



GREATER  
**KOKSTAD**  
MUNICIPALITY

PROVINCE OF KWAZULU-NATAL

# **FINAL GREATER KOKSTAD MUNICIPALITY – 2020/21 ANNUAL REPORT**

*"A People-Centred City of Economic Possibilities by 2047"*

JUNE 30, 2021

ADAM KOK III BUILDING  
75 Hope Street

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## ABBREVIATIONS

Abbreviation	Name
MSA	Municipal Systems Act, 32 of 2000 (MSA)
MPPMR	Municipal Planning and Performance Management Regulations, 2001
MFMA	Municipal Finance Management Act, 56 of 2003
IDP	Integrated Development Plan
SDBIP	Service Delivery & Budget Implementation Plan
IGR	Intergovernmental Relations
MM	Municipal Manager
MANCO	Management Committee
EXCO	Executive Committee
CoGTA	Cooperative Governance & Traditional Affairs
AG(SA)	Auditor-General South Africa
NGO	Non-Governmental Organization
NPO	Non-Profit Organization
CBO	Central Government Offices
OSS	Operation Sukuma Sakhe
OMM	Office of the Municipal Manager
CSD	Corporate Services Department
CSS	Community and Social Services
EDSP	Economic Development and Spatial Planning
BTO	Budget and Treasury Office
ITS	Infrastructure and Technical Services

### COMPONENT A: MAYORS FOREWORD



Greater Kokstad Municipality have experienced the fast-growing population, which leads to high demand of service delivery. This is because of the position at which the municipality is located which attracts people from the surrounding areas in search for greener pastures. This is what prompted the Council to take advantage of the situation to also attract potential investors to the town. The municipal vision was crafted to map out the development of the city in years to come, where economic opportunities will be realised not only by people of Kokstad but for all South Africans.

Greater Kokstad Municipality Vision is ***“A People-Centred City of Economic Possibilities by 2047”*** This vision was inspired by the current potential of the town in attracting investment even during difficult times of COVID-19 and lock down. It derives its strength from the Constitution of the Republic of South Africa, Act 108 of 1986: Section 152 which prescribes the principal mandates of the Local Government. As we are approaching the end of the Council term, I can safely say we have managed to achieve most of our objectives in paving a way towards attaining the City of Economic Possibilities.

The municipality successfully managed to develop and align its policies with the Provincial and National development strategies, amongst others is the Sustainable Development Goals and African Union Agenda, national plan priorities, national outcomes, state of the Nation Address, provincial priorities, provincial growth and development strategy, Harry Gwala development plan, back to basics and others. Our IDP document contains a full plan which clearly indicate the GKM response plan to each development policy area. Our IDP has been for the past years rated amongst the top 10 in the province according to MEC comments as responsive documents to the needs of our people. This 2020/21 annual report is a full account of the journey we took as the municipality in ensuring that we respond fully to our community development needs and service delivery as outlined in various government policies and strategies.

2020/2021 year was no of much difference as we are still faced by COVID-19. Our way of doing things is not yet back to normal, however we managed to adjust well in new developments in ensuring that service delivery is continuing as planned with less disruptions. In terms of our planning, the Municipality managed to deliver capital projects successfully in areas of electricity which covers the upgrading of Shayamoya and Bhongweni switch gear, bulk infrastructure substation still under construction, which is a multiyear project funded by the department of Energy and the electrification of informal settlement in Marikana, chocolate city and Horseshoe. We have supported a lot of LED initiatives in ensuring job creation and sustainability food security.

We continued with providing indigent support to our community, our register accommodated 4589 beneficiaries who receive basic electricity, rates, burial and refuse removal.



Greater Kokstad Municipality continue to maintain a healthy financial status, with Unqualified audit opinion from Auditor General Report for the year under review and previous years.

With much achieved we however we are still facing challenges of high unemployment rate especially among youth, high crime rate characterised by house breaking and electricity cable theft, high rate of drugs abuse and gender-based violence. We are working with all interest groups and government department in our strides to fight these social ills.

We have managed to involve communities in municipal programmes through Public Participation. Since the start of this term all ward councillors were able to hold their monthly community meetings. This was made possible by functional ward committees structures who are active with sound working relation with ward councillors. All legislated public meetings such as IDP and Budget roadshows and tabling of Annual report to community were successfully conducted. The municipality was able to reduce chances of community protests through its active and effective rapid response team led by the Speaker of Council. This resulted in no community protests since the beginning of the term.

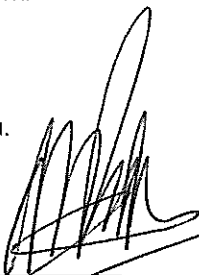
The Council committed its focus on road infrastructure development and maintenance in the CBD area for the coming years as a way of improving economic networks. We are hoping to benefit immensely on the development that is coming to Kokstad of the construction of N2 interchange. This project is going to improve our road infrastructure further which connects Kokstad to Eastern cape. We are also working close with the Department of Human Settlements in providing interventions on the challenges we are facing of growing demand of houses for middle income people, including renting facilities, the department has funded some of our programmes which are under construction such as CRUs in ward 3 and R56 project.

Through our LED unit the municipality was able to secure partnership for development of small and emerging businesses with small enterprise development agency (SEDA) MoU was signed with objectives to increase presence of SEDA in Kokstad by establishing offices in Kokstad, placement of Municipal funded intern to ensure that the needs of SMME's are coordinated and fast-tracked. The offices are anticipated for operation soon and will be based on the Light Industrial Park as a means to augment increased foot traffic in support of the existing businesses in operation. The SEDA offices work in conjunction with the Greater Kokstad Business Forum.

Partnership with the Moses Kotane Institute (entity of EDTEA) for the realisation of the Innovation Ignition Programme and implementation of the ICT Hub. The Programme also seeks to train enterprise on how to do business on different levels of technology.

The 2020/2021 annual report contain details of our achievements in terms of implementation of IDP and Budget. Some of our projects are still under planning phase while others are under construction. This report details how this Council managed to provide its oversight function over the implementation of its resolutions. As we are left with few months we hope most of our targets will be achieved by the end of the term. We are grateful for the development we see however more still need to be done to ensure better community development.

I thank you.



**CLLR BM Mtofo**  
**Mayor**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW FOR 2020/2021 ANNUAL REPORT



Greetings to all the residents and stakeholders of Greater Kokstad Municipality. It is my pleasure to inform you that the municipality has in consultation with all its stakeholders drafted the Annual Report for 2020/2021 financial. Indeed, the financial year under review has been a challenging year for Greater Kokstad Municipality. These challenges are compounded by disasters, changes at top management level, cash flow challenges and the impact of Covid 19 on projected deliverables.

As outlined in Sections 151 and 152 of the Constitution of the Republic of South Africa, the municipality is compelled to deliver on its developmental mandate. Section 121 (1) of the Local Government: Municipal Financial Management Act 56 of 2003 (MFMA) read in conjunction with Section 46 of the Municipal Systems Act of 2000, stipulates that "Every municipality and every municipal entity must for each financial year prepare an annual report" in accordance with its guidelines and must also prepare a performance report reflecting the performance of the municipality and of each external service provider during that financial year. In responding to the above legislative mandate, the administration of Greater Kokstad Municipality has performed its duties in an increasingly volatile and changing environment which required tough decisions to be taken to change the lives of the communities of Greater Kokstad Municipality.

The municipality remains committed to provide good quality services to the community and is committed to facilitate sustainable human settlements, addressing the needs of the communities residing in informal settlements and providing good quality basic services to all the communities within its jurisdiction. It is with great pleasure to update you about the progress of Community Residential Units (CRU) which is under construction in ward 3. As at 30 June 2021, 176 Units at first floor slab level were constructed. The anticipated completion date is 30 August 2022. In support of social and economic growth in the area, the municipality has prepared and adopted the Local Integrated Transport Plan (LITP) for the period 2020 to 2025. This plan will assist the municipality to enhance its economic opportunities by developing a well-maintained transport infrastructure and efficient transport network.

To achieve our objectives and goals, the municipality is guided by the Integrated Development Plan (IDP) which guides our planning and management of the municipality. Our IDP is the true reflection of what was discussed with communities during the IDP Roadshows. The adoption and the implementation of a credible Integrated Development Plan (IDP) and a Spatial Development Framework continues to assist the municipality in realising the municipality's vision "A People-Centred City of Economic Possibilities by 2047." To ensure improved access to appropriate basic services and infrastructure the municipality completed installation of electricity in informal settlements. These backlogs are gradually phased out and is dependent on the availability of funding.

I would like to take this opportunity to thank all the employees of Greater Kokstad Municipality, management, and Council for the dedication and commitment demonstrated during the year under review. The team work indeed yielded excellent results, it is an honour to serve in a municipality with determined employees who are innovative and inspirational. I also wish to extend my sincere gratitude to the Kokstad community for their continued involvement in the affairs of the municipality. Without you this would not have happened, and we thank you for that.

I thank you



SR Zwane

Municipal Manager



## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Greater Kokstad Municipality provides Electricity, Refuse Removal, & Housing as part of the Basic Services. It also provides Roads, Storm-water & Drainage together with Local Economic Development and the approval of local building plans to local communities. Notwithstanding the legislative mandate to ensure service delivery as a means to respond to the developmental nature of local government, the Municipality takes cognizance in that the provision should strive to augment an improved socio-economic nexus.

The Greater Kokstad Council adopted its development vision, mission and core values as follows:

### ***“A People-Centred City of Economic Possibilities by 2047”***

The formulation of Greater Kokstad Municipal Vision is based on the objective of the Local Government as enshrined on the Constitution of the Republic of South Africa, Act 108 of 1986: Section 152 which prescribes the following as the principal mandates of the Local Government.

- To promote democratic and local government;
- 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 organizations in the matter of local government.

The mission statement of Greater Kokstad Municipality is:

- **Providing quality and sustainable services with diligence and compassion**
- **Rendering good and transparent corporate governance to promote economic prosperity**

### 1.2.1. VALUES OF GREATER KOKSTAD MUNICIPALITY

- Caring: Showing compassion whilst delivering services to its citizens
- Accountability: Taking responsibility for decisions and actions taken.
- Transparency and honesty: openness and public involvement in municipal affairs.
- Integrity: professionalism, a commitment to ethics, and focus on justice and fairness and accountability.
- Efficiency: results orientation, cost effectiveness, superior performance, customer satisfaction.
- Professionalism: executing the mandate with diligence.
- Fairness: treat all those who do work with the municipality equally.

- Dignity: respect for everybody.
- Respect: treating all clients and partners with respect.

### 1.2.2. DEVELOPMENT GOALS

Development goals for the GKM were developed based on the provincial goals as outlined in the PGDS and are as follows:

- Ensure that all people have access to basic services
- Safe, healthy and sustainable living environment
- Employment of all employable people
- Increased investor confidence in the GKM
- To provide strong and decisive leadership
- Developed and capacitated institution
- To ensure human and utilization of natural resources are in harmony
- To foster social compact
- To create options for people on where and how they opt to live, work, play and pray.

### 1.2.3. POPULATION

The following table summarises key municipal statistics, and is explained briefly below:

Demographic Indicators	2016 Census Survey	2011 Census	2001 Census
<b>Population Size</b>			
Total Population	76 753	65 981	56 528
<b>Age Structure</b>			
Population under 15	32.9%	30.6%	30.9%
Population 15 to 64	64.9%	66.7%	66.7%
Population over 65	2.2%	2.7%	3%
<b>Dependency Ratio</b>			
Per 100 (15-64)	54.0	49.9	51.4%
<b>Sex Ratio</b>			
Males per 100 females	92.5	94.4	100.3
<b>Population Growth</b>			
Per annum	3.44%	1.55%	9.74%
<b>Labour Market</b>			
Unemployment rate (official)	31%	28.9%	41.2%
Youth unemployment rate (official) 15-34	n/a	36.3%	50.1%
<b>Education (aged 20 +)</b>			
No schooling	1.6%	4.1%	10.2%
Matric	34.9%	28.3%	18%
Higher education	9.5%	10.8%	7.7%
<b>Household Dynamics</b>			
Households	24 397	19 140	19 625



Demographic Indicators	2016 Census Survey	2011 Census	2001 Census
Average household size	3.1	3.1	2.7
Female headed households	43.7%	41.6%	43.9%
Formal dwellings	86.3%	83.6%	67.3%
Housing owned	56.7%	36.3%	28.2%
<b>Household Services</b>			
Flush toilet connected to sewerage	66.2%	60.1%	59.5%
Weekly refuse removal	72.7%	74.0%	60.7%
Piped water inside dwelling	27.0%	36.1%	14.7%
Electricity for lighting	88.6%	80.7%	49.9%

Table 1: Municipal Summary of Key Statistics

Source: [www.statssa.gov.za](http://www.statssa.gov.za)

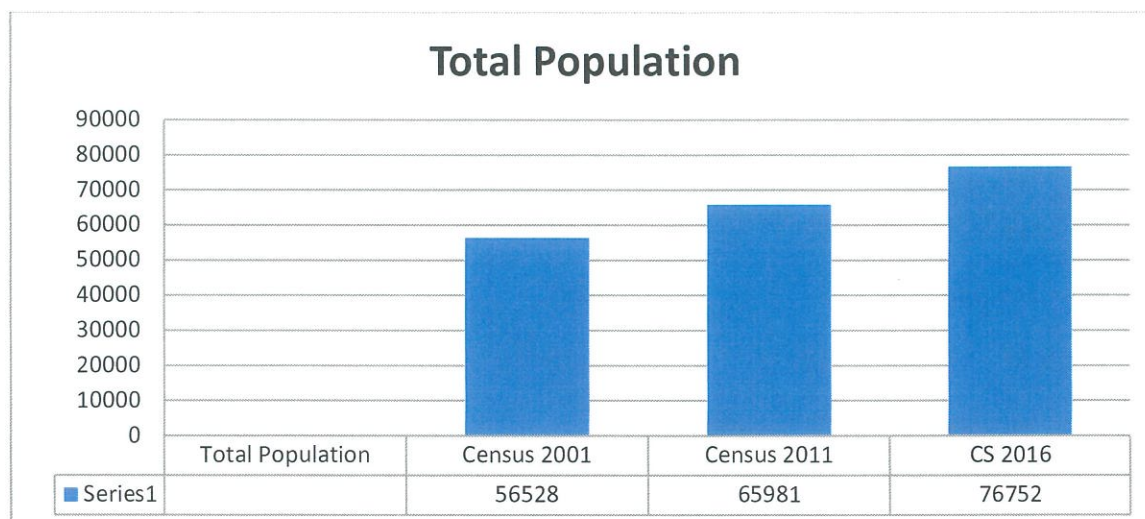
The population of the Greater Kokstad forms part of the ultimate objective of the development process, as well as being a subject in the process, since the people provide labour and entrepreneurship for production and consume the output of production. Likewise, demographic processes e.g. fertility, mortality and migration determine the demographic outcomes such as size, age-sex structure and spatial distributions of the population which affect the functioning of socio-economic processes of land use, labour absorption, consumption and expenditure which in turn define the socio-economic outcomes in terms of income, employment, education, health, housing etc. In short, this analysis will shade some light on the dynamics of the Greater Kokstad Municipal population, which can then be used to develop strategic interventions. These demographics characteristic analyses the socio-demographic and human settlement characteristics of the Greater Kokstad Municipality.

## POPULATION SIZE

The Greater Kokstad Municipality covers a total area of 2 680km<sup>2</sup>. It is a category B Municipality situated within the Harry Gwala District of KwaZulu-Natal. Initially Statistics South Africa (Statssa) conducted a population census once every 5 years i.e. 1996 and 2001, this interval was however changed to 10 years and thus the last census was in 2011. In between the census, Statssa conducts a Community Survey (CS) and the last one was in 2016. According to Statssa a population census, as defined by the United Nations, is “the total process of collecting, compiling, evaluating, analysing and publishing or otherwise disseminating demographic, economic and social data pertaining, at a specified time, to all persons in a country or a well-defined part of the country”; i.e. a total count of the population. The CS on the other hand is a large-scale household survey conducted by Statistics South Africa to bridge the gap between censuses. i.e. it is a representative sample of the population.

As a result of this, the information from the Community Survey is only provided at a Municipal level and not at ward level as compared to the 2011 census which goes down to the ward level and beyond. Prior to the release of the CS results in 2016 there was a re-demarcation of the municipal wards. Statssa thus had to delay the release of the CS results and realign the ward boundaries to the newly demarcated ward boundaries e.g. population figures for Greater Kokstad from the CS before factoring in the new demarcation

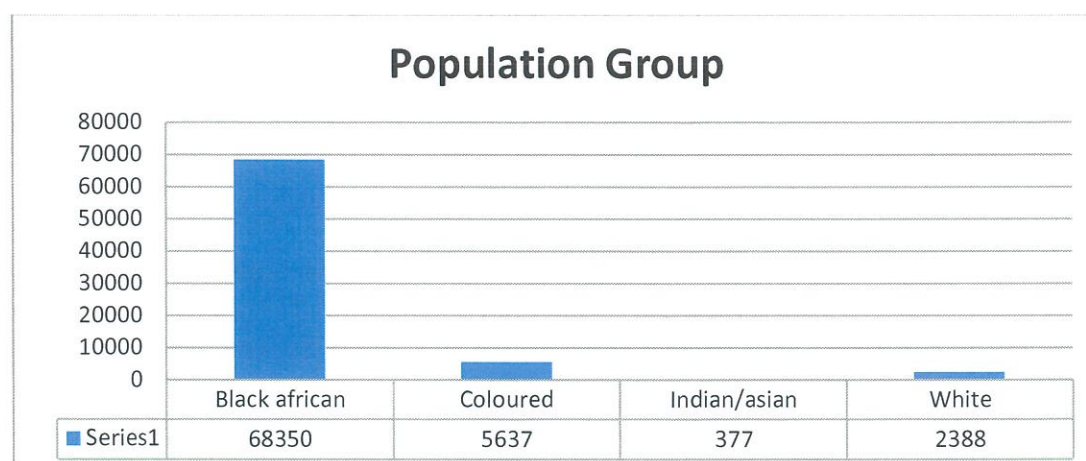
was 65 981; but after factoring in the re-demarcation it is 76 753. According to Statistics South Africa, Community Census 2001, 2011 and Community Survey 2016, the total population of the Municipality was as follows: -



Source: Stats SA: Census 2001-2011; COMMUNITY SURVEY 2016

The table below illustrates the distribution of the population based on racial groups.

Table 1: Population Distribution per race (% of population)



Source: Stats SA: COMMUNITY SURVEY 2016

Both statistics on table 1 above show that black people are dominant in the Municipality followed by coloured people, then white people. Indians or Asians are the smallest population group in the municipality.

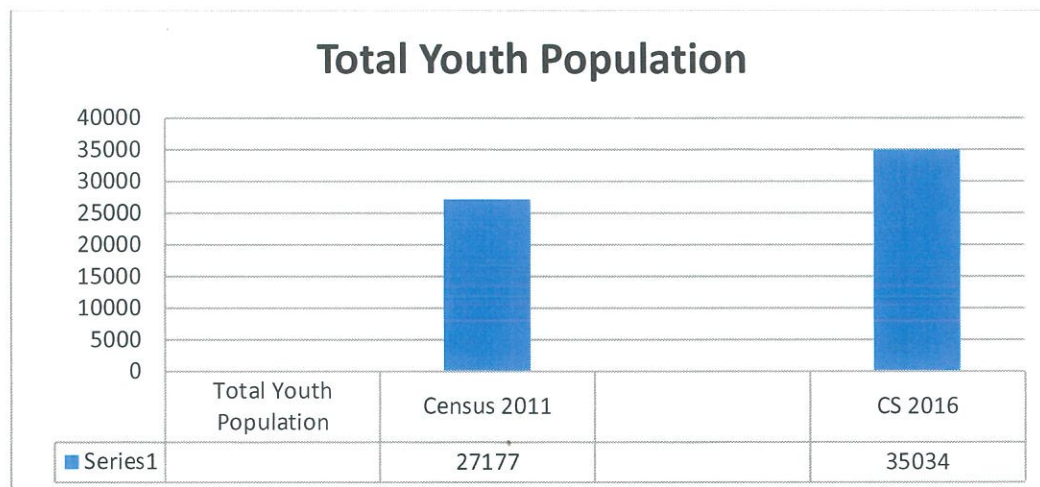
## AGE DISTRIBUTION

The Greater Kokstad Municipality shows a significant proportion of youth dependency. The overall population is split between youth (0-14), working class (15 – 64) and the elderly (+ 65).

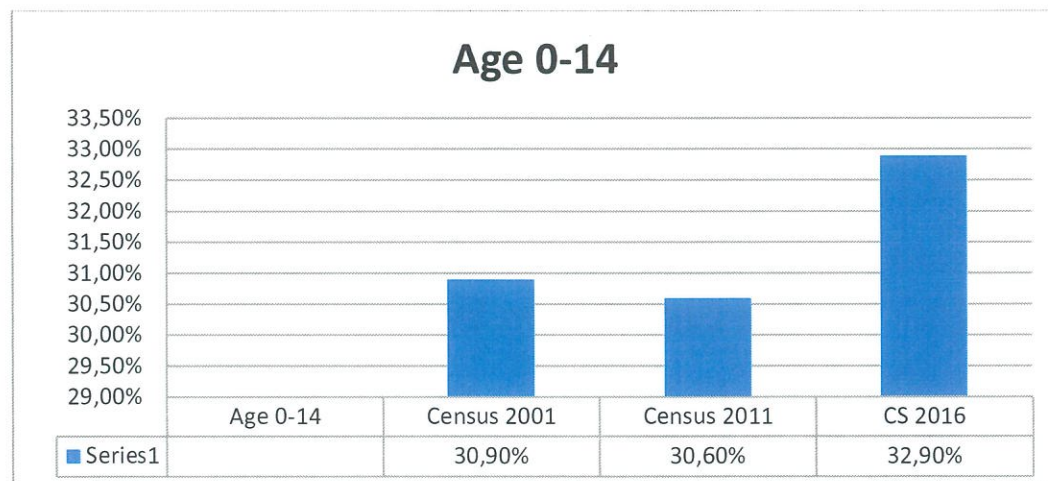


According to Statistics South Africa Community Survey 2016, the youth population accounts for 32.9%, while the working age population accounts for a majority of the population at 64.9%, while the elderly population only makes up 2.2 of the population.

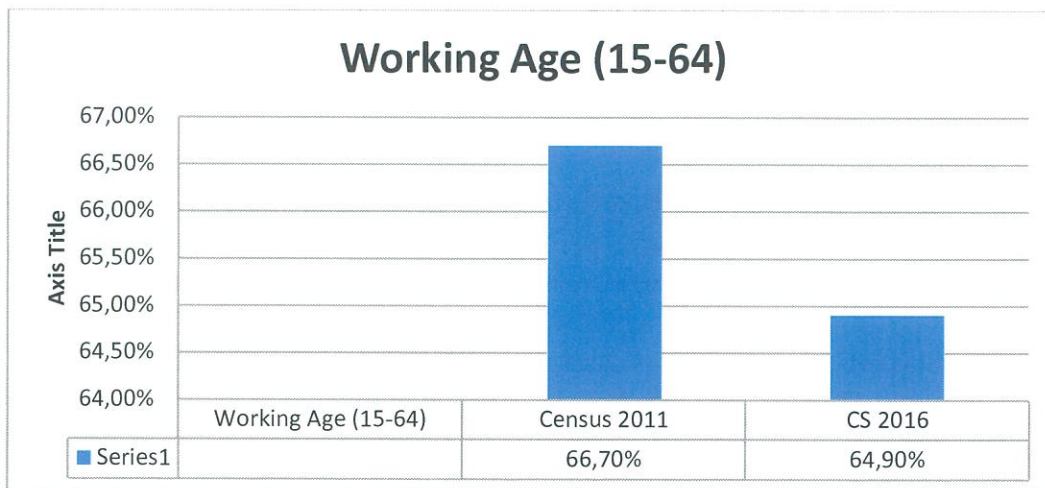
According to the Statistics South Africa Community Survey of 2016, the municipality has seen a rise in the youth population from 27 177 in 2011 to 35 034 in 2016 and working-class populations of 66.7%, and an increase in the number of elderly people from 2.7% in 2011 to 3% in 2016 within the municipality.



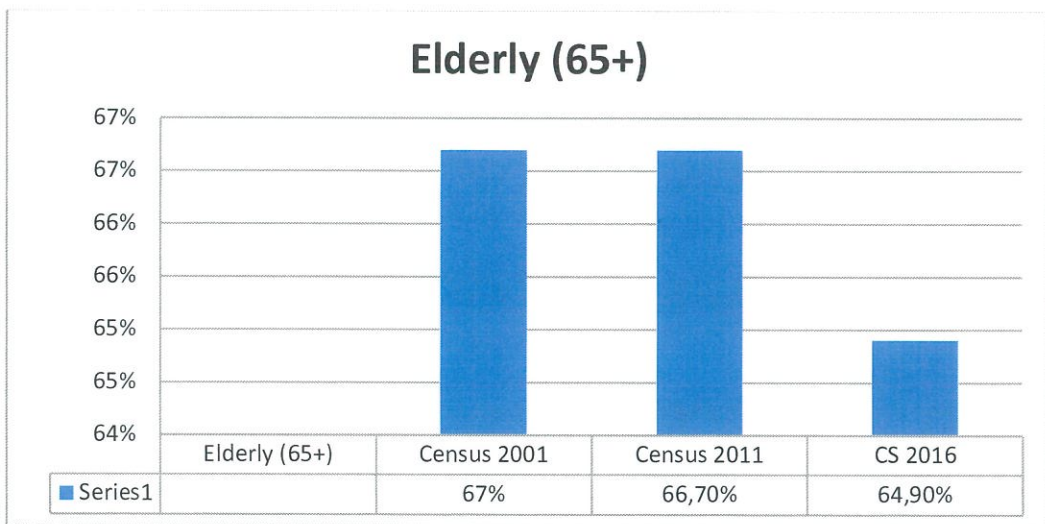
Source: Stats SA: Census 2001-2011; COMMUNITY SURVEY 2016



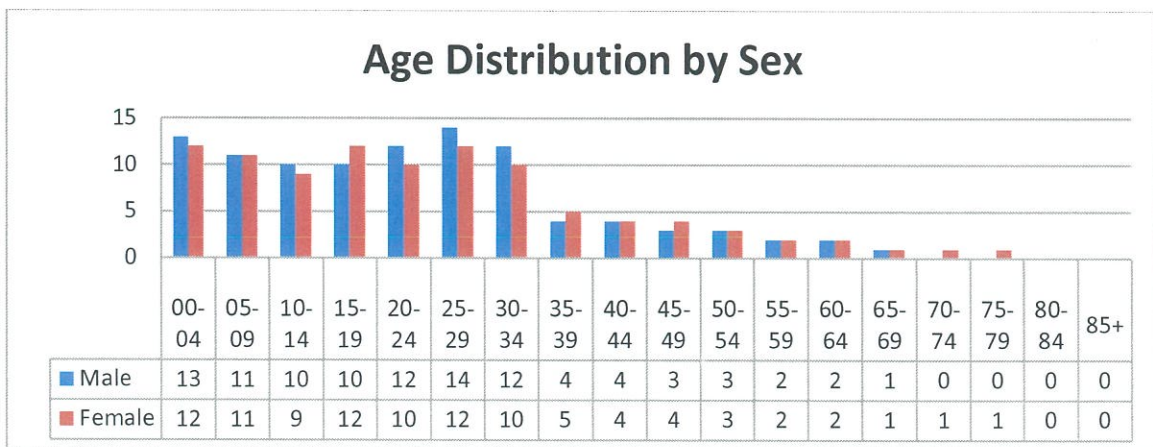
Source: Stats SA: Census 2001-2011; COMMUNITY SURVEY 2016



Source: Stats SA: Census 2001-2011; COMMUNITY SURVEY 2016



Source: Stats SA: Census 2001-2011; COMMUNITY SURVEY 2016



Source: Stats SA: Census 2001-2011; COMMUNITY SURVEY 2016

From the statistics, it can be concluded that the elderly population has increased to 3%.

As shown in graph above, the Greater Kokstad population is relatively young, with 70% of the population

being youth under the age of 35. About 35% of the population is still school going pointing out a need to strength the existing FET College and to attract more institutions of higher learning in the future. This relatively young population signifies high potential for population growth in the future which further exacerbates the supply and demand scenario for more housing, education and health services in the foreseeable future. This means that the municipality, sector departments and NGOs must direct their development plan in favour of the youth. This brings us to the key issues of concern in the area such as the high unemployment rate, lack of skills, HIV&AIDS and substance abuse.

The segment of the population falling within the 15 – 64 age groups (which makes approximately 67% of the population) would essentially be classified as the potentially economically active population of Greater Kokstad Municipality. This data also means that there must be improved in-take of social security grants especially the child support grants within the municipal area and economic growth to provide jobs for the economically active population. The Municipality has a relatively small percentage of elderly people, which brings to question whether people are not living to old-age, owing to untimely deaths or whether there is a generation of people that have left the area and are enjoying old age elsewhere.

#### 1.2.4. EDUCATION

The education levels represented below states that a majority of the population has a primary and secondary education. However, the tertiary education sector is very underdeveloped. This poses a major challenge for the Municipality, as this indicates that there are a limited number of qualified or skilled individuals within the labour pool.

From the statistic obtained, it can be concluded that a majority of the youth move away to obtain a tertiary education. From the statistic obtained, it can be concluded that the most persons with institutional education are located within ward 4 which accounts for 18.02% of the population who has a formal education. This is closely followed by wards 1, 6 and 8 which accounts of 17.37%, 14.62% and 13.81%, respectively, of the population who has a formal education.

According to the Statistics South Africa Census 2011, 83.87% of the Municipal population has some form of formal education. However, according to the Statistics South Africa Community Survey 2016, this percentage has increase by 2.59% to 86.46%, which equates to 66 355 persons as depicted in the table below:

	KZN433: Greater Kokstad	KZN434: Ubuhlebezwe	KZN435: Umzimkhulu	KZN436: Dr Nkosazana Dlamini-Zuma	Grand Total
Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3	15839	15523	16508	13032	60901
NTC I/N1	56	48	103	37	243
NTCII/N2	22	48	128	45	242
NTCIII/N3	43	117	32	43	235
N4/NTC 4/Occupational certificate NQF Level 5	261	301	340	179	1081
N5/NTC 5/Occupational certificate NQF Level 5	105	38	117	29	288



	KZN433: Greater Kokstad	KZN434: Ubuhlebezwe	KZN435: Umzimkhulu	KZN436: Dr Nkosazana Dlamini-Zuma	Grand Total
N6/NTC 6/Occupational certificate					
NQF Level 5	249	77	525	12	863
Certificate with less than Grade 12/Std 10	14	30	23	-	67
Diploma with less than Grade 12/Std 10	113	74	109	136	433
Higher/National/Advanced Certificate with Grade 12/Occupational certificate NQF	242	699	526	328	1795
Diploma with Grade 12/Std 10/Occupational certificate NQF Level 6	1152	1088	1264	622	4127
Higher Diploma/Occupational certificate NQF Level 7	788	400	387	273	1848
Post-Higher Diploma (Master's	521	362	537	301	1721
Bachelor's degree/Occupational certificate NQF Level 7	528	467	1007	545	2548
Honours degree/Post-graduate diploma/Occupational certificate NQF Level 8	212	377	428	178	1194
Master's/Professional Master's at NQF Level 9 degree	35	89	47	54	224
PHD (Doctoral degree/Professional doctoral degree at NQF Level 10)	22	26	40	30	118
Other	127	437	251	310	1125
Do not know	415	155	165	148	884
Unspecified	211	235	735	122	1303
No schooling	9769	23392	41823	19694	94679
Grade 0	3419	5999	10050	6010	25478
Grade 1/Sub A/Class 1	2538	4641	6718	4604	18501
Grade 2/Sub B/Class 2	1383	3918	6141	4124	15566
Grade 3/Standard 1/ABET 1	2627	5735	10313	6172	24848
Grade 4/Standard 2	2709	5405	10932	6784	25830
Grade 5/Standard 3/ABET 2	3096	5545	11327	5880	25848
Grade 6/Standard 4	3388	6364	13303	5835	28890
Grade 7/Standard 5/ABET 3	3726	4736	8684	5977	23123
Grade 8/Standard 6/Form 1	4150	6538	11729	7017	29434
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	5416	7224	14140	8156	34935
Grade 10/Standard 8/Form 3/Occupational certificate NQF Level 2	6666	8361	14792	10441	40260
Grade 11/Standard 9/Form 4/NCV Level 3/ Occupational certificate NQF Level 3	6908	9900	14061	11361	42230
Grand Total	76753	118346	197286	118480	510865

Source: Stats SA: Census 2011; COMMUNITY SURVEY 2016

### 1.2.5. HIV/AIDS

The municipality is dealing with HIV issues through Local Aids Council which is chaired by the Mayor and Ward Aids Council chaired by ward Councillors. Department of Health is playing central role in relation to prevention and management of the HIV pandemic.



(Food Security initiatives)  
High)



(Social Behavior Change Awareness- Malcomess

Here is the HIV Management Statistics within the Greater Kokstad Municipal area of jurisdiction:

Data	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
Infant PCR test around 10 weeks	110	133	171	115
Infant PCR test positive around 10 weeks	00	00	0	00
HIV test around 18 months	157	157	237	
HIV test positive around 18 months	0	0	0	
Inpatient death under 5 years total	2.5	3.5	1.8	0.0
Children under 12 years sexually assaulted rate	40.0	20.0	23.8	0.0
Maternal death in facility	0	01	01	0
TB client 5 years and older start on treatment	103	58	110	37
ART client remains on ART end of month - total	10950	11378	11442	11297
Antenatal 1st visit before 20 weeks rate	67.5	66.7	62.5	64.1
Antenatal client starts on ART rate	100.0	100.0	100.0	100.0
Antenatal client HIV 1st test positive rate	11.2	8.3	12.1	9.1
HIV test around 18 months positive rate	3.2	00	00	
Infant PCR test positive around 10 weeks rate	00	00	00	0.0
Antenatal 1st visit before 20 weeks	337	282	337	250

Data	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
Antenatal client HIV 1st test	357	303	406	297
Antenatal client HIV 1st test positive	40	25	49	27
Antenatal client starts on ART	45	32	57	33
Antenatal client eligible for ART initiation	45	32	57	33
Antenatal client already on ART at 1st visit rate	75.0	77.9	68.7	74.0
Antenatal 1st visit total	499	423	539	390
Antenatal client HIV re-test positive	1	5	2	5
Live birth to HIV positive woman	170	174	156	126
Medical male circumcision 15 years and older	03	96	54	5
Medical male circumcision 10-14 years	3	31	1	1
Delivery in facility - total	546	508	516	362
Delivery 10-14 years in facility	3	6	1	1
Delivery 15-19 years in facility	112	103	99	77
STI treated new episode	901	986	1174	736
Screen for TB symptoms 5 years and older	108.2	118.7	109.4	107.0
Screen for TB symptoms under 5 years	100.7	101.4	103.6	113.3
HIV client tested - male	5426	4943	4222	2491
HIV client tested (excluding antenatal) - female	8107	8281	7445	4450
HIV test positive - new male	214	166	163	93
HIV test positive - new (excluding antenatal) female	312	267	259	130
Female condoms distributed at facility	6315	9046	7857	5620
Male condoms distributed at facility	294400	483570	320030	243400
Sexual assault prophylaxis (starter pack issued)				
Sexual assault case seen - new	15	15	21	1010
Child referred from Phila Mntwana Centre - Immunization	22	5	16	6
Child offered deworming at Phila Mntwana Centre by CCGs	120	605	541	0
Child referred from Phila Mntwana Centre - Diarrhea	02	0	00	0
Child referred from Phila Mntwana Centre - TB	2	0	00	0
Child screened at Phila Mntwana Centre	534	1511	1512	247
Vitamin A - CCG	1265	1410	1100	420

### 1.2.6. SPATIAL REALITIES

Chapter 4; Part A to E of SPLUMA outlines requirements of SDF's at National, Provincial and at Municipal level with various sections providing prescription for each sphere of government with regard to the SDF preparation and content, section 12 of SPLUMA specifically requires that all spheres of government compile SDF's for their areas of jurisdiction; Part E provides for the preparation and content of a Municipal SDF. Part E defines the status of a SDF.

The GKM 2020-2021 Adopted SDF serves as a strategy to interpret and represent the Spatial Development Vision of the Municipality. The vision must be designed to enable sustainable development throughout the municipality while the planning process will address the challenge to balance imperatives of economic efficient, social and environmental integrity.

Furthermore, SPLUMA Section 20 provides that Municipal SDF's, must be prepared as part of a Municipality's Integrated Development Plan in accordance with section 26 (e) of the Local Government Municipal Systems Act No. 32 of 2000.

In the past many Municipalities, have developed SDF's, either in silos or supported (technically and/or financially) by the Department of Rural Development and Land Reform (DRDLR) or by their respective Provinces. Different SDF development approaches were applied depending on who was managing or has been contracted to undertake the project.

In 2014 DRDLR commissioned the development of Comprehensive SDF Guidelines as a response to the current modus-operandi. The process of developing the guidelines was extensive and inclusionary. All relevant stakeholders were consulted, and the comments received were instrumental in shaping the final product. These guidelines will form part of the SPLUMA regulations in as fast as the development of SDF's concerned. These guidelines have been implemented and tested since their development to ascertain their effectiveness in addressing the current challenges and shortcomings with regard to the development process and the content of the SDF's.

The SDF must have a set of objectives, strategies and policy guidelines that direct development and development options to ensure that the envisaged long term urban and rural structure and target deliverables are realised. The SDF should find a balance between Environmental and Development especially since the economic base (agriculture, tourism, retail and manufacturing) are reliant on the natural resources of its existence. This objective shall be achieved by the development of a SDF in GKM in compliance with the provisions of these guidelines.

The SDF shall be amended accordingly and made credible. Compliance with the following important aspects of an SDF indicated in the Chapter 4 of SPLUMA must be adhered to Section 12 subsection (1) (a) to (o) stipulates generally the areas an SDF must cover. In particular, section 21 (a) to (p) prescribes over and above the parameters of preparing for the development of a MSDF.

The SDF must give effect to the development principles contained in SPLUMA:

- \_ Spatial Justice
- \_ Spatial Sustainability
- \_ Efficiency
- \_ Spatial Resilience
- \_ Good Administration



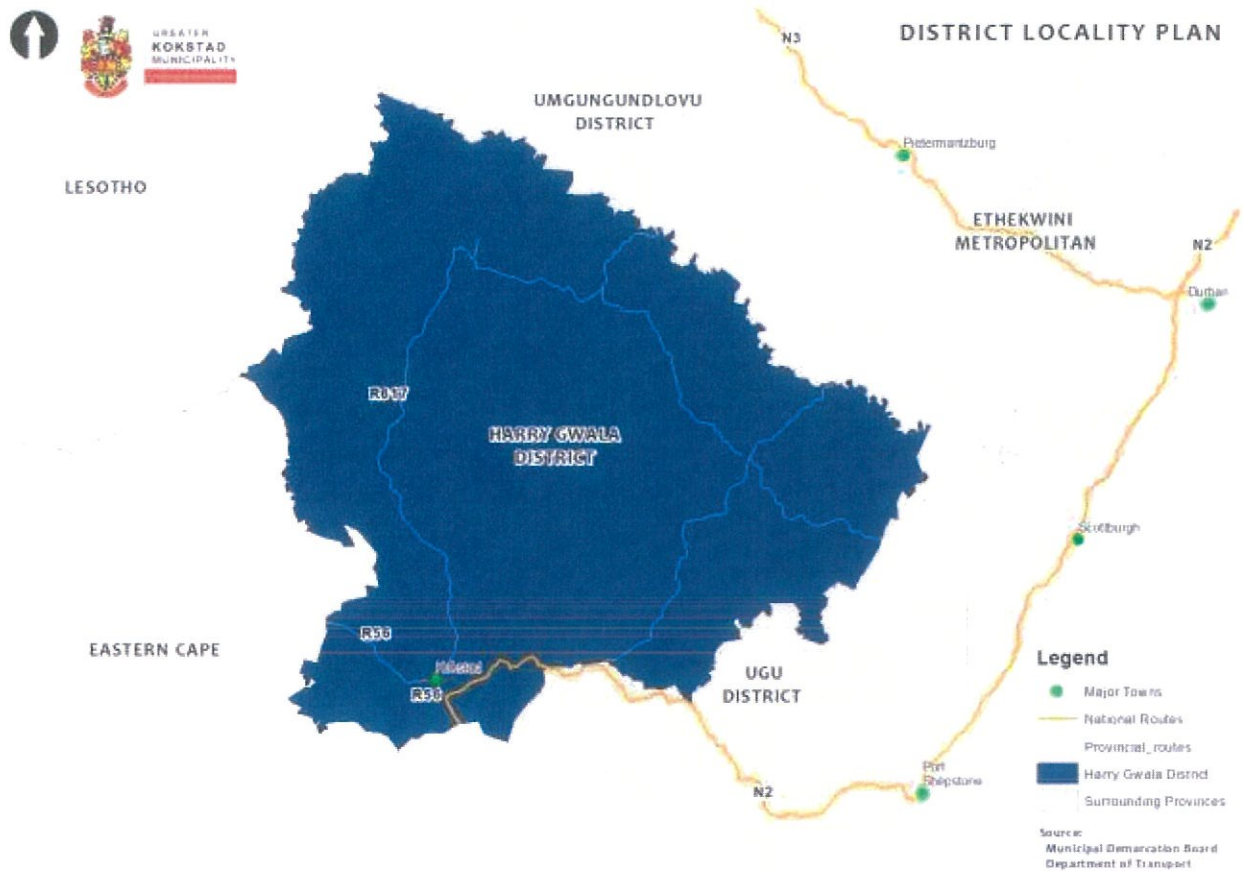
Greater Kokstad Municipality has three urban nodes Kokstad Town, Swartberg and Franklin. Kokstad Town is the major economic center due to its strategic location in terms of transport network, economic and administrative activities. The National Route (N2) links the area to the major economic nodes such as Port Shepstone and Durban in the KwaZulu-Natal Province and Mthatha in the Eastern Cape Province. The R56 links Kokstad to Ixopo and Pietermaritzburg. The strategic location of Kokstad creates opportunities for economic growth. Emanating from the spatial location of the area is high population growth rate due to high migration of people from the Eastern Cape and Lesotho into the area in search for employment opportunities. The municipality is therefore faced with a challenge of planning, providing basic services, housing and creating employment opportunities for its growing communities.

There are also land reform projects in rural areas like Pakkies 1 and 2 and Kransdraai. Apart from the built environment, there are also agriculture, indigenous forests and areas of biodiversity. The municipality acknowledges the relationship between the built and the natural environment and has adopted an integrated approach to development and protection of the natural environment.

One major spatial challenge facing the municipality is illegal occupation of land for housing purposes. The municipality has no systems in place to deal with the situation. However, the implementation of Land Use Management System and the preparation of by-laws (to be prepared after the Land Use Scheme has been completed) will enable the municipality to control land use and apply to court to demolish any structure that is in contravention of its Land Use Scheme. This will contribute towards orderly and harmonious development.

The following spatial characteristics, issues and challenges impact on the future development of the Greater Kokstad Municipality and need to be taken forward in the IDP Process:

- Illegal occupation of land for informal housing purposes.
- Mushrooming of informal settlements on flood line and protected wetland areas.
- Kokstad town is presently not presenting a very good image for Greater Kokstad Municipality, due to the character of key infrastructure.
- There is minimal integration of environmental, land use and transport management system.
- A need exists to redirect growth and development to the previously disadvantaged areas and areas of economic opportunity while focusing on the redevelopment of deteriorating areas within the municipal area.
- There has been a substantial increase in the number of illegal small business operators that are conducting business from home without permission. This has given rise to traffic and safety problems as ++these areas were not designed for such purposes.
- Infrastructure like roads, electricity, and telephones, the main services are in the urban areas.



#### 1.2.7. LAND REFORM

The implementation of the land reform program within Greater Kokstad Municipality has progressed very slowly. There are a number of land claims that have been lodged on farms in Greater Kokstad.

The priority redistribution is in the Pakkies area (PORTION 3(1) OF THE FARM MELKSPRUIT NO 293.) The only transferred redistribution claim within the study area is the Kokstad Commonage redistribution project. It includes the farm Kranzfontain and is located to the east and south east of Bhongweni.

The map below indicates all the land reform projects within the Greater Kokstad municipality.

The role of local government in supporting the land reform program remains one of the poorly defined and uncoordinated activities in the integrated development planning process. The land reform affects the local communities, yet it is implemented by a national government department with limited consideration of the IDPs.

The primary aim of the Land Reform Program is to broaden access to land and address the historical imbalances in the land ownership pattern in South Africa. It is a complex program and affects a number of development sectors including agriculture, housing, conservation, commerce, and industry.

As such, it is imperative for the program to be implemented in a cooperative manner with all the spheres of government making firm commitments to support and integrate the program into their planning and service delivery initiatives.

Similarly, these documents do not provide an adequate strategic framework for dealing with the land question. Land issues are complex and intricate with some of them (labour tenants and land restitution) being rights driven. Therefore, land reform is considered as one of the most significant programs that promise to make a major contribution to economic growth, poverty alleviation, and nation building. As such, its implementation should be embedded in the notion of sustainable and integrated development.

Notwithstanding the aforementioned limitations, and given that land reform and redistribution remains the responsibility of the Department of Rural Development and Land Reform (DRDLR) the Municipality retains its responsibility in facilitating access to opportunities. In respect to the Kranzfontein Farm, the Municipality has provided and facilitated support to emerging farmers who have access to the farm. Mechanisation, land preparation and the distribution of seedlings together with mentorship from the Department of Agriculture and Rural Development (DARD) to sustain activities initiated through the 2018/2019 partnership with UKZN (School of Agriculture) has ensured access to markets and participation in the RASET programme. Albeit limited in the support provided to date, the Municipality and DARD through the established AGRIFORUM continue to strive for increased opportunities and market access.

