES

Electricity	291 888 014	295 222 161
Total Bulk Purchases	291 888 014	295 222 161

32.1 Allocation for Cash Flow:

Total Bulk Purchases	291 888 014	295 222 161
Adjustment for Non-cash Transactions:-	-	-
Total Bulk Purchases allocated to Suppliers Paid	291 888 014	295 222 161

33. CONTRACTED SERVICES

Outsourced Services	33 329 570	33 798 187
Consultants and Professional Services	20 673 498	9 385 276
Contractors	33 313 773	31 855 592
Total Contracted Services	87 316 841	75 039 055

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

33.1 Allocation for Cash Flow:

Total Contracted Services	87 316 839	75 039 055
Adjustment for Non-cash Transactions:-	1 106 710	(5 047 525)
Total Contracted Services allocated to Suppliers Paid	88 423 549	69 991 530

33.2 Outsourced Services

Animal Care	483 372	473 780
Burial Services	11 950	161 456
Business and Advisory	9 459 543	12 577 301
Call Centre	-	182 100
Catering Services	729 643	478 548
Cleaning Services	368 720	438 163
Clearing and Grass Cutting Services	1 832 555	1 642 067
Connection/Dis-connection	-	709 635
Drivers Licence Cards	1 516 691	512 947
Fire Services	-	456 780
Illegal Dumping	-	177 446
Internal Auditors	29 095	324 950
Litter Picking and Street Cleaning	400 670	1 089 370
Medical Services [Medical Health Services & Support]	946 943	1 009 809
Personnel and Labour	10 179 767	8 011 746
Professional Staff	382 201	419 571
Refuse Removal	-	81 630
Security Services	4 895 455	4 910 721
Traffic Fines Management	1 888 870	9 020
Transport Services	204 095	131 147
	33 329 570	33 798 187

33.3 Consultants and Professional Services

Business and Advisory	12 761 830	2 654 256
Infrastructure and Planning	1 804 936	1 498 584
Laboratory Services	1 607 584	375 686
Legal Cost	4 499 148	4 856 750
	20 673 498	9 385 276

33.4 Contractors

Artists and Performers	90 125	31 172
Building	-	47 833
Catering Services	2 392	1 773
Employee Wellness	305 378	222 713
Event Promoters	97 945	264 185
Interior Decorator	-	381
Maintenance of Buildings and Facilities	6 252 558	5 897 524
Maintenance of Equipment	335 764	432 344
Maintenance of Infrastructure	26 220 561	24 954 443
Pest Control and Fumigation	9 050	3 224
	33 313 773	31 855 592

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

34. INVENTORY CONSUMED

Consumables	26 664 112	14 646 376
Materials and Supplies	21 906 728	19 188 859
Water	42 510 988	59 210 649

Total Inventory Consumed	91 081 828	93 045 884
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34.1 Allocation for Cash Flow:

Total Inventory Consumed	91 081 828	93 045 884
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Adjustment for Non-cash Transactions:-	-	-
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Total Inventory Consumed allocated to Suppliers Paid	91 081 828	93 045 884
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34.2 Calculation of Cash Flow:

Expenditure for Inventory Consumed	Note 34.1	91 081 828	93 045 884
Expenditure for Contracted Services	Note 33.1	88 423 549	69 991 530
Expenditure for Bulk Purchases	Note 32.1	291 888 014	295 222 161
Cash Flow from Inventories	Note 1.1	1 973 022	4 382 341
Cash Flow from Exchange Receivables	Note 2.1	420 710	131 069
Cash Flow from Property, Plant and Equipment	Note 6.1	(1 056 651)	(167 022)
Cash Flow from Exchange Payables	Note 11.1	(2 496 920)	(9 272 238)
Rounding Variances			1

Total for Suppliers Paid	470 268 353	453 333 726
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35. TRANSFERS AND SUBSIDIES PAID

Operational Grants	708 750	458 000
Allocations In-kind	325 000	-
Monetary Allocations	383 750	458 000

Total Transfers and Subsidies Paid	708 750	458 000
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35.1 Allocation for Cash Flow:

Total Transfers and Subsidies Paid	708 750	458 000
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Adjustment for Non-cash Transactions:-	-	-
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Total Transfers and Subsidies Paid allocated to Other Payments	708 750	458 000
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

36. OPERATING LEASES

Furniture and Office Equipment	3 033 058	2 196 632
Machinery and Equipment	-	-
Other Assets	3 780 782	3 592 590
Total Operating Leases	6 813 840	5 789 222

36.1 Allocation for Cash Flow:

Total Operating Leases	6 813 840	5 789 222
Adjustment for Non-cash Transactions:-	-	-
Total Operating Leases allocated to Other Payments	6 813 840	5 789 222

36.2 Leasing Arrangements

The Municipality as Lessee:

Operating leases relate to Property, Plant and Equipment with lease terms not longer than 5 years.

36.3 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 2023

37. OPERATIONAL COSTS

Included in General Expenses are the following:

Achievements and Awards	3 831 001	1 105 116
Advertising, Publicity and Marketing	3 156 572	2 678 642
Bank Charges, Facility and Card Fees	1 108 359	984 769
Bargaining Council	3 553 325	3 422 255
Commission	4 947 593	5 243 275
Communication	4 541 463	4 063 664
Contribution to Provisions	(778 290)	475 750
Courier and Delivery Services	4 990	-
External Audit Fees	3 995 409	4 394 028
External Computer Service	7 379 651	7 502 717
Hire Charges	8 255 063	27 016 901
Insurance Underwriting	4 627 984	3 278 004
Licences	1 029 438	621 543
Management Fee	6 348 420	5 719 854
Municipal Services	-	-
Printing, Publications and Books	977 804	1 075 737
Professional Bodies, Membership and Subscription	13 886	7 260
Registration Fees	1 762 832	1 938 972
Remuneration to Ward Committees	2 962 848	2 640 793
Resettlement Cost	133 628	143 629
Search Fees	52 491	113 982
Signage	453 753	342 913
Skills Development Fund Levy	3 473 067	3 290 416
Storage of Files (Archiving)	53 307	267 317
Supplier Development Programme	24 300	-
Travel Agency and Visa's	2 925	-
Travel and Subsistence	1 993 098	1 755 824
Uniform and Protective Clothing	3 335 801	3 079 626
Vehicle Tracking	893 730	728 644
Workmen's Compensation Fund	1 977 511	1 794 647

Total Operational Costs	70 111 959	83 686 278
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37.1 Allocation for Cash Flow:

Total Operational Costs	70 111 961	83 686 281
Adjustment for Non-cash Transactions:-	-	-

Total Operational Costs allocated to Other Payments	70 111 961	83 686 281
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37.2 Calculation of Cash Flow:

Expenditure for Operational Costs	Note 37.1	70 111 961	83 686 281
Expenditure for Operating Leases	Note 36.1	6 813 840	5 789 222
Expenditure for Transfers and Subsidies Paid	Note 35.1	708 750	458 000
Cash Flow from Exchange Payables	Note 11.1	38 878	6 201
Cash Flow from Non-exchange Payables	Note 12.1	-	751 430
Variance on Depreciation		129 327	191 093
Minor Rounding Errors		5	2

Total for Other Payments	77 802 761	90 882 229
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

37.3 Travel and Subsistence

Domestic	1 537 600	1 080 440
Accommodation	744 819	610 044
Food and Beverage (Served)	138 368	87 789
Transport without Operator	501 919	293 365
Transport with Operator	152 494	89 242
Foreign	124 033	111 579
Accommodation	-	-
Daily Allowance	124 033	111 579
Non-employees	331 466	563 805
	<u>1 993 099</u>	<u>1 755 824</u>

No other extra-ordinary expenses were incurred.

38. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Property, Plant and Equipment	(1 313 865)	(10 274 662)
Total Gains on Disposal of Capital Assets	<u>-</u>	<u>-</u>
Total Losses on Disposal of Capital Assets	<u>1 313 865</u>	<u>10 274 662</u>

38.1 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	(1 313 865)	(10 274 662)
Total Gains on Disposal of Capital Assets allocated to Property, Plant and Equipment		<u>(1 313 865)</u>	<u>(10 274 662)</u>
Total Gains / (Losses) on Disposal of Capital Assets allocated to Cash Flow		<u>(1 313 865)</u>	<u>(10 274 662)</u>

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
39. RECLASSIFICATION OF ANNUAL FINANCIAL STATEMENTS		
39.1 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 2021		2 140 988 009
Correction of Error:-		
Adjustment of PPE for NCA WIP projects	(14 697 075)	
Adjustment of Intangible Assets for NCA WIP projects	1	
Adjustment for Receivables from Exchange Transactions for Impairment	10 168 673	
Adjustment for Statutory Receivables from Non-Exchange Transactions for Impairment	2 078 117	
Total for Correction of Error	-	(2 450 284)
Restated Balance as at 30 June 2021		2 138 537 725
Transactions incurred for the Year 2021/22		(30 796 199)
Correction of Error:-		
Adjustment of PPE for NCA WIP projects	15 701 380	
Adjustment of Intangible Assets for NCA WIP projects	-	
Adjustment for Receivables from Exchange Transactions for Impairment	(22 504 740)	
Adjustment for Statutory Receivables from Non-Exchange Transactions for Impairment	(7 423 137)	
Correction of Current Lease Payables	(3 044 579)	
Correction of Non-Current Lease Payables	868 880	
Restatement of Provisions	(11 644 539)	
Correction for VAT on Human Settlements Grant	1 762 455	
Rounding Variances	(1)	
Total for Correction of Error		(26 284 281)
Restated Balances as at 30 June 2022		<u>2 081 457 245</u>

39.2 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 2021/22 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2021/22
Property Rates	224 326 475	-	-	224 326 475
Fines, Penalties and Forfeits	5 881 345	-	-	5 881 345
Licences and Permits - Non-exchange	9 593 213	-	-	9 593 213
Transfers and Subsidies	214 510 912	-	13 512 155	228 023 067
Interest, Dividends & Rent on Land Non-Exchange	1 774 617	-	-	1 774 617
Service Charges	521 290 057	-	-	521 290 057
Sales of Goods and Rendering of Services	9 602 709	-	-	9 602 709
Income from Agency Services	2 559 892	-	-	2 559 892
Rental from Fixed Assets	3 094 059	-	-	3 094 059
Interest, Dividends & Rent on Land Exchange	15 328 365	-	-	15 328 365
Operational Revenue	3 804 898	-	-	3 804 898
	<u>1 011 766 542</u>	<u>-</u>	<u>13 512 155</u>	<u>1 025 278 697</u>

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

39.3 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 2021/22 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2021/22
Employee Related Costs	331 397 764	-	11 644 540	343 042 304
Remuneration of Councillors	13 394 816	-	-	13 394 816
Depreciation and Amortisation	91 119 431	-	(1 867 028)	89 252 403
Impairment Losses	38 639 218	-	29 927 875	68 567 093
Interest, Dividends and Rent on Land	4 662 497	-	(75 205)	4 587 292
Bulk Purchases	295 222 161	-	-	295 222 161
Contracted Services	75 039 055	-	1	75 039 055
Inventory Consumed	93 045 884	-	-	93 045 884
Transfers and Subsidies Paid	458 000	-	-	458 000
Operating Leases	5 789 222	-	-	5 789 222
Operational Costs	83 521 647	-	164 631	83 686 278
Loss on Disposal of PPE	10 273 046	-	1 616	10 274 662
	1 042 562 741	-	39 796 430	1 082 359 170