The Municipality through the Local Economic Development unit now holds a voting seat on the District Allocations Committee which considers the leasing of farms acquired by DRDLR. The achievement has realised the allocation of the Chris Fey Farm (Diary Production) to a local farmer to aid in the expansion of the diary industry responsive to black owned farmers. It is anticipated that continued support by government through partnerships with the private sector should seek to retain jobs especially of unskilled labour. A key paradigm shift in the context of farm labour, would be reskilling and upskilling, especially in literacy in the anticipation of a owner/farmer cooperative developmental model.

To date, training and mentorship has been provided through strategic partnerships created in the development of Agriculture within the Municipal jurisdiction. This however needs to be expanded if the Municipality is to achieve targets for primary development of emerging farmers.

The prioritization of the Franklin\_Makoba area as a strategic development node responsive to agriculture and manufacturing (Catalytic Project 2) has positively contributed to the economy and development of the Franklin area. In the 2019/2020 Financial Year and through successful applications for funding the Municipality has ensured the realisation of the following:

- Development of Multi-Dimensional Cultural Village – R14,5million (COGTA funded) – the overall anticipated development to be realised in a phased approach is anticipated to be valued at R54million – the Municipality continues to lobby for funding for the completion – 2019/2020
- Integrated Centre (attraction of manufacturing) – R2,8million (DRDLR funded) – 2019/2020
- Library – the Department of Arts and Culture has commenced with the construction of the Library which is anticipated at R2,2million at completion
- Establishment of Visitor Information Centre – funding secured from the Department of Economic Development, Tourism and Environmental Affairs has resulted in necessary signage, audio visual art gallery and a visitor information centre

With a focus on agriculture, the Municipality released 10 hectares of municipal owned land in Franklin to a Cooperative and subsequently invested R2,3million for the established of 12 x Hydroponic Tunnels

(2018/2019 FY) and subsequently R795,000.00 for the establishment and sitting of a borehole to augment access to water (2019/2020FY). To address challenges identified in the production within the tunnels, training was arranged and provided to the cooperative members. Together with DARD and the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) access to opportunities through the RASET programme continues.

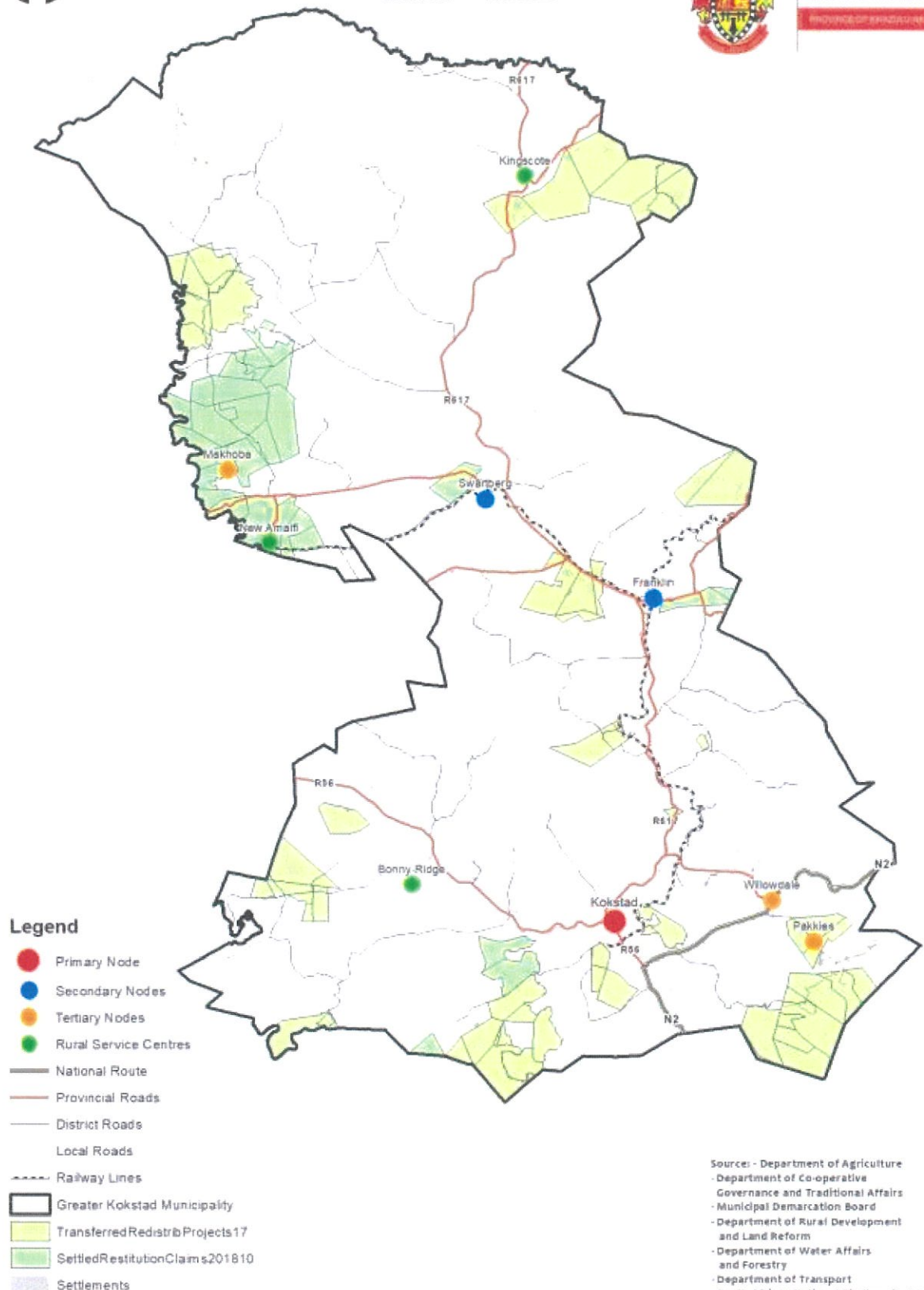




## LAND REFORM 2020 - 2021

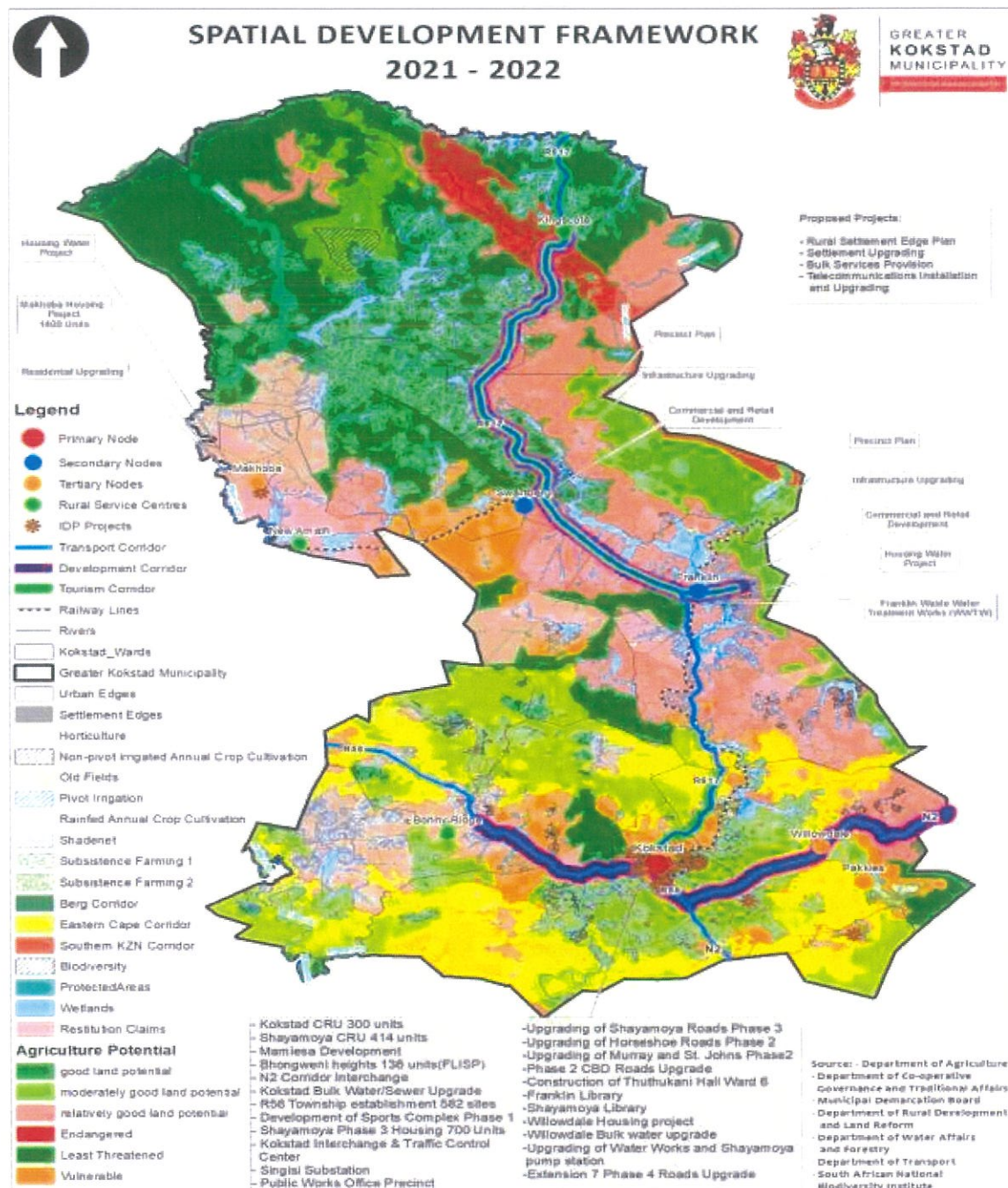


GREATER  
**KOKSTAD**  
MUNICIPALITY  
PROVINCE OF KAPPALETTES



### 1.2.8. COMMENT ON BACKGROUND AND DATA

Greater Kokstad Local Municipality (hereinafter referred to as 'GKM') currently has a 2020/2021 SDF, which in terms of legislation needs to be reviewed annually. The 2020-2021 SDF has been aligned with the 2020-2021 IDP.



### 1.3. SERVICE DELIVERY OVERVIEW

The Greater Kokstad Municipality basic services as contained in our Municipal Indigent Policy is intended to provide norms and standards for a program to improve the lives of indigents and to improve access to free basic services. The policy recognized the need for inter-government co-operation in the process of dealing with indigents but places a specific emphasis on the municipal sphere, recognizing the important role local government has in effectively addressing the needs of indigent households. This requires local understanding and local initiative, co-ordination with support from national and provincial government. The indigent policy seeks to address the problem of institutional exclusion by facilitating the reform of the systems of local government in ways that ensure the inclusion of the poor in ways that will guarantee their access to affordable basic services.




The implementation of the indigent policy as the basis of providing Free Basic Services was done in context of socio-economic realities facing our communities such as:

- High level unemployment
- Low income earners that have limited affordability
- High incidents of child-headed households
- Natural attrition of elderly headed households within our society.

The Municipality indigent policy apply specifically to Free Basic Services program within Municipality i.e. free basic electricity, rates, burial and free basic refuse removal. We had 4 589 beneficiaries on this program in 2019/20 financial year compared to 4 849 beneficiaries in 2018/19. The equitable share allocated to the Municipality to provide free basic services is still in short supply.


Since 1994 GKM has made huge strides in the service delivery arena with electricity dominating ahead of others, this was made possible by funding from Department of Energy, Eskom and GKM own funding. For the 2019/2020 financial year the municipality managed to do 88 connections for permanent structures. There was also some 800 plus connections to informal settlements in Horseshoe, Chocolate City 1 & 2 and Marikana areas. The 100% connectivity of households in GKM is always a moving target; this is made impossible by widespread of illegal settlements as more people are moving to Kokstad from neighboring towns in anticipation of subsidized housing and better services.



Project Name	Pictures	Status	Expenditure	Other	Comments
Design Software (Reticulation Master )		Project completed	R153 200,70	Internal	Training of the Staff on the Software has been delayed due to Covid 19
Generator for Municipal Buildings		Project completed.	R966 000,00	Internal	All three generators were supplied and installed
Upgrade of 1000m MV Cable Phase 4		900m of MV Cable have laid so far,	R975 275,15	Internal	The Project was delayed due to COVID 19 and the estimated completion date has now been moved to the end of August 2020

Project Name	Pictures	Status	Expenditure	Other	Comments
Upgrade of Bhongweni and Shayamoya Switch Gear including programming		The appointed service provider has placed an order for MV Switchgear with the manufacturers.	R2 960 845.96	Internal	The Manufacturing of the switchgear has a long lead time of about 18 weeks
Bulk Infrastructure/ Substation		Civil works in progress	R4 182 072,30	DoE	This is a Multiyear project funded by DoE



Project Name	Pictures	Status	Expenditure	Other	Comments
Electrification of Informal Settlements, Marikana, Chocolate City 1&2 and Horse Shoe		The total number of houses connected is 608 out of the planned target of 800 houses	R7 914 000.00	DoE and COGTA	The Project was delayed due to COVID 19 and the estimated completion date has now been moved to the end of August 2020

#### 1.4. FINANCIAL HEALTH OVERVIEW

vulnerable customers, we have intensified awareness of the Municipality's indigent subsidy to ensure they are able to access free basic services without being targeted in our Credit control management processes. We have continued to encourage customers experiencing cash flow challenges to enter into alternative payment arrangements in order to improve the collection rate. The GKM remains committed to prudent management of its finances. Our Financial Plan will ensure continued financial sustainability and effective financial planning through prudent generation of annual operating surplus, and the creation of cash reserves to increase the level of infrastructure expenditure to improve service delivery. We have again achieved an unqualified audit opinion as was the circumstance in the previous financial year. This is a firm indication of the committed leadership which drives governance, compliance and strategic financial management.

Financial Overview: 2020/2021			
			R'000
Details	Original budget	Adjustment Budget	Actual
<b>Income:</b>			
Grants	73 740 000	85 908 000	84 858 564
Taxes, Levies and tariffs	307 239 903	306 949 571	275 783 746
Other	25 734 745	17 200 045	20 482 417
<b>Sub Total</b>	<b>406 714 648</b>	<b>410 057 616</b>	<b>381 124 727</b>
<b>Less: Expenditure</b>	<b>420 073 473</b>	<b>438 690 341</b>	<b>411 854 222</b>
<b>Net Total*</b>	<b>(13 358 825)</b>	<b>(28 632 725)</b>	<b>(30 729 495)</b>

Operating Ratios	
Detail	%
Employee Cost	34%
Repairs and Maintenance	5.5%

Finance Charges & Impairment	3.5%
------------------------------	------

The above ratios, which are closely monitored during the year, ensure that at all times the GKM remains focused on ensuring continued financial sustainability.

Total Capital Expenditure: 2019/20 – 2020/21			
Details	2018/19	2019/2020	2020/21
Original Budget	98 798 000	125 492 000	102 185 000
Adjustment Budget	134 354 000	152 922 000	154 227 000
Actual	88 368 050	92 563 292	113 707 000

The 2020/2021 financial year capital budget marked a significant milestone once again with an approved adjusted capital budget of R154.2 million. Capital expenditure, as expressed by the additions capitalised in the current year amounted to R million and work in progress amounting to R million (% of approved capital budget).

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Organizational development serves to give effect to the strategy of an organization. It gives a platform for the organization to identify functions as well as posts that are required for it to achieve its mission and vision. Such a decision has to start with the type of structure which is suitable for the organization. The organizational structure of the municipality was reviewed and adopted by Council on 27 June 2019. The structure adopted for the 2019/2020 financial year was informed by the availability of the budget and, as such, some critical posts were not included in the structure.

The structure is being implemented and the recruitment process is being undertaken. Towards the end of the 2019 /2020 financial year the structure will be reviewed. The review will be more in-depth with a work-study exercise being undertaken. Such an exercise will ensure that organizational design and development is based on scientific principles and that the Municipality has enough posts in its staff establishment to carry out its mandate

## 1.6. AUDITOR GENERAL REPORT

AG's responsibility is to express an opinion on the consolidated and separate financial statements based on AG's audit. AG conducted AG's audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that AG comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial



statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasons of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

AG believes that the audit evidence AG have obtained is sufficient and appropriate to provide a basis for AG's Unqualified Audit Opinion for 2020/2021 Financial Year. The Audit Report shall be included in chapter 6 of the 2020/21 Annual Report once issued by the AG(SA). The municipal performance over the last three financial years in as far as the audit is concerned is summarized below:

Audit Opinions	
Financial Year	Auditor General's Opinion
2018/2019	Unqualified
2019/2020	Unqualified
2020/2021	Unqualified

#### 1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1.	Finalize the 4th quarter Report for previous financial year	31 July 2021
2.	Submit draft Annual Report to Internal Audit	12 August 2021
3.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	31 August 2021
4.	Mayor tables the unaudited Annual Report	
5.	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
6.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
7.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	1 September – 31 October 2021
8.	Municipality receives and start to address the Auditor General's comments	30 November 2021
9.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	31 January 2022
10.	Audited Annual Report is made public and representation is invited	01-12 February 2022
11.	Oversight Committee assesses Annual Report	17-26 February 2022
12.	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	October 2021 – May 2022
13.	Annual Report and Oversight report presented to Council for adoption	31 March 2022

Local authorities prepare annual reports to discharge their public accountability responsibilities. A local authority's annual report serves as a communication tool for providing wider information on activities carried out and services provided, and for comparing actual service delivery with forecast service delivery. The

information in annual reports and summary annual reports should allow ratepayers, the community, and the wider public to assess how local authorities have performed in relation to stewardship of community assets, and the efficiency, effectiveness, and cost-effectiveness of operations.

Local authorities are also required to prepare an annual report that fairly reflects their achievements and results against their annual plan, with particular emphasis on comparisons with their forecast financial and non-financial performance.

The annual report should link forecast performance and actual performance. The annual report should compare forecast expectations to actual results, should "feed into" the next year's forecast, and should signal any intended changes in direction, services, or actions based on an analysis of the current year's performance.

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

Governance at Greater Kokstad Municipality is made up of Political & Administrative Governance, Inter-governmental Relations, and Public Accountability & Participation along with Corporate Governance. Political & Administrative Governance is the breakdown of Elected Councillors, the committees they sit on, & the number of meetings they attend. It further looks at the administrative aspect of the municipality in terms of the organizational structure being implemented and a distinction made of the business units and their respective functions. Intergovernmental Relations is basically the relationship that the municipality forges with other sector departments in order to carry out day to day activities, like National Treasury, the Auditor General & the Provincial Department of CoGTA. Public accountability is the way the Municipality operates with regards to the communities by way of holding community meetings, Izimbizo's, State of the Municipality Address and the process of ward committees dealing with issues within the wards. Corporate Governance looks at issues of transparency and accountability whereby the municipality outlines its top risks, and the way in which they run the Municipal Affairs. Together these important aspects intertwine and are forged to ensure all aspects of the municipality are properly functioning and that communities receive quality services at an affordable.

### COMPONENT A – POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1. POLITICAL GOVERNANCE

Greater Kokstad Municipality established portfolio committees namely, Executive Committee, Governance and community & Social services, Budget and Treasury & Infrastructure and Technical services, Economic Development and Spatial Planning committee and lastly Local Labour forum. These committees sit on monthly basis to oversee if that the day to day activities within the Municipality are dealt with correctly. The Council, MPAC and Audit committee sits on quarterly basis. An Audit Committee provides opinions and recommendations on financial processes and performance and provides comments to the Oversight Committee on the Annual Report.



### 2.1.1. POLITICAL STRUCTURE



### 2.1.2. COUNCILLORS

Greater Kokstad Municipality has 19 Councillors. Ten (10) Councillors are Ward Councillors and 9 Councillors are proportional.

Political parties in the Council are represented as follows:

POLITICAL PARTY	NO. OF COUNCILLORS
AFRICAN NATIONAL CONGRESS(ANC)	13
DEMOCRATIC ALLIANCE(DA)	3
ECONOMIC FREEDOM FIGHTERS (EFF)	2
African Independent Congress (AIC)	1

### 2.1.3. COMMITTEE ALLOCATIONS JULY 2020 TO JUNE 2021

Committee Allocations July 2020/21		
Portfolio committee	Chairperson	Members
MPAC	Councillor P. Nocanda	Councilor Nguza; Councilor E Bhengu, Councilor B L Marnce;
Budget & Treasury and Infrastructure & Technical Services	Mayor: Councilor B.M Mtolo	Councilor M N L Madikizela; Councilor Z.R Tshazi; Councilor K. Phuthuma



Governance Community Development & Social Services	Councillor Deputy mayor KJ Walker	Councillor M Figlan, Councillor N Mfukuli, Councillor L. Mashibini
Economic Development and Spatial Planning	Councillor N. Dumisa	Councillor N Mavuka; Councillor T.O Madikizela; Cllr Z. Tshangase; Councillor N. Lusawana, Cllr N. Mayeza
Local Labour Forum	Councillor Figlan	Cllr M. Figlan Cllr N. Mfukuli Cllr L.N Mashibini

#### 2.1.4. WARD COUNCILLORS POLITICAL PARTY (2020-2021)

WARD COUNCILLORS LIST		
Ward No.	Name	Political Party
Ward 1	Cllr N. Lusawana	ANC
Ward 2	Cllr N. Nguza	ANC
Ward 3	Speaker, Cllr Z.A. Mhlongo	ANC
Ward 4	Cllr M. Figlan	ANC
Ward 5	Cllr N. Mavuka	ANC
Ward 6	Cllr N. Mfukuli	ANC
Ward 7	Cllr E. Bhengu	ANC
Ward 8	Cllr L.M. Madikizela	ANC
Ward 9	Cllr. N. Mayeza	ANC
Ward 10	Cllr. Tshazi	ANC

#### 2.1.5. PROPORTIONAL REPRESENTATION (PR) COUNCILLORS BY POLITICAL PARTY (2020 – 2021)

PR COUNCILLORS LIST	
Name	Political Party
Mayor, Cllr B.M Mtolo	ANC
Deputy Mayor, Cllr K. Walker	ANC
Cllr P. Nocanda	ANC
Cllr. T.O Madikizela	AIC
Cllr. M.N.Dumisa	DA
Cllr.K. Phuthuma	DA
Cllr. B.L Marnce	DA
Cllr L. Mashibini	EFF
Cllr Tshangase	EFF

### 2.1.6. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The Municipal Public Accounts Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998. Section 79 allows for the co-option of advisory members to a Committee of Council, who are not members of the Council.

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council about the Annual Report and the preparation of an Oversight Report.

Given the processes required by Council to effectively undertake its oversight role, the establishment of MPAC of Council would provide the appropriate mechanism in which Council could fulfill its oversight responsibilities.

#### **FUNCTIONS OF MPAC:**

Below are some of the functions that MPAC must perform in executing and fulfilling its oversight role:

- ✓ Undertake a review and analysis of the Annual Report.
- ✓ Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- ✓ Consider written comments received on the Annual Report from the public consultation process.
- ✓ Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- ✓ Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- ✓ Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

#### **MPAC CONSTITUTION**

The following members of Council are members of the Municipal Public Accounts Committee for Greater Kokstad Municipality:

- Cllr P Nocanda - Chairperson
- Cllr N Nguza
- Cllr E Bhengu
- Cllr BL Marncé

MPAC has during the financial period investigated irregular, fruitless, and wasteful expenditure to a value of about R93 000 000 by the end of June 2021, this was constituted of transactions from prior years and from transactions from the 2019/20 transactions as per audited Annual Financial statements and Audit Report.

MPAC has further recommended for investigation of possible financial misconduct from the Irregular, Fruitless and Wasteful expenditure and recover of funds where it identified financial losses.

MPAC will monitor implementation of its recommendations as adopted by Council.



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### 2.1.7. THE EXECUTIVE COMMITTEE (EXCO)

The second layer of committees is the EXCO which reports in terms of section 44 of the Local Government: Municipal Structures Act, 1998 to the municipal Council on decisions made in terms of its delegated powers as well as recommendations made on those issues which require the Council's consideration.

EXCO consists of 3 members, namely, the Mayor, Deputy Mayor and 1 (one) another member. The Mayor is the Chairperson of the meeting, whilst the Deputy Mayor automatically becomes the Deputy Chairperson.

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### 2.1.8. PORTFOLIO COMMITTEES (SECTION 80)

The third layer of committees are the Portfolio Committees (in terms of Section 80 of the Local government: Municipal Structures Act, 1998), which makes recommendations to the EXCO and report back on resolutions taken in terms of its delegated powers.

All Portfolio Committees report to the Executive Committee. The Executive Committee may refer a matter back to the Portfolio Committee for further consideration, amend or adopt the recommendations if it has delegated authority to do so, or submit its (Executive committee) recommendations to Council.

There are 3 (three) section 80 committees, namely:

- Economic Development and Spatial Planning Portfolio Committee
- Governance and Community Social Services Portfolio Committee
- Budget and Treasury and Infrastructure and Technical services Portfolio Committee

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## 2.2. ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the head of the municipal administration and provides policy direction. The roles and responsibilities of the Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act with his role as the Accounting Officer being set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003. Through the Delegations Framework the MM has delegated certain functions to the relevant Executive Managers. The Executive Managers assume the roles as delegated and report formally to the MM during Top Manco meetings which take place on a weekly basis. One on one meetings also take place as and when required. Performance management also provide an opportunity for the MM to communicate performance targets and for the measurement of these on a quarterly basis.

There are five Business Units that mirror the committee portfolios also report to the Municipal Manager. They are:

- Corporate Services
- Budget & Treasury Office
- Community and Social Services
- Infrastructure and Technical Services

- Economic Development and Spatial Planning

Each of these Business Units is headed by an Executive Manager, who must ensure that services are effectively and efficiently delivered to the people of the Greater Kokstad Municipality. The municipal manager and his team of executive managers hold weekly meetings to discuss key strategic service deliverables, and to offer guidance on achieving IDP goals.

The administrative component is aligned with the six (6) National Key Performance Areas (named below); and they are linked to Back to Basic Pillars.

- Municipal Transformation and Institutional Development
- Basic Service Delivery
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Cross-Cutting

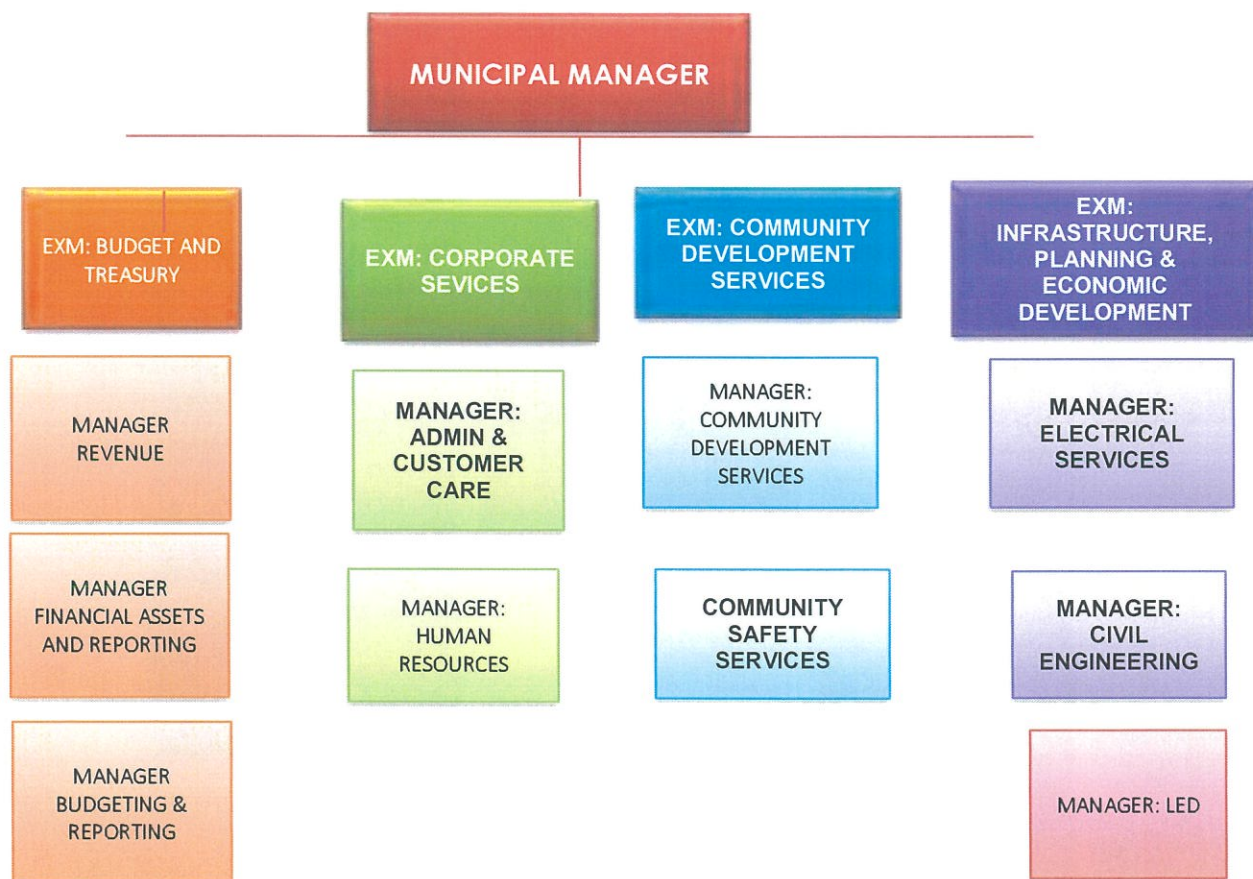
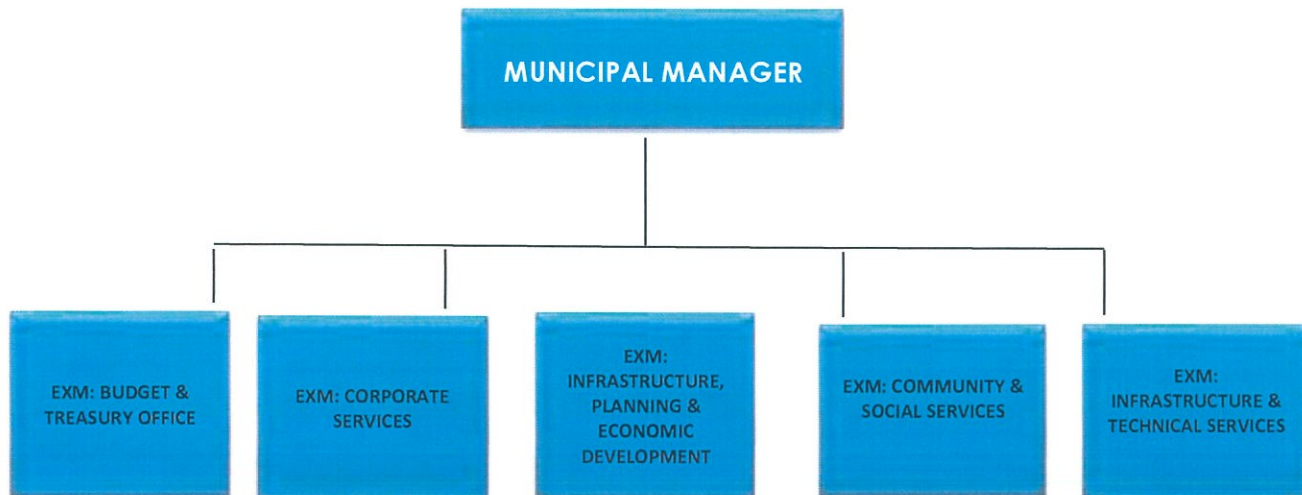
The Municipal Manager's office has also assumed direct responsibility for Communications and Corporate Strategy as well as the drafting, management and implementation of Council's Integrated Development Plan (IDP). The Internal Audit Division also falls under the Office of the MM.



## 2.2.1. TOP ADMINISTARTIVE STRUCTURE



## 2.2.2. TOP STRUCTURE OF THE GREATER KOKSTAD MUNICIPALITY (TIER 1-3)





## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The intergovernmental relations Framework Act No 13 of 2005 provides for the establishment of Intergovernmental structures amongst the three spheres of Government, where issues of mutual interests are discussed and agreed upon. It also provides guidelines in which disputes amongst Government spheres and structures should be addressed before legal and court of laws can be involved in resolving the disputes. The Act clearly separate role players and their responsibilities in efforts of serving South African Citizens. Greater Kokstad Municipality fully participates in all IGR structures for the benefit of enhancing service delivery and ensuring the good working relations amongst Government spheres. The benefits of such relations are witnessed by several projects that are underway in Kokstad where the Municipality was funded by various Provincial Departments.

These Intergovernmental relations assisted the municipality to realise service delivery in most areas. The Municipality have experienced a greater number of jobs creations through the intervention made by National and Provincial Government. Kokstad community benefited immensely especially youth through internship programme by CoGTA for unemployed graduate and jobs created through EPWP.

The details of information relating to grants and Projects funded received by the Municipality are disclosed in financial statements as required by the Municipal Finance Management Act no 53 of 2005.

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### 2.3. INTERGOVERNMENTAL RELATIONS

#### 2.3.1. NATIONAL INTERGOVERNMENTAL STRUCTURES

The Greater Kokstad Municipality does not attend the National IGR structure as the IGR framework does not provide for such, however the municipality continue to receive the financial support in a form of grants such as MIG to fund its infrastructural projects.

#### 2.3.2. PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Greater Kokstad Municipality is constantly attending and partaking in various Provincial IGR Structures such as Technical MuniMec, and Provincial MuniMec. The objectives of the forums are to share knowledge and information on matters of the same interest, and to articulate on policy matters that affect Municipalities for implementation and to seek intervention and advises on certain service delivery matters that requires the Provincial and National attention.

#### 2.3.3. DISTRICT INTERGOVERNMENTAL STRUCTURES

The intergovernmental relations Framework provides for the district municipality's role to facilitate and coordinate local municipality on IGR structure's meetings. The IGR Structures are actively coordinated by Harry Gwala District Municipality, Greater Kokstad Municipality is actively partaking and attending IGR

structures meetings by invitation such as District Technical forum, Mayor's Forum, and cluster forum meetings and programmes. These meetings provide space for all municipal leadership and managers to discuss service delivery issues per cluster and source intervention where necessary. Greater Kokstad Municipality always provide platform for the District Municipality's inputs on strategic planning session to allow alignment of programmes.

Greater Kokstad municipality has been actively involved in District Development Model (DDM) activities including the drafting of the District Development Plan (DDP) which is currently at a draft stage.

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

Greater Kokstad Municipality has a Public Participation unit within the municipality which facilitates all public Participation activities. To enhance Public Participation, Ward committee structures were established in all wards, they act as advisory structure to the Council and as a bridge between the Municipality and the Community. There are also Community Development Workers which are deployed in wards, they assist on identifying service delivery gaps and advise the relevant departments for interventions.

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#### **2.4. PUBLIC MEETINGS**

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##### **2.4.1. COMMUNICATION, PARTICIPATION AND FORUMS**

The Municipality's Communication's Strategy is reviewed on annual basis facilitated by communications and IGR unit. The 2020/2021 action plan was reviewed, and workshop was conducted for Managers and Councillors. It is through the action plan that communication's programmes are consolidated and implemented. The 2020/2021 action plan was successfully implemented and played a huge role in communicating government programmes including public education on COVID-19 and other programmes relating to preventative measures. Public education and awareness campaigns on National lockdown regulations from level 5 to level 3.

Since the outbreak of COVID-19 use of social media has been the easiest way of reaching out to communities without physical contact. The municipality was able to attract national TV stations interviews coverage on news programmes which was free of charge, municipal newspaper issued on monthly basis has gained readership within townships of Kokstad and municipal website is continuously used to disseminate information.

In terms of communicating with organised structures and Forums, virtual meetings were coordinated and attended.

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##### **2.4.2. WARD COMMITTEES**

Ward committees are advisory structures which make any recommendations on any matter affecting their wards. They are required to increase the participation of citizens in local government, by providing a

During the 2020/21 financial year Ward committees in all wards have performed their activities that includes: sitting of ward committee meetings, reporting back to the community on issues, attending and



forwarding community queries to the Municipality, disseminating information to the community and reporting their activities on monthly basis, for the 2020/21 financial year, there were supposed to be 600 Ward Committee meetings and 62 were held.

Public meetings are held on regular basis to keep the community informed on issues affecting service delivery. During the 2020/21 financial year, Greater Kokstad Municipality held community meetings in all wards.

60 Community meetings were planned and 62 were held, broken down as follows in the table below:

Public Meetings						
Ward	Nature and Purpose of meeting	Date of event	No. of Participating Municipal Councillors	No. of Participating Municipal Administrators	Number of Community members attended	Issue Addressed (Yes/No)
1	Community meetings	18 October 2020	1	1	22	Yes
		20 October 2020	5	7	49	
		18 May 2021	1	1	101	
		04 May 2021	1	2	128	
		25 March 2021	1	1	63	
		21 March 2021	2	2	109	
		06 March 21	5	4	95	
		14 March 2021	6	4	121	
2	Community meetings	15 November 2020	1	1	36	Yes
		25 November 2020	1	4	28	
		29 November 2020	2	2	30	
		27 October 2020	12	10	225	
		26 March 2021	2	1	21	
		26 March 2021	3	1	68	
		25 April 2021	5	8	57	
		25 April 2021	3	1	08	
		2 May 2021	9	4	35	
		25 May 2021	3	3	47	
		25 May 2021	3	3	80	
3	Community meetings	29 October 2020	13	7	44	Yes
		06 March 2021	1	1	60	
		09 March 2021	2	3	24	
		14 March 2021	1	1	60	
		18 April 2021	1	1	34	
4	Community meetings	27 October 2020	11	9	90	Yes
		20 October 2020	1	1	181	
		10 March 2021	1	1	127	
		23 September 2020	1	1	128	
		12 September 2020	2	1	48	

Public Meetings						
Ward	Nature and Purpose of meeting	Date of event	No. of Participating Municipal Councillors	No. of Participating Municipal Administrators	Number of Community members attended	Issue Addressed (Yes/No)
5	Community meeting	20 October 2020	10	13	66	Yes
		30 October 2020	2	6	15	
		04 March 2021	1	1	76	
		07 May 2021	1	1	132	
6	Community meetings	25 October 2020	7	7	76	Yes
		07 March 2021	1	1	60	
		13 February 2021	2	2	48	
		22 April 2021	2	2	51	
		06 May 2021	2	1	62	
		12 June 2021	4	3	43	
		12 June 2021	4	4	47	
		02 September 2020	2	7	28	
7	Community meetings	19 December 2020	3	3	21	Yes
		28 October 2020	9	6	64	
		24 October 2020	11	6	40	
		11 March 2021	1	1	68	
		08 May 2021	2	1	60	
8	Community meetings	25 October 2020	10	8	61	Yes
		07 March 2021	1	1	59	
9	Community Meeting	27 October 2020	7	9	41	Yes
		30 October 2020	6	11	80	
		12 June 2021	5	5	50	
		11 March 2021	1	1	44	
		05 March 2021	1	1	75	
		04 March 2021	1	1	110	
		23 August 2020	5	6	26	
10	Community meeting	12 November 2020	1	2	127	Yes
		28 February 2021	1	1	82	
		11 March 2021	1	1	80	

Public Meetings						
Ward	Nature and Purpose of meeting	Date of event	No. of Participating Municipal Councillors	No. of Participating Municipal Administrators	Number of Community members attended	Issue Addressed (Yes/No)
		16 May 2021	2	4	76	
		06 August 2020	1	1	12	
		27 October 2020	8	6	51	
		28 October 2020	8	7	102	

## 2.5. IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance at Greater Kokstad Municipality entails Risk Management, Anti-Corruption and Fraud and Supply Chain Management which is unpacked below.

## 2.6. RISK MANAGEMENT

MFMA section 62 (i) (c) requires the Accounting Officer to develop and maintain an effective, efficient, and transparent system of risk management.

Risk Management is crucial management tool which if implemented effectively allows management to take informed decisions and ensure optimum achievement of municipal set goals and objectives. It assists management to better prepare for undesired risk events and to identify untapped opportunities.



The Greater Kokstad Municipality is progressively aligning itself with the principles of the King IV Report on Corporate Governance.

The municipality has established a Risk Committee that functions separately from the Audit Committee, which is intended at increasing prominence on the oversight role with respect to risk management activity.

The Chairperson of the Risk Committee tables its report both to the Audit Committee and Council. Again, this is aimed at drawing specific focus on risk management issues by Council.

The Audit Committee still plays its critical role over the functionality and effectiveness of the risk management function.

The municipality's risk management system is progressively improving and maturing through the alignment of risk management and planning and processes and expanding responsibilities with respect to risk management activities.

During the 2020/2021 financial year, an independent review over the municipality's risk management maturity level indicated that while indicators demonstrated acceptable levels of risk maturity within the municipality, it also highlighted the need for management to cascade and integrate risk management to lower levels within its operations.

The assessment further highlighted that much effort is still required to toward the conscious identification of available and or idle opportunities to be explored by the Municipality.

The Accounting Officer is in a process of revising the Municipality's risk management strategy in order to identify and effect the necessary processes to improve on identified gaps.

The Municipality continues to enjoy the rewards of some of the risk management processes, i.e., the improved ICT infrastructure revamp that was done in the previous years, which continues to provide reasonable assurance over ICT security, minimal downtime as a result of network challenges, an effective disaster recovery, which continues to ensure efficiency towards the provision of services; and the year-on-year increase on the Capital maintenance budget to mention a few.

As at the end of June 2021, Progress registered on efforts by management on the implementation of risks mitigation is % as at the end of June was 60%, a significant decline statically when compared to that of the previous financial of 83%. This is significantly a direct result of the business disruption as a result of the Covid-19 National Lockdown. This have left some high-risk areas undressed, however efforts have resumed to implement the planned risk mitigation strategies.

#### **Covid-19 Risk Management:**

The Municipality continues face the risk of business disruption as the Country is largely still faced with the Covid-19 pandemic and that of the spread of the virus in the workplace.

Through the financial years, management continued to profile critical functions and related strategies to ensure minimal impact of business continuity, in the absence of business continuity plan.

Management has made use of its risk management process to ensure compliance over Covid-19 OHS regulations in order to ensure minimal spread of the virus in the workplace to ensure regulatory compliance.

Below are the municipality's Strategic Risks and top 10 risks for the period under review:

### STRATEGIC RISKS

Below are the Strategic risks identified for the 2020/2021 financial year and have been managed through risk

Custodian	Function Objective	Risk Identified	Risk Category	Inherent risk exposure		Residual Risk exposure	
				Index	Risk exposure	Index	Definition
Corporate Services	Achieve holistic human development and capacitation for the realization of skilled and employable workforce	<b>Unco-ordinated approach to the development of sector specific skills.</b>	Human Resources risk	80%	Critical	64%	Critical
Corporate Services	Optimise systems, administration and operating procedures.	<b>Inability to provide strategic direction in terms of ICT to the institution</b>	Information technology risk	72%	Critical	58%	Major
Budget and Treasury	Increased Revenue Base	<b>Disinvestment</b>	Financial risk	64%	Critical	51%	Major
Spatial Planning	the reduction of housing	<b>Mushrooming of informal settlements</b>	Service delivery risk	64%	Critical	51%	Major
Local Economic Development	Facilitate economic growth, development and creation of decent employment opportunities	<b>Unco-ordinated approach to economic development initiatives</b>	Economic risks	64%	Critical	51%	Major
Local Economic Development	Facilitate Investment Attraction, and Business Retention and Expansion	<b>Inability to facilitate access to support existing business to strengthen and retain business</b>	Economic risks	56%	Major	45%	Major

management processes employed by the municipality.

## OPEARTIONAL TOP 10 RISKS

In terms of the municipality's risk management methodology, the residual risk exposure for the top 10 risks is above the acceptable levels and as indicated earlier, management has employed risk mitigation strategies which have been implemented and monitored throughout the year.



Custodian	Function Objective	Risk Identified	Risk Category	Inherent risk exposure		Residual Risk exposure	
				Index	Risk exposure	Index	Definition
Infrastructure, Technical Services	Maintain and improve municipal buildings and assets	<b>Inadequate maintenance of municipal properties</b>	Process/Operational risk	64%	Critical	64%	Critical
Corporate Services	Increased performance and efficiency levels.	<b>Poor performance of service provider</b>	Third party performance risk	72%	Critical	58%	Major
Corporate Services	Optimise systems, administration and operating procedures.	<b>Exposure of critical data and information Technology Assets to damage or loss.</b>	Information security risk	56%	Major	56%	Major
Corporate Services	Optimise systems, administration and operating procedures.	<b>Inability to ensure Business continuity in events of disruption</b>	Disaster recovery/ Business Continuity risk	90%	Critical	54%	Major
Corporate Services	Optimise systems, administration and operating procedures.	<b>Inability to restore systems in event of a disaster</b>	Disaster recovery/ Business Continuity risk	90%	Critical	54%	Major
Corporate Services	Optimise systems, administration and operating procedures	<b>Non- Compliance with Occupational Health and Safety Act</b>	Compliance risk	63%	Critical	50%	Major
Office of the Municipal Manager	Promote an effective Customer Care System based on Batho Pele Principles	<b>Inadequate internal communication</b>	Communication risk	80%	Critical	48%	Major
Community Development Services	Improved provision of Community and Social Services	<b>Ineffective Waste Management.</b>	Service delivery risk	80%	Critical	47%	Major
Office of the Municipal Manager	Strengthened governance, and reduced risk	<b>Ineffective Risk Management System</b>	Governance risk	75%	Critical	45%	Major
Corporate Services	Increased institutional capacity and promote transformation.	<b>Ineffective Employee Wellness Programme.</b>	Human resources risk	41%	Major	41%	Major
Corporate Services	Optimise systems, administration and operating procedures.	<b>Loss of IT information and assets through employees and Councillors exiting the institution</b>	Process/Operational risk	40%	Major	40%	Major

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## 2.7. ANTI-CORRUPTION AND FRAUD

### 2.7.1. FRAUD AND ANTI-CORRUPTION STRATEGY

MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. The risk management system referred to in the act includes that of fraud risk management amongst others.

MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. The risk management system referred to in the act includes that of fraud risk management amongst others.

In a strive to eradicate fraud and corruption within the municipality, GKM Council has reviewed the fraud prevention strategy in order to progressively implement the programmes that will ensure achievement of the objectives of the municipality's Enterprise-wide risk management framework in relation to fraud risk management.

Throughout the financial period under review, the Municipality had a functional Anti-fraud Hotline. The Municipality received allegations on jobs and tenders' sales through the Hotline and through other reporting platforms. The Municipality did incident reports and opened a case with the South African Police Services in April 2021.

Furthermore, as part of the fraud prevention strategy, GKM has rolled-out an intensive education and awareness campaign on fraud, corruption, and ethical conduct in collaboration with the Office of the Premier and the SIU. This is part of the Municipality's on-going programme which is focusing much on the **promotion of ethical conduct and ethical leadership**.

Council is in a process to adopt the newly developed Whistle blowing policy, aimed at encouraging whistle blowing by employees and citizens.

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## 2.8. SUPPLY CHAIN MANAGEMENT

### OVERVIEW OF SUPPLY CHAIN MANAGEMENT

MFMA section 110 - 119; SCM Regulations 2005; Preferential Procurement Regulations 2017 and relevant MFMA circulars provides processes and guidance to help ensure that SCM provide appropriate means of procuring goods and services, offer best value for money and minimize the opportunities for fraud and corruption. The SCM unit is located within the Financial Services, The Chief Financial Officer is the Head of department and the unit has 8 permanent staff (3 x SCM officers, 3 x SCM Clerks, 2 x Stores Clerks) and (Manager –SCM). The unit operates under four Council adopted policies: Supply Chain Management Policy, Policy for the appointment of Consultants and SCM Policy for Infrastructure procurement and delivery management. There is a procedure manual which has been developed and checklist which continuously monitors implementation of all related legislative requirements. Provincial Treasury ensures that SCM

officials are trained in the areas they operate in and further provides training to Bid Committees. Challenges that currently delays service delivery are Objections or Disputes, Submissions of poor-quality bid documents by bidders resulting in re-advertisement which is being addressed by prompt dispute resolution and LED initiative to Skilled Local Service Providers.

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#### 2.8.1. DEMAND MANAGEMENT

The Procurement Plan defines the Supply Chain Management needs of the organization, aligned to the municipality's IDP, Budget and Departmental SDBIP. The plan is for a minimum of one year but aligned to the IDP three-year period, this is especially critical in the case of capital projects requiring the issuing of bids for multiyear projects, as well as in order to obtain cost savings through longer term goods and service contracts (limited to a three-year period in terms of the MFMA). The main objective of the plan is to assist the service delivery business units to achieve their service delivery mandates and to meet their service delivery requirements without any SCM processes delays and this form the integral component of the entire process to ensure effectiveness, efficient and economical SCM processes.

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#### 2.8.2. ACQUISITION DEMAND

Written delegations have been approved whose thresholds are in line with regulation 12 of the SCM regulations and there has been compliance with the delegations throughout the year. A thorough review of all contracts and annual supplies contracts was done to identify contracts that have reached or about to reach their expiry period and are in the process of being re-advertised in the form of a contract register this process has been documented in all monthly reports submitted to management and Council. The members of Bid Committee who were appointed for the 2020/2021 financial year were trained to ensure that members are aware of their roles and responsibilities and individuals serving in the bid committees of the Greater Kokstad Municipality. Training was provided by Provincial Treasury, and it was resolved that this trend is to continue yearly prior to the appointment of new committee members for every financial year. The SCM unit requested training on Local Production and Content and Bid Committees for SCM officials and the MANCO in April 2021 to avoid the repeat of findings that were raised by the Auditor General on Local Production and Content and the attendance was very poor as very few MANCO members attended that training. The purpose for inviting the whole MANCO was to ensure that our MANCO understands SCM and its implementation especially because bid committee members are appointed from MANCO members so it was to ensure that members who will possibly be appointed as new members to the bid committees for the 2021/2022 financial year have a clear understanding of their roles and responsibilities in the committees. As a result of that poor attended SCM might have no choice but to invite Provincial Treasury again when new bid committee members are appointed for the 2021/2022 financial year especially if there are individuals who will be serving in the bid committees for the first time in 2021/2022 financial year.

Bid documentation were compiled and as far as possible aligned with circular 25. A thorough review of the bid documentation was done to ensure full compliance with circular 25 and circular 62.

Competitive bidding process is followed for procurement above R200 000 and a Bid committee structures were also established with new Bid Committee Members appointed at the start of the Financial Year. These



bid structures have been implemented in accordance with regulation 27, 28 and 29 of the SCM regulations throughout the course of the year.

### 2.8.3. LOGISTICS MANAGEMENT (STORES MANAGEMENT)

Part of logistics management is to establish and implement appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased; regular checking of stock; and monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

With Stores having been moved to the SCM unit, we have ensured a continuous provision of relevant stock to the respective department and with stricter controls to be developed and centralization stores for material delivered offsite to ensure proper monitoring of receipts and issues of material. The unit has undertaken a stock count every quarter and with recent year stock completed and verified by Internal Audit. The purpose of conducting a stock count is to verify and ascertain and benchmark the stock records as reflected by the computer system and that of the physical stock on hand. Any discrepancies on stock are then reported and investigated and same is translated on computer system either losses or surpluses. Further to that the investigation is then conducted and necessary remedies made if any. Review of the supply vendor performance has been done every quarter to ensure that optimal performance and poor performance is detected early.

### 2.6.2. MONITORING OF SCM CONTRACTS

#### ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

The Council of the Municipality has approved the procurement plan which is in line with the SDBIP. The procurement plan was implemented during the 2020/2021 Financial Year however, there have been some delays.

A panel of Service Providers was successfully established, it is utilized in the fields of Civil Engineering Consultants, Electrical Engineering Consultants, Planning Consultants, Legal Services and Electrical Supplies and was done to fast track the procurement process when appointing Service providers in these professions which will assist in improving service delivery. Only the panel for electrical supplies is still valid and expiring in November 2021, all the other contracts expired in November 2020. SCM unit has started the tendering process for the appointment of new panel members for all the above-mentioned fields. Due to audit findings from the 2017/2018 audit report on the implementation of section 32 of the Municipal SCM regulations, the Municipality resolved to not participate on the use of section 32 of the Municipal SCM Regulations on appointment of service providers. As a result, thereof no bids were awarded under section 32 of the Municipal SCM regulations in the 2020/2021 financial year. The proper management of appointed Service Providers has been a challenge in recent years as highlighted by AG in the 2018/19 FY findings and this ultimately affects the performance of appointed Service Providers.

Great efforts have been channeled into improving this situation whereby the following where undertaken:

- a) The Accounting Officer appointed a committee to assess Service Providers who convene quarterly to assess Service Provider.
- b) Performance Assessment of all appointed Service is conducted by the Project Manager and verified by the Committee quarterly.
- c) Submission of the Performance Assessment of Service Providers report to council as required by the Section 116 of MFMA to ensure adequate monitoring and oversight is conducted by council
- d) The Contract Management Officer was appointed in July 2018 and amongst other duties that are dedicated to him, he is, together with the project managers responsible for the performance assessment of service provider as well as ensuring that all Contract Management matters including all compliance issues are addressed

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided at below acceptable standards



The following are the service providers engaged in the institution during the 2020/2021 financial year.

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2019/20		Current Financial Year 2020/21		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
GKM 13 - 13/14	INGCWETI PROJECT MANAGEMENT & CONSTRUCTION CC	2014/10/08	IMPLEMENTIN G AGENT FOR THE DEVELOPMENT OF THE GREATER KOKSTAD MUNICIPALITY COMMUNITY RESIDENTIAL UNITS		DEVELOPMENT OF THE GREATER KOKSTAD MUNICIPALITY COMMUNITY RESIDENTIAL UNITS	DEVELOPMENT OF THE GREATER KOKSTAD MUNICIPALITY COMMUNITY RESIDENTIAL UNITS	DEVELOPMENT OF THE GREATER KOKSTAD MUNICIPALITY COMMUNITY RESIDENTIAL UNITS	DEVELOPMENT OF THE GREATER KOKSTAD MUNICIPALITY COMMUNITY RESIDENTIAL UNITS	**		
GKM 38- 18/19	ALFRED NZO TECHNOLOGIES	2019/12/13	SUPPLY AND DELIVERY OF BLACK MUNICIPAL REFUSE BAGS	R 3,744,000.00	SUPPLY AND DELIVERY OF BLACK MUNICIPAL REFUSE BAGS	SUPPLY AND DELIVERY OF BLACK MUNICIPAL REFUSE BAGS	SUPPLY AND DELIVERY OF BLACK MUNICIPAL REFUSE BAGS	SUPPLY AND DELIVERY OF BLACK MUNICIPAL REFUSE BAGS		**	
GKM 07- 19/20	PARALLAX MANAGEMENT CONSULTANT(PTY)L TS	2019/11/27	VAT RECOVERY AND REVIEW FOR GREATER KOKSTAD MUNICIPALITY FOR A PERIOD OF THREE YEARS	8.5%	VAT RECOVERY AND REVIEW FOR GREATER KOKSTAD MUNICIPALITY FOR A PERIOD OF THREE YEARS	VAT RECOVERY AND REVIEW FOR GREATER KOKSTAD MUNICIPALITY FOR A PERIOD OF THREE YEARS	VAT RECOVERY AND REVIEW FOR GREATER KOKSTAD MUNICIPALITY FOR A PERIOD OF THREE YEARS	VAT RECOVERY AND REVIEW FOR GREATER KOKSTAD MUNICIPALITY FOR A PERIOD OF THREE YEARS	**		
SECTION N 32	BTMN ENGINEERS PTY LTD	2017/04/26	DESIGN OF THE NEW 20 MVA S/S, 132/111 KV LINE	R90 809 221.096	TO DESIGN THE NEW 20 MVA SUBSTATION FOR THE	TO DESIGN THE NEW 20 MVA SUBSTATION FOR THE	TO DESIGN THE NEW 20 MVA SUBSTATION FOR THE	TO DESIGN THE NEW 20 MVA SUBSTATION FOR THE		**	



Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2019/20		Current Financial Year 2020/21		Assessment of Service Providers Performance	
					Target	Actual	Target	Actual	G	P
			UPGRADE AND NEW 11		GREATER KOKSTAD MUNICIPALITY	GREATER KOKSTAD MUNICIPALITY	GREATER KOKSTAD MUNICIPALITY	GREATER KOKSTAD MUNICIPALITY		
GKM 29-19/20	GUBHUZA 3 TRADING (PTY)LTD	2020/05/21	UPGRADING OF SWITCH GEAR INCLUDING PROGRAMMIN G OF ALL 5 X SUBSTATION	R 4,897,267.87	UPGRADING OF SWITCH GEAR INCLUDING PROGRAMMIN G OF ALL 5 X SUBSTATION	UPGRADING OF SWITCH GEAR INCLUDING PROGRAMMIN G OF ALL 5 X SUBSTATION	UPGRADING OF SWITCH GEAR INCLUDING PROGRAMMIN G OF ALL 5 X SUBSTATION	UPGRADING OF SWITCH GEAR INCLUDING PROGRAMMIN G OF ALL 5 X SUBSTATION	**	
GKM 26-18/19	SHIPS OF TARSHISH CC T/A DIVISION ALPHA SECURITY	2019/05/29	SECURITY MANAGEMENT FOR GKM PREMISES- HIGH RISK	R 13,009,024.40	PROVIDE SECURITY SERVICES FOR THE GKM PREMISES	PROVIDE SECURITY SERVICES FOR THE GKM PREMISES	PROVIDE SECURITY SERVICES FOR THE GKM PREMISES	PROVIDE SECURITY SERVICES FOR THE GKM PREMISES	**	
GKM 25-18/19	KA-MYALUZA (PTY)LTD	2019/05/29	SECURITY MANAGEMENT FOR GKM PREMISES- LOW RISK	R 11,188,894.00	PROVIDE SECURITY SERVICES FOR THE GKM PREMISES	PROVIDE SECURITY SERVICES FOR THE GKM PREMISES	PROVIDE SECURITY SERVICES FOR THE GKM PREMISES	PROVIDE SECURITY SERVICES FOR THE GKM PREMISES	**	
GKM 02-18/19	FIRST NATIONAL BANK	14/01/2019	PROVISION OF BANKING SERVICES	COST STRUCTURE AVAILABLE	N/A	N/A	PROVISION OF BANKING SERVICES	PROVISION OF BANKING SERVICES	**	
GKM 36-18/19	CROSSCHECK INFORMATION BUREAU (PTY) LTD	06/06/2019	DATA CLEANSING	R 1,260,000.00	PROVIDING DATA CLEANSING	PROVIDING DATA CLEANSING	PROVIDING DATA CLEANSING	PROVIDING DATA CLEANSING	**	



Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2019/20		Current Financial Year 2020/21		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
					Target	Actual	Target	Actual	**		
GKM 31-18/19	SIYAZAMA DEVELOPMENT	2019/08/28	COMPLETION OF KOKSTAD SPORT COMPLEX	R 15,545,938.00	COMPLETION OF KOKSTAD SPORT COMPLEX	COMPLETION OF KOKSTAD SPORT COMPLEX	COMPLETION OF KOKSTAD SPORT COMPLEX	COMPLETION OF KOKSTAD SPORT COMPLEX			
GKM 40-16/17	BRILLIANT TELECOMMUNICATIONS	2017/06/27	SUPPLY AND DELIVERY OF A COMPLETE VOIP TELEPHONE SYSTEM AND COMPREHENSIVE MANAGEMENT SYSTEM	R7,400,000.00	SUPPLY AND DELIVERY OF A COMPLETE VOIP TELEPHONE SYSTEM AND COMPREHENSIVE MANAGEMENT SYSTEM	SUPPLY AND DELIVERY OF A COMPLETE VOIP TELEPHONE SYSTEM AND COMPREHENSIVE MANAGEMENT SYSTEM	SUPPLY AND DELIVERY OF A COMPLETE VOIP TELEPHONE SYSTEM AND COMPREHENSIVE MANAGEMENT SYSTEM	SUPPLY AND DELIVERY OF A COMPLETE VOIP TELEPHONE SYSTEM AND COMPREHENSIVE MANAGEMENT SYSTEM			
GKM17-15/16	BSA CONSULTING	2016/11/01	PROVISION OF SUPPORT TO THE MUNICIPAL CUSTOMER CARE UNIT FOR GKM	R401,400.00	SUPPORT TO THE MUNICIPAL CUSTOMER CARE UNIT FOR GKM	SUPPORT TO THE MUNICIPAL CUSTOMER CARE UNIT FOR GKM	SUPPORT TO THE MUNICIPAL CUSTOMER CARE UNIT FOR GKM	SUPPORT TO THE MUNICIPAL CUSTOMER CARE UNIT FOR GKM			
GKM39-18/19	EAST GRIQUALAND SOCIETY FOR THE PREVENTION OF CRUELTY ANIMALS	2019/06/03	PROVISION OF POUND MANAGEMENT SERVICES	R 1,008,000.00	POUND MANAGEMENT SERVICES FOR THE MUNICIPALITY	POUND MANAGEMENT SERVICES FOR THE MUNICIPALITY	POUND MANAGEMENT SERVICES FOR THE MUNICIPALITY	POUND MANAGEMENT SERVICES FOR THE MUNICIPALITY			
GKM 12-19/20	CATERLIANDRE (PTY)LTD	2020/01/08	PROVISION OF GRASS		GRASS CUTTING SERVICES FOR	GRASS CUTTING SERVICES FOR	GRASS CUTTING SERVICES FOR	GRASS CUTTING SERVICES FOR			



Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2019/20		Current Financial Year 2020/21		Assessment of Service Providers Performance	
					Target	Actual	Target	Actual	G	S P
			CUTTING SERVICES	R 7,149,600.00	VARIOUS SITE WITHIN THE TOWN	VARIOUS SITE WITHIN THE TOWN	VARIOUS SITE WITHIN THE TOWN	VARIOUS SITE WITHIN THE TOWN		
GKM 21-19/20	SSR SECURITY T/A MAHLUBI TRANSPORT HIRE	2020/02/03	UPGRADE OF HORSESHOE ROADS PHASE 1	R 7,601,249.14	UPGRADE OF HORSESHOE ROADS PHASE 1	UPGRADE OF HORSESHOE ROADS PHASE 1	UPGRADE OF HORSESHOE ROADS PHASE 1	UPGRADE OF HORSESHOE ROADS PHASE 1	**	
GKM 23-19/20	VITSHA TRADING CC		CONSTRUCTION OF HOUSERSHOE EARLY CHILDHOOD DEVELOPMENT CENTRE (ECD) IN WARD	R 5,939,471.01	CONSTRUCTION OF HOUSERSHOE EARLY CHILDHOOD DEVELOPMENT CENTRE (ECD) IN WARD	CONSTRUCTION OF HOUSERSHOE EARLY CHILDHOOD DEVELOPMENT CENTRE (ECD) IN WARD	CONSTRUCTION OF HOUSERSHOE EARLY CHILDHOOD DEVELOPMENT CENTRE (ECD) IN WARD	CONSTRUCTION OF HOUSERSHOE EARLY CHILDHOOD DEVELOPMENT CENTRE (ECD) IN WARD	**	
PANEL	PGA CONSULTING	2018/05/24	ENGINEERING CONSULTANTS AND DEVELOPMENT PLANNERS TO PROVIDE SPECIALISED ENGINEERING SERVICE FOR THE DORMWATER DRAINAGE FOR MURRAY AND ST JOHNS)	R 1 247 216.99	PROVISION OF CONSULTING ENGINEERING SERVICES FOR THE DESIGN, TENDER AND CONSTRUCTION MANAGEMENT FOR STORMWATER DRAINAGE FOR THE MURRAY AND ST JOHNS	PROVISION OF CONSULTING ENGINEERING SERVICES FOR THE DESIGN, TENDER AND CONSTRUCTION MANAGEMENT FOR STORMWATER DRAINAGE FOR THE MURRAY AND ST JOHNS	PROVISION OF CONSULTING ENGINEERING SERVICES FOR THE DESIGN, TENDER AND CONSTRUCTION MANAGEMENT FOR STORMWATER DRAINAGE FOR THE MURRAY AND ST JOHNS	PROVISION OF CONSULTING ENGINEERING SERVICES FOR THE DESIGN, TENDER AND CONSTRUCTION MANAGEMENT FOR STORMWATER DRAINAGE FOR THE MURRAY AND ST JOHNS	**	



## 2.9. BY-LAWS

The municipality has initiated the process of reviewing of all bylaws during 2020/21 financial year, from consultation to adoption by the Council, in June 2020 gazetting process has been initiated and in progress.

On a legal perspective, the following bylaws are still valid for implementation;

By-laws Introduced during 2020/21					
Newly Developed	Revised	Public Participation conducted prior to adoption of By-law (Yes/No)	Dates of Public Participation	By-law Gazetted (Yes/No)	Date of Publication
N/A	Trading by-law	Yes	January to May 2021	Yes	2021
N/A	Credit control and debt collection – bylaw	Yes	January to May 2021	Yes	2021
N/A	Municipal tariffs	Yes	January to May 2021	Yes	2021
N/A	Control of public nuisance	Yes	January to May 2021	Yes	2021
N/A	Electricity supply	Yes	January to May 2021	Yes	2021
N/A	Municipal facilities and public amenities	Yes	January to May 2021	Yes	2021
N/A	Cemeteries by-law	Yes	January to May 2021	Yes	2021
N/A	Civic symbols, honors and related matters	Yes	January to May 2021	Yes	2021
N/A	Fire prevention	Yes	January to May 2021	Yes	2021
N/A	Keeping animals	Yes	January to May 2021	Yes	2021
N/A	Parking by-law	Yes	January to May 2021	Yes	2021
N/A	Pound by-law	Yes	January to May 2021	Yes	2021
N/A	Property encroachment by-law	Yes	January to May 2021	Yes	2021

By-laws Introduced during 2020/21					
Newly Developed	Revised	Public Participation conducted prior to adoption of By-law (Yes/No)	Dates of Public Participation	By-law Gazetted (Yes/No)	Date of Publication
N/A	Rates by-law	Yes	January to May 2021	Yes	2021
N/A	Refuse removal and disposal	Yes	January to May 2021	Yes	2021
N/A	Outdoor, advertising and signage	Yes	January to May 2021	Yes	2021
N/A	Spatial Planning and Land Use By-law	Yes	January to May 2021	Yes	2021
Business Licensing By-law	Annually	Yes	January to May 2021	No	2021

## 2.10. WEBSITES

Municipal Website: Content and Currency of Material		
Documents Published on the Municipality's Website	Yes/No	Publishing Date
Current annual and adjustment budgets and all budget-related documents	Yes	02/03/2021 01/06/2020
All current budget-related policies	Yes	01/06/2021
The previous annual report (2019/20)	Yes	28/05/2021
The annual report (2020/21) published/to be published	Yes	
All performance agreements required in terms of section 57 (1)(b) of the Municipal Systems Act (2018/19) and resulting scorecards	Yes	30/07/2020
All service delivery agreements (2020/21)	No	N/A
All long-term borrowing contracts (2020/21)	No	N/A
All supply chain management contracts above a prescribed value for 2020/21	No	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2020/21	No	07/08/2020
Contracts agreed in 2020/21 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in section 120 made in 2020/21	N/A	N/A
All quarterly reports tabled in the Council in terms of section 52 (d) during 2020/21	Yes	30/10/2020 29/01/2021 29/04/2021 30/07/2021



For Legislative Compliance, various Business Units are expected to furnish relevant information for publishing on the Greater Kokstad Website. Information is updated almost daily or as and when uploads are received from various departments and is accessible within a few hours depending on the content. Internet bandwidth on the LAN is not very reliable therefore uploads onto the Website is very slow. Although 3G Data Connectivity is available the speed is not consistent and affects uploads and test downloads. However Greater Kokstad Municipality always strives and publishes the necessary information on the Website.

The Public can access information on [www.kokstad.gov.za](http://www.kokstad.gov.za) 24hrs a day by viewing some information on respective pages whereas other information is available as downloads viz. PDFs (Readable with Acrobat Reader). Information not up to date, it is usually due to respective Units not providing them timeously or not at all. Most information provided is uploaded and available within a few hours; however, Internet bandwidth, LAN or 3G is not always reliable.

It should be noted that Municipality is currently in a process of upgrading the Website to improve the accessibility of the website content and a website visitors counter has been added to monitor and report on the use of website by the public. The municipality has computers with internet access in libraries for public use.

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## 2.11. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### INTRODUCTION

Public Participation is a core tool of accountability and good governance. It is also a means through which citizens exercise their voice in determining their livelihoods and quality of life. Municipalities are charged with a wide portfolio of responsibilities, including the provision of basic services, facilitation of good socio-economic environments, etc. Within these functions, legislation and good practice calls that the communities are an essential part in determining the direction in which their localities grow.

During 2016/17 financial year The Department of Cooperative Governance and Traditional Affairs (COGTA) through Back-to-Basics program identified a need for conducting Customer Satisfaction Survey in Greater Kokstad Municipality. In 2017/18 financial year, the Customer satisfaction survey was conducted in all wards with the aim of assessing the areas which needed attention and to identify the support that is needed to improve Public Participation and service delivery. The findings were tabled to the Council for adoption.



## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### COMPONENT A: BASIC SERVICES

This component includes: water, waste water (sanitation), electricity supply, waste management, and housing services, and a summary of free basic services.

#### 3.1. WATER & SANITATION (WATER SERVICES) PROVISION

Water Services i.e. the supply of Water and Sanitation is a function of the Harry Gwala District Municipality (HGDM) which is the designated Water Service Authority (WSA). Greater Kokstad Municipality (GKM) engage with the WSA through quarterly infrastructure meetings which are held between the District and other Local Municipalities. All the challenges and progress on projects are discussed in these meetings. The major challenge is that the HGDM sometimes does not hold the meetings. The WSA is carrying out a few bulk projects like Horseshoe VIP conversion to water borne sanitation and the sewer main in Shayamoya to address backlogs.

The water restriction that was put in place by HGDM in November 2018 has been lifted due to the good rains which saw the levels of the Crystal Springs Dam and the Mzintlava River being replenished to satisfactory levels.

No. of Households	With Access	Access Percentage	Backlogs	Backlog Percentage	Services
24,314	22,165	91.20	2,149	8.80	Water Supply
24,314	16,154	66.44	8,160	33.56	Sanitation

Source: Provincial profile: KwaZulu-Natal [Community Survey 2016], Report 03-01-10

#### 3.2. ELECTRICITY

##### INTRODUCTION

GKM is licensed by NERSA to distribute approximately 22MVA (15 MVA from main Sub-Station and 7MVA from Bhokintaba Sub-Station) of electricity to the residents within its area of supply. ESKOM is the electricity supplier to all farming areas.

GKM wrote to Nersa with regards to the application to supply all farm areas that are under the Eskom Area of supply, and the Municipality has since met with Eskom and started with the negotiations to the transfer of the network.

Majority of household in GKM are in Kokstad town and peri-urban areas and are on prepaid meters. All in all, GKM has some plus/minus 13,574 electricity meters (pre-paid and conventional) with the bulk of 12,619 being pre-paid.

The other major centers are Franklin and Swartberg, with Makhoba emerging as a settlement under construction. ESKOM is currently electrifying the houses at Makhoba which have occupants. It can be said that all formal households within these areas are 100% covered except Makhoba that is being electrified by ESKOM.

Since 1994 GKM has made huge strides in the service delivery arena with electricity dominating ahead of others, this was made possible by funding from Department of Mineral Resources and Energy under the Integrated National Electrification Programme (INEP) as well as COGTA, ESKOM and GKM own funding. In this regard the 100% connectivity of households in GKM is always a moving target, this is made impossible by widespread illegal settlements as more people are moving to Kokstad from neighboring towns in anticipation of subsidized housing and better services.

The table below demonstrates households by main source of energy for cooking and lighting.

Greater Kokstad Municipality	Cooking				Lighting			
	Electricity	Other Energy Sources	None	Total	Electricity	Other Energy Sources	None	Total
	19,916	4,411	69	24,396	21,634	2,762	1	24,397

Households by main source of energy for cooking and lighting, Community Survey 2016.

It should also be noted that due to the new developments happening around town and the surroundings the Municipality had to make sure that there is always available capacity to cater for all the new electricity connections. With the help of the Department of Mineral Resources and Energy's INEP, GKM has been funded for the construction of a new substation with a 20MVA capacity which will help to cater for the new housing developments such as R56 Housing and electrification projects such as informal settlements etc.

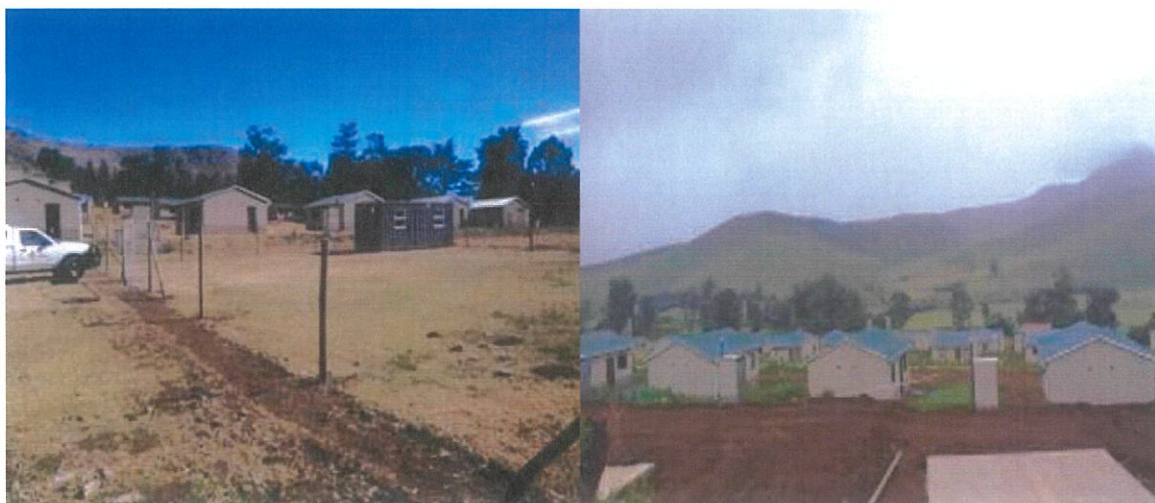
Employees: Electricity Services					
Job Level	2019 2020	2019/202			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	6	6	6	0	0%
7-9	2	2	2	0	0%
10-12	0	0	0	0	0%
13-15	5	5	5	0	0%
16-18	16	18	18	2	11.1%
19-20	0	0	0	0	0%
Total	30	32	32	2	6.25%

#### Electrical Engineering Section Staff Compliment

CAPITAL EXPENDITURE 2019/20: ELECTRICITY SERVICES				
Project Name/Description	Budget	Adjustment Budget	Actual Expenditure	% Expenditure
Upgrade of 1000m of MV Cable Phase 3	R 3,000,000.00	N/A	R744,165.00	24.80
Installation of Street Lights & High Mast Phase 1	R 2,800,000.00	N/A	R 2,798,995.17	99.96
Electrification of Informal Settlements Phase 3	R 7,914,000.00	N/A	R 7,914,000.00	100.00
Electrification of Farm Houses	R 3,900,000.00	N/A	R 2,884,453.36	73.96
Upgrade of mini sub-stations and transformers	R 3,500,000.00	N/A	R 2,449,442.49	69.98
Bulk Infrastructure-Sub-Station, PDR, Geo-Tech, WULA, 11KV Switch Gears etc.	R15,000,000.00	N/A	R10,380,116.11	69.20
Pole Mounted Transformers x2 Number	R500,000.00	N/A	R500,000.00	100
Energy Sector Plan	R400,000.00	N/A	R400,000.00	100
Electricians' Standby Quarters	R250,000.00	N/A	R65 000.00	26



The Electricity services has performed very well in trying to minimise the backlog in terms of upgrading, maintenance and repairs of the existing old infrastructure, this is evident from the upgrading of Mini sub-stations and Transformers and also in the upgrading of the MV cable. The Council has also committed to budget for the continuation of the upgrading of the infrastructure until all the infrastructure is up to standard to improve the quality of supply as required by NERSA. This will be made possible by the use of the recently adopted Energy Master Plan which has categorised the works into immediate, medium and long term targets for upgrading and maintenance of the electrical infrastructure.



Willowdale Houses



MV CABLE UPGRADE

NEW STREET LIGHTS IN MURRAY STREET





**OLD MAIN SUBSTATION SWITCH GEAR TO BE UPGRADED**

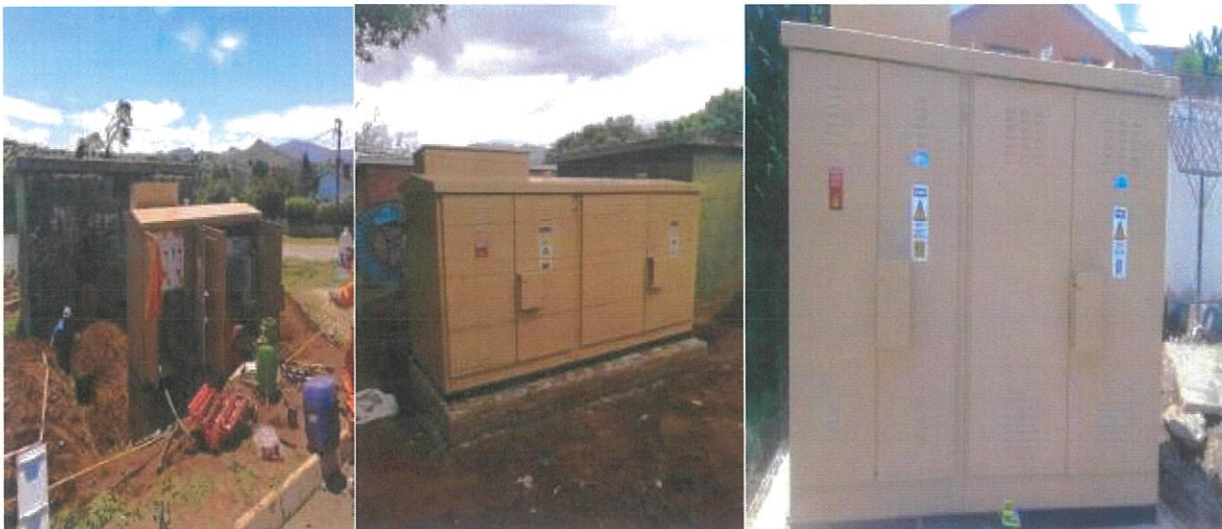


**MURRAYPARK STADIUM LIGHTS**





SUPPLY AND DELIVERY OF 1 X 500KVA MINI SUBSTATION AND 8 X 200KVA POLE MOUNT TRANSFORMERS



DEMOLITION OF 3 BRICK SUBSTATIONS; SUPPLY, DELIVERY AND INSTALLATION OF 4 MINI SUBSTATIONS.



SINGISI SUBSTATION PROJECT



### 3.3. WASTE MANAGEMENT

#### INTRODUCTION

There are 10730 households within the Greater Kokstad Municipal area of jurisdiction, with an estimated number of 3000 informal settlements, formal refuse removal /collection is done to 75 % of households. Some informal settlements do benefit as refuse is collected on street to their dwellings. Waste is collected weekly on the residential areas and seven days per week within the central business district.

Recycling is conducted by individuals that are based at the landfill site. Currently the recycling is informal and the municipality is in a process of formalizing it. Recyclables are collected by private recycling companies within Kokstad and outside Kokstad. The municipality plans to operate formal recycling in the new land fill site.

There are three refuse removal compactor trucks, one skip bin truck, one TLB and two tractors for refuse removal.

Waste Management Section conducted 10 public awareness and clean up campaigns. Illegal clearance is conducted every throughout the week and Thursdays are regarded as illegal clearance day. Municipal Environmental Management Inspectors (EMI's) are assisting the municipality in terms enforcing waste management by laws.

The waste clean-up, Illegal dumping clearance and public awareness campaigns.



Illegal dumping clearance campaigns

Clean up campaigns.

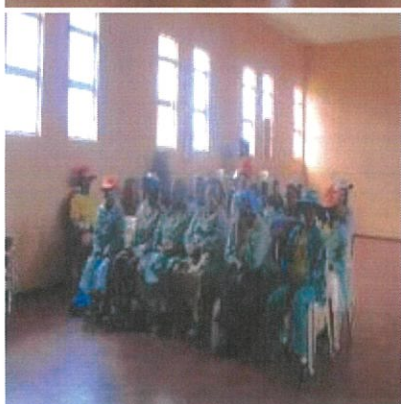


Public awareness campaigns



Integrated clean-up campaigns.





Solid Waste Services Delivery Levels				*Households
Description	2018/19	2019/20	2020/21	
	Actual No.	Actual No.	Actual No.	
<b>Solid Waste Removal: (minimum level)</b>				
Removed at least once a week	All streets	All streets	All streets	
<i>Minimum Service Level and Above sub-total</i>				
<i>Minimum Service Level and Above Percentage</i>	100%	100%	100%	
<b>Solid Waste Removal: (Below minimum level)</b>				
Removed less frequently than once a week	25%	25%	25%	
Using communal refuse dump	10%	10%	10%	
Using own refuse dump	75%	75%	75%	
Other rubbish disposal	0	0	0	
No rubbish disposal	5%	5%	5%	
<i>Below Minimum Service Level sub-total</i>				
<i>Below Minimum Service Level Percentage</i>	0%	0%	0%	
<b>Total number of Households</b>	<b>10730</b>	<b>10730</b>	<b>10730</b>	

Households- Solid Waste Services Delivery Levels below the minimum*Households										
Description	2018/19			2019/20			2020/2021			
	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal settlements</b>										
Total households	10730	10730	10730	10730	10730	10730	10730	10730	10730	10730
Households below minimum service level	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%

Proportion of households below minimum service level	1860	1860	2300	1860	1860	2300	1860	1860	2300	2300
<b>Informal settlements</b>										
Total households	1350	1350	1370	1350	1350	1370	1350	1350	1370	1370
Households below minimum service level	0	0	0	0	0	0	0	0	0	0
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Employees: Solid Waste Management Services					
Job Level	2019/20	2020/21			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
0-3	1	2	2	0	0%
4-6	3	3	3	0	0%
7-9	8	8	8	0	0%
10-12	8	15	15	7	5%
13-15	0	0	0	0	0%
16-18	58	86	86	0	0%
19-20	0	0	0	0	0%
Total	78	113	114	7	15%

Financial Performance 2020/21: Solid Waste Management Services R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget %
<b>Total Operational Revenue</b>	0	22 922 621.00	22 922 621.00	17 134 225.28	75%
Expenditure					
Employees	18 585 747.06	19 150 473.00	19 150 473.00	18 254 265.70	95%
Repairs and Maintenance	2 769 984.08	2 630 000.00	2 630 000.00	4 724 687.91	100%
Other	0	2 545 017.00	2 545 017.00	2 366 957.44	93%
<b>Total Operational Expenditure</b>	22 875 258.90	47 248 111.00	47 248 111.00	42 480 136.33	89%

Greater Kokstad municipality's Integrated Waste Management Plan has been adopted by the Council has been work shopped to Council and submitted to Departments of Environmental Affairs for promulgation. The IWMP makes a comprehensive analysis of the status quo of the municipality's waste management, makes a critical analysis, and assesses strategies to address these. Then, the implementation plan summarizes the priority projects and associated actions that are recommended for implementation of the strategies that were developed as part of the IWMP.

The existing landfill site is in Shayamoya and is approximately 2.2ha in size, and over the years it has accumulated waste of more than 50 000 m<sup>3</sup>. The landfill site is in a fair condition as there are some management measures in place. However, it has reached its operational capacity.

The new proposed land fill site (Kransfontain Landfill site) is located at the east of Horseshoe, which is north east of the CBD. While the old land fill site is still operational, it must be noted that



the usage is kept at a minimum due to capacity until such time that the new site has been fully established and commission letter for commencement. Both landfill sites are licenced.

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### 3.4. HOUSING

#### INTRODUCTION

Human settlement patterns are typical, with the older part of town housing the more affluent (historically white) population in the leafy suburbs, with peripheral poor (black) townships. The suburbs are low density, with large sites along tree lined streets, and single storey bungalow-built form. Site sizes range from over 4000m<sup>2</sup> (the zoning allows a minimum of 1800m<sup>2</sup>), compared to the township areas, which are zoned for 450m<sup>2</sup> sites but in fact the average is more like 300m<sup>2</sup>. Parts of the old town lend themselves to densification, and the strip along the river, to the east, is particularly in need of intensification, and presents an opportunity to improve the sustainability of Kokstad as a settlement.

Human settlements development in the municipality is challenged by the following:

The lack of affordable, well-located land for low-cost settlements has resulted in the human settlements programmes largely extending existing areas that had been developed for low-income settlements in the past, often located at the urban margins and with weak prospects of integration.

These extensions to existing low-income settlements generally lacked amenities necessary for a decent quality of life, mainly because of the lack of funding and poor alignment of budgets; National policy and provincial funding allocations have not always been able to effectively respond to the changing nature of demand caused by rapid urbanization; The number of subsidies required is increasing, resulting in an additional burden on the national and provincial fiscus; The lack of institutional and sector capacity to deliver human settlements programmes; and The inability of beneficiaries of human settlements subsidies to afford municipal services and taxes, creating the view by the municipality that such housing projects are liabilities. The Municipality's Integrated Development Plan identified the following key issues in terms of human settlements: High prices of privately owned land, lack of suitable land to build houses; Private shack settlements are used as an income-generating activity; Urbanization results in growing number of informal settlements; Speculation in up-market human settlements, especially in areas outside urban edges of the Spatial Development Framework has resulted in ad-hoc development and cost inefficiencies; The lack of funding and the non-alignment of municipal and government department budgeting processes; Lack of bulk services for human settlements development. The Housing Sector Plan (2020-2021) indicates that the municipality faces a low and middle-income human settlements crisis. It broadly describes the housing demand as follows: Need for low-income (fully subsidized) houses at 1000. Informal settlements need to be relocated or upgraded. Highly constrained, a demand-driven private housing market with inflated house prices, in all market segments.

The Shayamoya Township is characterised by monotony, and lacks legibility, partly through the layout design that is predicated on engineering efficiency and lowest cost. Most sites have pedestrian access, or in some instances roads that have only been half surfaced, no storm water control system in place and the



current sewer system is old and under huge pressure as over spills are day to day experiences. The character of Shayamoya is largely determined by a mass housing approach to delivery, also evidenced by the mono-functional land use.

Bhongweni Township is older, is on flatter land, and although also delivered through state subsidies for incremental housing, the grid layout and street scale has resulted in a very pleasing character. The area has been identified through additions to the original RDP houses, often to provide rooms for tenants. A central social facilities precinct, as well as pockets of houses for slightly higher income residents, provides relief and as semblance of human settlement rather than a housing project. Informal settlements at the edges of the townships site either on the steepest slopes or dangerously close to the river and are the object of proposed slums clearance projects.

Percentage of households with access to basic housing			
Year end	Total households (including formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2012/13	10550	8548	81%
2013/14	10550	8548	81%
2014/15	10700	8698	81.2%
2015/16	10910	8908	81.6%

#### 3.4.1. COMPLETED HOUSING PROJECTS

According to the information received from the Housing Subsidy System section of the Department of Human Settlement, from 1994 until the end of 2021 approximately 6858 houses have been completed within the Greater Kokstad Municipality. The historical housing delivery figures are summarised per local municipality in the below table. From this table, it can be seen that housing units have been delivered mostly in Greater Kokstad local municipality.

Greater Kokstad Municipality has been proactive in initiating and implementing housing projects, over 6000 housing opportunities have been provided to date (of which approximately 2651 have been developed to cater specifically for informal settlement communities), since the inception of the Government's housing subsidy scheme. However, there still exists a significant demand, as evidenced, particularly by informal settlements, mainly in the vicinity of Kokstad Town.

Makhoba Housing Project for 2020-2021 financial year 618 of 1400 Housing Units completed.

Local Municipality	Properties Transferred	Service Sites Completed	Serviced Under Construction	Slabs Completed	Units Completed	Units Under Construction	Wall Plates Completed
Greater Kokstad Municipality	618	948	330	757	618	1400	756

### 3.4.1.2 Title Deed Restoration Programme

The Greater Kokstad Municipality with the assistance of the KZN Department of Human Settlement has undertaken on the Title Restoration Programme for the Greater Kokstad Municipality. The Greater Kokstad Municipality has properties that are located in Bhongweni which existed prior 1994 which were previously owned by NPA. These properties are now registered in the name of the Municipality.

Properties in Bhongweni were transferred to the Municipality by the NPA, some properties were transferred to the occupants of the properties and a number of properties with occupants were transferred to the Municipality. The process for the transfer to occupying residents is unknown by the Municipality. On site survey has been completed at Horseshoe.

Conveyancing Attorneys have been appointed to serve at the Municipality's Dispute Resolution Committee. The first sitting of the subcommittee was held on the 24<sup>th</sup> June 2020 and the resolutions were:

Outstanding properties (Bhongweni & Eastview) will be verified by Conveyancing Attorneys as the social facilitators appointed by DoHS are no longer on site.

An advert for missing beneficiaries was published in the local newspapers.

Interviews will take place within respective wards.

A report of the interview outcomes will be submitted to Council.

The table below represents the Greater Kokstad Municipality recently completed housing project indicated in the Integrated Development Plan Review 2020/2021

Project Code	Project	Housing Units	Funding			Status
			2018/2019	2019/2020	2020/2021	
K03070012	Franklin Housing Project	450	0	0	0	Completed
K19970177	Shayamoya Phase 2	220	0	0	0	Completed
K13050008	EastView Riverview Rectification Project	82	R11.2m	0	0	Completed

### 3.4.2. HOUSING DEMAND

The 2011 census data provides some form of typological classification for the various units of spatial analysis used in the census. These include the categories of formal residential, informal residential, traditional residential, collective living quarters, smallholdings and farms. In addition, it also includes a number of other non-residential typological classifications including vacant land, Parks, and Recreation, industrial and commercial. The data provides a comparative distribution of land area and population according to this classification is below.



The 2011 census data distinguishes between 11 different housing categories under the variable referred to as “type of dwelling”. These categories range from brick houses on separate stands to different types of informal dwellings, and other categories such as caravans and tents. The categories that can potentially be regarded as forming part of the housing backlog or demand at a particular location include the following types:

- Traditional dwelling
- House/flat/room in backyard
- Informal dwelling (shack; in backyard)
- Informal dwelling (shack; not in backyard)
- Room/flatlet on a property or larger dwelling
- Caravan/tent

The Housing Sector Plan (GKM HSP: 2020-2021) indicates that Greater Kokstad faces a low and middle-income housing crisis. It broadly describes the housing demand as follows:

- Need for low-income (fully subsidized) houses at 2800.
- Informal settlements need to be relocated or upgraded.
- Highly constrained, demand-driven private housing market with inflated house prices, in all market segments.
- Demand for housing is across the board, ranging from single-person rented accommodation, through basic fully-subsidized housing units, to middle and upper-income bonded accommodation.

The lack of accommodation contributes to pressure on existing housing, with the negative outcomes of squatting, overcrowding of existing houses, down-market “raiding” by higher income households and escalating of rentals and sale prices of houses.

According to the Greater Kokstad Municipality’s 2020-2021 Housing Sector Plan, the below stipulates the estimated housing and planned housing units to reduce the current housing backlog.