39.4 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 2021/22 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2021/22
Current Assets				
Inventories	17 049 849	-	-	17 049 849
Receivables from Exchange Transactions	76 320 626	-	(12 336 067)	63 984 559
Statutory Receivables from Exchange Transactions	-	-	52 205 682	52 205 682
Statutory Receivables from Non-exchange Transactions	20 620 893	-	(5 345 020)	15 275 873
VAT Receivable	50 443 224	-	(50 443 224)	-
Cash and Cash Equivalents	27 850 559	-	1	27 850 560
Lease Receivables	152 713	-	-	152 713
Non-Current Assets				
Property, Plant and Equipment	2 065 150 911	-	1 004 305	2 066 155 216
Intangible Assets	869 780	-	1	869 781
Investment Property	262 608 444	-	-	262 608 444
Current Liabilities				
Consumer Deposits	(23 672 925)	-	-	(23 672 925)
Payables from Exchange Transactions	(105 579 188)	-	-	(105 579 188)
Lease Payables	(7 463 613)	-	(3 044 579)	(10 508 192)
Employee Benefit Liabilities	(7 443 566)	-	-	(7 443 566)
Provisions	(31 986 180)	-	(11 644 539)	(43 630 719)
Non-Current Liabilities				
Lease Payables	(22 813 236)	-	868 880	(21 944 356)
Employee Benefit Liabilities	(105 496 394)	-	-	(105 496 394)
Provisions	(106 420 092)	-	-	(106 420 092)
Net Assets				
Accumulated Surplus / (Deficit)	(2 110 191 805)	-	28 734 560	(2 081 457 245)
	-	-	-	-

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

39.5 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 2021/22 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2021/22
Receipts				
Property Rates	222 910 709	-	-	222 910 709
Transfers and Subsidies	208 312 256	-	13 512 155	221 824 411
Service Charges	481 764 673	-	1	481 764 674
External Interest and Dividends Received	3 224 544	-	-	3 224 544
Other Receipts	30 632 442	-	(1 511 218)	29 121 224
Payments				
Employee Related Costs	(332 334 550)	-	-	(332 334 550)
Remuneration of Councillors	(13 394 816)	-	-	(13 394 816)
External Interest and Dividends Paid	(865 483)	-	75 206	(790 277)
Suppliers Paid	(453 500 746)	-	167 020	(453 333 726)
Other Payments	(92 228 814)	-	1 346 585	(90 882 229)
VAT Paid	(2 693 011)	-	(1 762 458)	(4 455 469)
NET CASH FLOWS FROM OPERATING ACTIVITIES	51 827 204	-	11 827 291	63 654 495
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(114 495 250)	-	(14 002 989)	(128 498 239)
Purchase of Intangible Assets	-	-	-	-
Proceeds on Disposal of Property, Plant and Equipment	13 557 118	-	-	13 557 118
Proceeds on Disposal of Investment Property	37 000	-	-	37 000
Decrease / (Increase) in Long-term Receivables	-	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(100 901 132)	-	(14 002 989)	(114 904 121)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in Finance Leases (Leases Redeemed)	29 658 348	-	2 175 699	31 834 047
Decrease in Borrowings (Loans Redeemed)	(6 128 308)	-	-	(6 128 308)
NET CASH FLOWS FROM FINANCING ACTIVITIES	23 530 040	-	2 175 699	25 705 739
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(25 543 888)	-	1	(25 543 887)
Cash and Cash Equivalents at Beginning of Period	53 394 447	-	-	53 394 447
Cash and Cash Equivalents at End of Period	27 850 559	-	1	27 850 560

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

40. 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:

40.1 Reclassification of Expenditure

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Employee Related Costs	Depreciation and Amortisation	Impairment Losses
Balance previously reported	331 397 764	91 119 431	38 639 218
Correction of Errors:-			
Adjustment to Provision for Leave	11 644 540	-	-
Adjustment for WIP Capitalisation	-	(1 867 028)	-
Adjustment to Provision for Bad Debt	-	-	29 927 875
Restated Balance now reported	<u>343 042 304</u>	<u>89 252 403</u>	<u>68 567 093</u>

Employee Related Costs:

The **prior year amounts** for Leave provision have been restated to correctly disclose the amount not previously recognised. The leave calculation was previously based on Basic salary and not total cost to company.

Depreciation and Amortisation:

The **prior year amounts** for has been restated due to the previous year's work in progress not accurately capitalised, and the depreciation effect thereof.

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

	Interest, Dividends and Rent on Land	Loss on Disposal of PPE
Balance previously reported	4 662 497	10 273 046
Correction of Errors:-		
Adjustment due to revised impairment of fines	(75 205)	-
Adjustment for Accurate alignment to Asset Register	-	1 616
Restated Balance now reported	<u>4 587 292</u>	<u>10 274 662</u>

Interest, Dividends and Rent on Land:

The **prior year amounts** for Impairment Losses and Receivables from Non-exchange Transactions have been restated to correctly disclose the impairment of Receivables for traffic fines in terms of the prescriptions of IGRAP 1, previously not accrued for.

Loss on Disposal of PPE:

The **prior year amounts** for Loss on Disposal of PPE has been amended slightly to ensure accurate and complete disclosure of movements as per the Asset Register.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

40.2 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
Balances previously published per AFS as at 30 June 2021	45 103 236	9 951 048
Correction of Errors:- Adjustment due to implementation of new methodology for Provision of Bad Debt	10 168 673	2 078 117
Balances now published per AFS as at 30 June 2021	<u>55 271 909</u>	<u>12 029 165</u>
Transactions incurred for the Year 2021/22	31 217 390	10 669 845
Correction of Errors:- Adjustment due to implementation of new methodology for Provision of Bad Debt	(22 504 740)	(7 423 137)
Balances now published per AFS as at 30 June 2022	<u><u>63 984 559</u></u>	<u><u>15 275 873</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 calculate the provision

Statutory Receivables from Non-exchange Transactions:

The **prior year amounts** for Receivables from Non-Exchange Transactions has been restated due to the implementation of a revised methodology to calculate the provision for bad debt on these receivables, and to improve on the accuracy of the bad debt calculation.