- Slum Clearance Project Shayamoya- 700 units
- R56 Integrated Sustainable Settlement Kokstad 583 units
- Franklin Phase 2 Residential Development (New Project) -300 units.
- Makhoba Housing Farms Argyll & Springfontien -418 & 994 Units 618 completed to date
- Willowdale Housing Project Kargs Post -83 units
- Need for low-income (fully subsidized) houses at 2800.
- Kokstad Community Residential Units 300 Units
- Shayamoya Community Residential Units 414 Units
- Informal settlements need to be relocated or upgraded.
- Highly constrained, demand driven private housing market with inflated house prices in all market segments.
- Demand for housing is across the board ranging from single person rented accommodation through basic fully subsidized housing units, to middle and upper-income bonded accommodation.
- An estimated housing demand of 3565 is evident in Greater Kokstad Municipality

### 3.4.3. CURRENT HOUSING PROJECTS

The table below represents the Greater Kokstad Municipality planned housing projects indicated in the Integrated Development Plan 2020-2021.

Project Code	Project	Housing Units	Funding			2020/2021
			2018/2019	2019/2020	2020/2021	
K0711001	Makhoba Housing Project	1400	Stage 3	Stage 3	R44m	<i>Under Construction</i>
K16020010	Shayamoya Phase 3 Slums Clearance	700	Feasibility	Stage 1	Stage 1	<i>Project is at Planning Stage</i>
K20211688	Kokstad Community Residential Units Developments (CRU)	300	Feasibility	Stage 1	Stage 1	<i>Under Construction</i>
	Shayamoya Community Residential Units Developments (CRU)	414	Feasibility	Stage 1	Stage 1	<i>Project is at Planning Stage</i>
	R56 Mixed Housing Development	582	Feasibility	Stage 1	Stage 1	<i>Project is at Planning Stage</i>
	Bhongweni Heights Middle Income Housing	136	Feasibility	Stage 1	Stage 2	<i>Under Construction</i>
K15060001	Willowdale Housing Project	83	Stage 1	Stage 3	Stage 3	<i>Complete</i>

Table Above: Current and Planned Housing Projects

Stage 1 = Planning

Stage 2 = Internal Structures

Stage 3 = Top Structures

### 3.4.4. INFORMAL SETTLEMENTS

There are seven (7) informal settlements the in Greater Kokstad municipality that need serious attention due to their inhumane conditions. The below gives an overview of status in terms of how far the municipality has intervened and commenced with the rectification of their living conditions by constructing houses and undertaking Geotech services to determine if the land is liveable and how many houses can be built. These include:

Name	No. of Dwelling Units
Horseshoe	800
Lindelani/Moyeni and Bhambayi	450
Marikana	900
Bergview	98
Ezimpungutyeni	150
Franklin	300

Table Above: Informal Settlements Project



### 3.4.5. LAND ISSUES RELATING TO HOUSING

People gravitate from areas outside the municipality to meet their economic and social needs. It implies that administrative demarcations are not necessarily the basis for planning and development but is far more important to understand and take cognizance of functional economic and social linkages of an area. Nevertheless, institutional demarcation is important since it determines the functions and powers of the municipality and in that sense determines what it can and cannot do irrespective of cross boundary impacts.

- Land plays a pivotal role in more than one way in municipal development. The key issues are:
- Ward demarcations that can define the power balance and hence the allocation of resources.
- Land ownership that often determines the rate of development, if not the availability for development.
- Land restitution as part of the process of addressing imbalances created under the previous political dispensation.
- Land values that forms the basis for municipal revenue and the ability to intervene in the development process.

Various areas in the municipality are subjected to land claims and the land restitution process. There is no logical link between land ownership and the optimal use of land. However, the land restitution process, if not resolved speedily creates uncertainty in the property market and might affect land values, the marketability of land and the development process in general.

- High prices of privately-owned land and a lack of land to build houses;
- Limited land availability and middle-income housing

Most people in the rural areas of the municipality do not own land and as a result they live in very squalor conditions and are exposed to hazardous health conditions due to poor basic service. This has become a critical issue which requires immediate action by the municipality.

The relevance of the identified focus areas as identified in Section 13 have to be contextualised against the overall provincial and the more detailed local housing need profile and the potential land requirements resulting from this profile. The potential land needs required to address the current housing demand within the province, and specifically within the identified focus areas, are influenced by a range of factors. To account for these factors, the following assumptions were used as point of departure:

- The majority of households residing in traditional dwellings of two rooms or less (regarded as part of the potential housing backlog as defined in this report) will be accommodated in terms of housing provision at their current location. These households are largely located on Ingonyama Trust Land and will not require substantial new "greenfield" land areas for housing development purposes.
- It was assumed that one third of households residing within informal structures on a separate stand or within a backyard of another structure could form part of in-situ upgrading processes and be accommodated at their current location. It was thus further assumed that the other two thirds will require alternative land (Greenfield) for settlement purposes.

- A total of 20% of households earning between R38 000 – R153 000, need a GAP market house for which land has to be identified.
- Over and above the existing housing demand and land requirement figures, calculations were also made in terms of additional housing units and land required to accommodate the anticipated housing demand up to 2030.
- In terms of informing the land requirement the following density related assumptions were made
  - 30% of the GAP Market housing requirement will be provided for at a density of 15 dwelling units per ha.
  - 60% of the current housing backlog will be provided for at a density of 20 dwelling units per ha.
  - 30% of the current Greenfield housing backlog and 50% of the current GAP Market requirement will be provided for at a density of 40 dwelling units per hectare.

The implementation of the land reform programme within the Greater Kokstad Municipality has been very sedentary although a number of land claims have been lodged. The Kokstad Commonage redistribution project is the only claim to have been transferred. Priority is now concentrated on the redistribution in the Pakkies area.

The main components of land reform with specific reference to the Greater Kokstad Municipal area are that:

- A strategy for the distribution of information on land reform to stakeholders and possible beneficiaries. It is anticipated that existing representative structures such as the Farmers. Associations, Kokstad Chambers of Commerce and the larger commercial landowners should remain the focus for this exercise from where the information can filter down to grassroots levels; and
- As most of the areas in the Greater Kokstad are under the control of a farming community, land reform becomes complicated. The Land Reform Legislation does not cater for the land extension within the sub-region. Land Reform will contribute to the increased opportunities for commercial farming thus aiding in the economic development of the Greater Kokstad Municipality.

Land ownership in the municipal area was assessed from the current valuation role of the Council.

Land ownership is fundamental to development. There is also a growing consensus that there is a direct link between land ownership, development, and more specifically communal ownership and under-development.

Various areas in the municipality are subjected to land claims and the land restitution process. There is no logical link between land ownership and the optimal use of land. However, the land restitution process, if not resolved speedily creates uncertainty in the property market and might affect land values, the marketability of land and the development process in general.

Land, and more specifically land ownership, is very much a central issue in South African politics.

Furthermore, land and the value of land is the basis for property taxes that accounts for a substantial portion of municipal revenue. As indicated location, production potential, access to services and amenities and investment return determines the value of land.

#### 3.4.6. HOUSING CAPACITIES

The Municipality has not been delegated a mandate to act as developer and Province plays the role of the Developer. The Greater Kokstad Municipality has a Housing Section. The housing functions are under Economic Development and Spatial Planning Department. Not all the positions are filled and this impacts on the ability of the municipality to provide on-site technical support to projects. The municipality has a Human Settlements Officer who takes care of housing matters.

The below information particularizes about the remedial actions the Department of Human Settlements have proposed:

- The eradication of slum areas (Informal housing) has been highlighted by national government.
- The identification and formalisation of these areas, if found to be suitable, needs to be prioritised.
- Establish the real need for housing (The Backlog) and prioritise the beneficiaries.
- Proactively identify and access land needed for future housing.
- Beneficiary and surrounding communities need to be consulted and participate in all housing related matters.
- All housing developments must contribute to the formulation of compact and integrated nodes.
- All housing developments are to comply with legislative processes and requirements.
- Strive to minimize or eradicate informal and/or shacks.
- The full spectrum of housing needs is to be catered for, i.e. low-income, subsidy housing, multi-storey developments, affordable housing.
- Low-income subsidised residential areas where freestanding dwellings are erected on individual stands should not be developed at gross densities of higher than 20 units per hectare, while the erven should not be smaller than 250m<sup>2</sup>.
- The housing backlog is to be eradicated by 2030. 20% of all new subsidy housing areas are to be allocated to the provision of rental stock and alternative housing types.
- An investigation needs to be launched to determine the feasibility of the provision of alternative housing typologies in Greater Kokstad Municipality.

#### 3.4.7. INFORMAL SETTLEMENT UPGRADE STRATEGY

The municipality has been active in their development of their informal settlement housing plan. The municipal strategy predominantly aims at providing new Greenfields's housing developments in close proximity to the current informal settlements and relocating the informal settlements. This can be seen from the strategy in Bhambayi and Lindelani/Moyeni that relocated to Shayamoya and Franklin Phase 2.



The primary concern is how to accommodate the remaining informal settlements, but for this the municipality has initiated two projects to establish new Greenfield housing projects in Bhambayi (600 units) and Franklin (300 units). The municipality could further convert Ezimpungutyeni into CRU's as rental stock.

There is however a shortfall to accommodate the Horseshoe community staying in environmentally sensitive areas.

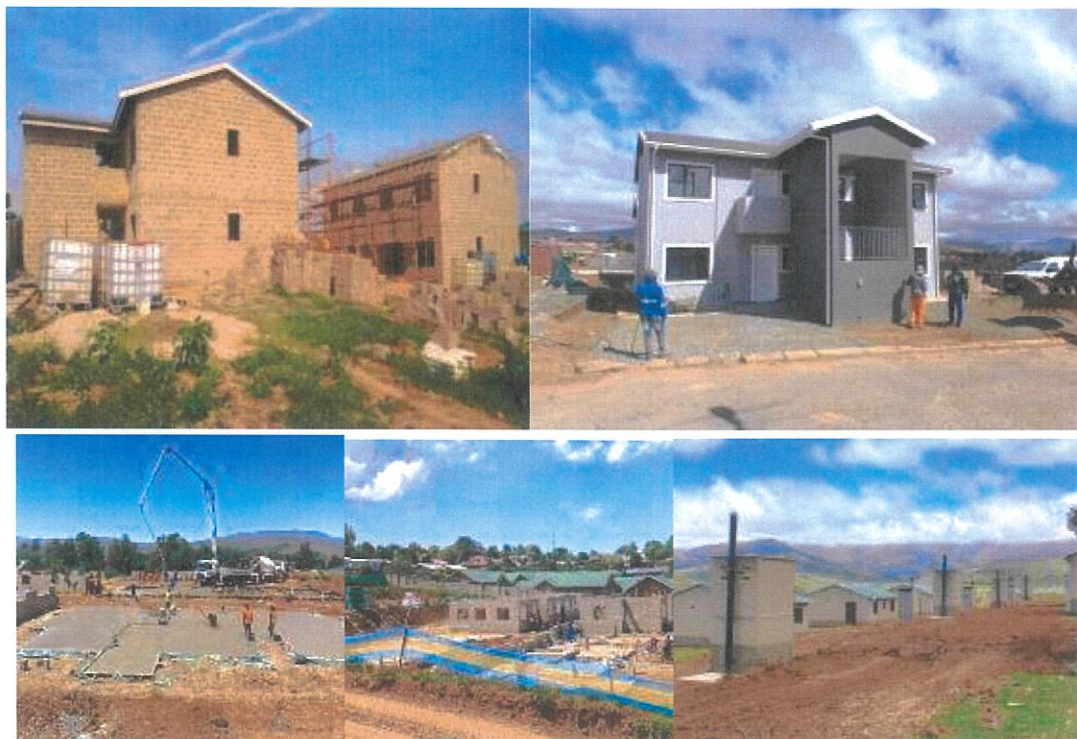
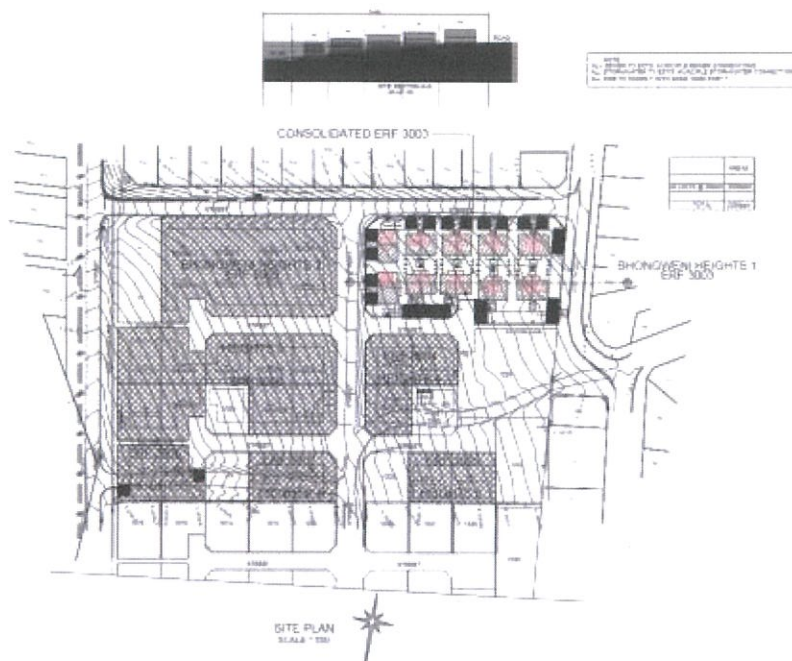
The following strategies should be put in place: -

- The municipality should fast-track the new Greenfields developments in Bhambayi/Shayamoya and Franklin to assist with relocation of informal settlements.
- The municipality should consider in-situ upgrade in areas suitable for development, rather than relocation.
- The municipality should consider rental stock in Ezimpungutyeni by implementing CRU's.
- The uncontrolled and rapid growth at Marikana informal settlements requires urgent intervention and community participation.
- Community based communication in relation to the relevant Municipal development plans should be improved.

### ***Housing Interventions: -***

- \_ Willowdale Housing Project, Kargs Post 83 units
- \_ R56 Integrated Sustainable Settlement Kokstad 583 Units
- \_ Shayamoya 700 Units (Low cost Housing)
- Homes 2010 \*Bhongweni Heights
- \_ Makhoba 1400 Housing Development
- \_ Thuthuka Ngele Rural Urban Housing Project 300 Units
- \_ Ekuthuleni Rural Housing Project
- \_ Kokstad Community Residential Units 300
- Shayamoya Community Residential Units 414
- \_ Informal Settlement Housing Project for Horseshoe, Lindelani/ Moyeni, Marikana, Bergview, Bhambayi, Ezimpungutyeni and Franklin
- \_ Development of an Informal Settlement Strategy
- \_ Franklin Residential Development – 450 Units

Percentage of Households with access to basic housing		2020/2021
Total Households (Formal and Informal Settlements)	Households in formal settlements	Percentage of households in Formal settlements
19140	11500	60%

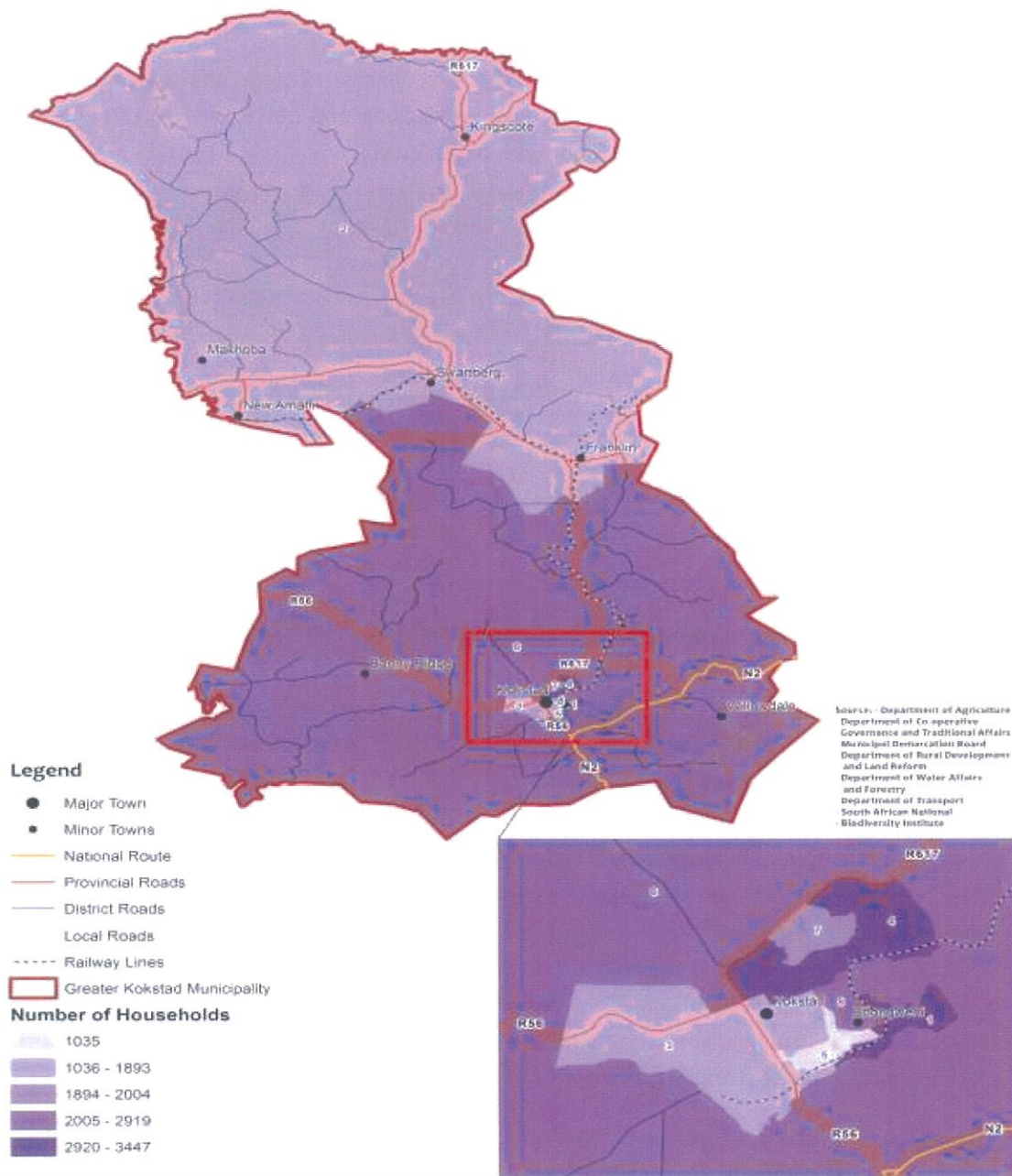


Bhongweni Heights, Kokstad CRU and Willowdale Housing Under Construction





## NUMBER OF HOUSEHOLDS





### 3.5. FREE BASIC SERVICES AND INDIGENT SUPPORT

#### INTRODUCTION

The delivery of free basic services to the people is a priority to the Council in order to afford dignity to our community that live below the poverty line. In this group, we include and not limited to the elderly, unemployed, child headed household and people living with disabilities.

Free Basic Services to Low Income Households			
Period	Number of Households		
	Households earning less than R1100/ month		
	Total	Access to Free Basic Electricity	Access to Free Basic Refuse
2018/19	4849	4849	4849
2019/20	4589	4589	4589
2020/21	4753	4753	4753

#### COMPONENT B: ROADS

This component includes: roads and waste water (storm water drainage).

The Municipality had a Road Infrastructure Development policy in place. Infrastructure and Technical Services Department (ITS) is responsible for strategic leadership of roads development in GKM as follows:

- Classification of the road network
- Road asset management
- Five-year implementation program and its funding needs
- Roads maintenance program and funding needs
- Roads policy and standards

Generally, GKM's service delivery mechanism is by means of outsourcing major work by use of consultants for specialist designs and construction where heavy machinery is required while minor works like fixing of potholes, replacing and cleaning of storm-water pipes is done in-house.

### 3.6. ROADS



#### INTRODUCTION

The municipality is faced with a huge backlog in terms of road and rehabilitation or asset management of roads. The available budget for roads is minimal versus the backlog and the Municipality also undertakes maintenance i.e. repairing of potholes. Since the Municipality is still struggling in collecting revenue, the funding of new roads, upgrading of gravel roads and asset management is very limited only those funded by grants such as Municipal Infrastructure Grant (MIG) are being upgraded.

Over the years the municipality has focused on rehabilitation and upgrading of existing roads around the municipal jurisdiction with focus in CBD, Extension 7, Shayamoya, Horseshoe and Bhongweni areas. Most

of the roads in the CBD have reached their design life and road failures occurs which results to lots of potholes developing. The municipality has thus focused on the rehabilitation of Kokstad CBD roads with phase 1 completed in the 2019/2020 FY with phase 2 commenced in the 2020/2021 FY. The areas outside the Kokstad CBD (i.e. Extension 7, Shayamoya, Horseshoe and Bhongweni) still have backlog of gravel roads which requires upgrading to asphalt. The municipality over the year has upgraded gravel roads to asphalt in different areas of Kokstad.

The following projects were completed in the 2020/2021 financial year:

PROJECT NAME	PROJECT DESCRIPTION	PROJECT VALUE	PICTURE
A. Upgrading of Horseshoe Roads Phase 1	The project entails the upgrading of approximately 2.0km of gravel roads to asphalt in the Horseshoe area. The project also includes stormwater upgrade which is both underground and surface drainage, road furniture and traffic signs.	R 8 806 863.00	
B. Upgrading of Stormwater on Murray Street and St John Street- Phase 1	The project entails the upgrading of approximately 1.5km of stormwater on Murray street from surface to underground drainage. The project also included pothole patching, asphalt overlay and sidewalk on Murray street from Avenue to Railway street which is	R 12 908 695	




	approximately 1.8km		
C. Upgrading of Extension 7 Roads Phase 3	The project entails the upgrading of approximately 1.3km of gravel roads to asphalt in the Horseshoe area. The project also includes stormwater upgrade which is both underground and surface drainage, road furniture and traffic signs.	R 6 603 067	

Table 3.6.1

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2018/19	17.2km	Nil	4km	4.6km
2019/20	17.2km	Nil	5.5km	5km
2020/21	11.7km	Nil	5.1km	6km



#### Re-Gravelling





Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2018/19	4km	4km	Nil	Nil	800 m <sup>2</sup>
2019/20	5.5km	3.3km	1.8km	Nil	850 m <sup>2</sup>
2020/21	5.1km	5.1km	Nil	Nil	2200 m <sup>2</sup>

Cost of Construction/ Maintenance						
R'000						
	Gravel			Tar		
	New	Gravel-Tar	Maintained	New	Re-worked	Maintained
2018/19	Nil	R 15 219 804.12	In-house maintenance	R 6 615 768.45	nil	R 3 500 000
2019/20	Nil	R 9 279 000	In-house maintenance		R 4 000 000	R 3 500 000
2020/21	Nil	R 28 318 625	In-house maintenance	Nil	Nil	R 3 600 000

Top Three Service Delivery Priorities for Ward (Highest Priority First)		
Ward No.	Priority Name and Detail	Progress During 2020/21
7	Upgrade of Roads Extension 7 Phase 3	1.3km of road tared
3, 5 & 9	Upgrading of Stormwater on Murray Street and St John Street- Phase 1	1.8km of road tared
1 & 9	Upgrade of Horseshoe Roads Phase 2	2.0km of road tared

Capital Expenditure 2020/21: Road Services					
R'000					
Details	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original	Variances to Budget %
Total All				%	
Upgrade of Horseshoe Roads Phase 1		R 3 700 000	R 3 337 400		-10%
Upgrading of Stormwater on Murray Street and St John Street- Phase 1		R 5 620 000	R 5 317 920		-5%
Upgrade of Shayamoya Internal Roads		R 4 600 000	R 4 249 928		-7%
Upgrading of Extension 7 Roads Phase 3		R 5 380 000	R 5 548 963		+3%
Rehabilitation of Kokstad CBD Roads Phase 2		R 3 600 000	R 3 804 268		+5%

### 3.7. WASTEWATER (STORMWATER DRAINAGE)

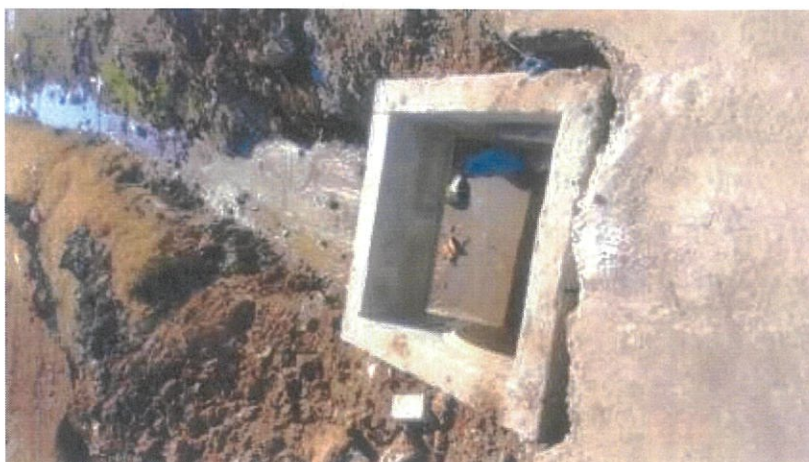
The Municipality is responsible for the maintenance of storm water drainage, however the challenge that is facing the Municipality is the shortage of staff or human resource to perform the required task. The areas

that the Municipality tagerts are CBD, Bhongweni, Shayamoya, Horse-shoe, Extension 7. The municipality has also procured a jetting machine which will assist in the clearing of blocked drainage system.

#### **STORM WATER DRAIN CLEANING**



#### **CONSTRUCTION OF STORM WATER INLET**



#### **JETTING MACHINE**





## **COMPONENT C: ECONOMIC DEVELOPMENT AND SPATIAL PLANNING**

The 2017/2018 Policy decision of the Municipal Council which enabled the establishment of the Economic Development and Spatial Planning Department, reinforced the emphasis of structured growth and development whilst ensuring that the Council's development strategies and priorities are aligned with provincial and national strategies.

The Department's foci remain the progressive and holistic realisation of the developmental agenda whilst simultaneously ensuring that it strives to realise a regional economic nexus thus mandating a synergy between economic development and spatial planning, as key development initiatives, paramount as one cannot function in the absence of the other.

Given the ever changing global economy and the emphasis on smarter approaches to providing services within the developmental context, the Municipality in the 2020/2021 sought and was approved funding from the Department of Economic Development, Tourism and Environmental Affairs to the value of R500,000.00 for the development of a Smart City Development Strategy.

### **EMPHASIS ON LOCAL ECONOMIC DEVELOPMENT**

All around the world, local governments, the private sector and civil society are demanding better ways to achieve local economic development, a cornerstone to sustainable development. This is due to the fact that local government faces increased democratic reforms and greater decentralisation while simultaneously there are massive transformations taking place in the global economy resulting from trade liberalisation, privatisation and enhanced communications. The significance of these changes is that citizens and local



government face formidable challenges, greater opportunities, and growing responsibility to work together to address the economic health of municipalities and the livelihood of their local citizens, many of whom are under- or unemployed and living in poverty.

Achieving economic growth and staying competitive is a serious challenge in itself. Ensuring the benefits of growth are spread widely such that development becomes inclusive and impacting on the quality of life of all citizens is even more challenging. We should therefore not only ask how we can make economic growth a reality in our communities, but how can we make sure that economic growth benefits the marginalised and the poor.

This requires firmly placing LED within the broader framework of local sustainable development and because LED is a participatory process requiring people from all sectors to work together to stimulate local commercial activity it is necessary to understand that LED is a process-orientated and non-prescriptive endeavour incorporating:

- Local values (poverty reduction, basic needs, local jobs, integrating social and environmental values);
- Economic drivers (value added resource use, local skills training, local income retention, regional cooperative) and
- Development (the role of structural change, quality of development)

The above therefore suggests that LED is not about “quick fixes” or generating wish lists. It requires a practical understanding of what the local area does well and what it has to offer, where its weaknesses and gaps lie, what outside threats and opportunities exist, and what the local area wants and needs.

The vision of the department, remained:

***Through innovation and dedication, the EDSP department will advance, align and augment resource capacity to realise the Municipality’s sustainable development trajectory by 2047.***

In order to ensure alignment with the Municipal vision together with provincial and national strategies but more importantly to initiate innovative ways to ensure authentic realisation of growth and development perspectives.

The vision unpacked, mandates that we work towards:

**Innovation:** Improved methods / processes of translating strategic objectives into goods or services that create or add value

**Dedication:** Quality of being dedicated and committed to realise the developmental agenda of the Municipality through 5Year Legacy Projects and a 30Year Sustainable Development Plan

**Advance:** Through political and strategic decisions taken, to drive (lead) economic development and growth (overlay of planning processes, land use, business retention, etc.

**Align:** All planning, resource allocation, recruitment, etc to respond to intention of vision

**Augment:** Increase / Add Value to

**Resource Capacity:** Land, human, assets, financial incl. renewable and non-renewable and assistance obtained

**Sustainable:** Economic development that is conducted without the depletion of natural and man-made resources

The revised vision and mission affirms the premise of ensuring that a consolidated approach through the formulation and implementation of the Local Growth and Development Strategy is taken to realising and advancing:

- i. **Competitive Advantage:** Economic Hub of the District, Serviced Industrial Sites, Agriculture, agri-processing, manufacturing, locality – Gateway into South Africa from Lesotho and into KZN from the Eastern Cape.

**GKM Responsiveness:** Development of Smart City Development Strategy

- ii. **Friendly and Safe Environment:** Including Light Industrial expansion, Agri-processing potential, re-commercialisation reinstituted land i.e. farms, dry port

**GKM Responsiveness:** GKM own funding investment into the economy in the form direct support to primary agriculture

- iii. **To Work:** The Youth dominate the demographic and with influx of high school graduates into the pool of unemployed school leavers places strong emphasis on initiatives for long term development of Youth to allow them to actively engage in the labour market. Methods should focus on life-long learning thereby providing the principle of providing bursaries for school leavers.

Consideration should also be given to the manner in which the Expanded Public Works Programme (EPWP) is implemented. Initiatives to partner with existing business will be explored to engage unskilled labour with an obligation on the Municipality to meet a portion of the labour cost thus providing the opportunity to access work opportunities as a full-time equivalent.

**GKM Responsiveness:** Expansion of EPWP Programme to include semi-skilled and skilled participants as a means to obtain experience or alternatively the completion of a qualification.

- iv. **To do business:** Investment friendly initiatives to be unconventional and need to be inclusive of red tape reduction. Whilst simultaneously attracting investment it becomes imperative that methods to retain the existence and expand the operation of current business with focus on SMME's and Cooperatives as a means to adequately address the triple challenges.

In this regard, the current methodology of procurement with public funds needs to be innovative to respond to set-aside procurement from targeted sectors (Youth, Women, Disabled and Military Veterans) and should strive to build capacity and develop skills.

**GKM Responsiveness:** Introduction of the Strategic Projects Fund with 13 SMMEs identified for assistance to the value of R2,1million.

- v. **A better life and access to quality service delivery:** Revenue enhancement strategies need to be crafted which do not increase the burden on those that can afford to meet the cost of services and infrastructure plans regularly updated so as to identify critical infrastructure requirements. In addition, the Municipality needs to respond to infrastructure development as a means to attract investment,

especially in the nodal areas (e.g. CBD, proposed Developmental Node – Franklin\_Makhoba\_Swartberg).

- vi. Stakeholder Relations: The Constitution of the Republic of South Africa, 1996 assigns specific Powers and Functions to the different spheres of government and categories of municipalities. In the Kokstad context, as the only authority with all-inclusive authority within the local sphere, the municipality has a fundamental role to play in strengthening stakeholder relations and engagements so as to address backlogs and reduce possible repetition of services provided.

**GKM Responsiveness**: Support in the establishment and strengthening of forums.

- vii. Good Governance incl the Policy Environment: A constitutional mandate exists that requires that we remain accountable and in so doing, the onus rests with us to facilitate participative governance as a means to strengthen coordination and capacity. A policy environment which is pro-poor but economically sustainable needs to be informed by all stakeholders and actively implemented.

**GKM responsiveness**: All policy are developed in-house and respond to the formal and informal economy, EPWP, Red Tape Reduction, Military Veterans, and Investment attraction together with business retention.

- viii. Improved livelihoods: The spatial inequity created by past imbalances continues to exist in predominantly the rural areas. Pragmatic measures to redesign areas should have already occurred however in the absence of this, this strategy through its catalytic projects needs to remain mindful of the pressing need for spatial equity.

Success can only be realised in encouraging a business environment where markets can operate efficiently, but appropriately, within the local context. Micro, Small and Medium-sized enterprises must be strongly supported and encouraged to take the lead as they play a key role in creating new local employment, wealth and tax generation. Visible results can help maintain momentum in the short term, and simply initiating a single project focusing on one critical issue might pave the way for long term success. Ultimately LED is about sustainable development in the long-term, for it takes time to change local conditions and mind sets, building capacity, organise participatory processes and empower stakeholders, especially the poor.

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### 3.8. SPATIAL PLANNING

#### SPATIAL PLANNING & DEVELOPMENT VISION AND OBJECTIVES

##### MUNICIPAL DEVELOPMENT VISION

The vision is a roadmap of a municipality's future, the direction in which it is headed, the position it intends to be at within a certain period of time and the capabilities it plans to develop. From this, the Municipality is able to create an organizational purpose and identity.

All stakeholders must share a clear vision of what they want, and passionately believe in their ability to achieve it. The vision, key principles, objectives and the role of each of the identified nodes must be drawn up. This requires a great degree of participation on the part of the stakeholders.

The following vision was developed for the Greater Kokstad Municipality:



***“BY 2047, THE GREATER KOKSTAD MUNICIPALITY WILL BE THE MAIN LOGISTICS AND COMMERCIAL HUB OF THE HARRY GWALA DISTRICT THROUGH THE DEVELOPMENT AND SUSTAINABLE USE OF ENVIRONMENTAL AND AGRICULTURAL RESOURCES FOR ECONOMIC GROWTH AND DEVELOPMENT FOR THE BENEFIT OF ALL COMMUNITIES”***

The vision is underpinned by the following principles: -

- Sustainable growth and development
- Quality, affordable services and service delivery,
- Financial health and fiscal discipline,
- Transformation and integration,
- Accountable and transparent local government,
- Respectful and fundamental rights,
- Equity,
- Safe and secure living environment,

In support of the vision, the mission statement below aims to guide the political leadership and administrative functionality: -

***“PROVIDING SUSTAINABLE SERVICES TO COMMUNITIES THROUGH OPTIMAL AND PROFESSIONAL DEPLOYMENT OF RESOURCES AND ENHANCING ECONOMIC DEVELOPMENT, SAFE AND HEALTHY ENVIRONMENT”***

The vision will provide direction in the planning process and will ensure that the process is focused. In terms of the vision, there are certain fundamentals, which provide guidelines for decision-making. These guidelines form the basis for any decision making made by the Greater Kokstad Municipality, stakeholders, interested and affected parties and potential investors.

## **DEVELOPMENT OBJECTIVES**

In order to achieve the future vision, the following overall objectives have been formulated: -

There exist a multitude of principles, directives, and guidelines for spatial planning and development at national and provincial level. In terms of the White Paper on Spatial Planning and Land Use Management, 2001, “The overall aim of the principles and norms is to achieve planning outcomes that:

- Restructure spatially inefficient settlements;
- Promote the sustainable use of the land resources in the country;
- Channel resources to areas of greatest need and development potential, thereby redressing the inequitable historical treatment of marginalized areas;
- Consider the fiscal, institutional and administrative capacities of role players, the needs of communities and the environment;
- Stimulate economic development opportunities in rural and urban areas; and
- Support an equitable protection of rights to and in land.

The various principles and directives can be translated into a set of collective development objectives in accordance with the national agenda that forms the overarching objectives of the Spatial Development Framework, namely -

- To promote sustainable development;
- To promote efficient development;

- To promote equitable development;
- To ensure integrated development, and
- To improve the quality and image of the physical environment.

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
Planning application received	5	12	5	8	172	142
Determination made in year of receipt	5	12	5	8	172	142
Determination made in following year	Nil	Nil	Nil	Nil	Nil	Nil
Applications withdrawn	Nil	Nil	Nil	Nil	Nil	Nil
Applications outstanding at year end	Nil	Nil	Nil	Nil	Nil	Nil

#### **2020-2021:**

Total Operation Cost was R100 000.00 (advertising, registered mail and printing)

Total Revenue Received R122 313.09 on Development Applications

#### **2020-2021:**

Total Operation Cost was R100 000.00 (advertising, registered mail and printing)

Total Revenue Received R 148 387.31 on Development Applications

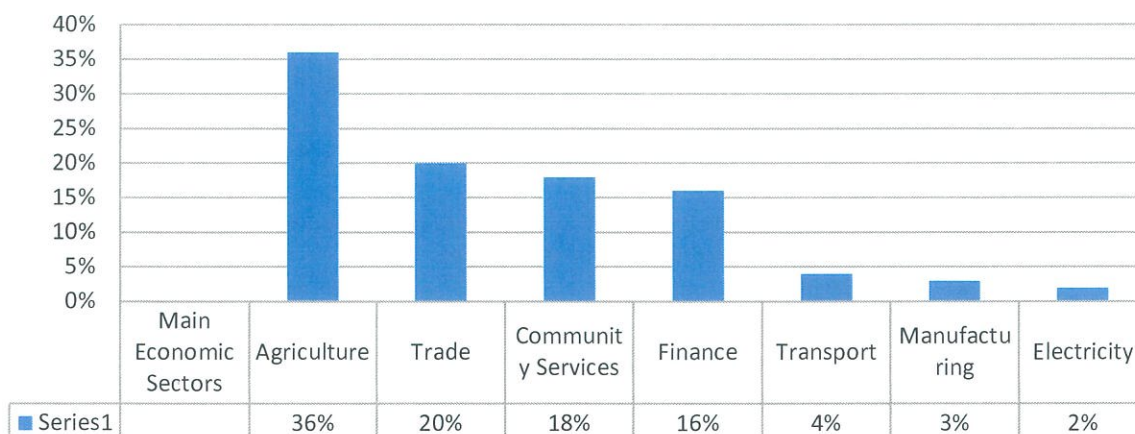
Employees: Planning Services					
Job Level	2020/2021	2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
4-6	10	10	10	0	0%
7-9	0	0	0	0	0%

### **3.9. LOCAL ECONOMIC DEVELOPMENT**

Local Economic Development as defined in adopted National LED Framework reads:

“LED will seek to create competitive, sustainable, diverse, innovation-driven inclusive local economies that are vibrant places in which to live, invest, and work, which maximise local opportunities, address local needs, and which contribute to South Africa’s national development objectives, including sustainable ways of utilising local resources and expand learning capabilities”. (National LED Framework, 2018-2028)

## Main Economic Sectors



The following Table indicates the Thrusts along with the programmes, projects and development facilitation actions identified to promote growth and development together with the status as realised in the 2019/2020 financial year:

PROGRAMMES	PROJECTS AND DEVELOPMENT FACILITATION
<b>THRUST 1: LOCAL BUSINESS SUPPORT AND STIMULUS – ACHIEVEMENTS</b>	
Local marketing and promotion of investment opportunities	<ul style="list-style-type: none"> <li>Investment attraction through the facilitation of rates rebates enabled the securing of R240million investment to allow for the expansion of the Rolyats Shopping Complex;</li> <li>Release of Municipal owned vacant site for the retention (by consolidation) of 3 x emerging businesses with an anticipated investment of R15million for expansion</li> <li>Implementation of Integrated Centre (Franklin_Makoba Development Node) – R2,8million – presently awaiting final adjudication for the development of the Farmer Production Support Unit (DRDLR) – R5million</li> <li>Partnerships with funding institutions, development agencies and sector departments resulted in capacitation of emerging contractors, Community Tourism Organisation (CTO), Suppliers Day to enable more active participation in local economy.</li> </ul>
Establish entrepreneurial and small business support structures	<ul style="list-style-type: none"> <li>Updated database for local businesses</li> <li>Inclusive of locality in functionality to augment the retention of local spend</li> <li>Establishment of Greater Kokstad Business Forum to enable information dissemination, facilitate linkages between SMMEs and larger franchise groups</li> <li>Partnership with SEDA for the training and mentorship of local enterprise</li> </ul>
Industrial strengthening and trade development	<ul style="list-style-type: none"> <li>Reviewed Informal Economy Policy and adoption of Bylaw to allow for a more formalised approach to the informal trade sector</li> <li>Various workshops and Bulk Buying initiatives in collaboration with the Department of Economic Development, Tourism and Environmental Services</li> <li>Offtake agreements with local chain stores for primary production</li> <li>Investment and Attraction to realise a Regional Economy – AfroZonke Chemical Manufacturing</li> </ul>
<b>THRUST 2: RESTRUCTURING AND DIVERSIFYING THE RURAL ECONOMIC BASE</b>	
Social capital and renewal	<ul style="list-style-type: none"> <li>Improved access to support services within wards and information in rural areas</li> </ul>



improved access to external markets	
Sustainable farming practices for emerging farmers and youth	<ul style="list-style-type: none"> <li>Established 10 x demonstration plots, distribution of seedlings together with mechanisation for 40 emerging enterprises</li> <li>Supported economic collaboration amongst 50 farmers, especially smaller producers, to form and develop cooperatives</li> <li>Provision of business support for co-operative, development advice and linkages with intermediaries</li> <li>Facilitated the development of partnerships between emerging farmers, commercial farmers, traditional leaders, etc</li> <li>Facilitate the development of supply/service contracts with local SMME 's and agricultural enterprise</li> <li>Facilitated farmer support DARD and DRDLR – R300,000 fencing for Cooperative in Franklin</li> </ul>
<b>THRUST 3: AGRICULTURE SECTOR EXPANSION AND PROMOTION OF LOCAL VALUE ADDING</b>	
Expansion and diversification of existing agricultural products	<p><b>PROJECTS:</b></p> <ul style="list-style-type: none"> <li>Received funding approval for the development of a Farmer Production Support Unit (FPSU) in Franklin with committed funding of R5million – currently considering a decentralised approach with mini-FPSU's as collection points in different wards within GKM</li> <li>Through LED Unit, local farmers enabled to participate in the National School Nutrition Scheme.</li> </ul>

### 3.9.1. POLICY FORMULATION

The following policy documents were formulated and subsequently reviewed so as to inform the activities of the Municipality in strengthening the realisation of the objectives of LED:

- Business Registration and Licensing Policy – as per Powers and Functions of Constitution and Business Act, 71 of 1991 – to regulate all trade within municipal jurisdiction
- Informal Economy Policy – in line with the KZN Informal Economy Policy – to be proactive in the regulation but more importantly to augment the activities to sustain the entry level enterprises
- Allocations Policy – to inform the criteria in considering the allocation of municipal owned trading sites
- Expanded Public Works Policy (Phase III) – to augment realisation of Phase III Principles to increase opportunities for Job Creation and to inform the processes to address the exit of participants from the programme so as to ensure there is sustainable development
- SMME / Enterprise Development Policy – as a means to strengthen emerging enterprise as a means to retain local spend and provide means for the strengthening of emerging enterprise to graduate from being emerging
- Business Retention, Expansion and Investment Attraction Policy – aimed at facilitating access to financial and non-financial support and opportunities to allow for the development of SMME's and local business enterprise based on the proviso of a 1-Stop-Shop.
- Marketing Strategy – as a means to attract investment into municipality as the preferred destination to live, work and do business. Inclusive herein is the reduction of bureaucratic red tape as a means to augment investment, retain and expand existing enterprise. The Municipality was

invited by SALGA in October 2019 to present the status of the initial assessment undertaken in terms of Red Tape Reduction.

- Military Veterans Support Policy – as a means to provide direct assistance to one of governments priority sectors in the form of economic opportunities, training, skills development and employment opportunities through existing government programmes.

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### 3.9.2. PARTNERSHIPS

To progress the objectives of local economic development, as LED is a partnership approach, partnerships were concluded with the following:

i. GKM and Small Enterprise Development Agency (SEDA) – MoU of Collocation: Objectives:

- To increase presence of SEDA in Kokstad by establishing offices in Kokstad
- Placement of Municipal funded intern to ensure that the needs of SMME's are coordinated and fast-tracked
- The offices are anticipated for operation in the 2019/2020 financial year and will be based on the Light Industrial Park as a means to augment increased foot traffic in support of the existing businesses in operation. The SEDA offices work in conjunction with the Greater Kokstad Business Forum.

ii. GKM and Private Sector together with sector departments and community structures

Establishment of EDGE (Economic Development, Growth and Enterprise Forum), launched in November 2017 as a means to strengthen partnerships with Private Sector and Sector Departments so as to align priorities, align budgets and strengthen the coordinated approach to development

One of the limitations, due to human resources challenges, was the frequency of meetings of the Forum. This however is determined to change, and its functionality and successful operation has been included as a deliverable for the respective Unit.

Notwithstanding challenges in the functionality of the Forum, the Municipality engages with the different sectors through the sub-fora (e.g Greater Kokstad Small Business Forum, Community Tourism Organisation)

- iii. Partnership with Durban Chamber of Commerce and KZN Growth Fund subsequent to the hosting of the Growth and Development Summit – the partnership is intended to strengthen businesses and attract investment
- iv. Partnership with the Moses Kotane Institute (entity of EDTEA) for the realisation of the Innovation Ignition Programme and implementation of the ICT Hub. The Programme also seeks to train enterprise on how to do business on different levels of technology.
- v. Establishment of various Fora to augment economic sectors: The following forums were established, have met frequently and continue to receive the support of the Municipality:
- Greater Kokstad Business Forum
  - AgriForum
  - Community Tourism Organisation

- Local Informal Economy Chamber

vi. Development of Tourism and Investment Brochure as a means to market the Greater Kokstad Municipality as the destination of economic possibilities and to advance the main economic sectors.

### 3.9.3. AGRICULTURE

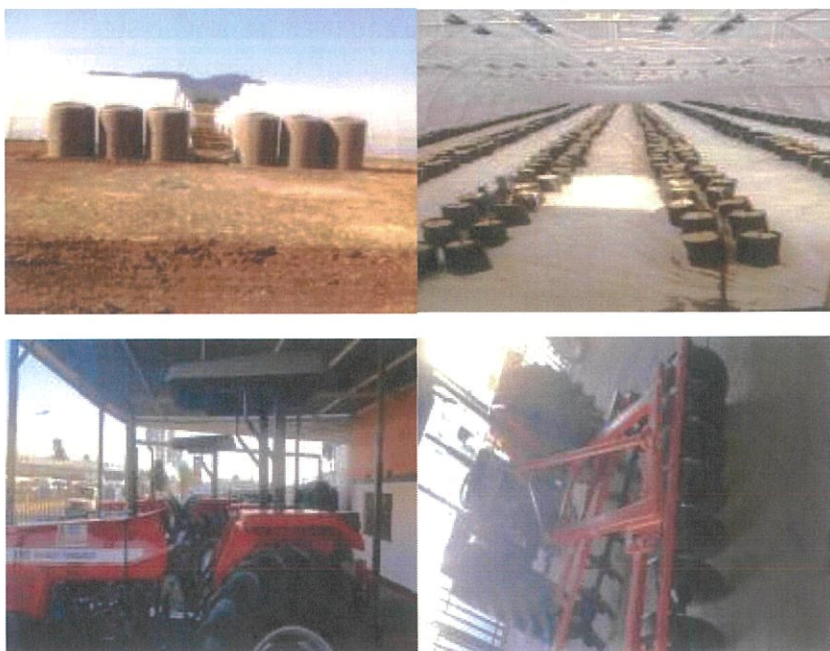
The most important economic thrust realised for the agricultural sector was the prioritisation of Franklin\_Makoba\_Swartberg triangulation as a development node for the Municipality and the decision of the Council to direct investment into the area either through direct municipal own investment or the channelling of grants to realise the development trajectory of the area.

The Franklin\_Makoba\_Swartberg Development Node has received the following investment:

- **Cultural Village – R14,5million** – CoGTA Funded: Status – Project complete – along with the construction and the engagement of local labour as per mandatory requirements, local cooperatives received diverse opportunities in the development (e.g. thatching of roofs)
- **Integrated Centre – R2,8million** – DRDLR funded: Status – Contractor appointed – completion was extended for anticipated in March 2019 however with challenges and the subsequent onset of the COVID19 pandemic, the completion has been staggered. It is intended that the Centre will be repurposed for the establishment of a manufacturing facility.
- **Farmer Production Support Unit (FPSU) – R5million** – DRDLR Funded: Status – awaiting final adjudication by DRDLR BAC
- **8 x Hydroponic Tunnels with internal drip irrigation system – R2,0million** – GKM Funded: Status: Project Close Out
- **Borehole (Franklin) complete- R2million** – Complete







Tractor and implements in response to Farmer Production Support – initiatives to increase primary production

#### 3.9.4. JOB CREATION AND EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

##### Job creation through Government Led interventions Projects

Job creation through EPWP* Projects		
Details	EPWP Projects NO.	Jobs created through EPWP Projects NO.
2018/19	CWP	500
	EPWP	693
2019/2020	CWP	600
	EPWP	848
2020/2021	CWP	
	EPWP	938

Greater Kokstad Municipality		2019/ 2020 Target	2019/ 2020 Achieved	2020/ 2021 Target	2020/ 2021 Achieved	2021/ 2022	2022/ 2023	2023/ 2024	TOTAL FOR PHASE IV	Status To Date
	WO	382	718	388	938	395	401	408	1974	1656
	FTE	128	324	130	322	132	134	136	660	646

The LED Unit has remained committed to ensuring that EPWP is integrated into the internal processes of the Municipality and with the support of Council and the administration, through the adoption of the EPWP Policy – Phase IV the following has been realized:

- Adoption of Policy – Phase IV
- Adoption of Recruitment Guidelines in compliance with National and Provincial guidelines which has now determined the process of recruitment to be fair and transparent
- Adoption of Standard Operating Procedures – the first for the District

#### **IMPLEMENTATION OF SHAYAMOYA INTERNAL ROADS – PHASE 1**

In 2019, COGTA approved R10million for implementation of Shayamoya Internal Roads Project – Phase 1. The project sought to address the trilemma facing communities, namely social protection (income), employment together with skills transfer and infrastructure (provision of assets and services) whilst simultaneously retaining local spend.

Rationale of implementation methodology:

- a. An increased number of work opportunities – 74 (WOs) – Youth graduates, semi-skilled, unskilled
- b. Provision of on-site working experience for graduates and learners to enable advancement of qualification or completion of technical studies
- c. Retention of local spend in directing procurement to local businesses
- d. Enabling a wide scope of learning and capacity such as financial services to reduce dependence on government social grants therein advancing sustainable development
- e. Ownership of government led projects in that communities hold a sense of responsibility for their own development as well as the rehabilitation of existing environment and infrastructure – 2,5km internal road infrastructure



Employees: Local Economic Development Services					
Job Level	2020/2021	2020/2021			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	0	0	0	0	0%
10-13	2	2	2	0	0%
Total	3	3	3	0	0%

Financial Performance 2020/2021: Local Economic Development Services					
R'000					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue	0	8 864 000.00	8 864 000.00	3 227 031.50	36%
Expenditure					
Employees	R3 226 606.39	9 779 829.00	9 779 829.00	8 719 606.13	89%



Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other		2 511 725.00	2 511 725.00	1 227 332.49	48%
<b>Total Operational Expenditure</b>		<b>12 291 554.00</b>	<b>12 291 554.00</b>	<b>9 946 938.62</b>	<b>81%</b>

### 3.9.5. POVERTY ALLEVIATION

- i. Partnership with Department of Small Business Development and SEDA – assistance to informal economy actors

Through the IMEDP (Informal Micro Enterprise Development Programme) funded through the Department of Small Business Development and implemented through SEDA, supported 20 (twenty) Informal Economy actors to the value of R115, 696.00 for the supply and delivery of items in support of the type of businesses in operation.

- ii. Assistance to Kransdraai Female Owned Cooperative

In support of rural based cooperatives, the Municipality assisted the Kransdraai Female owned cooperative to the value of R90,000.00 for the supply and delivery of bakery equipment.

- iii. Community Gardens – Assistance to Emerging Farmers.

150,000 seedlings (variety) were distributed to the various community gardens being supported across Municipal jurisdiction .

### 3.10. RESPONSIVENESS TO COVID19 PANDEMIC

The Greater Kokstad Municipality acknowledges that the novel COVID-19 global pandemic has and will continue to fundamentally reshape our lives. More than a health crisis, the pandemic has resulted in devastating personal, social, economic, and educational disruptions.

The Economic Renewal, Growth and Transformation Plan seeks to devise a programme of action to address the immediate, latent, and enduring socio-economic challenges caused by COVID-19. The overarching goal is a concerted effort to resuscitate and strengthen economic activity whilst simultaneously realising the development trajectory of the Municipality and its economic actors.

The prevailing COVID-19 global pandemic is equally unprecedented and unforeseen. To mitigate the likely impact, the President announced lockdown measures. The impact of the pandemic will manifest across the socio-economic environment and at different levels across the social and income strata. The Presidential Proclamation in March 2020 declaring a National State of Disaster and the subsequent legislative response by government to flatten the infection curve has come at the expense of steepening the macroeconomic recession curve. Arguably, the technical recession existed prior to the proclamation however has been exacerbated.

Without deflecting from the debilitating impact, the pandemic offers government an opportunity to assess failing policy and structural positions. The development of immediate innovative programmes and the complementary redirection or reprioritisation of budgets becomes critical.

Based on the above premise, the Municipality, having consciously reviewed its existing strategy documentation, current financial and human resource capacity embraces a pragmatic and progressive outcomes-based approach to economic recovery and transformation.

The plan, aligned to all spheres of government, is intended to recover and transform the economy to address immediate challenges, devise a socio-economic agenda to avert a continuation and to simultaneously realise growth.

### **1.1. ECONOMIC OVERVIEW**

The COVID-19 pandemic has had a significant impact on food security, safety and nutrition, albeit in different ways. Currently, 135 million people globally face acute hunger, and it is estimated that by the end of 2020, this figure will have almost doubled to 265 million, because of the COVID-19 pandemic.

Continued contests such as limited revenue collection, poor consumer spending, low business confidence and private sector investment, together with the impact of the pandemic, it is forecasted that the country's economy could likely contract by between 5 – 17%.

Notwithstanding business and household relief measures and without measuring the impact, the shrinkage in the economy is further compounded by:

- Business downsizing or shutting down operations.
- Government revenue declined as a result in disruptions in service payment and reduced access to working capital.
- Unemployment and Poverty levels increased.

The above implies that while relief programmes are useful, they are not job creation policies and are therefore not sustainable.

Key messages extracted from the South African United Nations Socio-Economic Impact Assessment, 2020 reveal that about 54% of households pushed out of permanent employment to informal jobs are likely to fall into poverty, about 34% of which are those categorized as middle class. Higher incidences of poverty are likely to occur in female headed households, rural dwellers, populations with education below secondary level, unskilled labour and the informal sector.

Overall, it may take at least five (5) years for the economy to return to pre-2019 levels.

The following presents the Municipality's responsiveness to the COVID19 pandemic, specific to attempts to sustain the economy:

OPPORTUNITIES	APPLICABILITY	ACTION TAKEN DURING LOCKDOWN	CONTINUAL ACTION IN ACCORDANCE WITH RISK ADJUSTED STRATEGY
<b>Government led interventions:</b> <ul style="list-style-type: none"> <li>• South African Future Trust (SAFT)</li> <li>• Debt Relief Finance Scheme</li> <li>• Business Growth/Resilience Facility</li> <li>• Spaza Shop Grant Funding</li> <li>• Tourism Relief Funding</li> <li>• COVID-19 SME Fund</li> <li>• IDC COVID – 19 Essential Supplies Funding</li> <li>• COVID-19 UIF Temporary Employer/ Employee Relief Scheme (TRS)</li> <li>• COVID-19 Business Rescue Assistance (COBRA)</li> <li>• Training Lay - off Scheme</li> <li>• COVID – 19 Tax Relief</li> </ul>	Promotion and Development of SMMEs and Cooperatives – in the form of Funding Opportunities and Debt Relief	<ul style="list-style-type: none"> <li>• Continual information dissemination on the availability of opportunities to all structures / fora within the Municipality (i.e. Greater Kokstad Business Forum, Kokstad Chamber of Commerce, SMME Database, Emerging Enterprise Database and interested individuals not registered on any LED led database)</li> <li>• Verified database of 210 Informal Economy Actors as per December 2019</li> </ul> 94 Farmers telephonically contacted and encouraged to apply for funding through DARD	<ul style="list-style-type: none"> <li>• Facilitate access to finance and funding for business expansion and growth</li> <li>• Provide business advisory services, e.g. formalization of business entities and compliance with applicable regulations.</li> <li>• Liaise with EDTEA, Ithala, DSBD, DARD, DRDLR and other funding institutions on status of applications</li> </ul>

#### **STATUS OF ACCESS AND ASSISTANCE TO DATE:**

- Registration of 163 business enterprise on SME government database (Spaza Shops – 88 and Informal Economy Actors – 210)
- Supplied Social Relief (Food Parcels) to 210 Informal Economy Actors as a means to alleviate poverty prior to the amendments to the 06 April 2020 regulations – value of assistance R286,000.00
- In collaboration with DARD and DRDLR – updated database of Farmers together with produce immediately available and projected – submitted to RASET and given access to markets locally and within the District



- Coordinated the submission of 44 applications from Greater Kokstad Municipality – each application valued at the maximum of R50,000.00
- Database of Spaza Shops (88) developed and submitted to SALGA, CoGTA – LED Unit and DSBD
- Assisted 55 Spaza Shops with the completion of applications to enable accessing funding

Given the impact of the pandemic on the economy and the approach to a “new normal” the Municipality will need to device mechanisms to alleviate job shedding and a possible shrinkage in the economy. However there existence an opportunity in every circumstance and it is the intention of the Municipality to augment a buy local campaign.

Continued interventions per economic sector:

#### A. LAND AND AGRICULTURE

Agriculture is one of the main economic sectors within the Greater Kokstad Municipality and includes existing commercial and micro farmers as well as emerging farmers. In considering the promotion of agriculture and value-chains with backward and forward linkages within the production and services sector, the following challenges must be addressed:

- Climate change and resultant impact
- Limited interest in agriculture by the youth and subsistence farming
- Access to formal markets together with supply and demand disparities
- Infrastructure challenges, knowledge base, access to credit and innovation i.e. climate resilient crops

Programme	Intervention	Responsibility	Status / Time Frame
Increase and Strengthen Primary Production and Mechanisation	• Assessment of land potential and ploughing schedule.	GKM and DARD	Ongoing
	• Responsive mechanisation	GKM	September 2020
	• Procure tractor and farming implements	GKM	June 2021
	• Establish 12 x Hydroponic Tunnels – Franklin	GKM	Complete
	• Establish tunnels – Bhongweni and Pakkies	GKM	December 2020
Market Support for Small Scale Farmers	• Access to RASET Programme	GKM, HGDM, DARD and EDTEA	Immediate based on production availability
	• Off Take Agreements	GKM and DARD	June 2021
	• Mentorship programme through partnership with commercial farmers		
Value Add	• Refrigerated Shed and Vegetable produce storage	GKM	December 2021
Skills and Capacity Development	• Identification of programmes for implementation including business and marketing skills	All	Ongoing

Programme	Intervention	Responsibility	Status / Time Frame
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Revitalisation and strengthening of irrigation systems	• Establishment of Borehole – Franklin	GKM	Complete
	• Establishment of Borehole – Pakkies	GKM	June 2021
Farmer Production Support Unit (Franklin)	• Establishment of refrigerated shed and vegetable packhouse	GKM	June 2021
Agronomic seeds and horticulture seedling production programme to support farmers, food security and youth empowerment	Development and operation of: <ul style="list-style-type: none"> <li>• Nursery – Seedlings</li> <li>• Agronomic Seed Production – under irrigation and dry land</li> <li>• Fruit tree propagation</li> </ul>	GKM and DARD	June 2021
Unlock potential of milk cluster	Facilitate development of dairy infrastructure and value chain <ul style="list-style-type: none"> <li>• Database of dairy farmers and status of activities</li> <li>• Investigate needs (facilities, market, equipment)</li> </ul>	GKM, DARD, DRDLR, ADA	Long Term
Unlock red meat value chain	Facilitate development of beef out-grower model and commercialisation of cattle across value chain inclusive of textile industry <ul style="list-style-type: none"> <li>• Black owned abattoir</li> <li>• Supply into textile industry</li> </ul>		

## B. INDUSTRY DEVELOPMENT

Industrial development remains a key driver of economic growth. In the context of Greater Kokstad Municipality, it is necessary to view industrial development in the regional context.

Programme	Intervention	Responsibility	Status / Time Frame
Access to Opportunities	Facilitate access to Relief Funds for the different sectors i.e. formal, informal economy (tuck shops, informal economy actors), agriculture, tourism	GKM, Sector Departments, SEDA	Ongoing
Business Fora engagements	<ul style="list-style-type: none"> <li>• Active participation in 8-A-Side discussions</li> <li>• Quarterly meetings with all Business Fora i.e. Kokstad Chamber of Commerce, Greater Kokstad Business Forum</li> <li>• Resuscitate and strengthen Community Tourism Organisation</li> </ul>	GKM, EDTEA and Business Fora	Ongoing and Quarterly
Land Availability for Business Expansion and Investment Attraction	<ul style="list-style-type: none"> <li>• Land Audit inclusive of identifying municipal owned land and structures</li> <li>• Repurposing Community Halls to develop business enterprise on a ward based level</li> </ul>	GKM	December 2020

Programme	Intervention	Responsibility	Status / Time Frame
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One Stop Shop Service	<ul style="list-style-type: none"> <li>Market services and ensure proper capacitation</li> <li>Source funding for the establishment of a One Stop Service Centre</li> </ul>	GKM and Service Providers appointed at risk	June 2021
Regulatory Compliance	<ul style="list-style-type: none"> <li>Ensure compliance with legislative prescripts</li> <li>Red Tape Reduction</li> </ul>	GKM	Implemented with ongoing review and compliance
Private Sector Partnerships for Investment Attraction (Chemical Manufacture and Essential Oils)	Establish partnership with Chemical Manufacturer for establishment in Kokstad – manufacture, supply and deliver sanitisers	GKM, EDTEA and Private Sector	June 2021
	Establish partnership with essential oils industry	GKM, EDTEA	
	Identify land reform farms for planting of essential oil trees (eucalyptus)		
Bylaw	Adoption and promulgation of Bylaw regulating retail, tourism, etc	GKM	Bylaw in draft – June 2021
Local content	Ensure requirements as per DTIC Local Content for locally manufactured goods is incorporated into all tender / bid documents	GKM BTO	Immediate – Complete

### C. CLOTHING AND TEXTILE SECTOR

The clothing and textile sector has been in decline and has been greatest hit due to factory closure in most instances due to the import of raw materials. The influx of counterfeit goods remains a continual challenge especially in the informal economy.

In addition to the above, the uncoordinated approach to market access of cooperatives and limited compliance with industry standards (SABS) poses a threat to the retention and expansion of initiatives.

Programme	Intervention	Responsibility	Status / Time Frame
Access to Opportunities	<ul style="list-style-type: none"> <li>Facilitate access to relief funding either to sustain jobs or for recapitalisation of equipment</li> </ul>	GKM, SEDA, EDTEA	Immediate and Ongoing
Regulatory Compliance	<ul style="list-style-type: none"> <li>Business inspections and ensuring compliance with legislative prescripts</li> </ul>	GKM and Regulatory Compliance Forum	Quarterly and Ad Hoc
Stimulate Local Production	<ul style="list-style-type: none"> <li>Database of local producers inclusive of readiness for market (incl industry standard compliance)</li> <li>Develop training programmes</li> <li>Partner with private sector to partner for mentorship</li> </ul>	GKM, EDTEA and SEDA	June 2021
Access to markets	<ul style="list-style-type: none"> <li>Public / Government institutions and the hospitality industry</li> </ul>	GKM, EDTEA	June 2021
Alternative source of raw material	<ul style="list-style-type: none"> <li>Investigate establishment of hemp production – primary and processed</li> </ul>	GKM, EDTEA, DARD, MKI	June 2022



## D. TOURISM

Tourism cuts across multiple sectors and has an impact thereon such as the hospitality industry, food and beverage industry, transport, sporting events, retail outlets, etc. The active promotion of Tourism within industry standards together with the impacted sectors requires strong considerations and support.

Programme	Intervention	Responsibility	Status / Time Frame
Access to opportunities	<ul style="list-style-type: none"><li>Information dissemination including process of compliance with industry norm and technical assistance (Tourism BEE Charter)</li></ul>	GKM and EDTEA (Tourism)	Immediate
Visitor Information Centre	<ul style="list-style-type: none"><li>Establishment of Visitor Information Centre (Franklin) together with visual art gallery</li></ul>	GKM and EDTEA	R700,000.00 secured from EDTEA. In the process of procurement.
	<ul style="list-style-type: none"><li>Tourism and Investment Brochure together with active marketing</li></ul>	GKM and CTO	
	<ul style="list-style-type: none"><li>Update database of outlets together with places of interest</li></ul>		
Institutional arrangements	<ul style="list-style-type: none"><li>Community Tourism Organisation and ensure membership of outlets</li></ul>	GKM, Tourism outlets in Kokstad	Immediate and ongoing
Capacity building	<ul style="list-style-type: none"><li>Upskill and reskill</li></ul>	GKM	Currently under implementation through EPWP LED Learnership
Tourism Programme and Product Development	<ul style="list-style-type: none"><li>Lobby citizens to become travellers within own municipality and district</li></ul>	GKM, HGDA, EDTEA	December 2020 (upon development of tourism brochure)
Meetings and Conferences	<ul style="list-style-type: none"><li>Ensure functionality of Franklin Cultural Village</li></ul>	GKM and private service provider	December 2020

## E. INFORMAL ECONOMY

The informal economy contributes 18% of the total employment in the province and is likely to increase given increased unemployment. In most instances the informal economy is underrated and not properly assisted or supported. Further, the informal economy traders are the only actors recognised whereas the informal economy is expansive to include the transport industry, home based business, etc. Challenges in the sector include limited access to infrastructure and services, excessive enforcement and exclusion from proper planning in the development of central business districts.

Programme	Intervention	Responsibility	Status / Time Frame
Legislative compliance	<ul style="list-style-type: none"> <li>Review of Informal Economy Policy together with Allocations Policy in respect to Informal Trader Permits with emphasis on South African Citizens</li> </ul>	GKM	Complete – adopted on 28 May 2020
	<ul style="list-style-type: none"> <li>Informal Economy Bylaw</li> </ul>	GKM	Complete and promulgated – no changes
	<ul style="list-style-type: none"> <li>Trading Permits – advertisement and renewal</li> <li>Expansion of database to include all actors within the informal economy (waste pickers, home based business, taxi industry, etc)</li> </ul>	GKM	Process commented for completion in December 2020

	<ul style="list-style-type: none"><li>Review of Growth and Development Strategy – Increase focus on informal economy</li></ul>	GKM	March 2021
Relief and Support Measures	<ul style="list-style-type: none"><li>Provision of Social Relief Measures</li></ul>	GKM	Provided in April 2020 to the value of R287,000.00
	<ul style="list-style-type: none"><li>Facilitate access to opportunities</li></ul>	GKM and SEDA	Immediate and Ongoing
	<ul style="list-style-type: none"><li>Access to 1 Stop Service</li></ul>	GKM	Immediate
	<ul style="list-style-type: none"><li>Access to free wifi</li></ul>	GKM	June 2020
Institutional Support	<ul style="list-style-type: none"><li>Strengthen Local Informal Economy Chamber and engage quarterly</li></ul>	GKM and Local Informal Economy Chamber	Immediate and Quarterly
Localisation	<ul style="list-style-type: none"><li>Promote cooperative model for purchases and engage with private sector for discounts for informal economy</li></ul>	GKM	Immediate
Trading Space	<ul style="list-style-type: none"><li>Analyse and review demarcated trading areas including mapping of trading area</li></ul>	GKM (Spatial Planning)	December 2020
	<ul style="list-style-type: none"><li>Consider review of Bylaws to enable trade from mobile or customized ready to use units</li></ul>		
	<ul style="list-style-type: none"><li>Integrated areas of trade – Taxi Rank Development</li></ul>		
Infrastructure Development	<ul style="list-style-type: none"><li>Informal Economy Trading Stalls</li></ul>	GKM	Application for funding submitted to EDTEA and DBSD
	<ul style="list-style-type: none"><li>Access to services (water and sanitation)</li></ul>	GKM (ITS)	December 2020
	<ul style="list-style-type: none"><li>Investigate development of cluster development to accommodate informal economy in all development opportunities</li></ul>	GKM (LED and Spatial Planning)	December 2020
Capacity building and skills development	<ul style="list-style-type: none"><li>Identify skills including reskilling and upskilling</li></ul>	GKM, EDTEA, SEDA	
Implementation of automated licensing process	<ul style="list-style-type: none"><li>Identification of key personnel in Municipality</li><li>Implementation of automated licensing</li></ul>		
Awareness Programmes	<ul style="list-style-type: none"><li>Actively develop and implement awareness programmes i.e. correct trading practices, waste management practices</li></ul>	GKM LED, CSS and Special Programmes	December 2020
	<ul style="list-style-type: none"><li>Compliance with COVID19 regulations i.e. social distancing, face masks, etc</li></ul>		Immediate

## F. CREATIVE INDUSTRY, SPORTS AND CULTURE

The creative industry is defined as drama or theatre, music, film, creative writing, graphic design, photography and visual arts.

Programme	Intervention	Responsibility	Status / Time Frame
Music and Visual Arts	Facilitate operation of Franklin Cultural Village with usage of outdoor amphitheatre	GKM	Ongoing
	Repurpose Community Halls to become active centres with music hubs	GKM – CSS and Special Programmes	June 2021
	Establishment of Visitor Information Centre (see Tourism)	GKM LED	December 2020
	Strengthening of Arts and Crafts – including skills and capacity building	GKM – LED and CSS	Immediate and Ongoing
	Museums to run quarterly programmes	GKM CSS	Immediate and quarterly
Fashion Design	Facilitate Support to industry Skills Development	GKM Special Programmes	Immediate and ongoing
Music Industry	Consider local radio station	GKM Communications	June 2021
	Events, Concerts and Festivals	GKM CSS	Immediate and Ongoing as per events calendar
Access to facilities	<ul style="list-style-type: none"> <li>Free Wifi</li> <li>Access to information</li> </ul>	GKM LED and CS	June 2021
Sport and Recreation	Club Development – development of database for all sporting codes – provision of necessary support	GKM CSS	Immediate
	Equine Industry – Programme together with support to the supply and value chain	GKM CSS	June 2021

## G. INFRASTRUCTURE

Although not a specific economic sector, infrastructure development contributes to the economic enhancement of assets, SMME development in participation to economic opportunities together with investment. Whilst municipalities allocate budgets for development, a consolidated and fast paced approach needs to unfold to ensure integration and stimulation of the economy.

It also becomes critical to prioritise catalytic project development together with nodal development.



Programme	Intervention	Responsibility	Status / Time Frame
Catalytic Project List	Review and submit for inclusion in Provincial priority project list	GKM	September 2020
GKM Capital Projects	Fast track implementation	GKM	Immediate and ongoing – June 2021
	Provision of Sub-contracting for SMME development ensuring compliance with preferential procurement		
	Application for funding to augment project implementation for new projects which are currently unfunded		June 2021
SANRAL Project Interchange	Active participation on PLC to ensure that 30% basket of opportunities benefits applicable SMMEs in line with priority sectors	SANRAL and PLC	As per project duration
Capacity Building and Skills Development	SMME / Contractor Development Programme	GKM, DOT and DPWI	Immediate and Ongoing
Alternative methods of project implementation	Enhancement of EPWP Programme as a means to augment job creation	GKM	Dependent on project implementation model
Water	Facilitate implementation of water projects inclusive of new projects – Dam and exploration of water harvesting	HGDM and GKM	June 2020/21
Government precinct	Facilitate implementation of government precinct – land availability processed	GKM and DPWI	December 2020
Mega School – Franklin	Establish status and include on catalytic project list for Provincial prioritisation	GKM	December 2020
Private Sector Development	Unlock potential for increased private sector investment	GKM	December 2020
	Reduce red tape to enhance approval stages		Immediate
Hospitals	AKHA Doctors Private Hospital • Facilitate partnership and licensing		June 2021

## H. ALTERNATIVE AND RENEWABLE ENERGY

The sector incorporates a host of both alternative and renewable solutions which could alleviate demand on conventional systems and generate additional energy to ignite the possibility of reducing cost of supply.

Programme	Intervention	Responsibility	Status / Time Frame
Small Scale Embedded Generation	Finalisation of Policy and Bylaw for adoption by Council	GKM – LED and ITS	March 2021
	Assessment of current solar installations in Kokstad and the impact on conventional supply	GKM ITS	December 2020
Manufacturing of components	Partner with private sector for the training and establishment of manufacturing	GKM LED	June 2021
Energy generation	Explore establishment of Solar Farm	GKM and SALGA	December 2020
	Business Plans for solar based projects	GKM LED	March 2021

## I. TELECOMMUNICATIONS AND DIGITAL ECONOMY

The increasing usage of ICT together with the advent of COVID-19 has caused an amplified urgency in addressing the inequality of access together with the provision of reliable channels of communication. ICT further enhances the manner in which business should be done in respect to communication, online stores, web based training, etc. The implementation of ICT should always remain mindful of the criteria of a smart city ensuring accessibility to all.

Programme	Intervention	Responsibility	Status / Time Frame
Innovation Ignition Hub	Implementation of ICT Hub at Kokstad Skills Centre	GKM and MKI	Anticipated for completion in September 2020
	Responsive Training Programmes developed responsive to 4IR		
	Innovation Support		
Community Broadband	WiFi accessibility in all areas in a phased approach	GKM LED and IT	June 2021
Automated services	Investigate and establish of fully automated system in a phased approach	GKM	June 2021 (over 3 years)

## J. INVESTMENT AND TRADE

To revive economic activity whilst responding to infrastructural development, the attraction of investment as a stimulus for injection into the economy and job creation is crucial. Notwithstanding the need to attract investment, existing business must be retained and given access to opportunities to enable expansion. The contribution serves to retain existing jobs and providing parameters for SMMEs to become employers.

Programme	Intervention	Responsibility	Status / Time Frame
Business Retention, Expansion and Investment Attraction	Review Policy and ensure alignment with Revenue Enhancement Strategy and Town Planning Compliance	GKM	March 2021
	Strengthen 1 Stop Service Centre activities and ensure 1 channel of communication for investment – inclusive of SMME Desk	GKM TIKZN	June 2021
	Facilitate access to opportunities include financial support, skills development and regulatory compliance	GKM, EDTEA and TIKZN	June 2021
	Development of investment brochure including information on land and service availability	GKM	December 2020
Value Chain and Export Opportunities	Strengthen local production responsive to export opportunities inclusive provision of skills and relevant regulatory compliance – focus to women and youth owned business for export	GKM, EDTEA and TIKZN	June 2021

## CONSIDERATIONS

ITEM	INTERVENTION	CONSIDERATION
GKM Economic Renewal, Growth and Transformation Plan	<p>As guided by the Provincial Plan the Municipality is required to formulate a local plan. The Plan however requires considerations in respect to:</p> <ul style="list-style-type: none"> <li>Current budget allocations for projects and programmes versus projected to enable the realisation of the Plan</li> <li>Human Resources to augment the responsible departmental unit to facilitate implementation of the plan</li> </ul>	<p>Amendment to Organogram to cater for the implementation of the Plan – requirement: 1 x Experienced LED Officer</p> <p>For consideration – 2020/2021 Budget Adjustment</p>

ITEM	INTERVENTION	CONSIDERATION
Economic Relief	<p>The Provincial Plan requires that the Municipality makes available:</p> <ul style="list-style-type: none"> <li>• Specific budget provision to implement the Municipal Plan</li> <li>• Economic Relief Packages in respect to tax holidays, interest on accounts due, etc</li> </ul>	<ul style="list-style-type: none"> <li>• Currently the LED Unit has R2m for the implementation of the Strategic Projects Fund. Application is being made to EDTEA to co-fund the programme which may only be applicable in 2021/2022.</li> <li>• Considerations for relief packages is a Council mandate and needs to be considered in line with the financial status of the Municipality.</li> </ul>
Proposed Projects	<p>Herein, specific attention is made to unbudgeted projects aimed at rejuvenating the economy specific to rural and township economies.</p>	<ul style="list-style-type: none"> <li>• Adjustment Budget for 2020/2021 to consider possible additions to capital budget to cater for new projects.</li> </ul>
Amendment to Bylaws	<p>To revive rural and township economies, current limitations in respect to the infrastructure to trade needs to be considered i.e. ready built / customised containers</p>	<ul style="list-style-type: none"> <li>• Council to consider possible revisions to policy / bylaws to possible regulations that limit innovation</li> </ul>
Community Halls	<p>Proposed repurposing of Community Halls due to possible limited usage. The Community Halls could be considered as venues for business related activities.</p>	<ul style="list-style-type: none"> <li>• Council together with CSS, Special Programmes and LED to consider possible repurposing of community halls as areas of business functionality.</li> </ul>

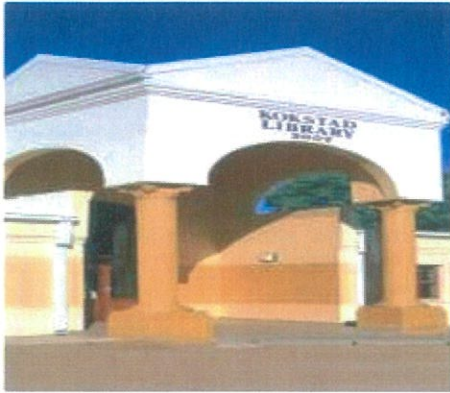
## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes: libraries; community halls; cemeteries, stadiums, public toilets, parks, pound management and Operation Sukuma Sakhe.

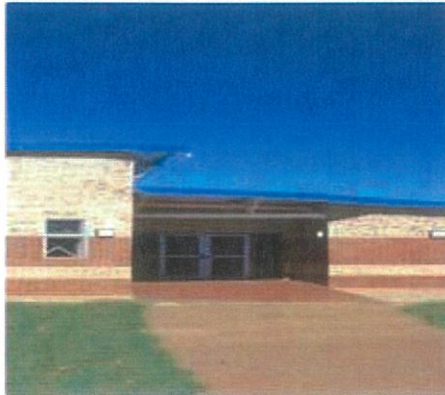
### 3.11. LIBRARIES, COMMUNITY FACILITIES

There are two libraries in Greater Kokstad Municipality, one in Kokstad Town and one in Bhongweni. The Kokstad Library has a capacity of 50 persons seated, while Bhongweni Library has a capacity of 43 people including computers with internet access. Library services offer career development activities with schools and work in association with some sector departments in dissemination of information related to health, HIV/Aids awareness and sports development. However, these two libraries are inadequate as they are too small for the population served and do not have adequate study space for students.





Kokstad Town Library



Bhongweni Library



Franklin modular library

The Municipality together with Department of Arts and Culture has constructed Modular Library at Franklin and in the process of constructing study library at Shaymoya.

#### Basic Computer Training

Libraries offer basic computer literacy course to community members and students to empower public on how to operate computers and to be computer literate.

#### Library orientation/school visits

This programme includes incorporating local schools to be educated in all Library Services and the basic and basic understanding library services including computer literacy. The benefits of Outreach programme for promote library services include increased usage, increased value in the Library usage, education of users and changed perceptions.

#### Literacy day

The main purpose to celebrate the Literacy Day is to encourage awareness towards literacy so that everyone can know their social and individual rights. As we need food to be live, we need literacy for social and personal development, considering the immensely increased rate of poverty, uncontrollable population growth, gender inequality, etc. Kokstad libraries together with local school we decided to celebrate the day with a goal to remove these problems. Eliminating them not only helps individuals to grow, but also contributes to the overall growth and upliftment of the community.

### Library programme with the toddlers & juveniles

Libraries are filled with toys these days; the aim is to promote sharing between toddlers and juveniles, and to improve the lifestyle of the children growing from township. Toys are tools that the little brain uses to grow and the types of tools that children interact with shape their understanding of the world around them.

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	2019/20	2020/21			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0%
4-6	2	1	2	0	0%
7-9	2	5	2	2	50%
10-12	2	2	2	1	50%
13-15	0	16	0	0	0%
T16-18	5	5	2	0	0%
19-20	0	0	0	0	0%
Total	9	27	8	3	30%

Financial Performance 2020/21: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Vacancies to Budget %
Total Operational Revenue	-	R2 898 000.00	R2 898 000.00	R2 261 300.00	78%
Expenditure					
Employees	R2 344 714.61	R2 512 320.00	R2 512 320.00	R2 452 722.50	97%
Repairs and Maintenance	R83.00	R165 000.00	R165 000.00	R150 500.00	91%
Other	0	R355 066.00	R355 066.00	R112 807.44	32%
Total Operational Expenditure	R2 491 809.42	0	0	0	0

## 3.12. CEMETERIES AND CREMATORIUMS

### INTRODUCTION

The Greater Kokstad Municipality has investigated and allocated land for establishing cemetery and crematoria in ward 10 under its jurisdiction as part of its critical infrastructure provision and commitment to service delivery, construction of this new cemetery is complete and ready for use. The old town cemetery will be closed by February 2022.



Employees: Cemeteries and Crematoriums					
Job Level	2019/20	2020/21			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0%
4-6	0	0	0	0	0%
7-9	0	0	1	1	100%
10-12	1	1	1	1	100%
13-15	0	0	0	0	0%
16-18	6	6	6	6	0%
19-20	0	0	0	0	0%
Total	7	7	8	8	100%

Financial Performance 2020/21: Cemeteries and Crematoriums					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Vacancies to Budget %
Total Operational Revenue		300 000.00	300 000.00	285 773.29	95%
Expenditure					
Employees	1 545 170.48	1 228 776.00	1 228 776.00	1 251 038.68	100%
Repairs and Maintenance	0	0	0	0	0
Other		810 247.00	810 247.00	622 669.27	77%
Total Operational Expenditure	1 555 526.04	2 039 023.00	2 039 023.00	1 873 707.95	91%

### 3.13. CHILD CARE, AGED CARE, SOCIAL PROGRAMMES

#### INTRODUCTION

The Special Programmes Division is located in the Office of the Municipal Manager responsible for advocacy on behalf of vulnerable groups i.e. youth development, gender, children, senior citizens and people with disabilities.

The mandate of the Special Programmes division is to promote, facilitate, coordinate and monitor the recognition of the rights of women, men, youth, children, senior citizens and people with disabilities.

#### Youth Development

The Municipality has in 2020/21 financial year revive of re-launched the Greater Kokstad Municipality Youth Council which is the supreme youth structure in the Municipality. Being established by organised youth structures within the municipal area; the structure represent the voice of the youth in the youth struggle for socio-economic transformation.



On the 19 June 2021, a Youth Dialogue was held in Youth Centre under strict Covid 19 regulation, Alert level 4. The dialogue platform was addressed by youth local businessperson and a guest speaker Mr A Makayi who is also a United Nation Youth Ambassador.



## Women Empowerment

The Municipality on the 20<sup>th</sup> August 2020 hosted the GKM Women's Virtual Workshop conducted through Microsoft Teams with audience hosting in different venues due to Covid19 Lockdown Regulations. The workshop was addressed by the Honourable Minister of Communications and Digital Technologies,

Minister Stella Ndabeni-Abrahams, who imparted the value of the 4<sup>th</sup> Industrial Revolution to the audience and how it is a useful tool in helping women realize their rights, create their own normal and take up space in society. The Women's Day 2020 was celebrated under the National Theme: **Generation Equality: Realizing Women's Rights for an Equal Future #IamGenerationEquality**

**GREATER KOKSTAD MUNICIPALITY**

**WOMEN'S MONTH 2020**

**WOMEN'S VIRTUAL WORKSHOP**

Date: 20 August 2020, Thursday  
Time: 10h00 to 12h30  
Platform: ZOOM

Send Email to:  
Esethu.Nkaule@Kokstad.gov.za  
To REQUEST LINK or Call: 039 797 6759

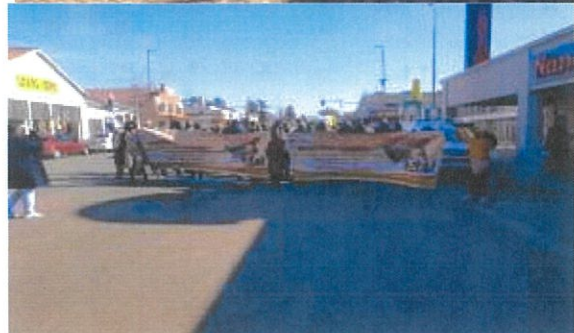
Follow us on: The GKM Page  
[www.Kokstad.gov.za](http://www.Kokstad.gov.za)

**KEY NOTE ADDRESS:**  
Hon. Stella Ndabeni-Abrahams  
Minister of Communications and Social Media

**Generation Equality: Realising Women's Rights for an Equal Future**  
**#GenerationEquality**

**WOMEN'S MONTH 2020**

Report GBV to National Command Centre Toll Free @ 0800 428 428



## DISABILITY

The Municipality has continue leading by example by ensuring all municipal facilities are accessible by the people with disabilities including ensuring designated parking areas. We have also support a disabled person with a mobile wheelchair.





Employees for 2020/21: Child Care, Aged Care, Social Programs, Youth, Sport, Arts and Culture					
Job Level	2019/2020	2020/2021			
	No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy rate (%)
4-6	4	4	4	0	0
7-9	0	0	0	0	0
Total	4	4	4	0	0

## COMPONENT E: SECURITY AND SAFETY

This component includes: Traffic Officers, fire, disaster management, licensing, and control of animals, and control of public nuisances etc.

### INTRODUCTION

The community safety component has a mandate to ensure that a safe and healthy environment is established and maintained within the jurisdiction of the municipality. This mandate is executed through the continuous enforcement and monitoring of municipal by-laws. Our area is an economic hub and services a wide range of communities. This has a direct bearing on mobility with routes including the N2, R56 and R617 providing means to get to Kokstad. As a result, we engage on traffic law enforcement initiatives which



include the certification of vehicles for roadworthiness, driver's license testing and general traffic law enforcement. An integrated approach has been adopted through engaging with relevant stakeholders on matters pertaining to road safety awareness and crime reduction initiatives.

The municipality has made provision for cameras to be installed within the CBD and enhanced police visibility to combat crimes which seek to hinder a progressive city. Security personnel have been made available to safeguard municipal property. The COVID-19 pandemic that engulfed the global community has further stretched available resources as the municipality took a conscious decision to adopt all Disaster Management Regulations as Municipal By Laws. Specific plans were placed in terms of limiting mobility and implementing non pharmaceutical interventions with an intention to slow down the rate of infection.

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### 3.13. POLICE

#### INTRODUCTION

The Community Safety deduces its mandate from Section 152 (d) of the Constitutional Act of the Republic of South Africa where it is prescribed that municipalities are to ensure a safe and healthy environment for its citizens. Further, the municipality has developed a Safety Plan which eloquently ventilates the roles that sister departments along other internal municipal divisions need to play in ensuring that the area of Greater Kokstad Municipality maintains relative safety and security. The number of guarded sites has increased significantly due to infrastructure development throughout the wards in Kokstad.

The core foundation in terms of Traffic Law Enforcement remains the following five (5) pillars...

Pillar 1: Road Safety Management – through various awareness campaigns some of which was in partnership with other stakeholders, the component advocated for voluntary compliance. Visibility was greatly enhanced when an additional 10 members joined the component. Approximately 93 programs were put in place throughout the year which focused on various areas of law enforcement. Additionally there were 16 Awareness campaigns that were conducted for the period under review.

Pillar 2: Safer Roads & Mobility – through programs championed by other departments, the municipality saw a plethora of programs being implemented that would have contributed towards ensuring that the road infrastructure was improved which paved the way for enhanced mobility. Through our technical staff the municipality was able to ensure that the correct signage was placed accordingly, and the relevant road markings renewed. The engineering aspect is a shared responsibility, the roads infrastructure budget and expenditure has contributed towards ensuring that our roads are safe in terms of design and aesthetics.

Pillar 3: Safer Vehicles – the municipality runs a Grade A vehicle testing facility which is well equipped and adequately staffed. We have been able to maintain this status. Our Vehicle Testing Station is a conduit towards our contribution towards ensuring that vehicles on our roads are fit and roadworthy. The vehicle testing station boasts state of the art equipment which bodes well for the credibility of the testing process. Various programs that have sought to target RTQS (Road Transport Quality System) vehicles and ensure that these vehicles remain in a roadworthy condition at all material times. The public transport operators have been invited on a few occasions to participate in programs aimed at assisting them in ensuring that their vehicles are kept in good mechanical condition at all times.

Pillar 4: Safe Road Users – We continue to run a Grade A Driving License Testing Centre. Our Centre is well equipped with the necessary equipment and experienced staff members. Our aim is staunchly entrenched in values which seek to produce quality and knowledgeable drivers through implementing fair testing processes. Again through our partnership with the Department of Transport we have implemented a technologically advanced testing system which has allowed for the use of Tablets capable of recording audio as well as visuals. The benefits are prevalent in that we can minimize instances of fraud and corruption. Our public awareness drives have further targeted pedestrians who are the most vulnerable group of road users and part of this was encouraging pedestrians to remain visible at night through donning bright clothing and avoiding jay-walking.

Pillar 5: Post-Crash Response – a vibrant team of Traffic Officers is always immediately available to respond to any motor vehicle incidents that may occur. Response times can be the difference between life and death and through simulation exercises we were able to determine where we needed to improve our response times.

The subsequent waves of the Corona Virus insurgence further compelled Law enforcement to continue with the vigorous approach aimed at flattening the curve. Hot spots were identified which included shopping centers, public transport facilities as well as various gatherings deemed as potential super spreaders received the necessary attention.

Employees for 2018/19: Traffic Department					
Job Level	2019/2020	2020/21			
	No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy rate (%)
4-6	6	7	6	1	14%
7-9	21	25	22	3	12%
10-18	6	6	6	0	0
Total	33	38	34	4	10.5%

### 3.14. POLICE

A conscious and deliberate decision was taken pertaining to the approach towards law enforcement. This approach sort to be a proactive approach seeking to avoid the occurrence of any wanton disregard of any form of legislation that prevailed. Top amongst the priorities was to advocate and encourage voluntary compliance. The integration of Law Enforcement activities has also led to strengthened relations and allowed the dipping into various and widespread skills. Our Law Enforcement personnel is well trained and experienced enough to be able to manage all law enforcement activities that require attention within Kokstad.