	Property, Plant and Equipment	Lease Payables
Balances previously published per AFS as at 30 June 2021	2 056 687 414	618 501
Correction of Errors:- Adjustment for capitalisation of WIP	(14 697 075)	-
Balances now published per AFS as at 30 June 2021	<u>2 041 990 339</u>	<u>618 501</u>
Transactions incurred for the Year 2021/22	8 463 497	6 845 112
Correction of Errors:- Adjustment for capitalisation of WIP Adjustment for recognition of full lease amount	15 701 380 -	- 3 044 579
Balances now published per AFS as at 30 June 2022	<u><u>2 066 155 216</u></u>	<u><u>10 508 192</u></u>

Property, Plant and Equipment:

Property, Plant and Equipment was restated due to the prior year work in progress not capitalised.

Lease Payables:

The Lease Payable was restated due to the full lease amount not recognised in the prior year.

	Provisions	Lease Payables (Non-Current)
Balances previously published per AFS as at 30 June 2021	27 574 289	-
Correction of Errors:- None for the year ended 30 June 2021	-	-
Balances now published per AFS as at 30 June 2021	<u>27 574 289</u>	<u>-</u>
Transactions incurred for the Year 2021/22	4 411 891	22 813 236
Correction of Errors:- Adjustment for accurate calculation of Leave Provision Adjustment for Lease Payable	11 644 539 -	- (868 880)
Balances now published per AFS as at 30 June 2022	<u><u>43 630 719</u></u>	<u><u>21 944 356</u></u>

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Provisions:

The **prior year amounts** for Leave provision have been restated to correctly disclose the amount not previously recognised. The leave calculation was previously based on Basic salary and not total cost to company.

Lease Payables (Non-Current):

The Lease Payable was restated due to the full lease amount not recognised in the prior year.

	2023	2022
	R	R
41. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	19 520 457	(57 080 473)
Adjustment for Non-cash Transactions included in Surplus / (Deficit):		
Employee Related Costs	Refer Note 27.1 11 020 598	18 695 916
Depreciation and Amortisation	Refer Note 48.2 101 358 181	89 252 404
Impairment Losses	Refer Note 30.1 231 256 660	68 567 093
Interest, Dividends and Rent on Land	Refer Note 31.1 4 132 326	3 797 013
Contracted Services	Refer Note 33.1 (1 106 710)	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)	(4 835 757)
Statutory Exchange Receivables: Bad Debts Written-off	Refer Note 4.3.1 (248 188)	(248 187)
Transfer of Property, Plant and Equipment	Refer Note 6.1 1 056 651	167 022
Expenditure from Current Employee Benefit Liabilities	Refer Note 14.1.1 (3 144 000)	(3 144 000)
Expenditure from Non-current Employee Benefit Liabilities	Refer Note 14.1.2 (2 979 973)	(5 069 521)
Expenditure from Non-current Provisions	Refer Note 15.2 -	-
Adjustment for Non-cash Transactions included in Working Capital:		
Inventories	Refer Note 1.1 (424 835)	97 142
Decrease/(Increase) in Impairment of Exchange Receivables	Refer Note 2.3 (79 290 065)	(49 445 712)
Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables	Refer Note 4.3 (81 331 119)	(3 665 249)
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:		
Gains / (Losses) on Disposal of Capital Assets	Refer Note 38.1 1 313 865	10 274 662
Variance on Impairment (Provision for VAT on Receivables)	(41 698 276)	(1 511 218)
Minor Variance on Depreciation	(129 327)	(191 093)
Minor Rounding Errors	(3)	(5)
Operating Surplus before Working Capital Changes	154 435 683	70 707 562
Decrease/(Increase) in Inventories	(1 548 186)	(4 479 483)
Decrease/(Increase) in Receivables from Exchange Transactions	(13 045 549)	(8 712 650)
Decrease/(Increase) in Receivables from Non-exchange Transactions	-	-
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions	(13 738 660)	(3 246 708)
Decrease/(Increase) in VAT Receivable	-	-
Decrease/(Increase) in Operating Lease Receivables	43 364	(45 123)
Increase/(Decrease) in Consumer Deposits	5 387 147	2 898 670
Increase/(Decrease) in Payables from Exchange Transactions	20 640 135	17 937 782
Increase/(Decrease) in Payables from Non-exchange Transactions	-	(751 430)
Increase/(Decrease) in Unspent Conditional Grants and Receipts	28 993 833	(6 198 656)
Cash Generated by / (Utilised in) Operations	187 951 425	63 654 495
	1.00	

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

42. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

42.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Unauthorised Expenditure Current Year:	92 827 502	-
Unauthorised Expenditure awaiting authorisation	<u>92 827 502</u>	<u>-</u>

The current year over-expenditure incurred by Financial Services during the year is attributable to the following categories:

- Non-cash	92 827 502	-
- Cash	-	-
	<u>92 827 502</u>	<u>-</u>

Analysed as follows:

Non-cash:-		
Impairment Losses	92 827 502	-
	<u>92 827 502</u>	<u>-</u>

Incident	Disciplinary Steps / Criminal Proceedings
Budgeted votes exceeded:-	
- Financial Services - R92 827 502 (2022: R0)	Currently None - subject to possible future investigation

The Unauthorised Expenditure incurred during 2022/23 was as a result of non-cash items (Impairment of Debtors) and has been tabled to Council. The total Budget is exceeded by R72 516 228 as a result of the financial services vote being over spent.

42.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful Expenditure:

Opening Balance	41 005	37 528
Fruitless and Wasteful Expenditure Current Year	111 999	41 005
Expenditure investigated and approved by Council	(41 005)	(37 528)
Fruitless and Wasteful Expenditure awaiting condonement	<u>111 999</u>	<u>41 005</u>

Incident	Disciplinary Steps / Criminal Proceedings
Interest and penalties on late payment of trade creditors. - R37 528 (2022: R27 485)	Currently None - subject to possible future investigation

42.3 Irregular Expenditure

	2023 R	2022 R
Reconciliation of Irregular Expenditure:		
Opening Balance:	382 748	1 340 531
Irregular Expenditure Current Year:	-	382 748
Condoned/Written-off by Council:	-	(1 340 531)
Irregular Expenditure awaiting condonation	<u>382 748</u>	<u>382 748</u>

Prior Year:

Incident	Deviation
Incorrect calculation of order - 2023 R0 (2022: R2 000)	Still to be investigated.
Tax Non Compliance - R380 748 (2022: R0)	Still to be investigated.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
43. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION		
43.1 MUNICIPAL FINANCE MANAGEMENT ACT		
43.1.1 Contributions to Organised Local Government - SALGA		
Opening Balance	-	-
Council Subscriptions	3 974 035	3 422 255
Amount Paid - current year	(3 974 035)	(3 422 255)
Balance Unpaid (included in Creditors)	-	-
43.1.2 Pension and Medical Aid Deductions		
Opening Balance	-	-
Current Year Contributions	76 557 025	73 272 224
Amount Paid - current year	(76 557 025)	(73 272 224)
Balance Unpaid (included in Creditors)	-	-
43.1.3 Audit Fees		
Opening Balance	-	3 774
Current year Audit Fees	4 594 721	4 322 780
Amount Paid - current year	(4 581 293)	(4 306 043)
Balance Unpaid (included in Creditors)	13 427	20 511
43.1.4 PAYE, Skills Development Levy and UIF		
Opening Balance	-	-
Current year Payroll Deductions	54 910 692	47 968 445
Amount Paid - current year	(54 910 692)	(47 968 445)
Balance Unpaid (included in Creditors)	-	-
43.1.5 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.	-	-

43.1.6 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:

30 June 2023	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor Dayimani M	32 590	1 358	31 232
Councillor Valgee	12 518	2 432	10 086
Councillor Bornman	21 819	15 055	6 764
Councillor Mbuqu	108 572	34 233	74 339
Total Councillor Arrear Consumer Accounts	175 500	53 079	122 421
30 June 2022	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor Dayimani 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

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

43.1.7 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 2023

Department	Tenderer	Reason	Amount
Finance	Various (17)	"Various reason like impracticality/emergency/ single provider /urgency"	2 415 908
Infrastructure & Engineering	Various (150)	"Various reason like impracticality/emergency/ single provider /urgency"	60 748 446
Corporate Services	Various (23)	"Various reason like impracticality/emergency/ single provider /urgency"	968 978
Office of MM	Various (16)	"Various reason like impracticality/emergency/ single provider /urgency"	1 758 825
Community Services	Various (17)	"Various reason like impracticality/emergency/ single provider /urgency"	1 166 078
Planning, Development & Tourism	Various (6)	"Various reason like impracticality/emergency/ single provider /urgency"	486 968
Total:			<u>67 545 202</u>

30 June 2022

Department	Tenderer	Reason	Amount
Finance	Various (22)	Various reasons like impracticality/ urgency/ Continuity and alignment	1 890 697
Infrastructure & Engineering	Various (72)	Various reasons like impracticality/ urgency/ Preferred supplier	27 164 981
Corporate Services	Various (13)	Various reasons like impracticality/ urgency/ Sole Supplier	797 194
Office of MM	Various (17)	Various reasons like Sole Supplier impracticality/ urgency/ Preferred supplier	912 932
Community Services	Various (20)	Various reasons like Sole Supplier impracticality/ urgency/ Preferred supplier	6 640 990
Planning, Development & Tourism	Various (67)	Various reasons like Sole Supplier impracticality/ urgency/ Preferred supplier	454 491
Total:			<u>37 861 285</u>

43.1.8)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value
30 June 2023	Unaccounted Electricity Losses	<u>13 909 080</u>	<u>1.4146</u>	<u>19 675 785</u>
30 June 2022	Unaccounted Electricity Losses	<u>14 903 131</u>	<u>1.4146</u>	<u>21 081 969</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.

	2023	2022
Volumes in kWh/year:		
System Input Volume	180 601 760	204 055 009
Billed Consumption	<u>152 244 539</u>	<u>176 908 577</u>
Unaccounted	28 357 221	27 146 432
Normal distribution losses - 8% of electricity purchases	14 448 141	12 243 301
	<u>13 909 080</u>	<u>14 903 131</u>
Percentage Distribution Loss	7.70%	7.30%

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Water:

		Lost Units	Tariff	Value
30 June 2023	Unaccounted Water Losses	<u>1 909 708</u>	<u>10.2100</u>	<u>19 498 119</u>
30 June 2022	Unaccounted Water Losses	<u>4 116 740</u>	<u>10.2100</u>	<u>42 031 915</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.

	2023	2022
Volumes in Kl/year:		
System Input Volume	6 490 281	7 634 866
Billed Consumption	<u>4 580 573</u>	<u>3 518 126</u>
Distribution Loss	<u>1 909 708</u>	<u>4 116 740</u>
Percentage Distribution Loss	29.42%	53.92%

43.2 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.

44. COMMITMENTS FOR EXPENDITURE

44.1 Capital Commitments

- Approved and Contracted for:-

	102 178 126	102 860 583
Infrastructure	83 057 754	72 807 293
Community	-	-
Other	19 120 372	30 053 290
Total Capital Commitments	<u>102 178 126</u>	<u>102 860 583</u>
This expenditure will be financed from:		
Internal and Grant funding	102 178 126	102 860 583
	<u>102 178 126</u>	<u>102 860 583</u>

The Capital Commitments are VAT inclusive.