FINANCIAL PERFORMANCE FOR THE TRAFFIC DEPARTMENT					
DETAILS	2018/19	2019/20	2020/2021		
	ACTUAL	ACTUAL	ACTUAL		
TOTAL OPERATIONAL REVENUE	R4 157 496,00	R3 532 015, 40	R6 871 172.86		

TOTAL CAPITAL BUDGET	R500 000.00	R 1 150 000.00	R500 000.00		
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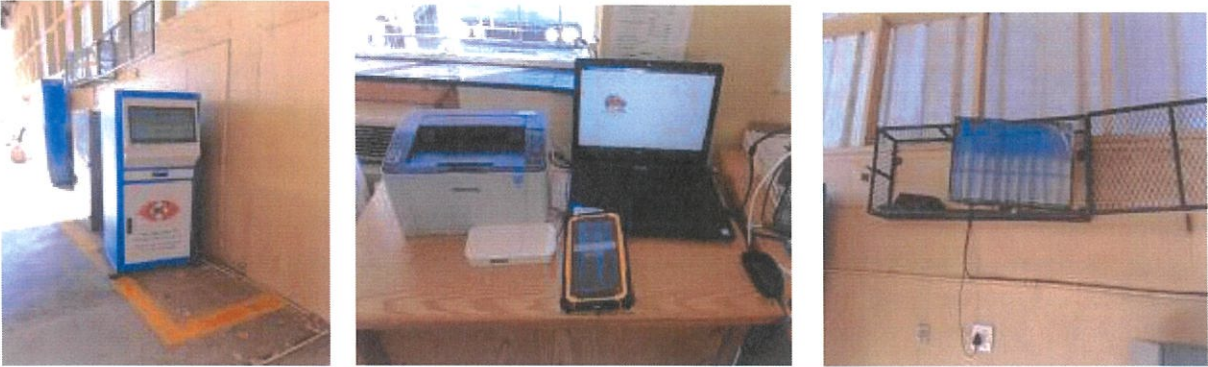
LAW ENFORCEMENT INITIATIVES



AWARENESS CAMPAIGNS



Gadgets







### 3.13. FIRE SERVICES AND DISASTER RISK MANAGEMENT

Greater Kokstad Municipality has a mandate to perform Fire & Rescue Services and Disaster Management within the Kokstad area of jurisdiction, although there are financial constraints in order render services more effectively and efficiently, but the municipality has intention of establishing a fully-fledged Disaster Management Centre in line with spirit of Disaster Management Act amendments of 2015.

A Policy Framework for Disaster Risk Management mandates municipality to provide appropriate mechanisms to allow the application of cooperative governance to facilitate both intergovernmental and municipal interdepartmental relations as well as community participation for the purpose of disaster risk management.

#### 3.14.1. STATUS OF MUNICIPAL INTEGRATED AND INSTITUTIONAL CAPACITY

##### 3.14.1.1. Municipal Disaster Management Inter-Departmental Committee

Greater Kokstad Municipality Top Management consisting of Municipal Manager, Executive Manager Corporate Services, Executive Manager Community and Social Services, Executive Manager Infrastructure and Technical Services, Executive Manager Economic Development and Planning and Chief Financial Officer. They are the members of Municipal Disaster Management Inter-Departmental Committee and the committee meet once a month and is functioning well.

##### 3.14.1.2. Operational Capacity of the Disaster Management Centre

The Disaster Management Act No.57 of 2002 requires municipalities to establish functional Disaster Management Centre in their areas of jurisdiction; Greater Kokstad Municipality in compliance with the legal prescripts has established Disaster Management, Fire & Rescue Services Section within Community and Social Services Department. According to organogram the section is headed by sectional Manager:

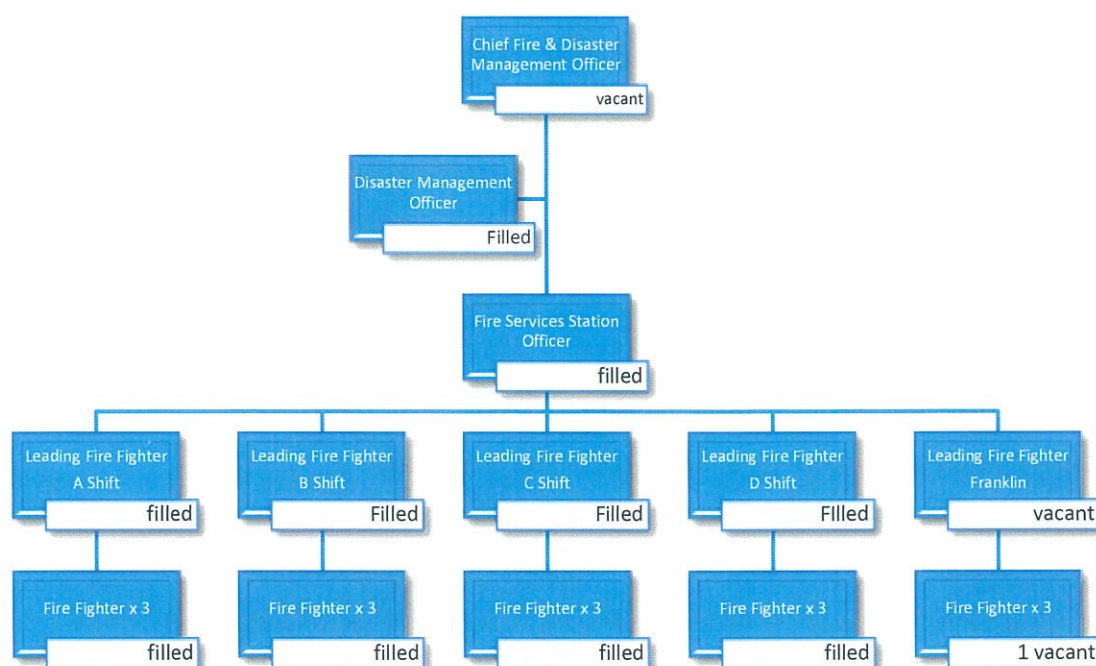
Community Services and Head of Disaster Centre. However, the position of Chief Fire and Disaster Management Officer is still vacant.

The section is operating on four shifts system for the service to be available 24/7. The section has 18 qualified Fire Fighters, Fire Station Officer, Disaster Management Officer, Disaster Management & Fire Services Clerk and 5 EPWP beneficiaries under Disaster Management Learnership.

The municipality has also 26 working on Fire Team deployed at municipal Fire Station.

To be pro-actively and optimally perform all statutory responsibilities the Greater Kokstad Satellite Municipal Disaster Risk Management Centre has established satellite Fire Station at Franklin in order to cover the whole municipal area in terms of SANS 10090. However, the Satellite Station is not functioning due to the shortage of operational resources.

### Disaster Management Fire & Rescue Services Organogram



Employees for 2020/21: Fire Services					
Job Level	2019/20	2020/21			
	No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy rate (%)
Chief Fire Officer & Deputy	1	01	1	01	100%
Other Fire Officers	19	22	19	4	20%
0-3		01	0	01	100%
4-6	1	01	01	0	100%
7-9	05	05	6	1	10%



10-12	15	16	15	01	0.1%
13-15					
16-18					
19-20					
Total	20	23	19	3	9%

#### **As the means to capacitate personnel in order to perform their duties to the best of their abilities**

- In February and March 2021, the Head of Disaster Management Centre registered for Masters Degree in Disaster Management with University of Free State and Disaster Management Officer registered for Postgraduate Diploma (NQF Level 8) in Disaster Management with University of Free State.
- During the month of March 2021, 12 of the 17 Fire Fighters completed their assessments in Disaster Management Certificates (NQF Level 4).
- Also in the month of March 2021, 10 of 17 Fire Fighters attended First Aid Course as First Aid is a requirement for all Fire Fighters



#### **3.14.1.3. Status of Infrastructure Requirements**

Greater Kokstad Municipality has a mandate to perform Fire & Rescue Services and Disaster Management within the Kokstad area of jurisdiction , although there are financial constraints in order render services more effectively and effeciently but the municipality has intetion of establising a fully fledged Disaster Management Centre in line with spirit of Disaster Management Act amendments of 2015.

The physical location of a permanent Disaster Management Centre had been identified and fenced.





Fire, Rescue and Disaster Management functions are currently performed from the temporal centre at 11 St Johns Stree. The temporal centre is fenced and equiped with basic operational facilities.



#### Equipment and tools

- 2 x Fire Engines
- 1 x Rescue Van
- 1 x Fire Fighting Van

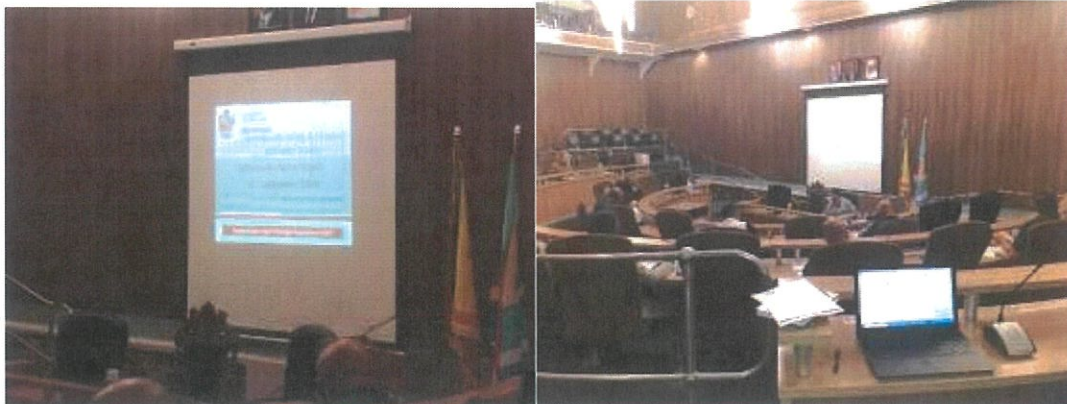
- Disaster relief material in the form of blankets, sponges, Box B relief material and temporal Fire Fighting equipment
- Old Jaws of Life (the municipality is in the process of procuring new one).

#### 3.14.1.4. Municipal Disaster Management Advisory Forum

Greater Kokstad Municipality has launched Community Safety and Disaster Risk Management Advisory forum in July 2018 and seating on a quarterly basis or when need arise (when there is major incident which need formation Joint Operation Centre). There is a challenge of inconsistency attending of meetings; the committee resolved that departments must appoint focal point to be permanent members of the committee.

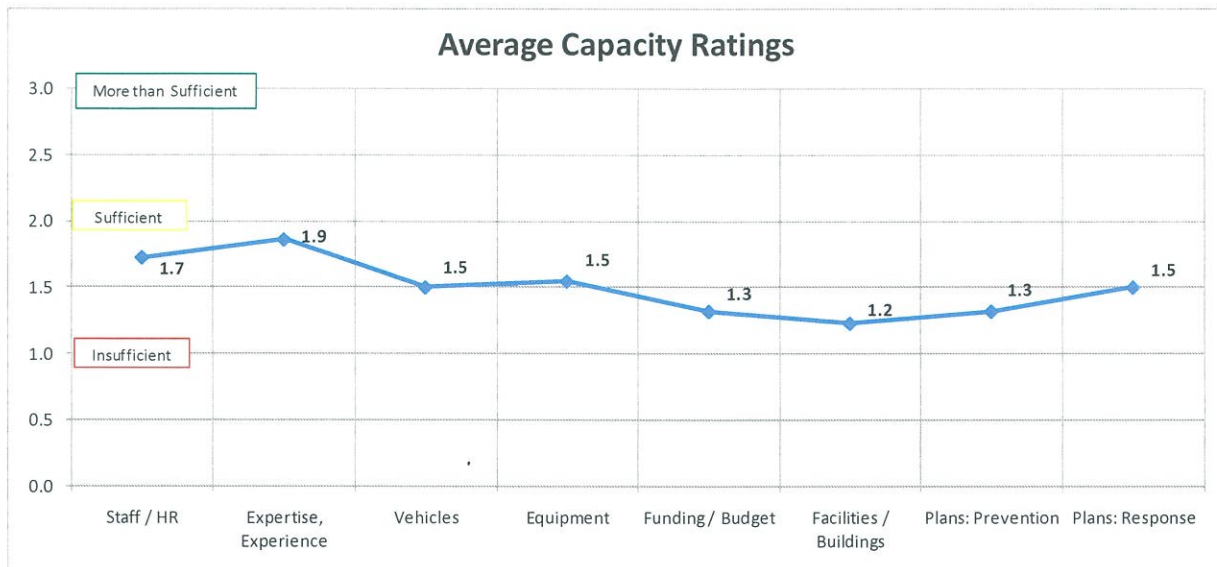
#### Schedule of meetings for 2020/21 Financial Year

No	Activity	Date	Venue
01	Community Safety & Disaster Management Forum	13 November 2020	Council Chamber
02	Community Safety & Disaster Management Forum	23 March 2021	Council Chamber
03	Community Safety & Disaster Management Forum	28 June 2021	Council Chamber



### 3.14.1.5. Municipal Disaster Risk Management Planning

#### Disaster Risk Management Capacity Assessment



Based on the above results, it can be stated that:

- The average Capacity Rating achieved for the entire municipality were calculated to be 1.5. This value relates to a classification of between insufficient and enough resources.
- The resources rated as being in greatest need were Facilities/buildings, followed by Funding/Budget and Prevention/Risk Reduction Plans.
- The highest rated available resources included the level of expertise/experience as well as human resource. Even though these resources were rated the highest, they were still classified below the 'sufficient' level.

#### Status of Municipal Disaster Management Policy Framework

Disaster management legislative compliance



Disaster Management Framework (Section 42)		Disaster Management Plan (Section 53)		Advisory Forum (Section 51)		Disaster Management Centre (Section 43)		Head of Disaster Management Centre (Section 45)	
Priority	Status	Priority	Status	Priority	Status	Priority	Status	Priority	Status
May	No	Must	Yes	May	Yes	May	No	May	Yes

- Fire Prevention Bylaw has been promulgated and implemented.
- The municipality adopted Disaster Management Plan
- Disaster Management Advisory forum is seating on quarterly basis.
- Disaster Management Volunteer Policy
- Winter season plan
- Summer season plan
- Disaster Management matters form part of Operation Sukuma Sakhe agenda items.

#### Status of Municipal Disaster Management Plan

Greater Kokstad Municipality Disaster Management plan (level) has been adopted by council on the 28 June 2018 and was last reviewed in 2020/21 financial year.

#### Disaster Management & Fire Services Swot Analysis

*Provide strengths, weaknesses, opportunities and threats*

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Responsive organisational structure to implement Disaster Management, Fire &amp; Rescue mandate.</li> <li>• Budget to perform Disaster Management, Fire &amp; Rescue mandate.</li> <li>• Trained disaster management , fire &amp; rescue operational staff</li> </ul>	<ul style="list-style-type: none"> <li>• Vacancy on critical posts (Chief Fire &amp; Disaster Management Officer and Leading Fire Fighter for Franklin).</li> <li>• Limited budget</li> <li>• No formal disaster management centre</li> <li>• Slow implementation of risk reduction programs</li> </ul>

<ul style="list-style-type: none"> <li>• Fire Engines and Firefighting equipment procured</li> <li>• Dedicated disaster management site</li> <li>• Comprehensive integrated awareness campaigns</li> <li>• 24/7 Fire &amp; Rescue shift system</li> <li>• Adopted bylaws and policies</li> </ul>	<ul style="list-style-type: none"> <li>• No Ecosystem-based Disaster Risk Reduction (EcoDRR) program in place, as a means to minimize climate-related disasters.</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Informed community – due to intergraded awareness campaigns</li> <li>• Development of town and housing projects reduce vulnerability.</li> <li>• Ecosystem-based Disaster Risk Reduction (EcoDRR) is partial promoted to minimize climate-related disasters and more can be done in this regard.</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Climate change adaptation challenges i.e. late fire season which delay fire breaks program</li> <li>• Socio-economic challenges which lead to houses which does not comply with building code and exposed to hazards</li> <li>• Mushrooming of informal settlement which are exposed to fires and limited access by fire engines</li> <li>• Drug abuse</li> </ul>



## Challenges for Disaster Management and Fire Services as per SWOT Analysis

CHALLENGES	INITIATIVES
Vacancy on critical posts (Chief Fire & Disaster Management Officer and Leading Fire Fighter for Franklin).	Filling of Chief Fire & Disaster Management Officer by 2021/22 financial year. Filling Leading Fire Fighter (Franklin) by 2021/22 financial year.
Limited budget	Increase disaster risk reduction budget in 2021/22 financial year.
No formal disaster management center (fencing completed)	Establishment of disaster management center (phase 1) by 2022/23 financial year.
Slow implementation of risk reduction programs	Implementation of risk reduction programs
Climate change adaptation challenges i.e. late fire season which delay fire breaks program	Implementation of climate change adaptation strategy
Socio-economic challenges which lead to houses which does not comply with building code and exposed to hazards	Implementation of local economic development programs which improve economic development of the town.
Drug abuse	Community safety awareness programs and support of drug rehabilitation centres

### 13.15.2. DISASTER RISK ASSESSMENT

#### 13.15.2.1. List of Priority Risks (Hazards)


The Greater Kokstad Local Municipality just like any other municipality in the province of KwaZulu-Natal is prone to several natural and human induced hazards. The vulnerability varies, which mainly depends on socio-economic status as well as the exposure of a household or community to a specific hazard.

**The different types of hazards were identified in wards.**

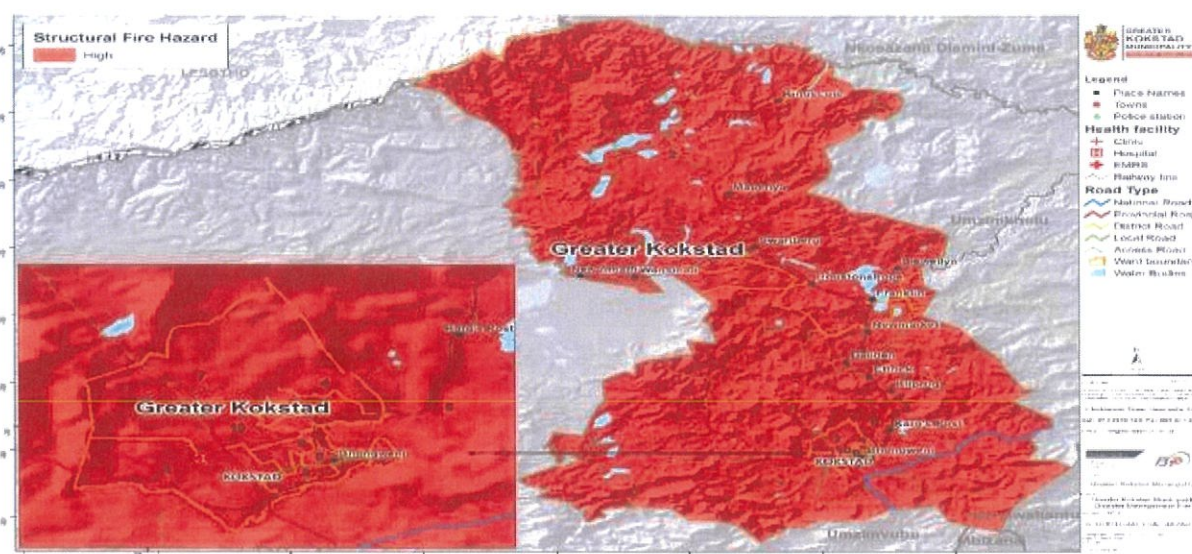
The table below outlines the list of priority hazards that are affecting the municipal area. The spatiotemporal characteristics of these hazards are well known since they have been observed and recorded continuously.

The municipality has conducted risk assessment during the review of the disaster management plan in 2020/21 FY and here are the top 10 priority risks:

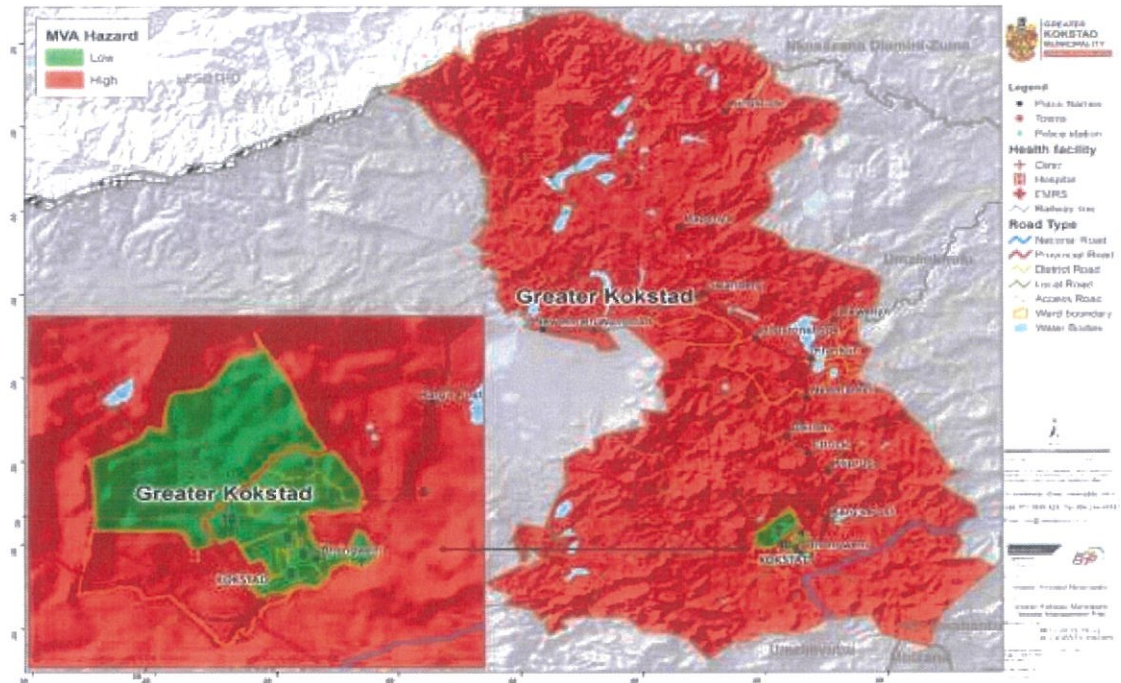


Greater Kokstad Local Municipality				
No.	Prevalent Hazards and Threats	Risk	Likelihood	Impact
		High Priority	Annual Recurrence Interval (ARI)	
1	Structural Fires		ARI 10 (100%)	Major Risk
2	Veld Fires		ARI 10 (100%)	Major Risk
3	Snow Strong winds		ARI 10 (100%)	Major Risk
4	MVAs		ARI 10 (100%)	Major Risk
5	Drought		ARI 10 (100%)	Moderate Risk
6	Floods (River, urban, dam failure)		ARI 10 (50%)	Moderate Risk
7	Heavy rainfall		ARI 5 (50%)	Moderate Risk
8	Mist		ARI 5 (50%)	Moderate Risk
9	Animal diseases		ARI 5 (50%)	Moderate Risk
10	Lightning		ARI 5 (50%)	Moderate Risk

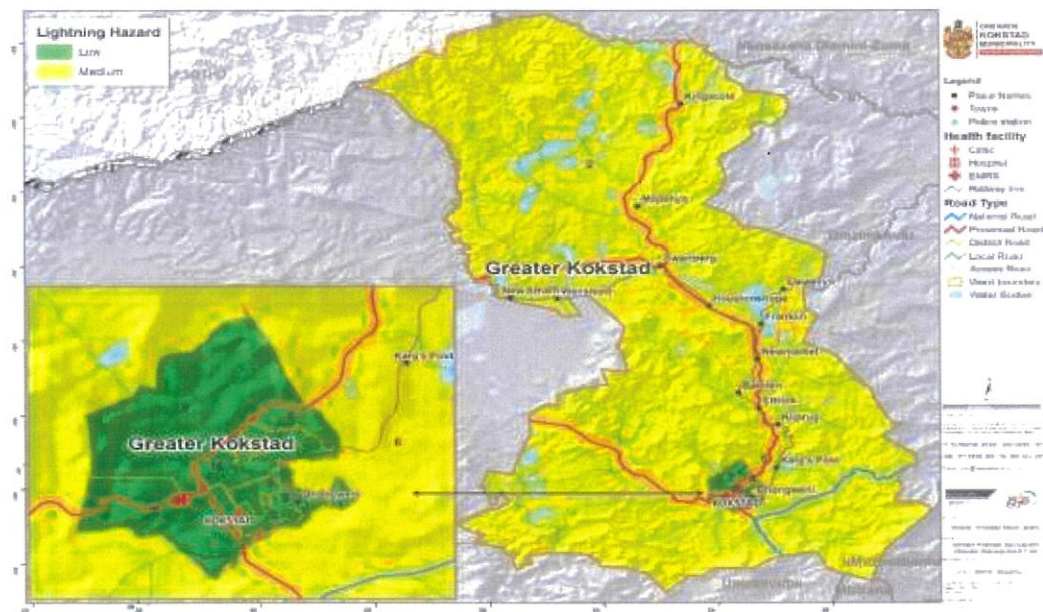
## Hazard Maps



Map 2: Structural Fire Risk Map

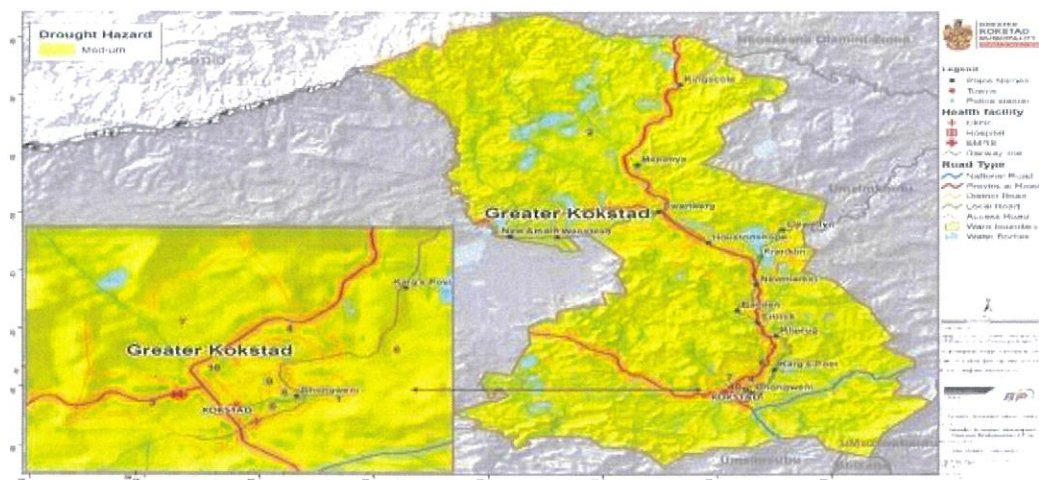


Map 3: Motor Vehicle Accident Risk Map



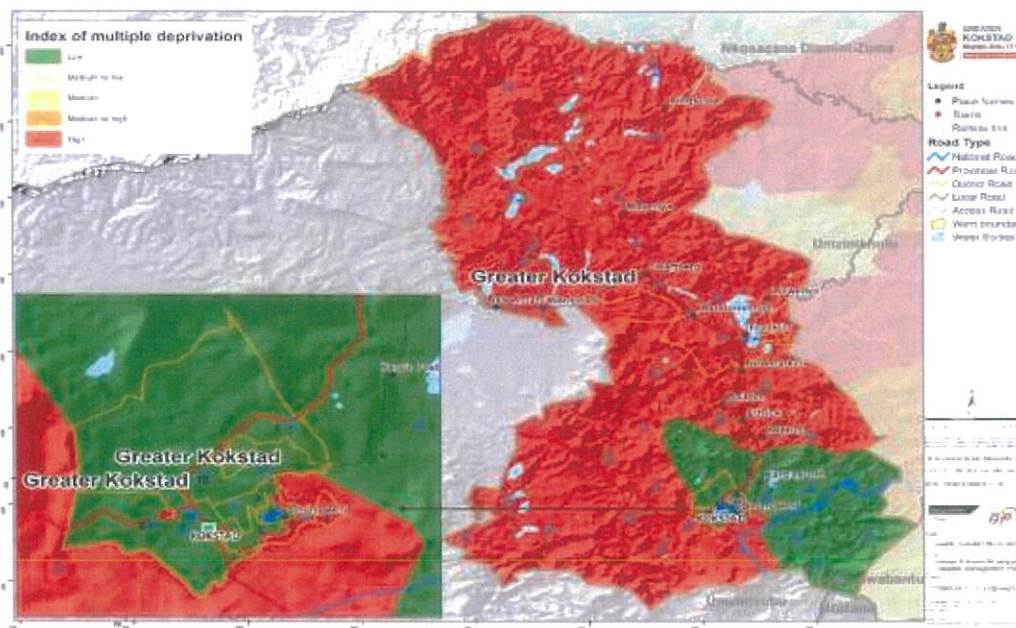


Map 4: Lightning Risk Map



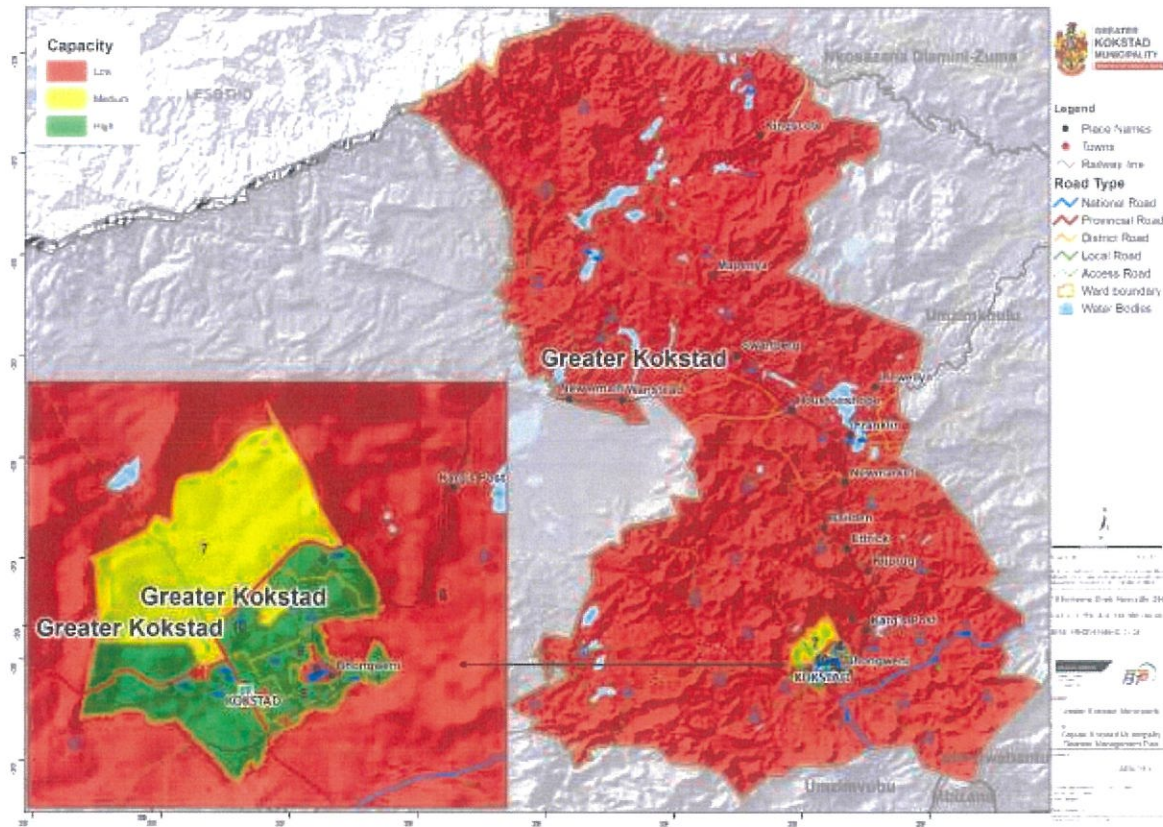
Map 5: Drought Risk Map

### Vulnerability Maps

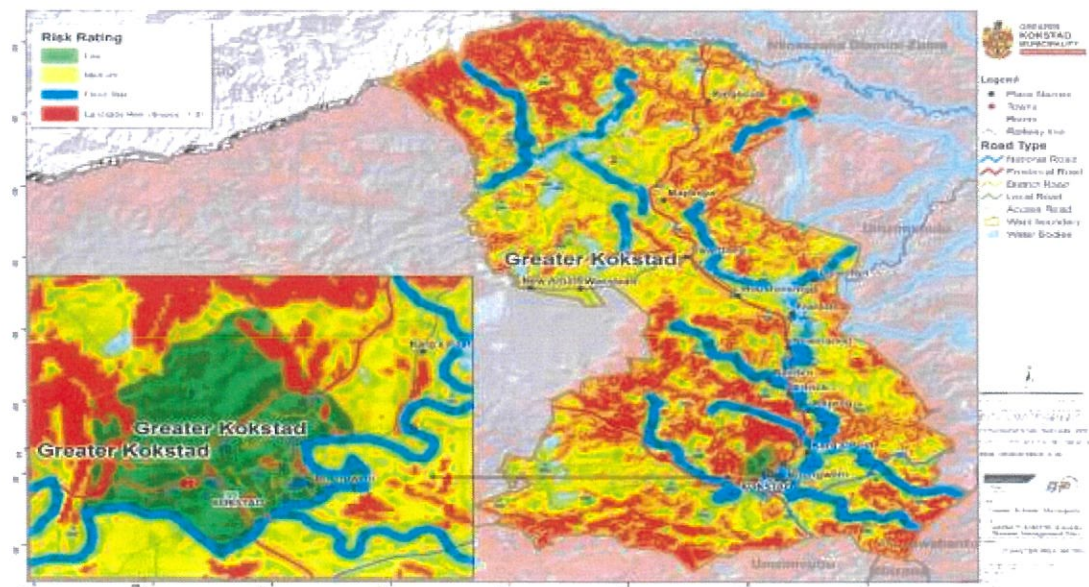




## Capacity Maps



## Disaster Risk Rating Maps (Disaster Risk Evaluation Maps)





#### **13.15.2.2. Community-based disaster risk assessment**

In the 2020/21 Financial Year, community-based disaster risk assessment was conducted in the informal settlements at Mphela and Horsehoe informal settlements. The assessment was conducted in collaboration with University of Witwatersrand, Johannesburg. The findings and recommendations are to be published at the University (Masters Level) and be made available in the GKM libraries and Achieves.



The Municipality Disaster Management Centre has also developed the Fire Risk Model for the Greater Kokstad Municipality. The model is focusing on making use of community capitals to prevent and mitigate the risk of fire and strengthening preparedness, response, recovery, rehabilitation and reconstruction for resilience. In this model the municipality is working with University of Free State, Disaster Management Training and Education Centre for Africa (DiMTEC).

#### **13.15.3. DISASTER RISK REDUCTION FOR GKM**

The municipality is mandated to ensure all disaster risk management stakeholders develop and implement integrated disaster risk management plans and risk reduction programmes in accordance with approved frameworks. On disaster risk reduction, Greater Kokstad Municipality gives attention to the planning for and integration of the core disaster risk reduction principles of prevention and mitigation into ongoing programmes and initiatives.

##### **13.15.3.1. Prevention Programmes/initiatives**

The December 2019 Floods in the Province of KwaZulu-Natal left thousands of people homeless. The people residing in a floodplain in Mphela informal settlement in Kokstad were severely affected. Upon reconstruction, as the means to build back better in reconstruction the municipality together with Department of Human Settlement set aside budget to construct temporal shelters in another area that is suitable for the construction of houses.

Affected area	Ward No.	Relocating to	No of Assessments	No of Approved
Mphela & Horseshoe	1 & 9	Shayamoya Ward 10	300	89



#### Prevention initiatives

DESCRIPTION	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Fire breaks program	08	05	00	00	00	00	00	00	00	00	04	08	25
Fire Patrols	14	16	14	17	23	17	23	18	10	10	12	15	189
Water Supply	07	08	09	11	11	00	02	00	00	04	08	04	62



#### 13.15.3.2. Mitigation Programmes/initiatives (JULY 2020 till JUNE 2021)



DESCRIPTION	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Business Inspection and Awareness	00	00	03	01	07	08	03	02	02	05	04	03	34
Hydrant Inspection	00	00	02	01	05	04	03	01	02	04	02	00	22



Provision of Fire Beaters and Knapsacks to community structure as means to strengthen their capacity against fire risk.

No	Area	Ward	No of Fire beaters	No of Knapsacks
1	Pakkies Farm	06	10	02
2	Thuthukani	06	10	02
3	Nyanisweni	02	10	02
4	Bhongweni	08	10	02



**Handing over of Fire Beaters and Knapsacks to the following areas;**

1. Thuthukani A/A
2. Pakkies A/A
3. Nyanisweni A/A
4. Bhongweni (Ward 8)

**Basic Fire Fighting skills**







#### 13.15.4. KPA 4-RESPONSE & RECOVERY

During 2020/21 financial year there was no declared disaster although the municipality has responded to a few incidences as per the following Disaster Management, Fire & Rescue Services activities.

DESCRIPTION	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Structural Fires	04	03	10	04	02	01	01	00	01	02	02	04	34
Motor Vehicle Accidents	10	08	09	08	07	12	04	03	06	04	00	02	73
Other: (Road-oil spillage, Fire extinguisher (burning tree), Cleaning of road, Fire inspection, Delivering of water to various wards, Fire drills.	18	23	15	04	05	04	05	04	04	05	15	23	125







## Relief Material Issued

ITEM	1 <sup>st</sup> Quarter			2 <sup>nd</sup> Quarter			3 <sup>rd</sup> Quarter			4 <sup>th</sup> Quarter		
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
BLANKETS		6	38	2	04	02	04	14	10	10	04	10
MATRESS		3	25	1	02	02	02	07	05	05	02	06
FIRE BEATERS		0	0	40	00	00	00	00	00	00	00	0
KNAPSACKS		0	0	10	00	00	00	00	00	00	00	00
PLASTIC SHEETING		0	0	0	00	00	00	00	03	00	00	00
FOOD PARCEL		2	17	1	00	01	01	05	04	00	02	04
BOX B		3	19	1	00	01	01	05	04	05	02	04





## PICTURES OF DISASTER RELIEF MATERIAL ISSUED



### Budget for Disaster Management, Fire and Rescue

Financial Performance for 2020/21: Fire Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget (%)
Total Operational Revenue	1 563 159.35	970 725.00	970 725.00	818 850.06	84%
Expenditure:					
Employees	3 563 291.66	7 667 482.00	7 667 482.00	8 064 808.11	100%
Repairs & Maintenance	87 360.87	170 000.00	170 000.00	74 652.30	44%
Total Operational Expenditure	3 650 652.53	7 837 482.00	7 837 482.00	8 139 460.41	100%



### 3.16. OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCE AND OTHER)

The municipality has reviewed disaster Management, Disaster Management Volunteer Policy. Disaster Management Advisory Forum has been launched. The rest of the information is articulated under fire information.

## COMPONENT F: SPORT AND RECREATION

### 3.17. SPORT AND RECREATION

Greater Kokstad Municipality in working relationship with Department of Sport and Recreation, District Sport Confederation, Greater Kokstad Local Sport Confederation and Federations are trying to maintain the sport through this Covid-19 pandemic by organising online games, yet the challenge is data to the participants.

Greater Kokstad Municipality has zero budget in unit of sport, arts and culture to assist community, meaning no activities to develop sport in our community. Our stakeholders (departments and Confed) assist by organizing events to keep community active, and municipality assist with facilities transport and doing administration requesting the stakeholders to assist local federations with equipment.

Level of community members living a healthy lifestyle is growing through the help of municipality interms of using facilities to train. The whole district use Greater Kokstad as place to play leagues eg. Netball, Soccer, Volley ball and Indigeniuos Games Federation.

Employees for 2020/21: Sports & Recreation					
Job Level	2019/20	2020/21			
	No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy rate (%)
4-6	0	0	0	0	0
Total	0	0	0	0	0

On the 19<sup>th</sup> June 2021 Greater Kokstad Municipality, Department of Sport and Recreation, District Sport Confederation and Athletic Federation had an event (District Youth Run 10km) which was at Oval Cricket Field, where participants were coming from all 4 locals.



10km hg district youth run



GREATER KOKSTAD/ DSR EPWP COMMUNITY MEMBERS

Employees for 2020/21: Sports & Recreation					
Job Level	2019/20	2020/21			
	No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy rate (%)
4-6	0	0	0	0	0
Total	0	0	0	0	0

## COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.18. FINANCE

All our financial policies were reviewed for the 2020/2021 financial year. The municipality initiated a data cleansing exercise of the billing information as one of the initiatives to ensure an improved revenue collection and also to curb abuse of the Indigent subsidy.

The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.

Employees for 2020/21: Finance Services				
Job Level	2020/21			
	No. of Posts	No. of Employees	No. of Vacancies	Vacancy rate (%)
0-3	5	5	0	0%
4-6	10	10	0	0%
7-9	3	3	0	0%
10-12	15	15	0	0%
Total	32	32	0	0%



Financial Performance for 2020/21: Finance Services				
Details	2019/20	2020/21		
	Actual	Original Budget	Adjustment Budget	Actual
Total Operational Revenue	R400 131 558	406 714 648	3 342 968	381 124 727
Expenditure:				
Employees	R134 202 824	140 358 256	2 081 302	145 553 524
Repairs & Maintenance	R9 982 298	31 226 498	8 972 700	23 396 225
General expenses	R58 907 111	45 934 631	3 428 652	39 087 036
Bulk Purchases	R98 433 057	123 009 771	596 497	109 282 374
Other	R78 908 962	79 544 317	3 537 717	94 535 063
Total Operational Expenditure	<b>R380 434 252</b>	<b>420 073 473</b>	<b>18 616 868</b>	<b>411 854 222</b>
Net Operational Expenditure	R19 697 306	(13 358 825)	(15 273 900)	(30 729 495)

### 3.19. HUMAN RESOURCES SERVICES

The Human Resource Section supports the Municipality's six Departments. Working collaboratively with the Municipality's Council, Management Team and Employees, the Section coordinates the following:

#### KEY PERFORMANCE AREA 1: WORKFORCE PLANNING

Workforce planning is a core process of human resources management which is linked to business processes aimed at ensuring that human capital is in place to deliver short and long-term objectives.

#### KEY PERFORMANCE AREA 2: RECRUITMENT AND SELECTION

The recruitment and selection process are primarily aimed at procuring staff with the necessary competencies, thus enabling the organization to deliver on its strategic and operational priorities. The municipality, after having had a moratorium placed on recruitment, engaged in a recruitment drive in the 18/19 financial year. This allowed it to fill its executive management posts as well as other posts in the post establishment.

#### KEY PERFORMANCE AREA 3: EDUCATION, TRAINING AND DEVELOPMENT OF STAFF

Education Training and Development in the Greater Kokstad Municipality is focused on the enhancement of knowledge, skills and behavioural competencies of employees and Councillors so that they can deliver and exceed organizational requirements in line with the Organizational Strategy / Integrated Development Plan and legislative prescripts. In order to support this initiative, bursaries have been made available to staff



for them to undertake further education and training. The leave policy also affords them the time to complete their qualifications.

Skill development also plays a crucial component of development of employees. To this end the Workplace Skills Plan (WSP) is the blue print for skills development of employees. The Municipality provides a budget for employees to obtain critical skills and makes use of the mandatory grant as well as discretionary grants to ensure skills attainment for better service delivery.

#### KEY PERFORMANCE AREA 4: EMPLOYMENT EQUITY & DIVERSITY MANAGEMENT

As an employer designated in terms of the Employment Equity Act (Act 55 of 1998), the Greater Kokstad Municipality is under legal obligation, in terms of Section 20(1) of the Act, to draft an Employment Equity Plan, for a period between 1 and 5 years to address underrepresentation in employment. In this financial year the EE Plan was reviewed and approved by Council.

#### KEY PERFORMANCE AREA 5: OCCUPATIONAL HEALTH AND SAFETY

The Occupational Health and Safety function is primarily focused on (i) Creating and maintaining a safe working environment and (ii) Preventing workplace accidents. This has been lacking in the municipality because of, amongst others, lack of expertise. An Occupational Health and Safety Officer was appointed, and great strides have been made in addressing OHS issues at a strategic as well as operational levels.

#### KEY PERFORMANCE AREA 6: LABOUR RELATIONS

Labour relations relates to the management of employer/employee relations, negotiating collective agreements/bargaining for better conditions of service, managing the grievance procedure, managing discipline, representing the Municipality during arbitration, educating management and employees on labour relations and keeping up to date on pertinent labour laws.

#### KEY PERFORMANCE AREA 7: EMPLOYEE WELLNESS

Employee wellness is based on the premise that "People who are well work well". In this context, employee wellness entails all the strategies, action plans and methods used to promote physical, emotional and mental health of employees. A Wellness Officer was appointed, and the Wellness Centre is functioning. Employees are assisted and given skills to deal with life problems, social and work issues. Where required, they are referred to specialist for further assistance.

#### KEY PERFORMANCE AREA 8: PERSONNEL ADMINISTRATION

Personnel Administration relates to the administration of all employee contracts, benefits and conditions of service, leave administration, as well as all administration and procedures incidental to human resources information system, inclusive of employee appointments and terminations. All these services allow for employees and Councillors to receive correct salaries and benefits at the end of every month. This has been achieved in this financial year.

#### KEY PERFORMANCE AREA 9: HUMAN RESOURCES RELATED POLICIES AND PROCEDURES

Human Resources policies and procedures provide guidelines on employer-employee relationships which impart acceptable norms of behaviour and create a conducive working environment. Policies are reviewed every financial year in order to identify gaps and to decide on new policies. The process was undertaken for all policies with them being reviewed and adopted by Council on 27 June 2019.

Below is a table that illustrates the GKM staff compliment:

Employees for 202					
Job Level	2019 2020				
	No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy rate (%)
0-3	17	19	18	1	5.26%
4-6	65	68	68	0	0%
7-9	77	78	77	1	1.28%
10-12	73	73	73	0	0%
13-18	169	177	159	18	10.16%
Total	401	415	395	20	4.8%

Besides the payment of salaries, HR has invested in the internship programme with the budget having been made available for the recruitment of 5 interns per department.

The supply of protective clothing to employees also plays a crucial role in the effective supply of services. The municipality supplies protective clothing on an annual basis and this year was no different. A budget is allocation for this activity.

### INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT has become the cornerstone of every organization, including the Municipality. This financial year meant that ICT had to focus on the implementation of effective projects after rising from a preceding financial year of firefighting. The projects were mainly related to ICT infrastructure and systems, such as the network infrastructure and the server environment. Investment in the infrastructure has yielded results as the internal network and systems are more stable thus enhancing communication, connectivity, and integration within the organization.

Employees for 2020/21: ICT Services					
Job Level	2019 2020				
	No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy rate (%)
0-3	0	0	0	0	0%
4-6	3	3	3	0	0%
7-9	2	2	2	0	0%
Total	5	5	5	0	0%

Financial Performance for 2020/21: ICT Services				
Details	2020/21			
	Original Budget	Adjustment Budget	Actual	Variance to Budget (%)
Total Operational Revenue				
Expenditure:				
Employees	1,589,210.00	1,589,210.00	1,554,067.00	9%
Repairs & Maintenance	620,000.00	620,000.00	373,720.00	48%
Other	4,109,855.00	4,109,855.00	4,146,700.00	0%

Net Operational Expenditure	6,319,065.00	6,319,065.00	6,074,487.00	19%
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Capital Expenditure for 2020/21: ICT Services					
R'000					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total					
Public WiFi	500,000.00	345,000.00	295,538.00	49 462	
New Computers	654,309.00	654,309.00	654,309.00	0	

Two major capital projects which were budgeted for were the upgrading of the ICT infrastructure servers as well as the general upgrade of the ICT network infrastructure. The adjustment/budget was spent. The Municipality moved from using Telkom services to using Brilliantel. After the movement an improvement has been registered in the availability of the internet, quality of calls as well as the monthly expenditure for telephone costs.

The ICT Security Policy and ICT Governance Framework, ICT Master Plan / Strategy and ICT Infrastructure policies were reviewed. This exercise ensured, amongst others, the safety of municipal data and the proper use of infrastructure and ICT equipment. The Business Continuity Policy was also formulated thus ensuring continuity in service delivery in instances of disaster.

The utilization of service providers for ICT has proven to be a challenge with two contracts having been terminated as a result of non-performance. The vision for ICT is to be totally self-sufficient and improve internal capacity so that it does not require external service providers. In the 2020/21 financial year that was the focus and investment was made in the training of ICT staff.

### 3.20. LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

#### 3.20.1. LEGAL SERVICES

The Legal Services Unit is located within the Office of the Municipal Manager and is responsible for:

- Managing the provision of a comprehensive, efficient and effective legal services to the Municipality,
- Safeguarding Municipality's interests in all legally related matters and to ensure that all the Municipality's operations are conducted within the parameters of the law.
- Strengthening the capacity of the Municipality to fulfil its mandate as stipulated in terms of Sections 152 and 153 of the Constitution of South Africa, 1996 and other applicable legislations.
- Providing a supportive and advisory role to the Municipality in order to fulfill its objectives

However, other legal services are outsourced as and when required, due to capacitation challenges in terms of warm bodies, which is currently run by an intern. The following table depicts all the legal matters together with the instructed law firms that are dealt with by the Legal Services Unit for the Financial Year of 2020/2021 (covering the period July 2020 to June 2021).



NO	PARTIES	CAUSE OF ACTION	REPRESENTATIVE	STATUS
1	GKM/ TORGOS	Torgos is the private developer of Ext.7. They abandoned the road construction topping and road maintenance unattended, the municipality had to finish up the development.	MATTHEW FRANCIS INC.	Municipality was advised not to pursue this claim because the witnesses which municipality can rely on they are working on Torgos and base on the investigations conducted by our attorneys they discovered that Torgos does not have executable property should Municipality decided to proceed with the matter. Therefore, it would be its only the Academic exercise should municipality decide to proceed with the matter in the costs of Municipality's Budget.
2	GREATER KOKSTAD MUNICIPALITY / WISE TRAINING CENTRE	Review of the Municipality's decision to award a tender.	MATTHEW FRANCIS ATTORNEYS	Our Attorneys filed the Municipality's answering affidavit on 7 April 2021. The Applicant has not filed a replying affidavit. The Second Respondent had previously requested an extension to file its answering affidavit by 30 April 2021 which it failed to do. In the circumstances, Municipality is recommended that the Municipality not push the matter forward, in the time being, as the delay in finalizing the matter only serves to diminish the Applicant's prospects of success
3	Ikamva architects/GKM	On the 8 <sup>th</sup> of December 2011 the parties concluded a professional services agreement for the rendering of architectural professional services for upgrading of traffic station, and the service provider claiming for the outstanding payments.	JULA MSHIKILANA ATTORNEYS	<p>Arbitration Award was granted against the Municipality. Municipality has paid judgment amount plus costs, But there are remaining costs which has not yet been paid due to its unclearness of them which amount - + R245 000.00. Claimants Attorneys has approached High Court to force award to be an order of the court, we are waiting them to set the matter down for taxation of their bill of costs.</p> <p>Pursuant to WRIT OF EXECUTION which was granted on the 11<sup>th</sup> May 2021, Sheriff's attached 7 (Seven) Municipality's Motor Vehicles which intended to sold such in Auction for recovering judgment amount of R422 282.21, therefore Municipality had to bring urgent application for rescission Judgment in</p>

NO	PARTIES	CAUSE OF ACTION	REPRESENTATIVE	STATUS
				<p>protecting Municipality's Property which was heard and granted on the 27 May 2021.</p> <p>In terms of the Court Order dated 27 May 2021, the 1<sup>st</sup> and 2<sup>nd</sup> Respondents were required to show cause on 14 July why the order should not be made final.</p> <p>There were no papers served on our Attorneys before the date in question. Despite the above, it should be noted that even though the 1<sup>st</sup> and 2<sup>nd</sup> respondents had withdrawn as attorneys of record in the matter and there was no way that they would have participated further in this litigation. Even if parties had wished that the above matter be brought to its finality on the 14 July 2021 that would no have materialized due to recent unrests that took place from the 11 July 2021 in the Province. All Motion Court rolls were suspended and our Attorneys are waiting Register regarding re-instatement of the matter.</p>
4	GKM/ Fez Building Construction	Fez construction breached the agreement of building the Bhongweni Youth Centre and the municipality had to hire a new service provider to finish up the construction.	Matthew Francis Inc.	We are awaiting council's final advice regarding instituting action against the replacement service provider for time delay penalties in order to mitigate the claim for losses.
5	Upgrading of Bhongweni Stadium	Turf Inc. installed an incorrect turn turf at the Bhongweni Stadium which is not suitable for soccer fields (the turf that was supplied was 25mm whereas on quotation was 40mm), and the installation of the turf was left incomplete.	Sabela Attorneys	Conducted a meeting with Sabela Attorneys for a way forward and it was suggested that Mr Shandu shall provide Attorneys with Payments invoices and/or receipts which were paid to the Service providers thereafter report to the Council to be drafted proposing to take Management Consequences to the involved Municipality's Representatives as per National Treasury's Directives of 2018.
6	TT Ndabankulu/GKM	Ms. Ndabankulu bought a house on auction, but the Municipality released a rates clearance certificate to Mrs. Mabandla and the house was resold.	Sabela Attorneys	There was a Council resolution to reimburse Ms. Ndabankulu but it was rescinded by the Council.

NO	PARTIES	CAUSE OF ACTION	REPRESENTATIVE	STATUS
7	Kokstad Private Hospital and Yellow Paper /GKM	The Municipality evaluated two properties and the Plaintiff alleged that the property was over evaluated the claiming the residue.	Mhlanga Inc.	Counsels are not in a rush to get these papers out because the Kokstad Private Hospital (pty) Ltd has not prosecuted their claim expeditiously.
8	Zuko Mani	Applicant applied for the position of AM: Supply Chain and he was scored as the second-best candidate but after the first did not take the offer, the third was appointed due to the bad credibility of the 2 <sup>nd</sup> candidate.	Matthew Francis Inc.	We are awaiting the court's decision on the application for leave to appeal.
9.	Bayethe Basil Mbangi/ Thamsanqa Shasha, Sboniso Gumede and GKM	The Provincial Traffic collided with our traffic and our traffic lost control and collided with the taxi.	SM MBATHA ATTORNEYS	Pleadings are partial closed but due covid19 level the matter is stack and there is no hearing date has been arranged yet. Once there are any developments we shall report on that.
10	Transfer of Willowdale housing project	Conveyancing the land that was donated by Rural Development to the Municipality	Maseko Mbatha attorneys	Matter was finalized and Title deed was endorsed, and the file was closed.
11	GKM/Andimahle Trading Enterprise-Sports Complex	The claimant deserted the site and claiming alleged unpaid invoices, contractual Dispute.	Venns Attorneys	<p>Our attorneys briefed Advocate Andrea Gabriel SC a well-respected member of the Durban Bar who has extensive experience in local government and construction matters.</p> <p>On the 4<sup>th</sup> June 2021, Our Attorneys met with the relevant representatives of the municipality (MM Mr Zwane, CFO Mr Mketsu, Mr Shandu Acting EXM:ITS &amp; Mr Mkusane Legal Office), Buyeye Consulting and IQhayisa Design Workshop (PTY) Ltd. The meeting was extremely insightful for both our legal team and our expert witness.</p> <p>Our Attorneys requested a number of documents from the principal agent and quantity surveyor and same were received. Based on the volume of documents received, an extension to submit GKM statement of defence on 5 July 2021 was requested and granted.</p> <p>Lastly, R9.1 Million is still in our attorneys trust account. As instructed, they will continue to hold onto these monies for as long as reasonable possible despite the municipality being</p>



NO	PARTIES	CAUSE OF ACTION	REPRESENTATIVE	STATUS
				in contempt of the Court Order dated 3 February 2021, should any issues arise, our attorneys are in a position to pay the sum over to immediately on GKM's instructions.
12	GKM/ Dolly Bihl	Dolly Bihl was dismissed by the municipality and the municipality evicted her claiming unpaid services whilst under the employ of the Municipality.	Mhlanga Attorneys	The dismissal was found to be both substantively and procedurally by the Bargaining Council. Miss D Bihl has however filed a review application wherein she seeks to have the arbitration award reviewed and set aside, she further seeks to be reinstated with full back pay (Miss d Bihl's salary from the date of dismissal to date of a possible order reinstating her should she succeeds).  The matter is still pending.
13	Sifiso Sydney Mbuthuma/GKM	Mr. M Mduzulwana was the driver of the Municipal truck and he collided with the Plaintiff and the matter was settled out of Court	Collin Nciki Attorneys	Matter was finalized therefore file closed.
14	GKM/ Mr. Mkhize and Ms. Gqola	Forensic Investigation was conducted, and it was discovered that there was a Fruitless expenditure committed and the Municipality is trying to recoup the fruitless expenditures from Mr. Mkhize and Ms. Gqola	SM Mbatha Attorneys	Summons were issued and served to the Defendants, they entered their intention to defend the matter and we are on still pleadings stage.
15	Ward 4 and ward 8 hall	The service provider is claiming the unpaid invoices	Mhlanga Inc.	The mandate has been terminated from the attorneys and the matter is dealt with internally.
16	Bawinile V bambela & others/others &GKM	A motor vehicle bumped into a pothole between Franklin and Swartburg and collided with another car and there were people who died therefore the loss of support is claimed	Sabela Attorneys	Discovery in terms of Rule 35 of the High Court Rules was done demanding the Applicants to disclose all the documents they have against us as GKM. We are also waiting for the Plaintiff's to exonerate us and pursue the National Minister of Transport and MEC for Transport Kwazulu Natal for remedy.
17	P.P.N MNGOMA v GKM	Phumza Primrose Ntebe Mngoma was employed by GKM on the 1st October 2015 as an Executive Manager Corporate Services and her employment contract was terminated by GKM on the 30th September 2018.  The sum of R74 393.15 was deducted from her salary which deductions was	SM MBATHA ATTORNEYS	On the 04/05/2021 SM Mbatha Attorneys sent Discovery Affidavit for the Municipal Manager to sign and commission it.  THE PARTIES NEED TO DATE FOR PRE-TRIAL CONFERENCE

NO	PARTIES	CAUSE OF ACTION	REPRESENTATIVE	STATUS
		<p>alleged to be for 20 days which was not accounted for in the leave book.</p> <p>on the 6th October 2017 GKM wrote to PPN Mngoma advising her of the unaccounted leave days and subsequently she responded by way of email on the 27th November 2017.</p> <p>On the 26th September 2018 PPN Mngoma wrote a letter of demand to GKM demanding payment of the money deducted to her salary.</p> <p>on around July 2020, GKM received Summons and instructed SM Mbatha Attorneys to defend the matter.</p>		and the date for hearing shall be arranged after.
19	Sibiya/GKM	Accident occurred in Nolangeni road between unknown alleged car to belong to the Municipality	Ndumndum Attorneys	The matter was finalised on the 18 <sup>th</sup> June 2021 in favour of the Municipality. And the file closed.
20	SINKSHAW CONSTRUCTIONS / GKM	<p>Sinkshaw alleged that they left their construction equipment in the Premises of the GKM for safe keeping and same was lost and the GKM is to be blamed.</p> <p>They claimed for R100 000.00 or the return of construction equipment estimated at R100 000.00</p> <p>Municipality appointed Ndumndum Attorneys to defend the matter in 2012</p>	Ndumndum Attorneys	<p>Our Attorneys who are handling this matter are in a process of setting down the matter in order to convince Magistrate to dismiss the matter with costs because Plaintiff has no longer showing interest on the matter.</p> <p>The matter was finalised on the 18th December 2020 but issue of Legal Costs were unfinished.</p> <p>On the 5th March 2021, MM and Legal Officer had a briefing session with Mr Ndumndum of Ndumndum Attorneys and it was discussed that the matter has long pending, therefore Ndumndum Attorneys should try by all means to finalise the matter as soon as possible, in which Ndumndum Attorneys promised that they just waiting for the reserved judgment to formally closed the file in that there will be no further service will be rendered by them in this matter.</p>
21	<p>Cebo Matshayana/GKM</p> <p>Erf 127 &amp; Erf 60 transfers.</p>	Mr. Matshayana appropriated the Municipal property and developed it also claiming another property that is registered under his name but occupied by Ms. Bhabha who also claim the property was given to her by the Municipality.	Sabela Attorneys	Liquidation and Distribution Account done and submitted to the Master of High Court as well as the Redistribution Agreement, Renunciation Certificates and Waivers for the Descendants of the late Veronica Masizane. Estate has been duly advertised in terms of Section 29 of the Estate Act.

NO	PARTIES	CAUSE OF ACTION	REPRESENTATIVE	STATUS
				<p>All documents will be filed with the Registrar of Deeds for final registration and receipt of Title Deeds.</p> <p>Out attorneys have completed all the transfer documents of ERF 127 and their lodgment attorneys are busy with lodgment.</p> <p>The property is being transferred from Cebo Matshayana and Estate late Veronica Masizane to Miss Nomazizi Mlaza.</p> <p>Out Attorneys recently discovered that ERF 60 Kokstad is registered in the name of the Provincial Government and not Greater Kokstad Municipality.</p> <p>On the 6<sup>th</sup> July 2021 Greater Kokstad Municipality terminated mandate to the attorneys on the transfers of ERF 60 because of delays on the Attorneys in finalizing the matter and for costs fees consequences. ERF 60 will be taken and transferred through GKM program known as Title Deed Restoration program which is current on process.</p>
22	<b>DELVIN MARK MASTROSS &amp; WYK vs GKM</b>	<p>GKM received summons and instructed Collin Nciki Attorney to defend the matter.</p> <p>The alleged incident occurred on the 25th January 2020 in Shayamoya Area Kokstad. It is alleged that the storm water was left open and water subsequently filled up and the child fell into the un-attended storm water thus suffering damages worth R200 000.00.</p> <p>Summons were issued against the GKM on the 29th October 2020 and subsequently filled our Notice to defend on the 11th November 2020. We also filed our Plea on the 18th December 2020.</p> <p>Upon consultation with Acting MM (Mr Mketsu) and Legal Services Officer (Mr Mkusane) it was resolved that the matter would be referred to GKM's Insurance company to take the matter forward and the matter was referred on the Febraury</p>	<b>GKM INSURANCE</b>	<p>Pending.</p> <p>The parties are exchanging pleadings documents and the actual status sqou is that on the 22<sup>nd</sup> July 2021 Our Attorneys prepared, sent Discovery affidavit which was deposed and commissioned by the MM</p> <p>Now GKM Waiting Insurer's Attorneys to keep us on track for the matter as they promised to update Legal Officer with the new developments should raises.</p>



NO	PARTIES	CAUSE OF ACTION	REPRESENTATIVE	STATUS
		2021 for insurance to handle the matter. Then we requested our attorneys of record to withdraw on this matter as our attorneys of record		
23	Legality of the Makhoba Trust.	<p>EDSP had a meeting with Makhoba Trust Members, GKM delegates and Collin Nciki Attorneys on 09 March 2021 to discuss the legality and compliance of the Trust Deed.</p> <p>The meeting agreed that the Makhoba Trust will furnish the GKM attorney with the Trust Deed together with letters of authority as amended, copy of the Deed of Transfer of the Property) commonly known as the title deed), Governance documents, minutes of meetings of the Trust and the list beneficiaries, minutes of the Trustees meetings, beneficiary list, and audited AFS of the Trust by 12 March 2021.</p> <p>GKM lawyers received an email dated 23 March 2021 from the lawyers of Makhoba Trust requesting clarity on the direct interest of GKM on the matter in which GKM Lawyers replied on the letter 15<sup>th</sup> June 2021</p> <p>Please be advised that the 30 day period that was given to the Makhoba Trust in terms of legislation to provide documentation has lapsed.</p> <p>By law we could not bring the Application without first giving them the 30 day Notice which we have done.</p>	COLLIN NCIKI ATTORNEYS	<p>Attorneys has request Municipality's approval to move an Application to Compel delivery of the requested documents.</p> <p><b>NB!! !! !</b></p> <p>Mr Nciki who was handle the Matter pass away.</p> <p>therefore MM should instruct other Attorneys to take over the matters of Collin Nciki Attorneys ASAP.</p>
24	GKM v Illegal Occupiers ERF 1	Municipal Quarry was occupied illegal and occupiers when requested to vacate the land they refused; therefore, it led the GKM to institute application against the illegal occupiers which seek to evict and demolish the erected illegal structures on the Municipality land.	COLLIN NCIKI ATTORNEYS	<p><b>NB!! !! ! Pending Matter.</b></p> <p>Mr Nciki who was handle the Matter pass away, therefore MM should instruct other Attorneys to take over the matters of Collin Nciki Attorneys ASAP</p>
25	99 YEARS LEASES	<p>The purpose for the exercise is to identify all Municipal owned peripheries to ensure they are all included in the valuation roll and to determine the current use of each property. Currently EDSP is undertaking audit of all Municipal owned properties. Process to be completed by 30 June 2021.</p> <p>ESDP to submit a report to Council by 30 July 2021 for consideration.</p>	COLLIN NCIKI ATTORNEYS	<p><b>PENDING</b></p> <p><b>NB!! !! !</b></p> <p>Mr Nciki who was handle the Matter pass away, therefore MM should instruct other Attorneys to take over the matters of Collin Nciki Attorneys ASAP.</p>

NO	PARTIES	CAUSE OF ACTION	REPRESENTATIVE	STATUS
		Thereafter, the report will be submitted to the attorneys to proceed with the matter to it finality.		
26	GKM // Taxi Rank Development	Proving legal transaction advice regarding the project of the Taxi Rank development and multipurpose centre.	COLLIN NCIKI ATTORNEYS	<p><b>PENDING</b></p> <p><b>NB!! !!</b></p> <p>Mr Nciki who was handle the Matter pass away, therefore MM should instruct other Attorneys to take over the matters of Collin Nciki Attorneys ASAP.</p> <p>Kokstad Taxi Association was approved by Council to enter into a lease agreement with GKM to develop a taxi rank and multipurpose centre. In-Touch Developers are therefore their preferred developers.</p> <p>Our attorneys have represented the Municipality in the negotiations, drafting and conclusion of the lease agreement. The development lease agreement was signed in October 2020.</p> <p>There have been two meetings held in 2021 to discuss implementation of the project as well as monitor contract compliance.</p> <p>Our Attorneys have further drafted a contract compliance checklist to closely monitor the terms of contract. Furthermore they have drafted confidentiality and non-disclosure agreements for all the task term members to protect the integrity and distribution of information.</p> <p>going forward various work streams will commence with their activities and report to the task team on a quarterly basis.</p>
27	GKM v S MADLUDLA	<p>Review Application for Unfair Dismissal (Labour Court). S Madlula was dismissed by the Municipality and at Bargaining Council such dismissal Order was granted in favour of the Municipality.</p> <p>Madludla take the Matter to Labour Court for Review.</p>	MATTHEW FRANCIS ATTORNEYS	We will keep abreast with developments in the matter as they arise.

NO	PARTIES	CAUSE OF ACTION	REPRESENTATIVE	STATUS
		<p>The Record filed by the Applicants was incomplete and it was served out of time. Our Attorneys thus required the Applicant to file a reinstatement application for the review application to be revived before it could prosecute the review any further.</p> <p>The Applicant has since filed its reinstatement application to have the review application revived and we have filed an affidavit opposing the relief sought in terms of that application.</p> <p>The Applicant has served GKM with his replying affidavit in the reinstatement application, however, this was filed out of time. Our Attorneys have filed a notice of objection objecting to the late delivery of the affidavit and requesting that the Applicant applies for condonation for the late delivery of the replying affidavit in the reinstatement application. The Applicant's attorneys have confirmed receipt of this notification and our attorneys wait for the applicant to prosecute the matter further.</p> <p>In the interim, the review application remains lapsed until such time that the labour court sets the reinstatement application down for hearing and also orders that the review application is, in fact, revived. In the event that happens, we will then be required to file our answering affidavit in the review application.</p>		

### 3.20.2. RISK MANAGEMENT

Risk Management and Procurement are crucial aspects at Greater Kokstad Municipality to ensure an effective, efficient and transparent system of risk management and financial management

### 3.14.2. PROCUREMENT SERVICES

Section 110 of the MFMA provides that municipality must act in accordance with the supply chain management policy when –procuring goods or services; disposing of goods no longer needed selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or(d) in the case of a municipality, selecting external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.



The Council of the Municipality has approved the procurement plan which is in line with the SDBIP. The procurement plan was implemented during the 2019/2020 Financial Year however, there have been some delays which a result of Appeals and Objections was, Bids being re-advertised as result bids not meeting the bidding requirements. In fast-tracking service delivery and minimise the timeframe to acquire the services of different professions. A panel of Service Providers was successfully established in the fields of Civil Engineering Consultants, Electrical Engineering Consultants, Planning Consultants and Lawyers. Since the establishment of these panels, its has improved the procurement turnaround time.

The members of Bid Committee who were appointed at the start of the FY were trained twice in the year to ensure that members are aware of their duties with the assistance of Provincial Treasury and this trend is to continue with the newly appointed members to undergo training annually. A strong relationship has been established with Provincial Treasury who has continuously provided support and advice on SCM related matters include a periodic review of all SCM process.

To ensure that SCM plays a role in SMME development in collaboration with LED unit conducted Local SMME Training and identified challenges especially in the bidding process which was an attempt to increase their participation in the competitive bidding sphere because these Local SMME are dominant in the quotations sphere but have poor participation in bidding sphere. Local SMME have also been invited to enlist on the municipal database to that they can take advantages of the 30% compulsory subcontracting passed by Council on projects that are 5 Million and above. The has been numerous engagements with Local SMME to ensure their participation in the SCM process.

Challenges encountered during the course of the year includes amongst others.

- a) A poor understanding of the procurement process by bidders in general but more especially the Assessment of Functionality where we identified numerous bidders who fail this critical step in the SCM process

**COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD (ANNUAL PERFORMANCE REPORT)**

ORGANISATIONAL PERFORMANCE ANALYSIS- GKM - 2020/2021FY					
Key	2020/2021		2019/2020		
		%	No of Targets	%	No of Targets
<b>Number of Targets for the year</b>			131		134
Achieved		71%	93	68%	91
Not Achieved		29%	38	32%	43
<b>Total Number of KPIs</b>		<b>100%</b>	<b>131</b>	<b>100%</b>	<b>151</b>

Department	Responsible Unit	Key Performance Indicator (KPI)	Means of Verification	IDPR	Ward	Project	Original / Adjusted Budget (R'000)	Year to Date Expenditure (R'000)	Target 2019/2020 FY	Actual Achievement 2019/2020 FY	Baseline (2019/2020 FY)	Financial Year: 01-Jul-2020 - 30-Jun-2021					
												Progress Rating	Planned Target as per SDBIP	Achievement	Status	Comments on Deviation	Planned Interventions
NKPA1: MUNICIPAL TRANSFORMATIONS AND INSTITUTIONAL DEVELOPMENT																	



Office of the Municipal Manager	Internal Audit & Risk Management	Anti-fraud and Corruption Strategy submitted to Council for adoption by date	Council Resolution	A 33	Institutional	Anti-fraud and Corruption Strategy (AFCS)	-	R 0	Submit AFCS to Council for adoption by 30 June 2020	The AFCS not submitted to Council for adoption by 30 June 2020	1 AFCS was reviewed and submitted to Council for adoption in 2019/20 FY	⊕	Submit AFCS to Council for adoption by 30 June 2021	AFCS reviewed and submitted to Risk Committee by 30 June 2021	Not Achieved	AFCS not submitted for approval due to non convening of policy workshop.	To table reviewed policy at the policy review workshop, anticipate to convene in July 2021 and subsequently submit for tabling to Council for adoption.
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Office of the Municipal Manager	Internal Audit & Risk Management	Number of Risk Management reports submitted to Governance & CSS Portfolio Committee by date	Risk Management Reports / Portfolio Committee Agenda	A 3 2	Institutional	Risk Management reports	-	R O	Submit 4 Risk Management report to Governance & CSS Portfolio Committee by 30 June 2020	4 Risk Management Reports submitted to the Governance & CSS Portfolio Committee by 30 June 2020	4 Risk Management reports were submitted to Standing committee and Council for adoption in 2019/20 FY	😊	Submit 10 Risk Management Reports to Governance & CSS Portfolio Committee by 30 June 2021	10 risk management report submitted to Governance and CSS Portfolio by 30 June 2021	Achieved	N/A	N/A
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Office of the Municipal Manager	Internal Audit & Risk Management	Submit a review of Risk Management Policy (RMP) to Council for adoption by date	Council Resolution	A 14	Institutional	Risk Management Policy	-	R 0	Submit review of RMP to for adoption by 30 June 2020	Risk Management Policy not submitted to Council for adoption by 30 June 2020	Draft Risk Management; Draft TOR, Framework work and Policy submitted in 2019/20 FY	Ⓜ	Submitted review of RMP to Council for adoption by 30 June 2021	RMP reviewed and submitted to Risk Committee by 30 June 2021	Not Achieved	RMP not submitted for approval due to non convening of policy review workshop	RMP to be tabled to Council after policy review workshop, anticipated to convene in July 2021.
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Budget & Treasury Office	Supply Chain Management	Number of reports produced and submitted to BTO Portfolio on the Assessment of the External Service Providers by date	External of service providers assessment reports, Agenda & Minutes of the BTO portfolio	A 16 Institutional	Assessment of the External Service Providers	-	R O	4 Reports produced and submitted to BTO Portfolio on the Assessment of the External Service Providers by 30 June 2020	4 Reports produced and submitted to BTO Portfolio on the Assessment of the External Service Providers by 30 June 2020	All appointed service providers monitored and evaluated performance in 2019/20 FY	☺	4 Reports produced and submitted to BTO Portfolio on the Assessment of the External Service Providers by 30 June 2021	Produce and submit assessment of service providers reports to BTO and ITS portfolio committee by 30 June 2021	Achieved	Target erroneously captured as 4 reports instead of 10 reports.	Target will be rectified in the 2021/2022 SDBIP
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Corporate Services Department	Administration	Number of reports on registry management submitted to provincial archives by date	1. registry management report 2. Proof of submission with the date	A 3 5	Institutional	Registry Management	-	R 0	Submit 2 reports on registry management to provincial archives within 10 working days after the end of each quarter	The report was submitted to Provincial Archives on 15 June 2020	Submitted 2 Effective Registry & Management reports to provincial archive s 10 working days after every quarter	😊	Submit 2 reports on Registry Management to provincial archives by 30 June 2021	2 Reports on Registry Management submitted to provincial archives by 08 January 2021 and 22 June 2021	Achieved	NA	NA
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Corporate Services Department	Fleet & Auxiliary Services	Number motor vehicles for electric al Unit purchas ed by date	Delivery Note	A 3	All GKM Ward s	Motor Vehicle Electric al	R 750 000 (orig inal) / R 630 000 (Adj uste d S71)	R 611 5 64	-	-	New	☺	Purchas e of 2 motor vehicles for electric al Unit by 31 March 2021	2 Ford Ranger club cabs motor vehicles for Electrical Unit were purchas ed and delivere d on 29 January 2021	Achi eve d	NA	NA
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Corporate Services Department	Human Resource Management	Date by which all signed 2020/21 Performance Agreements for 54A/56 Managers are submitted to Council for noting	Council Resolution	A 24	Institutional	Signed 2020/21 Performance Agreements	-	R O	Submit all signed 2019/20 Performance Agreements for 54A/56 Managers to Council for noting by 31-Aug-19	Submitted to Council on 31 October 2019	All signed 2019/20 Performance Agreements for 54/56 Managers submitted to Council for noting in 2019/20 FY	⊗	Submit all signed 2020/21 Performance Agreements for 54A/56 Managers to Council for noting by 31-Aug-20	2020/21 Performance Agreements for 54A/56 Managers submitted to Council for noting by 29 October 2020	Not Achieved	All 2020/21 Performance Agreements section 54A & 56 Managers were mistakenly only omitted on the Council Agenda	2021/22 Performance Agreements for 54A/56 Managers to be submitted to Council for noting by 26 August 2021.
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Corporate Services Department	Human Resource Management	Date by which the 2021/22 WSP submitted to Council for approval	Council resolution	A 1	Institutional	Approved 2021/22 WSP	-	R 0	Submit 2020/21 WSP to Council for approval by 30-April 2020	Submitted to Council on 17/05/2020	2020/21 WSP submitted to Council on the 16 April 2019 in 2019/2020 FY	Ⓜ	Submit 2021/22 WSP to Council for approval by 30-April 2021	WSP was submitted to Council for approval by 27 May 2021.	Not Achieved	The WSP was submitted to Council on 29 April 2021, however it was deferred back to Governance by the Council.	The WSP was submitted to Governance and was approved on 27 May 2021 by Council
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Corporate Services Department	Human Resource Management	Date by which the 2019/20 Annual Performance Assessments for s54A/56 managers are coordinated	Signed Attendance Register	A 26	Institutional	2019/20 Annual Performance Assessments	-	R 0	Conduct 2018/19 Annual Performance Assessments for s54A/56 managers by 30 April 2020	Assessments were conducted on 04 June 2020	2019/20 Annual Performance Assessments for s54/56 managers were conducted in 2019/20 FY	😊	Coordinate 2019/20 Annual Performance Assessments for s54A/56 managers by 30 June 2021	2019/20 Annual Assessment for the MM, EXM: EDSP & EXM: BTO was conducted on the 25th May 2021 and 31 May 2021	Achieved	NA	NA
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Corporate Services Department	Human Resource Management	Date by which the 2020/21 Mid-term Performance Assessments for s54A/56 managers are coordinated	Signed Attendance Register	A 27	Institutional	2020/21 Mid-term Performance Assessments	-	R 0	Conduct 2019/20 Mid-term Performance Assessments for s54A/56 managers by 31 March 2020	Assessments were conducted on 03 June 2020	2019/20 Mid-term Performance Assessments for managers were conducted in 2019/20 FY	😊	Coordinate 2020/21 Mid-term Performance Assessments for s54A/56 managers by 31 March 2021	Coordinate 2020/21 Mid-term Performance Assessments for s54A/56 Managers on the 24th March 2021	Achieved	N/A	N/A
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Corporate Services Department	Human Resource Management	Date by which the 2020/21 Performance Agreement for S54A & S56 Managers are submitted to MEC COGTA	Dated signed Proof of submission	A 2 3	Institutional	2020/21 Performance Agreement submitted to MEC COGTA	-	R O	Submit all signed 2019/20 Performance Agreement for S54A/56 Managers to MEC COGTA by 14 August 2019	All signed 2018/19 Performance Agreement for S54A/56 Managers submitted to MEC COGTA on the 05th of August 2019	Submitted all signed 2019/20 Performance Agreement for S54/56 Managers to MEC COGTA on the 2019/20 FY	😊	Submit all signed 2020/21 Performance Agreement for S54A/56 Managers to MEC COGTA by 14 August 2020	All signed 2020/21 Performance Agreements section 54A & S56 Managers were submitted to MEC COGTA by 31 July 2020	Achieved	N/A	N/A
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Corporate Services Department	Human Resource Management	Date by which the 2020/21 Performance Agreement entered for section 54A & 56 managers (Senior Managers reporting directly to the MM) are signed	2020/21 Signed performance agreements	A 2 2	Institutional	2020/21 Performance Agreements	-	R O	Sign all 2019/20 Performance Agreements (section 54A - MM & 56 - managers Senior Managers reporting directly to the MM)) by 31 July 2019	MM on 28/06/2019 ExM CSD on 27/07/2019 ExMCSS on 23/07/2019 CFO on 26/07/2019 ExmITS on 09/07/2019 and ExmEDS P on 17/07/2020	All 2019/20 Performance Agreements for section 54 & 56 managers (Senior Managers reporting directly to the MM) were signed in 2019/20 FY	☺	Coordinate signing of all 2020/21 Performance Agreements (section 54A - MM & 56 - managers Senior Managers reporting directly to the MM) by 31 July 2020	All signed 2020/21 Performance Agreements section 54A & 56 Managers were signed on the 24,25 June 2020 and 24,27 July 2020	Achieved	N/A	N/A
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Corporate Services Department	Human Resource Management	Date by which the Report on 2019/20 Annual Performance Assessment for s54A/56 Managers is submitted to Council for approval	Council Resolution	A 28	Institutional	Report on 2019/20 Annual Performance Assessment	-	RO	Submit report on 2018/19 Annual Performance Assessment for s54A/56 Managers to Council for approval by 31 May 2020	Submitted to Council on 12/06/2020	Report on 2018/19 Annual Performance Assessment for s54/56 Managers was submitted to Council for approval in 2018/19 FY	Submit report on 2019/20 Annual Performance Assessment for s54A/56 Managers to Council for approval by 30 June 2021	Perform assessment for 3 Managers done by 25 May and 30 May 2021.	Not Achieved	The assessment for 2 Executive Managers were not conducted as they were on sick leave and study leave respectively.	The assessments were done on the 9th July 2021 and the report will be submitted in the next Council Meeting by 30 July 2021.
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Corporate Services Department	Human Resource Management	Number of females maintained in the Senior Management Positions in 2020/2021 Financial Year	Hist Pay List as at 30 June 2021	A 2	Institutional	3 Females maintained in the Senior Management	-	R O	3 females maintained in the Top Management positions by 30 June 2020	2 males and 3 Females in top Management position maintained by 30 June 2020	3 female maintained in the 2019/20 financial year in the Senior management position	☺	3 females maintained in the Senior Management Positions in 2020/2021 Financial Year	Achieved	N/A	N/A
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Corporate Services Department	Human Resource Management	Number of trainings for the financial year conducted by date	Signed attendance registers with names of training and dates	A 5	Institutional	Staff trainings	R 1200001 (original) / R 635001 (Adjusted S71)	R 602097	Conduct 18 Prioritised Trainings for the financial year as per the 2019/2020 approved WSP by 31-Mar-20	09 Prioritised Trainings conducted by 30 June 2020	8 prioritised trainings conducted in 2019/2020 FY	😊	Conduct 8 Trainings for the financial year by 30 June 2021	11 Trainings conducted for the financial year by 30 June 2021	Achieved	Over achievement is due to backlog caused by Covid 19 Regulations which restricted trainings during the last quarter of the previous financial year, hence more trainings were conducted after regulations were relaxed.	To increase targets from 2 to 5 for the next financial year 2021/2022 FY.
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Corporate Services Department	Human Resource Management	Submit the Human Resource Strategy to Council for adoption by date	Council Resolution	A 6	Institutional	Human Resource Strategy	-	R 0	Submit Human Resource Strategy to Council for adoption by 31 March 2020	HR Strategy adopted by Council on 27 June 2020	Adopted Human Resource Strategy to Council for 2019/20 FY	Submit Human Resource Strategy to Council for adoption by 31 March 2021	HR Strategy was submitted to council for adoption on the 25 March 2021	Achieved	NA	NA
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Corporate Services Department	ICT	Number of ICT Steering Committee meetings held by date	Attendance Register, agenda and minutes	A 4	Institutional	ICT Steering Committee	-	R 0	Hold 4 ICT Steering Committee meetings by 30 June 2020	4 ICT Steering Committee meetings held by 30 June 2020	4 ICT Steering Committee meetings held in 2019/2020 FY	😊	Hold 4 ICT Steering Committee meetings by 30 June 2021	Hold 4 ICT Steering Committee meetings by 30 June 2021	Achieved	N/A	N/A
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Corporate Services Department	ICT	Number of renewed Municipal ICT licences (Microsoft, VIP, EDMS, PMS, Biometrics) by Date	Proof of renewed licences	A 3 4	Institutional	Computer contracts software	R 3 999 997 (original) / R 3 999 997 (adjusted)	R 3 999 838	Upgrade of ICT infrastructure (Server, Disaster Recovery Setup, Reconfiguration of Server and Network) by 31 March 2020	Upgrade of ICT infrastructure (Server, Disaster Recovery Setup, Reconfiguration of Server and Network) by 31 March 2020	Updated municipal ICT systems by 2019/2020 FY	☺	Renewal of 5 Municipal ICT licences (Microsoft, VIP, EDMS, PMS, Biometrics) by 30 June 2021	Renewed 5 Municipal ICT licences (Microsoft, VIP, EDMS, PMS, Biometrics) by 30 June 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	IDP / PMS	Date by which the 2019/20 Annual Performance Report is submitted to Council for approval	Council Resolution	A 20	Institutional	2019/20 Annual Performance Report	-	R O	Present 2018/19 Annual Performance report to council for approval by 31 August 2019	2018/2019 Annual Performance Report was presented to Council 31 August 2019	Presented Draft 2018/19 and 2018/19 Final Annual Performance Report to Council for adoption in 2019/20 FY	😊	Submit 2019/20 Annual Performance report to council for approval by 31 August 2020	2019/20 APR submitted to Council for approval by 28 August 2020	Achieved	NA	NA
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Economic Development & Spatial Planning	IDP / PMS	Date by which the 2019/20 APR is submitted to CoGTA, AG, NT & PT	Proof of submission to CoGTA, AG, NT and PT	A 21	Institutional	2019/20 APR	-	R 0	Submit the 2018/19 APR to CoGTA, AG, NT and PT by 31 August 2019	2018/19 APR submitted to CoGTA, AG, NT and PT by 30 August 2019	Adopted 2018/19 APR was submitted to CoGTA, AG, NT & PT on 31 August 2020	⊕	Submit the 2019/20 APR to CoGTA, AG, NT and PT by 31 August 2020	2019/20 APR was submitted to CoGTA, AG, NT and PT by 30 October 2020	Not Achieved	Submission timeframe was extended by NT due to business disruption caused by Covid 19.	2019/20 APR was submitted to CoGTA, AG, NT and PT by 30 October 2020	2019/20 APR was submitted to CoGTA, AG, NT and PT by 30 October 2020
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Economic Development & Spatial Planning	IDP / PMS	Date by which the 2021/2022 PMS Framework work /Policy is reviewed and submitted to Council for adoption	Council Resolution	A 15	Institutional	PMS Framework work /Policy	-	R O	Submit the reviewed PMS Framework work /Policy to Council for adoption by 30 June 2020	Reviewed PMS Framework work was not submitted to Council for adoption by 30 June 2020	Adopted 2019/20 PMS Framework work /Policy in 2019/20 FY	Submit the reviewed 2021/2022 PMS Framework work /Policy to Council for adoption by 30 June 2021	Submitted the reviewed 2021/2022 PMS Framework work /Policy to Council for adoption by 01 July 2021	Not Achieved	A Special Council meeting was requested by Council on 30 June 2021 to deal with irregular expenditure. Therefore, the Ordinary Council meeting that was scheduled for 30 June 2021 to deal with 2021/2022 PMS Framework work was rescheduled for 01 July 2021.	Going forward, the PMS Policy reviews will be submitted to Council for approval by 31 May of each year.
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Economic Development & Spatial Planning	IDP / PMS	Number of SDBIP Organizational reports submitted to the Audit Committee by date	Audit Committee Agenda and Minutes	A 18	Institutional	SDBIP Organizational reports	-	R O	Submit 4 SDBIP Organizational reports to the Audit Committee by 30 June 2020	All 4 SDBIP Organizational Reports submitted to Audit Committee by 30 June 2020	Monthly SDBIP Reports submitted to Standing Committee in 2019/20 FY	😊	Submit 5 SDBIP Organizational Reports to the Audit Committee by 30 June 2021	5 SDBIP Organizational Reports were submitted to Audit Committee by 30 June 2021	Achieved	NA	NA
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Economic Development & Spatial Planning	IDP / PMS	Submit the 2021/22 SDBIP to the Mayor for approval within the turnaround time after the approval of the 2021/22 budget	Copy of Signed SDBIP	A 19	Institutional	2021/22 SDBIP	-	R 0	Submit the 2020/21 SDBIP to Mayor for approval in June 2020 within 28 days after approval of 2020/21 Annual Budget	2020/21 SDBIP submitted to the Mayor for approval on the 25th of June 2020	2020/21 SDBIP presented to Council for adoption by 28 June 2019	Submit the 2021/22 SDBIP to Mayor for approval in June 2021 within 28 days after approval of 2021/22 Annual Budget	Submitted the 2021/20 SDBIP to Mayor for approval by 23 June 2021.	Achieved	NA	NA
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Economic Development & Spatial Planning	Local Economic Development	Submit a Business Registration and Licensing by-law to Council for adoption by date	Council Resolution	A 1 2	Institutional	Business Registration and Licensing by-law	-	R O	Submit to Council for adoption in a Business Registration and Licensing By-Law by 30 June 2020	Submitted to Council for adoption in a Business Registration and Licensing By-Law by 28 May 2020	New	☺	Submit to Council for adoption in a Business Registration and Licensing By-Law by 30 June 2021	Submit to Council for adoption in a Business Registration and Licensing By-Law by 27 May 2021	Achieved	Bylaw submitted as an annexure to LGDS which is adopted as a Sector Plan of the IDP	N/A
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Economic Development & Spatial Planning	Local Economic Development	Submit a Business Registration and Licensing Policy to Council for adoption by date	Council Resolution	A7	Institutional	Business Registration and Licensing Policy	-	RO	Submit for adoption a Business Registration and Licensing Policy to Council for adoption by 31 March 2020	Submitted for adoption a Business Registration and Licensing Policy to Council for adoption by 25 March 2020	New	😊	Submit a Business Registration and Licensing Policy to Council for adoption by 31 May 2021	Submitted a Business Registration and Licensing Policy to Council for adoption by 27 May 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Submit an Expanded Public Works Programme (EPWP) Policy reflective of Phase 4 principles to Council for adoption by date	Council Resolution	A 9	Institutional	Expanded Public Works Programme (EPWP) Policy	-	R O	Submit to Council for adoption and Expanded Public Works Programme (EPWP) Policy by 31 March 2020	Submitted to Council for adoption and Expanded Public Works Programme (EPWP) Policy by 25 March 2020	New	😊	Submit to Council for adoption and Expanded Public Works Programme (EPWP) Policy reflective of Phase 4 principles by 31 May 2021	Submitted to Council for adoption and Expanded Public Works Programme (EPWP) Policy reflective of Phase 4 principles by 27 May 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Submit an Informational Economy Bylaw to Council for adoption by date	Council Resolution	A 13	Institutional	Informational Economy Bylaw	-	R 0	Submit to Council for adoption and Informational Economy Bylaw by 31 March 2020	Submitted to Council for adoption and Informational Economy Bylaw by 28 March 2020	New	☺	Submit to Council for adoption and Informational Economy Bylaw by 30 June 2021	Submitted to Council for adoption and Informational Economy Bylaw by 27 May 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Submit an Informational Economy Policy to Council for adoption by date	Council Resolution	A 8	Institutional	Informational Economy Policy	-	R O	Submit to Council for adoption in an Informational Economy Policy by 31 March 2020	Submitted to Council for adoption in an Informational Economy Policy by 25 March 2020	New	😊	Submit to Council for adoption in an Informational Economy Policy by 31 May 2021	Submitted to Council for adoption in an Informational Economy Policy by 27 May 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Submit an Investment Attraction, Business Retention and Expansion Policy to Council for adoption by date	Council Resolution	A 10	Institutional	Investment Attraction, Business Retention and Expansion Policy	-	R O	Submit to Council for adoption in an Investment Attraction, Business Retention and Expansion Policy by 31 March 2020	Submitted to Council for adoption in an Investment Attraction, Business Retention and Expansion Policy by 25 March 2020	New	☺	Submit to Council for adoption in an Investment Attraction, Business Retention and Expansion Policy by 31 May 2021	Submitted to Council for adoption in an Investment Attraction, Business Retention and Expansion Policy by 27 May 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Submit an SMME Enterprise Development Policy to Council for adoption by date	Council Resolution	A 11	Institutional	SMME Enterprise Development Policy	-	R O	Submit to Council for adoption an SMME Enterprise Development Policy by 31 March 2020	Submitted to Council for adoption an SMME Enterprise Development Policy by 25 March 2020	New	☺	Submit to Council for adoption an SMME Enterprise Development Policy by 31 May 2021	Submitted to Council for adoption an SMME Enterprise Development Policy by 27 May 2021	Achieved	N/A	N/A
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Office of the Municipal Manager	Internal Audit & Risk Management	Revised Audit Committee Charter submitted to Council for approval by date	Council Resolution	A 31	Institutional	Audit Committee Charter	-	R O	Submit revised 2020/21 Audit Committee Charter to the Audit Committee for approval by 30 June 2020	The revised AC Charter not been submitted to Audit Committee for approval by 30 June 2020	Adopted 2019/20 Revised Audit Committee Charter in 2019/20 FY	Submit revised 2021/22 Audit Committee Charter to Council for approval by 30 June 2021.	Audit Committee Charter revised and submitted to the Audit Committee for approval by 30 June 2021.	Not Achieved	Audit Committee Charter not submitted to Council for approval due to non convening of policy review workshop.	Audit Committee Charter not submitted to Council for approval due to non convening of policy review workshop.	To table revised policy at the policy review workshop, anticipate to convene in July 2021 and subsequently submit for tabling to Council for adoption.
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Office of the Municipal Manager	Internal Audit & Risk Management	Submit 2021/22 IAP to the Audit committee for approval by date	AC Agenda / Approved IAP	A 2 9	Institutional	2021/22 Internal Audit Plan (IAP)	-	R 0	Submit 2020/21 Internal Auditing plan to Audit committee for approval by 30 June 2020	2020/2021 Internal Audit Plan in draft and not submitted to Audit Committee by 30 June 2020	Adopted IAP for 2019/20 FY	☺	Submit 2021/22 Internal Auditing plan to Audit committee for approval by 30 June 2021	Submitted 2021/20 Internal Audit Plan to Audit Committee by 28 June 2021	Achieved	N/A	N/A
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Office of the Municipal Manager	Internal Audit & Risk Management	Submit the RMP to Risk Management Committee for approval by date	Audit Committee Agenda / Approved RMP	A 30	Institutional	2021/22 Risk Management Plan (RMP)	-	R 0	Submit 2020/21 Risk Management plan to Audit Committee for approval by 30 June 2020	2020/2021 Risk Management Plan not submitted to Audit Committee for approval by 30 June 2020.	Adopted RMP for 2019/20 FY	☺	Submit 2021/22 Risk Management Plan to the Risk Management Committee for approval by 30 June 2021	Submitted 2021/20 risk management plan to Risk Committee by 30 June 2021	Achieved	N/A	N/A
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Office of the Municipal Manager	Operations	Number of Municipal Assessment Tool Reports (MAT) submitted to Cogta by date	Proof of submission to CoGTA, Municipal Assessment Tool reports	A 17	Institutional	Municipal Assessment Tool (MAT)	-	R 0	Submit 4 Back to basics template to COGTA by 30 June 2020	4 Back to basics templates (Q4 in July 2019; Q1 in October 2019. Q2 in Jan & Q3 of April 2020) submitted was submitted to COGTA by 30 June 2020	Quarterly CMET B2B reports submitted to COGTA in 2019/20 FY	😊	Submit 4 Municipal Assessment Tools (MAT) reports to Cogta by 30 June 2021	4 Municipal Assessment Tools (MAT) reports submitted to Cogta by 30 June 2021	Achieved	None	None
NKPA2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT																	