45. FINANCIAL INSTRUMENTS

45.1 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	32 462 402	31 442 325
Receivables from Exchange Transactions	Refuse	5 002 285	1 571 424
Receivables from Exchange Transactions	Sewerage	5 303 103	4 019 444
Receivables from Exchange Transactions	Other Service Charges	(99)	232 872
Receivables from Exchange Transactions	Water	23 974 115	18 018 816
Receivables from Exchange Transactions	Other Debtors	3 712 009	3 514 062
Receivables from Exchange Transactions	Prepayments and Advances	4 143 478	3 722 768
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	1 539 272	569 305
Receivables from Exchange Transactions	Deposits for Land	893 543	893 543
Cash and Cash Equivalents	Call Deposits	83 334 266	9 802 828
Cash and Cash Equivalents	Bank Balances	21 600 332	18 047 311
Cash and Cash Equivalents	Cash Floats and Advances	421	421
Total Financial Assets		<u>181 965 127</u>	<u>91 835 119</u>

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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	24 202 066	21 944 356
Payables from Exchange Transactions	Other Payables	28 811 223	12 871 829
Payables from Exchange Transactions	Retentions	7 067 757	3 382 568
Payables from Exchange Transactions	Trade Creditors	59 159 892	64 404 854
Payables from Non-exchange Transactions	Transfers and subsidies	-	-
Unspent Conditional Grants and Receipts	National Government	3 000 000	-
Unspent Conditional Grants and Receipts	Provincial Government	23 098 880	-
Current Finance Lease Obligations	Current Finance Lease Obligations	11 342 009	10 508 192
Current Borrowings	Development Bank of South Africa	-	-
Total Financial Liabilities		<u>156 681 827</u>	<u>113 111 799</u>

No Financial Instruments of the municipality have been reclassified during the year.

45.2 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 16. and the Statement of Changes in Net Assets.

Gearing Ratio

	2023 R	2022 R
The gearing ratio at the year-end was as follows:		
Debt	35 544 075	32 452 548
Cash and Cash Equivalents	(83 334 687)	(9 803 249)
Net Debt	<u>(47 790 612)</u>	<u>22 649 299</u>
Equity	<u>2 100 977 699</u>	<u>2 081 457 245</u>
Net debt to equity ratio	<u>-2.27%</u>	<u>1.09%</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.

45.3 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.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

45.4 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 interest rates 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 45.8 to the Annual Financial Statements.

45.5 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 45.7 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.

45.5.1 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.

45.5.2 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 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.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 45.8 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 2023 would have increased / decreased by R165 981 (30 June 2022: R101 555). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

45.6 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.

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.

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 4 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 4 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 Assessment for Impairment of Consumer Debtors.

	2023 R	2022 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	386 280 711	293 945 097
Bank, Cash and Cash Equivalents	104 935 019	27 850 560
Maximum Credit and Interest Risk Exposure	491 215 730	321 795 657

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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	97.33%	97.03%
- Other Debtors	0.96%	1.20%
- Prepayments and Advances	1.08%	1.27%
- Other Minor Classes	0.63%	0.50%
Total Credit Risk	100.00%	100.00%

Bank and Cash Balances

Current Investments	83 334 266	9 802 828
Bank Accounts	21 600 332	18 047 311
Cash on Hand	421	421
Total Bank and Cash Balances	104 935 019	27 850 560

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	65 229 821	64 357 203
Medium	16 676 032	16 452 946
Low	-	-
Total Receivables from Exchange Transactions	81 905 852	80 810 150

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 2023

45. FINANCIAL INSTRUMENTS (Continued)

45.7 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 2023								
Non-interest Bearing		0.00%	121 137 752	121 137 752	-	-	-	-
Fixed Interest Rate Instruments			35 544 075	35 544 075	-	-	-	-
			156 681 827	156 681 827	-	-	-	-
30 June 2022								
Non-interest Bearing		0.00%	80 659 251	80 659 251	-	-	-	-
Fixed Interest Rate Instruments			32 452 548	32 452 548	-	-	-	-
			113 111 799	113 111 799	-	-	-	-

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 2023								
Non-interest Bearing		0.00%	77 030 529	77 023 529	3 000	3 000	1 000	-
Variable Interest Rate Instruments		10.28%	104 934 598	104 934 598	-	-	-	-
			181 965 127	181 958 127	3 000	3 000	1 000	-
30 June 2022								
Non-interest Bearing		0.00%	63 984 980	63 974 980	3 000	3 000	4 000	-
Variable Interest Rate Instruments		7.94%	27 850 139	27 850 139	-	-	-	-
			91 835 119	91 825 119	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.

45.8 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 2023

2023
R

2022
R

46. 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 R31 574 592 (2022: R30 455 049) 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.

46.1 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.

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.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

46.2 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%).

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.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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:

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.

47. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

47.1 Compensation of Related Parties

Compensation of Close Family Members of Councillors and/or Key Management:

Name of Related Person	Designation	Description of Related Party	2023	2022
N Hendricks	Official	Daughter of councillor H Hendricks	257 076	45 389
B Moos	Official	Daughter of councillor D Benson	115 366	108 502
N Moos	Official	Son in law: Councillor D Benson	156 231	211 299
M Moodley	Official	Husband of Director: Corporate & Digital Services K Moodley	246 511	31 827
D Rossouw	Official	Husband Manager: Administration & Auxiliary Services M Rossouw	135 522	108 523
J Madatt	Official	Spouse: Manager Electrical	487 587	0
JTA Alexander	Official	Son of Councilor J Alexander	111 600	0

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

47.2 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
2326 Random Solutions	T. Madatt	Official	Uncle of Directors	161 200	35 400
	T. Potgieter	Official	Husband of Director		
Unomtha Catering	Z. Gxuluwe	Official	Daughter of the Director	12 330	25 780
	B. Gxuluwe	Official	Husband of Director		
Mesrazest	J. Hammond	Official	Brother in Law of Director	3 032 062	2 340 594
Mgqandu & Coco Trading	C. Mgqandu	Official	Husband of Director	9 800	11 880
Premier Attraction 528 CC t/a ZIS Distributors	R. Lorgat	Official	Cousin of the Director	537 469	750 346
RE Le Grange t/a RL Trading	J. Hammond	Official	Brother in Law of Director	-	20 000
Sys Smart (Pty) Ltd	D. van Vuuren	Official	Director's son in law	22 750	77 530
Zemog Projects	S. Khuzwayo	Official	Cousin of Director	25 610	85 138
Liefies Bakes	R. Koela	Official	Director	150 841	66 555
BD Human Enterprises	B Human	Official	Councillor: PR	-	3 295
Magnus Ventus General Dealer	W. van der Linde	Official	Spouse of Director	45 306	132 577
Hammond YS t/a DC Struct	J. Hammond	Official	Brother in Law of Director	188 470	
Nemma Trading (PTY) Ltd	L.D. Norushu	Official	Husband of Director	56 000	
Total Purchases				4 241 837	3 549 095

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 27 and 28 respectively.

KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

48. CONTINGENT LIABILITIES

48.1 Court Proceedings: 47 200 346 52 971 357

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) St Francis Bay (Ward 12) Concerned Residence Association Application against Municipality to set the Kouga SRA aside	-	-
(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) Minister of Public Works Eviction-Farm Ongegunde Vryheid	-	-
(v) Tshepega Civil Engineers (Pty) Ltd / KOUGA Local Municipality Claims for monies owed for professional services rendered	1 950 346	1 950 346
(vi) Minister of Public Works Aston Bay Caravan Park	-	-
(vii) Alleged Damages Incurred: H Goeda 48.2 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
(viii) K Gaba & A Jantjies / KLM & Others Application by way of motion (October 2021) was brought against the Municipality for provision of alternative accomodation	-	-
(ix) Lokotsch Financial Derivative Trading (Pty) Ltd & Sedgefield Lokotsch vs Jbay Property and KLM Notice of motion application against property owner of Erf 300 Cape St Francis - request to cease operating of a camp site	-	-
(x) The State vs KML and others Warning statement for contravention of certain provisions of the National Enviromental Management Act	-	-
(xi) Killarney Hotel CC & Delitrade CC Notice of motion for review of an MPT decision	-	-

49. CONTINGENT ASSETS

49.1 Insurance Claims: 325 134 180 967

(i) Lost / Damaged Assets: 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 R325 134 (2022: R180 967) will be recovered.	325 134	180 967
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KOUGA LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

50. EVENTS AFTER THE REPORTING DATE

50.1 On 28 July 2023, Council approved a write-off for irregular expenditure amounting to R382 748 and fruitless and wasteful expenditure amounting R41,005 in accordance with section 32(2)(b) of the MFMA.

51. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 40).

52. GOING CONCERN ASSESSMENT

Management also considered the following matters in relation to the Going Concern position of Kouga Local Municipality:

(i) On 30 May 2023 the Council adopted the 2023/2024 to 2025/26 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 2023

53. 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 2023

53.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2023

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	-	259 514 398	-	-	-	-	-	-	-	-	-	-	-	-	-	-	259 514 398
Fines, Penalties and Forfeits	-	132 560 532	-	936	-	-	-	-	-	339 756	20 000	-	-	-	-	-	132 921 224
License and Permits	-	-	-	-	-	6 570 297	-	201 012	-	-	3 100 815	-	-	-	-	-	9 872 124
Transfers and Subsidies	2 521 449	150 348 587	-	2 050 000	2 732 898	-	5 848 553	3 028 720	1 741 857	1 794 550	1 175 000	5 205 047	-	34 096 450	69 018 011	-	279 561 122
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land Earned	-	3 729 096	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 729 096
Revenue from Exchange Transactions																	
Service Charges	-	-	-	-	-	-	-	-	15 662 557	-	-	306 476 961	46 282 474	61 796 903	117 399 856	-	547 618 751
Sales of Goods and Rendering of Services	-	3 129 797	-	375 887	14 855	14 017	-	-	-	5 640 351	-	-	13 882	-	-	-	9 188 789
Income from Agency Services	-	-	-	-	-	-	-	-	-	-	2 677 528	-	-	-	-	-	2 677 528
Rental from Fixed Assets	-	1 842 462	-	-	-	2 041 295	-	-	-	(1 313 634)	-	-	-	-	-	-	2 570 123
Interest, Dividends and Rent on Land Earned	-	7 153 577	-	-	-	-	-	-	-	-	-	1 750 339	6 260 551	3 359 119	9 145 804	-	27 669 390
Operational Revenue	96 629	1 074 393	-	-	-	-	-	-	-	-	28 506	-	-	-	-	-	1 199 528
Gains on Other Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains on Disposal of Property, Plant and Equipme	-	-	-	-	-	14 363	-	-	-	-	-	-	-	-	-	-	14 363
Total Revenue	2 618 078	559 352 842	-	2 426 823	2 747 753	8 639 972	5 848 553	3 229 732	17 404 414	6 461 023	7 001 849	313 432 347	52 556 907	99 252 472	195 563 671	-	1 276 536 436
EXPENDITURE																	
Employee Related Costs	20 546 958	109 323 836	-	7 016 045	23 854 802	31 906 752	4 517 315	5 840 370	2 419 086	20 672 322	29 878 623	15 405 665	35 740 608	26 060 214	22 224 780	360 743	355 768 119
Remuneration of Councillors	13 700 137	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13 700 137
Depreciation and Amortisation	-	13 711 369	-	-	-	1 777 900	-	-	-	-	32 551 287	7 315 977	5 235 495	21 936 078	18 830 074	-	101 358 180
Impairment Losses	-	121 818 471	-	-	-	14 363	-	-	-	-	-	4 194 018	20 494 212	25 820 238	56 554 579	-	228 895 881
Interest, Dividends and Rent on Land	-	8 058 566	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8 058 566
Bulk Purchases	-	-	-	-	-	-	-	-	-	-	-	291 888 014	-	-	-	-	291 888 014
Contracted Services	1 571 127	31 619 713	29 095	296 256	1 269 219	4 747 801	421 262	839 235	4 302 882	1 488 940	16 737 852	4 118 616	6 908 707	4 474 909	3 095 786	5 395 440	87 316 840
Inventory Consumed	990 384	3 466 196	1 380	497 880	979 347	3 996 693	138 886	223 443	2 802 473	291 983	4 704 174	7 032 670	5 860 719	8 184 452	51 910 347	799	91 081 826
Transfers and Subsidies Paid	-	-	-	-	-	325 000	-	-	-	-	-	-	-	-	-	383 750	708 750
Operating Leases	521 325	4 854 993	-	241 998	52 392	56 968	121 465	32 081	-	816 921	66 463	28 352	20 881	-	-	-	6 813 839
Operational Costs	17 589 972	24 043 163	42 167	177 887	774 984	7 749 069	191 477	211 073	1 909 303	952 436	2 320 114	3 793 459	1 466 881	6 380 648	2 414 380	94 948	70 111 961
Loss on Disposal of Property, Plant and Equipment	-	1 340 344	-	-	-	1 585	-	-	-	-	-	-	-	-	(13 700)	-	1 328 229
Total Expenditure	54 919 903	318 236 651	72 642	8 230 066	26 930 744	50 576 131	5 390 405	7 146 202	11 433 744	24 222 602	86 258 513	333 776 771	75 727 503	92 856 539	155 016 246	6 235 680	1 257 030 342
Surplus/(Deficit) for the Year	(52 301 825)	241 116 191	(72 642)	(5 803 243)	(24 182 991)	(41 936 159)	458 148	(3 916 470)	5 970 670	(17 761 579)	(79 256 664)	(20 344 424)	(23 170 596)	6 395 933	40 547 425	(6 235 680)	19 506 094

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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
Licences and Permits	-	-	-	-	-	4 799 763	-	90 953	1 364 816	-	3 337 681	-	-	-	-	-	9 593 213
Transfers and Subsidies	354 406	91 185 941	-	2 050 000	1 638 000	-	14 499 322	2 888 420	-	1 670 650	1 423 000	14 073 743	19 423 026	47 422 062	31 394 496	-	228 023 066
Interest, Dividends and Rent on Land Earned	-	1 774 617	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 774 617
Revenue from Exchange Transactions																	
Service Charges	-	-	-	-	-	-	-	-	-	-	-	317 993 422	54 525 598	53 366 451	44 968 382	-	470 853 853
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	508 603	333 236 572	-	2 468 552	1 654 182	7 082 198	14 499 322	2 979 373	1 401 879	8 376 291	7 340 824	333 217 698	77 968 793	103 018 180	81 096 961	-	974 849 428
EXPENDITURE																	
Employee Related Costs	18 608 734	105 546 030	-	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	343 042 306
Remuneration of Councillors	13 394 816	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13 394 816
Depreciation and Amortisation	-	4 881 389	-	-	-	(246 244)	-	-	-	11 936 346	29 941 471	5 622 789	-	23 113 412	14 003 240	-	89 252 403
Impairment Losses	-	(137 187 323)	-	-	-	-	-	-	-	-	-	17 163 324	63 786 509	41 199 534	83 598 115	-	68 560 159
Interest, Dividends and Rent on Land	-	542 894	-	-	-	247 384	-	-	-	-	-	-	3 797 013	-	-	-	4 587 291
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	458 000
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	14 037 412	22 707 593	19 603	747 445	1 401 106	7 261 802	175 239	114 493	160 992	896 694	1 486 733	10 528 495	13 350 539	9 880 487	772 567	145 081	83 686 281
Loss on Disposal of Property, Plant and Equipment	-	10 266 927	-	-	-	-	-	-	-	-	-	-	-	-	14 670	-	10 281 597
Total Expenditure	49 468 576	38 860 120	19 603	9 661 061	25 177 893	50 298 840	5 149 124	5 895 736	2 568 444	36 831 594	81 946 504	350 166 339	126 792 468	107 586 163	188 212 201	3 724 509	1 082 359 175
Surplus/(Deficit) for the Year	(48 959 973)	294 376 452	(19 603)	(7 192 509)	(23 523 711)	(43 216 642)	9 350 198	(2 916 363)	(1 166 565)	(28 455 303)	(74 605 680)	(16 948 641)	(48 823 675)	(4 567 983)	(107 115 240)	(3 724 509)	(107 509 747)

KOUGA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

53.2 Segmental Analysis of Capital Expenditure

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER VOTE								
Corporate Services	1 020 000	720 000	1 740 000	2 393 369	653 369	653 369	137.55	234.64
Executive and Council	750 000	472 819	1 222 819	330 441	-	(892 378)	27.02	44.06
Financial Services	710 000	270 000	980 000	283 569	-	(696 431)	28.94	39.94
Infrastructure and Engineering	35 567 488	60 655 462	96 222 950	88 479 754	-	(7 743 196)	91.95	248.77
Planning, Development and Tourism	-	2 416 985	2 416 985	19 065	1 025 822	(2 397 920)	0.79	42.44
Community Services	1 638 000	10 806 085	12 444 085	17 373 869	4 929 784	4 929 784	139.62	1 060.68
Total Capital Expenditure	39 685 488	75 341 351	115 026 839	108 880 067	6 608 975	(6 146 772)	425.87	1 670.53

53.3 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:

53.3.1 Receivables from Exchange and Non-Exchange Transactions

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
Receivables from Exchange Transactions																	
Electricity	-	-	-	-	-	-	-	-	-	-	-	32 462 402	-	-	-	-	32 462 402
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	5 002 285	-	-	-	5 002 285
Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	5 303 103	-	-	5 303 103
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23 974 115	-	23 974 115
Statutory Receivables from Non-Exchange Transactions																	
Property Rates	-	12 675 639	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 675 639
Total																	79 417 544

53.3.2 Property, Plant and Equipment

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
Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-