Budget & Treasury Office	Revenue Management	Date by which Updated	Indigent Register and Council Resolution	B1	Institutional	Free Monthly Services	R 5208106 (original) / R 5208106 (adjusted)	R 6408083	100 % (4589) household olds provide d with free monthl y basic services by 30 June 2020	100 % (4594) household olds provide d with free monthl y basic services by 30 June 2020	4849 household olds were provide d with free monthl y basic services	⊗	Review of Indigent Register by Council by 30 June 2021	Review of indigent register was done quarterly and provided free monthly basic services	Not Achieved	The target was erroneously captured as update of indigent register by 31 March 2021 instead of 30 June 2021.	Target to be corrected on 2021/2022 SDBIP by 01 July 2021
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Community & Social Services	Community Services	Fencing at Waste Transfer Station Franklin by date	Purchase Order / Completion certificate	B 1 8	2	Fencing of Waste Transfer Station Franklin	R 100 000 (original) / R 179 800 (2nd adjusted)	R 179 700	-	-	New	☺	Fencing at Waste Transfer Station Franklin by 31 December 2020	Fencing of transfer station completed on the 31 December 2020	Achieved	none	none
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Community & Social Services	Community Services	New Kokstad Cemetery site Developed by date	Appointment Letter, Record of decision, Completion certificate	B 2 4	10	Cemetery development	R 3 000 000 (original) / R 4 697 980 (2nd adjusted)	R 3 822 463	New cemetery site development by 30 June 2020	Service provider appointed for cemetery fencing and construction of guard room	New	😊	Development of New Kokstad Cemetery Site by installation of 1km fence and guardroom construction by 30 June 2021	Completed installation of 1Km fence and guardroom at new cemetery by 30 March 2021	Achieved	none	none
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Comm unity & Social Servic es	Commu nity Services	Number of parks fenced by date.	Appoint ment Letter, Minutes of Site Meeting, Practical Completi on Certifica te	B 1 9	All GKM Ward s	Fencing of parks	R 1 400 000 (orig inal) / R 1 400 000 (adj uste d)	R 1 059 582	-	-	New	☺	Fencing of 3 parks (MetroP ark, Bhongw eni Park & Ward 10 Park) by 30 June 2021	Comple ted fencing of metro park ,Bhongw eni Park and Ward 10 mini park by 16 February 2021	Achi eve d	none	none
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Community & Social Services	Community Services	Number of Town entrances upgraded by date	Practical Completion Certificate	B 1 2	4 & 5	Upgrade of Town entrances	R 300 000 (original) / R 300 000 (adjusted)	R 209 800	-	-	New	☺	Upgrade (beautification) of 1 Town entrance by 31 December 2020	Upgrade of 1 town entrance completed by 03 December 2020	Achieved	none	none
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Community & Social Services	Community Services	Number of Wheelie Bins and Sanitizing Knapsack procured by date	Appointment letter, Delivery Note	B 25	All GKM Wards	Disaster COVID Material and stock	R 596 000 (original) / R 596 000 (2nd adjusted)	R 455 850	-	-	New	☹	Procurement of 500 wheelie bins and 10 sanitizing Knapsack by 31 December 2020	500 Wheelie Bins and 10 Sanitizing Knapsack were procured by 10 March 2021.	Not Achieved	Service provider never delivered Covid 19 equipment for the month of December 2020.	Service providers contract was terminated and a second service provider was appointed and equipment was delivered by 10 March 2021.
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Comm unity & Social Servic es	Waste Manage ment	Cemete ries maintai ned by date	Weekly plans, signed weekly reports and Signed attenda nce registers	B 3 2	3 & 5	Mainte nance of Cemete ries	R 0	R 0	Keep cemete ries environ mentall y clean monthl y	Kept cemete ries environ mentall y clean monthl y	Bhong weni cemete ry closed; only Town Cemete ry in use	☺	Keep cemeter ies maintai ned monthly by 30 June 2021	Cemeter ies maintain ed monthly by 30 June 2021	Achi eve d	none	none
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Comm unity & Social Servic es	Waste Manage ment	Number of Househ olds with access to solid waste refuse removal on a weekly basis	Weekly plan and signed attenda nce register	B 3 5	All GKM Ward s	Access to solid waste remova l	R O	R O	44% (10730) househ olds with access to refuse removal on weekly basis	44% (10730) househ olds with access to refuse removal on weekly basis	New	☺	10730 Househ olds with access to solid waste refuse removal on weekly a basis	10730 Househo lds with access to solid waste refuse removal on weekly a basis	Achi eve d	None	None
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Community & Social Services	Waste Management	Number of Wheelie Bins and Skip bins procured by date	Delivery note	B 3 4	All GKM Wards	Wheelie bins and Skip bins	R 1 000 000 (original) / R 1 001 865 (Adjusted S71)	R 1 001 864	-	-	New	😊	Procurement of 500 Wheelie Bins and 20 Skip bins by 30 June 2021	500 Wheelie Bins procured and distributed by 04 February 2021 and 20 Skip Bins procured and distributed to the community by 17 December 2020	Achieved	None	None
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Economic Development & Spatial Planning	Human Settlements	Number of CRU housing units constructed by date	Signed progress reports	B 3 8	3	CRU Housing Project	R 60 300 000 (Original) / R 28 791 000 (Adjusted S71)	R 20 784 283	Construction of the housing projects by 30 June 2020. (Willowdale 20 units at wall-plate level); CRU 50 Units at wall-plate level); OSS at Bhongweni 7 units at wall-plate level and Homes 2010 middle income houses 08 Units completed)	Willowdale Housing Project 8 Foundations Completed; CRU Foundations for 66 Units Completed; OSS Designs for services submitted and approved; Homes 2010 (Bhongweni) 8 Units at Finishing	30 Houses constructed by 30 June 2020	😊	Construction of 50 CRU housing Units at wall-plate level by 30 June 2021	176 Units constructed at first Floor Slab Level by 30 June 2021	Achieved	Increased staff capacity on site to achieve target. The targets for 2021/2022 FY are much higher than the previous FY.	The annual target will be corrected in the 2021/2022 SDBIP by 01 July 2021.
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Economic Development & Spatial Planning	Human Settlements	Number of Homes 2010 middle income housing units constructed by date	Signed progress report	B 3 8	8	CRU Housing Project	R 60 300 000 (Original) / R 28 791 000 (Adjusted S71)	R 27 633 801	Construction of the housing projects by 30 June 2020. (Willowdale 20 units at wall-plate level); CRU 50 Units at wall-plate level); CRU Foundations Completed; CRU Foundations for 66 Units Completed; OSS Designs for services submitted and approved; Homes 2010 (Bhongweni) 8 Units at Finishing	30 Houses constructed by 30 June 2020	😊	Construction of 8 2010 middle income housing units at Bhongweni by 30 June 2021	10 Units Constructed at 2010 middle income housing by 30 June 2021	Achieved	Increased staff capacity on site to achieve target.	Target to be increased in the 2021/2022 Financial Year.
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Economic Development & Spatial Planning	Human Settlements	Number of Willowdale housing units constructed by Date	Signed monthly progress reports/ Signed happy letters	B 3 8	6	CRU Housing Project	R 60 300 000 (Original) / R 28 791 000 (Adjusted S71)	R 27 633 801	Construction of the housing projects by 30 June 2020. (Willowdale 20 units at wall-plate level); CRU 50 Units at wall-plate level; OSS at Bhongweni 7 units at wall-plate level and Homes 2010 middle income houses 08 Units completed)	Willowdale Housing Project 8 Foundations Completed; CRU Foundations for 66 Units Completed; OSS Designs for services submitted and approved; Homes 2010 (Bhongweni) 8 Units at Finishing	30 Houses constructed by 30 June 2020	😊	Construction of 83 Willowdale housing units by 30 June 2021	83 Units constructed at Willowdale Housing Units by 30 June 2021	Achieved	N/A	N/A
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Infrast ructur e & Techni cal Servic es	Electric al Services	Comple tion of Civil Works for Singisi Substati on by Date	Progress Reports / Earth Mat installati on certificat e	B 2	All GKM Ward s	Bulk Infrastr ucture	R 1 860 000 (orig inal) / R 18 745 467 (Adj uste d S71)	R 18 60 1 909	-	-	New	⊕	Comple tion of Civil Works (Platfor m) by 30 June 2021	As at 30 June 2021 the service provider was busy with the second layer of 300mm G7 material which will take us to the next level of commer cial material.	Not Achi eve d	There were delays caused by heavy rains which led to the site being abandon ed for weeks to allow the platform to dry and the source of G7 material being used on site is being fetched from other side of town which causes some delays because of the	PMU Unit Recom mende d that as from the 01st of July 2021 the service provide r should increas e the number of the plant and also try to work on the weeken ds as well. Civil Works Platfor m to be comple ted by 30 Novem
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Infrast ructur e & Techni cal Servic es	Electric al Services	Date by which Bhongw eni & Shayam oya substati on switch gear - Phase 1 upgrade d (from old switch gear to morden switch gear)	Appoint ment letter / Practical Completi on Certifica te	B 1 3	4 & 5	Upgradi ng of substati on switch gear Phase 1	R 1 000 000 (orig inal) / R 840 000 (2nd adju sted)	R 4 820 13	Upgradi ng of Bhongw eni & Shayam oya substati on switch gear - Phase 1 by 30 June 2020	The appoint ed service provide r has placed an order for MV Switchg ear with the manufa cturers	New	☺	Upgradi ng of Bhongw eni & Shayam oya substati on switch gear - Phase 1 (from old switch gear to morden switch gear) by 31 Decemb er 2020	Manufac turing and upgradin g of Bhongw eni and Shayam oya substati on switch gear - Phase 1 was complet ed by 12 Decemb er 2020	Achi eve d	None	None
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Infrast ructur e & Techni cal Servic es	Electric al Services	Date by which a Contra ctor for Electrifi cation of Willowd ale and surroun ding farms houses (Kwakak i, Kwa Richard, Populus , Siquka & Hlani) is appoint ed	Appoint ment letter / Signed MOU	B 9	All GKM Ward s	Electrifi cation of Willow dale	R 2 500 000 (orig inal) / R 487 000 (Adj uste d S71)	R 354 5 25	-	-	New	☺	Appoint ment of a Contra ctor for Electrifi cation of Willowd ale and surroun ding farms houses (Kwakak i, Kwa Richard, Populus , Siquka & Hlani) by 30 June 2021	The contract or was appointe d by 01 October 2020. In Ben Lemon the service provider has done 60% of the Low Voltage Reticulat ion. In Willowd ale Farm all the holes for the Medium and Low Voltage holes have been dug.	Achi eve d	None	None
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Infrast ructur e & Techni cal Servic es	Electric al Services	Date by which a Service Provide r for upgradi ng of Bhongw eni & Shayam oya substati ons is appoint ed	Appoint ment letter/Pr ogress report	B 1 1	4 & 5	Upgradi ng of substati on switch gear Phase 2	R 4 500 000 (orig inal) / R 4 500 000 (adj usted)	R 2 390 413	- -	New	😊	Appoint ment of Service Provide r for upgradi ng of Bhongw eni & Shayam oya substati ons by 30 June 2021	Bhongw eni and Shayam oya substati ons upgrade s were complet ed by 12 Decemb er 2020	Achi eve d	None	None
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Infrast ructur e & Techni cal Servic es	Electric al Services	Kilomet ers of MV cable upgrade Phase 5 by date.	Practical Completi on Certifica te / Appoint ment letter / Signed Progress Report	B 6	All GKM Ward s	MV cable ugrade phase 5	R 1 300 000 (orig inal) / R 4 500 000 (Adj uste d \$71)	R 3 460 690	-	-	New	😊	Upgrad e 2KM MV cable from 50mm to 95mm by 30 June 2021	2KM of 50mm MV Cable was upgrade d to 95mm by 03 May 2021	Achi eve d	NA	NA
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Infrast ructur e & Techni cal Servic es	Electric al Services	Number of 500 KVA mini substati on and 200 KVA Pole Mount Transfor mers supplie d and delivere d by date	Appoint ment letter / Delivery note	B 7	3	Upgrad e of Mini substati ons Transfo rmers	R 1 700 000 (orig inal) / R 1 502 000 (Adj usted \$71)	R 1 282 897	Procure 4 Transfo rmers by 31 March 2020	1 x 500KVA and 5 x 200KVA Transfo rmers were delivered on 13 July 2020	New	☺	Supply and delivery of 1 X 500 KVA mini substati on and 8 X 200 KVA Pole Mount transfo mers by 31 March 2021.	Supply and delivery of 1 x 500 KVA mini substati on and 8 x 200 KVA Pole Mount transfor mers was complet ed on 09 October 2020.	Achi eve d	None	None
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Infrast ructur e & Techni cal Servic es	Electric al Services	Number of HighMa st in Rivervie w and Murray Park repaire d by date	Appoint ment letter / Practical Completi on certificat e	B 1 0	All GKM Ward s	Electrifi cation of Rivervie w and Murray Park	R 1 000 000 (orig inal) / R 1 000 000 (adj uste d)	R 765 0 00	-	-	New	😊	Repair 8 HighMa sts in Rivervie w and Murray Park by 30 June 2021	8 HighMas ts were repaired in Rivervie w and Murray Park by 28 May 2021	Achi eve d	None	None
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Infrastructure & Technical Services	Electrical Services	Number of Mini-Substations installed by date	Appointment letter, Practical Completion Certificate	B 5	3	Upgrade of Mini substations	R 1 500 000 (original) / R 2 301 567 (2nd adjusted)	R 2 301 567	-	-	New	😊	Install 4 Mini Sub-stations by 30 June 2021	4 Mini substations were installed and the brick buildings were demolished. Project completed by 18 December 2020.	Achieved	None	None
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Infrast ructur e & Techni cal Servic es	Electric al Services	Number of street lights installe d - Phase 2 Murray Street by date	Appoint ment letter / Practical Completi on Certifica te	B 8	All GKM Ward s	Installat ion of street lights - Phase 2	R 1 000 000 (orig inal) / R 761 920 (2nd adju sted)	R 761 9 20	-	-	New	☺	Installat ion of 50 street lights - Phase 2 Murray Street by 31 March 2021	Installati on of 50 street lights phase 2 Murray Street was complet ed by 28 Novemb er 2020.	Achi eve d	None	None
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Infrast ructur e & Techni cal Servic es	Electric al Services	Percent age of Househ olds with access to basic level of electrici ty by date	Electricit y Register from Cash power	B 3 3	All GKM Ward s	Access to basic level of electrici ty	-	R 0	54% (13041) househ olds with access to basic level of electrici ty by 30 June 2020	60,79% (14832) househ olds with access to basic level of electrici ty by 30 June 2020	New	😊	54% (13041) househ olds with access to basic level of electrici ty by 30 June 2021	62.69% househo lds with access to basic level of electricit y by 30 June 2021	Achi eve d	Overachi evement is due to sporadic electricif ication of informal settleme nts.	To include informa l settleme nts on the electricifi cation project s in the 2021/2 022 FY.
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Appoint ment of service provide r and Comple tion of constru ction of Block A Standby quarter s phase 4 by date	Appoint ment Letter/S ectional Completi on Certifica te	B 1 4	All GKM Ward s	Standb y quarter s phase 4	R 1 000 000 (orig inal) / R 1 000 000 (adj usted)	R 0	Comple te constru ction of Standby Quarter s by 31 Decem ber 2019	Comple ted constru ction of Block A Brickwo rks up to wall plate of Standby Quarter s	New	☺	Appoint ment of service provide r and comple tion of constru ction of Block A Standby quarter s phase 4 by 30 June 2021	Bid is at evaluati on stage as at 30 June 2021	Not Achi eved	Delays in appoint ment of service provider due to objectio n to intentio n to award the bid	Appeals decisio n to be finalise d by 31 July 2021
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Approv al of designs and advertis ement of contract or for upgrade of Shayam oya Roads Phase 2 by date	Letter of approval of designs / Copy of advertis ement	B 2 7	4 & 10	Shayam oya Roads Upgrad e Phase 2	R 7 000 000 (orig inal) / R 1 000 000 (2nd adju sted)	R 359 4 39	-	-	New	☺	Approv al of designs and Advertis e for the appoin ment of the contract or for Upgrad e of 2.3km of Shayam oya Roads Phase 2 from gravel to asphalt (Tar Road) by 30 June 2021	Designs approve d by 01 April 2021. Intentio n to award issued on 21 June 2021	Achi eve d	None	None
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Date by which Qhinga lndala Commu nity Hall is constru cted and complet ed by date	Appoint ment Letter, Practical Completi on Certificate / Signed progress report	B 1 6	9	Qhinga lndala Hall	R 5 500 000 (orig inal) / R 5 040 000 (adj usted)	R 4 552 163	-	-	New	☺	Constru ction and complet ion of Qhinga lndala Commu nity Hall 30 June 2021	Comple ted construc tion of Qhinga lndala commu nity hall on 28 June 2021	Achi eve d	N/A	N/A
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Date by which designs approve d and contract or appoint ed	Letter of approved designs/ Advert for the appoint ment of contract or	B 2 1	3,5 &10	Stormw ater upgrad e St Johns Streets	R 2 000 000 (Orig inal) / R 1 000 000 (2nd Adju sted)	R 790 6 25	-	-	-	⊕	Approv al of designs and appoint ment of contract or for Stormw ater upgrade St Johns Streets by 30 June 2021	Designs approved. Bid clarificat ion meeting was held on 13 April 2021 and closed on 04 May 2021 & bid is at evaluati on stage. Appoint ment of service provider not appointe d by 30 June 2021.	Not Achi eve d	Delays in the appoint ment of service provider . SCM processe s took longer than anticipat ed.	Service provide r to be appoint ed by 31 July 2021.
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Date by which Horsesh oe Early Childho od Develop ment (ECD) is constru cted and complet ed	Appoint ment Letter / Practical Completi on Certifica te / Signed minutes of Site Meeting s	B 1 7	1	Horseshoe Early Childho od Develop ment	R 3 700 000 (orig inal) / R 3 980 000 (2nd adju sted)	R 3 350 166	Constru ction of Horsesh oe ECD 30 June 2020	Founda tion Walls comple ted by end June 2020	New	☺	Constru ction and comple tion of Horsesh oe ECD by 31 March 2021	Comple ted construc tion of Horsesh oe ECD on 24 February 2021	Achi eve d	N/A	N/A
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Date by which horsesh oe sports field upgrade d from informa l to new sports field by date	Appoint ment letter/ Signed Progress Report/ Practical Completi on certificat e	B 2 8	1	Upgrad e sportsfi eld horsesh oe	R 1 000 000 (orig inal) / R 1 000 000 (2nd adju sted) )	R 943 4 43	-	-	New	☺	Upgradi ng of horsesh oe sports field from informa l to new sports field by 30 June 2021	Comple ted upgradin g of Horsesh oe sports field from informal to new sports field by 13 May 2021	Achi eve d	N/A	N/A
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Date by which Thuthuk ani Hall is Constru cted and complet ed	Practical Completi on Certifica te, Signed minutes of Site Meeting s	B 1 5	6	Thuthu kani Hall	R 1 800 000 (orig inal) / R 2 690 000 (2nd adju sted)	R 1932 153	Constru ction of Thuthu kani Commu nity Hall 31 Decem ber 2019	Comple ted the constru ction of hall up to surface d slab by 07/07/2 020	New	☹	Constru ction and complet ion of Thuthuk ani Hall by 30 June 2021	Service provider currently installing ceiling by 30 June 2021.	Not Achi eve d	Delays on the supply of building material due to supply demand s.	Contractor to expedite completion of project. Installation of tiles and construction of Thuthukani Hall to be completed by 31 July 2021.
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Jim Payne sports comple x constru cted (Change rooms, Swimmi ng Pool, Soccer Field) by date	Signed Progress Report, Minutes of Site Meeting, Practical Completi on Certifica te	B 2 9	7	Jim Payne sports comple x	R 11 000 000 (origi nal) / R 10 030 000 (Adj uste d \$71)	R 6 252 993	Comple te 75% of Sports Comple x by 30 June 2020	79% of earth works comple ted by 17 June 2020	New	Ⓢ	Comple te constru ction of Jim Payne sports comple x (Change rooms, Swimmi ng Pool, Soccer Field) by 30 June 2021	Comple ted painting 1st coat on internal & external walls, comple ted grass on sports field, comple ted base of swimmin g pool by 30 June 2021.	Not Achi eve d	Delays in the appoint ment of SMMEs.	Extensi on of time granted for comple tion by 30 August 2021
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	KMs of Ext 7 Roads phase 3 constru cted with G7 layer by date	Appoint ment Letter, Signed Minutes of Site Meeting	B 2 3	7	Upgrad e of ext 7 Roads Phase 3	R 3 000 000 (orig inal) / R 5 982 772 (Adj uste d S71)	R 5 982 771	-	-	Appoin ted Consult ant to draft designs	☺	Comple te constru ction of 1KM of G7 layer for the upgrade of roads in Ext 7 phase 3 by 30 June 2021	Comple ted construc tion of 1,4KM of Extensio n 7 roads by 22 June 2021	Achi eve d	N/A	N/A
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	KMs of Horse- shoe Roads phase 1 Upgrad ed from gravel to asphalt (Tar Road) by date	Appoint ment letter / Practical Completi on Certifica te, Signed minutes of Site Meeting s	B 2 6 1 & 9	Horse shoe roads upgrad e phase 1	R 3 700 000 (orig inal) / R 4 035 000 (2nd adju sted)	R 4016 029	Complete 100% of Horse- shoe Roads Phase 1 upgrad e (Comple te Storm water drainag e, Mass Earthw orks) by 31 Decem ber 2019	40,33 % of Horse- shoe Roads Comple ted (G 7 Layer) by 31 Decem ber 2019	New	⊗	Upgrad e of 2.2kms of Horse- shoe Roads phase 1 from gravel to asphalt by 31 March 2021	2.0KMs of Horse Shoe roads Phase 1 was upgrade d from gravel to asphalt by 08 March 2021.	Not Achi eve d	Completed upgrade of 2.0km of Horsesh oe roads instead of 2.2km.  The initial target was 2.2km but when the first contract was terminat ed, the project length was reduced to 2.0km in order to fit in the remaini ng budget	The remaini ng 0.2km will be comple ted by 28 Februar y 2023.
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project.

Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Km's of kokstad CBD roads Phase 2 rehabilit ated phase 2 by date	Practical Completi on Certifica te, Appoint ment Letter, Sign Minutes of Site Meeting	B 3 0	3	Kokstad CBD phase 2	R 7 000 000 (orig inal) / R 4 300 000 (Adj uste d S71)	R 3 807 197	Rehabili tation of 1.8km kokstad CBD roads (Tarring , Street Lights & side walks) by 31 Decem ber 2019	Rehabili tation of 2.1km kokstad CBD roads (Tarring , Street Lights & side walks) comple ted by 30 June 2020	Rehabil itation of Kokstad roads phase 7 done by 30 June 2019 howeve r there were snag list that needed to be attended to	⊕	Rehabili tation of 1km kokstad CBD roads phase 2 by 30 June 2021	Comple ted layi ng of kerbs by 30 June 2021	Not Achi eve d	There was a delay in the appoint ment of contract or. Project is due for completi on by 30 August 2021, which is in 2021- 22 FY.	Project to be comple ted by 30 August 2021
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	KMs of Murray Street Upgrad ed by date	Appoint ment Letter/ Practical Completi on Certifica te	B 2 0	3, 5 & 10	Stormw ater upgrad e Murray Streets	R 8 130 000 (orig inal) / R 5 620 000 (2nd adju sted)	R 5 317 920	-	-	Appoin ted Consult ant to draft designs	☺	Upgrad e 1.6km Stormw ater pipe from surface to undergr ound Stormw ater pipe in Murray Street by 31 March 2021	1.58km of stormwa ter pipe upgrade d from surface to undergr ound stormwa ter pipe in Murray Street by 26 February 2021.	Achi eve d	N/A	N/A
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Number of Municip al building (Wellne ss Centre) upgrade d by date	Appoint ment letter/Co mpletion certificate	B 3	All GKM Ward s	Upgrad e of Municip al building (Wellne ss Centre)	R 1 500 000 (orig inal) / R 500 000 (adj uste d)	R 0	-	-	New	☹	Upgrad e of 1 Municip al building (Wellne ss Centre) from tatch roof to corruga ted iron roof by 30 June 2021	Bid at evaluati on stage as at 30 June 2021	Not Achi eve d	Delays in the appoint ment of service provider for the upgrade of Wellnes s Centre	Due to budget constrai nts for 2021/2 022 FY, the project will not be implem ented in 2021/2 022 FY. Project will be conside red in the 2022/2 023 FY should budget be availabl e.
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Infrastructure & Technical Services	Project Management Unit & Civil Engineering	Number of Jetting Machines purchased by date	Appointment Letter, Delivery note	B 3 1	All GKM Wards	Jetting Machine	R 750 000 (original) / R 850 000 (2nd adjusted)	R 782 722	-	-	New	😊	1 Jetting Machine purchased by 30 June 2021	1 Jetting machine purchased on 20 May 2021	Achieved	None	None
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Number of municip al building s fenced by date	Appoint ment letter/Pu rchase Order, Delivery note	B 4	All GKM Ward s	Fencing of municip al building s	R 1 000 000 (orig inal) / R 1 000 000 (adj uste d)	R 996 0 37	-	-	New	☺	Fencing of 8 municip al building s by 30 June 2021	Fencing of 8 municip al buildings complet ed by 29 January 2021	Achi eve d	None	None
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Infrast ructur e & Techni cal Servic es	Project Manage ment Unit & Civil Enginee ring	Renovat ions of Works yard Ablutio ns & Change rooms by date	Appoint ment letter / Practical Completi on Certifica te	B 2 2	3	Constru ction of works yard change rooms	R 500 000 (orig inal) / R 500 000 (2nd adju sted)	R 0	-	-	-	Appoin ted Consult ant to draft designs	Ⓜ	Renovat ions of Works yard Ablutio ns & Change rooms by 30 June 2021	Bid at evaluati on stage at at 30 June 2021	Not Achi eve d	Delays in the appoint ment of service provider for the renovati on of works yard change rooms	Due to budget constrai nts for 2021/2 022 FY, the project will not be implem ented in 2021/2 022 FY. Project will be conside red in the 2022/2 023 FY should budget be availabl e.
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Office of the Municipal Manager	Internal Audit & Risk Management	Date by which the Organizational Risk assessment is conducted	Organizational risk assessment report	B 3 8	Institutional	Organizational Risk	-	R 0	Conduct Organizational Risk Assessment by 30 June 2020	Organizational risk assessment conducted by 30 June 2020	Conducted Project Risk assessment in 2018/19 FY	😊	Conduct Organizational Risk assessment by 30 June 2021	Conducted operational and strategic risk assessments by 30 April and 30 May 2021	Achieved	N/A	N/A
Office of the Municipal Manager	Internal Audit & Risk Management	Percentage Implementation of the Internal Audit Plan by date	Internal Audit Plan implementation report with an overall percentage	B 3 7	Institutional	Internal Audit Plan	-	R 0	100% Implementation of the Internal Audit Plan by 30 January 2020	71% of the Internal Audit Plan implemented by 30 June 2020	Conducted Project Risk assessment in 2018/19 FY	😞	100% implementation of the Internal Audit Plan by 30 June 2021	83% of the Internal Audit Plan implemented by 30 June 2021	Not Achieved	17% of plan not completed due to prioritisation of ad-hoc activity (irregular expenditure investigation)	Remaining assignments to be completed by 26 July 2021
NKPA3: LOCAL ECONOMIC DEVELOPMENT																	

Economic Development & Spatial Planning	Local Economic Development	Construction of Refrigerated Shed By Date	Advert / Progress report	C 5	2 & 7	Refrigerated shed	R 2 000 000 (original) / R 1 000 000 (2nd adjusted)	R 0	-	-	New	☹	Construction of Refrigerated Shed to roof level by 30 June 2021	Construction of Refrigerated Shed to roof level by 30 June 2021 - the intention was to procure a prefabricated structure however after market analysis production had slowed due to COVID19 and market downturn. No work undertaken.	Not Achieved	Due to steel shortages the possibility of delivery within predetermined timeframe would not have been possible.	Business Model has been amended for supply direct to market. Project To be considered in 2023/2024 Financial Year should the need still exist
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Economic Development & Spatial Planning	Local Economic Development	Number of Tractors to support agricultural activities for emerging farmers procured by date	Advert / Delivery	C 1	All 10 GKMs	Tractors for LED	R 1 500 000 (original) / R 1 400 000 (2nd adjusted)	R 1 217 391	-	-	New	☺	Procurement of 2 Tractors to support agricultural activities for emerging farmers by 30 June 2021	Procurement of 2 Tractors to support agricultural activities for emerging farmers by 30 June 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Number of work opportunities created through municipality's local economic development initiatives (implementation of EPWP Phase 4 Principles) by date	EPWP contracts and reports from EPWP RS	C 6	All 10 GKMs	EPWP Revenue Met-Grant	R 3 164 000 (original) / R 3 164 000 (Adjusted S71)	R 3 164 000	-	-	New	😊	Create 695 work opportunities through municipality's local economic development initiatives (implementation of EPWP Phase 4 Principles) by 30 June 2021	Create 928 work opportunities through municipality's local economic development initiatives (implementation of EPWP Phase 4 Principles) by 30 June 2021	Overachievement is due to identification of lost work opportunities across all economic sectors.	N/A
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Economic Development & Spatial Planning	Local Economic Development	Submitted Final Local Growth and Development Strategy to Council for adoption by date	Final Local Growth Development Strategy, Council resolution	C 7	Institutional	Final Local Growth and Development Strategy	-	R 0	Submitted Final Local Growth and Development Strategy to Council for adoption by 31 May 2020	Submitted Final Local Growth and Development Strategy to Council for adoption by 28 May 2020	New	😊	Submitted Final Local Growth and Development Strategy to Council for adoption by 31 May 2021	Submitted Final Local Growth and Development Strategy to Council for adoption by 27 May 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Number of Emerging Enterprises workshops facilitated by date	Notice of training and Signed attendance register	C 8	All 10 GKM Wards	Emerging Enterprises training workshop	-	R O	3 Emerging Enterprises training workshop held by 30 April 2020	4 Emerging Enterprises training workshop held by 30 April 2020	New	☺	3 Emerging Enterprises Workshop facilitated by 30 April 2021	3 Emerging Enterprises Workshops facilitated by 30 April 2021	Achieved	N/A	N/A
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Office of the Municipal Manager	Special Programs	Number of GKM Disability Cooperative supported with Business Plans or equipment by date	Detailed Report	C 1 2	All 10 GKM Wards	GKM Disability Cooperative Business Plans or equipment	-	R O	Support 1 GKM Disability Cooperative with Business Plans or equipment by 30 June 2020	The Municipality supported the Disabled organisation assisting albinism with a laptop and printer including R5000 voucher for sunscreen products to prevent skin cancer	Support 1 GKM Disability Cooperative with Business Plans or equipment in 2018/19 FY	Ⓢ	Support 1 GKM Disability Cooperative with Business Plans or equipment by 30 June 2021	Equipment for Vulnerable group delivered to the Municipality BY 30 June 2021. Awaiting for the Handover by the Mayors Office	Not Achieved	Awaiting for the Handover by the Mayors Office	Equipment to be handed over by the Mayors Office by 30 July 2021.
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Office of the Municipal Manager	Special Programs	Number of Special Programmes Dialogues hosted by date	Attendance Register, Pictures	C 1 1	All 10 GKM Wards	Dialogues / Workshops	-	R O	Hosting 2 Dialogues for youth, disability and elderly on governance Issues by 31 March 2020	The Municipality held a Youth Dialogue with Youth in Churches on the 21-23 November 2019. The Plan was to host the Human Rights Dialogue for Elderly and Disabled in March 2020 but the project was affected by the	Hosted Pre-school Sport Day in 2018/19 FY	😊	Host 1 Special Programmes Dialogues by 30 June 2021	The Dialogue was held on the 19 June 2021 in Youth Centre	Achieved	None	None
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Office of the Municipal Manager	Special Programs	Number of Women Cooperative supported with Business Plans and or Businesses Equipment by date	Detailed Report	C 1 0	All 10 GKM Wards	NPO Cooperative	-	R 0	Supporting 1 Women Cooperative with Business Plans and or Businesses Equipment by 30 June 2020	The Municipality had a on the 06 December 2019 assisted the Mount Currie Disabled women organisation with sewing machines	GKM Women cooperative support ed with Business Plans in 2018/19 FY	☹	Supporting 1 Women Cooperative with Business Plans and or Businesses Equipment by 30 June 2021	Equipment to support the Disabled , Women, Youth NPO/ Cop delivered to the Municipality by 30 June 2021. Waiting for Mayors Office for Handover	Not Achieved	Equipment not yet handed over to the Cooperative by the Office of the Mayor.	Equipment to be handed over by 30 July 2021.
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Office of the Municipal Manager	Special Programs	Supporting Maidens to attend the Provincial Annual Reed Dance by date	List of Maidens Pictures	C 9	Institutional	Transposition annual reed dance	-	R O	-	-	New	☹	Supporting Maidens with transport funding to attend the Provincial Annual Reed Dance by 31 December 2020	The Provincial Reed Dance was not attended by 31 October due to Covid 19 Regulations	Not Achieved	The program did not take place due to lockdown Regulations	Programme should be considered once lockdown is over as it involves mass attendance
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Economic Development & Spatial Planning	Local Economic Development	Final Smart City Development Strategy submitted to Council for adoption by date	Council resolution & Copy of strategy	C14	Institutional	Smart City Development Strategy	R0 (Original) / R500000 (2nd Adjusted)	R26250	-	-	New	☹	Submit Smart City Development Strategy to Council for adoption by 30 June 2021	Funding Agreement concluded in December 2020. SCM Processes undertaken and Service Provider appointed by 31 March 2021. Inception meeting held in 30 May 2021 with project timeline adjusted to include assessment of local economy.	Not Achieved	Delays in the appointment of service provider.	Service Provider appointed - Implementation rolled over to 2021/2022 with amendments to deliverables and dates as per Inception Report. Projections for completion amended and EDTEA approved. Project closed.
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Econo mic Develo pment & Spatial Planni ng	Local Econom ic Develop ment	Number of Borehol es for Parkkies and Kransdr aai establis hed by date	Advert / Completi on certificat es	C 3	6	Borehol e	R 1 200 000 (orig inal) / R 1 200 000 (2nd adju sted)	R 1 029 600	-	-	New	☺	Finalise establis hment of 2 Borehol es for Parkkies and Kransdr aai by 30 June 2021	Finalise establis hment of 2 Borehole s for Parkkies and Kransdra ai by 30 June 2021	Achi eve d	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Number of brochures and ICT equipment procured for Visitor Information Centre by date	Attendance registers, agenda and minutes	C 1 3	2	Furniture and office equipment (LED)- Visitor Information Center	R 700 000 (Original) / R 330 000 (2nd Adjusted)	R 286 956	-	-	New	☺	Procurement of 500 Brochures and 15 ICT equipment for Visitor Information Centre by 30 June 2020	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Number of businesses enterprises supported through Strategic Projects Fund by date	Advert/ Handover certificates	C 2	All GKM Wards	Strategic Projects	R 2 000 000 (original) / R 2 100 000 (2nd adjusted)	R 0	-	-	New	☹	Support 13 businesses enterprises through Strategic Projects Fund by 30 June 2021	Adjudication for selection of 13 x businesses complete in October 2020. First advert for procurement issued in January with closing in February 2021 however due to require ment to correct local content, the bid was re-advertised. Intention to award	Not Achieved	Delay in implementation due to requirement to correct local content.	Letters of award issued, Project closeout anticipated by 30 September 2021.
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issued in 18 June 2021 and award issued in 06 July 2021. Council resolution n obtained for rollover of internal funds to enable impleme ntation in 2021/20 2
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Economic Development & Spatial Planning	Local Economic Development	Number of Hydroponic Tunnels established by date	Advert / Completion certificates	C 4	2 & 5	Hydroponic tunnels	2 000 000 (original) / R 2 000 000 (2nd adjusted)	R 1 725 630	-	-	New	☺	Establishment of 8 x Hydroponic Tunnels (4 Pakkies & 4 Kransdrail) by 30 June 2021	Establishment of 8 x Hydroponic Tunnels (4 Pakkies & 4 Kransdrail) by 30 June 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Local Economic Development	Percentage of Informal Traders Stalls constructed by Date	Appointment letter/Progress report	C 1 5	3,5,8	Informal Economy Trader Stalls	R 0 (Original) / R 4 500 000 (2nd Adjusted)	R 28 560	Procurement of Informal Traders by 31 March 2020	No Procurement of Informal Traders by 31 March 2020	New	⊗	Construction of 50% of informal Traders Stalls by 30 June 2021	Funding Agreement concluded with EDTEA by 31 January 2021. Service Provider appointed by 31 March 2021. Inception meeting held by 28 May 2021. Projections amended for implementation by 31 October 2021 for Project closeout.	Delays in finalisation of Funding Agreement however Service Provider appointed together with emerging enterprise as per requirements of appointment. Project projections amended and approved by EDTEA.	Project projects amended for completion of project by 31 October 2021.
NKPA4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT																



Budget & Treasury Office	Budget & Reporting	Date by which the 2019/20 Financial Year Clean Audit Opinion is achieved	Auditor-General Report	D 1	Institutional	2019/20 Financial Year Clean Audit Opinion	-	R O	Reduce significantly matters of emphasis is in order to ensure that the municipality obtains the Clean Audit Opinion for the 2018/19 Financial Year audit by 31 December 2019	matters of emphasis is were reduced significantly however the municipality didn't obtain the Clean Audit Opinion for the 2017/18 Financial Year	Ⓢ	Obtain the unqualified Audit Opinion for 2017/18 Financial Year	Reduce significantly matters of emphasis is in order to ensure that the municipality obtains the Clean Audit Opinion for the 2019/20 Financial Year audit by 31 March 2021	Audit was finalized by 31 March 2021 and an unqualified opinion with matters of emphasis was obtained	Not Achieved	There were matters of emphasis that were raised on the audit report which resulted to Unqualified audit opinion.	Audit action plan was developed for 2021/22 Financial Year by 30 May 2021
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Budget & Treasury Office	Budget & Reporting	Percent age of BTO Capital budget actually spent on capital projects by date	Expenditure report	D 2	Institutional	BTO Capital budget	-	R O	-	-	New	☺	100% of BTO Capital budget actually spent on capital projects by 30 June 2021	100% of BTO Capital budget actually spent on capital projects by 30 April 2021. (Scanners were delivered during month of April 2021)	Achieved	N/A	N/A
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Budget & Treasury Office	Budget & Reporting	2020/21 Adjustm ent Budget submitt ed to NT, PT and COGTA by date	Adopted Adjustm ent Budget; Proof of submissi on & signed Council Resoluti on	D 2 1	Instit ution al	2020/2 1 Adjust ment Budget	-	R 0	Submit 2019/2 0 adjustm ent Budget to NT; PT and CoGTA by 28-Feb-21	Submitt ed two 2019/2 0 adjustm ent Budget to NT; PT and CoGTA by 28-Feb-21	Submitt ed 2019/2 0 Adjust ment budget to Nat. Prov. Treasur y, COGTA in 2019/2 0 FY	Submit 2020/21 adjustm ent Budget to NT; PT and CoGTA by 12 March 2021	Submitted 2020/21 Adjustm ent budget to NT,PT and Cogta by 1 March 2021	Achi eve d	N/A	N/A
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Budget & Treasury Office	Budget & Reporting	Adopted 2021/22 Budget submitted to PT and NT by Date	Final Budget; Proof of submission	D 20	Institutional	Submission of 2021/22 Budget	-	R 0	Submitted Adopted 2020/21 Budget to PT & NT by 31-May-20	Submitted Adopted 2020/21 Budget to PT & NT by 31-May-20	Submitted the Adopted 2019/20 Budget to PT & NT in 2018/19 FY	😊	Submitted Adopted 2021/22 Budget to PT & NT by 14 June 2021	Submitted Adopted 2021/22 Budget to PT & NT by 31 May 2021	Achieved	N/A	N/A
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Budget & Reporting	Budget & Reporting	Draft 2021/22 Budget Submitted to NT & PT by Date	Draft Budget; Proof of submission	D 18	Institutional	Submission of Draft 2021/22 Budget	-	R 0	Submitted Draft 2020/21 Budget to PT and NT by 31-Mar-20	Submitted Draft 2020/21 Budget to PT and NT in 2018/19 FY	Submitted Draft 2021/22 Budget to PT and NT by 14 April 2021	Submitted Draft Annual Budget on 30/03/2021 to NT and PT	Achieved	N/A	N/A
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Budget & Treasury Office	Budget & Reporting	Draft 2021/22 budget tabled to Council for a noting by date	Draft Budget & Council Resolution	D 17	Institutional	Tabling of Draft 2021/22 budget	-	R 0	Table Draft 2020/21 Budget to Council for noting by 31-Mar-20	Table Draft 2020/21 Budget to Council for noting by 31-Mar-20	Table Draft 2019/20 to Council for noting in 2018/19 FY	☺	Table Draft 2021/22 Budget to Council for noting by 31-Mar-21	Draft annual Budget was tabled to council for noting by 25/03/2021	Achieved	N/A	N/A
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Budget & Treasury Office	Budget & Reporting	Number of Financial Ratios Reports submitted to Council for noting by Date	C Schedule Report	D 5	Institutional	Financial Ratios Report	-	R 0	-	-	New	☺	Financial Ratios Reports submitted to Council for noting by 30 June 2021	Submitted financial ratio reports to the council.	Achieved	N/A	N/A
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Budget & Treasury Office	Budget & Reporting	Section 72 report submitted to the Mayor; Provincial Treasury and National Treasury by date	S72 Report; Council Resolution; Proof of submission to mayor, PT, NT	D 16	Institutional	Section 72 reports	-	R 0	Submit Section 72 report to Council, Provincial Treasury and National Treasury by 25 January 2020	Submitted section 72 report to Standing committee, Provincial Treasury and National Treasury in	Submit Section 72 report to the Mayor, Provincial Treasury and National Treasury by 25 January 2021	Submitted S72 report to Mayor on 22/01/2021 and PT and NT on 25/01/2021	Achieved	N/A	N/A
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Budget & Treasury Office	Budget & Reporting	Submit the Final 2021/22 Budget to Council for adoption by date	Final Adopted 2021/22 Budget and signed Council Resolution	D 2 1	Institutional	Adoption of Final 2021/22 Budget	-	R 0	Submit Final 2020/21 Budget to Council for Adoption by 31 May 2020	Submitted Final 2020/21 Budget to Council for Adoption by 31 May 2020	Submitted final 2019/20 Budget to Standing Committee and Council for Adoption in 2018/19 FY	😊	Submit Final 2021/22 Budget to Council for Adoption by 31 May 2021	Submitted Final 2021/22 Budget to Council for Adoption by 27 May 2021	Achieved	N/A	N/A
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Budget & Treasury Office	Budget & Reporting	Submit 2021/22 budget process plan / time schedule to Council for approval by date	Adopted Budget process Plan & Council Resolution	D 24	Institutional	2021/22 budget process plan / time schedule	-	R 0	Submit the 2020/21 Budget Process Plan/ Time Schedule to Council for approval by 31-Aug-19	Submitted the 2020/21 Budget Process Plan/ Time Schedule to Council for approval by 31-Aug-19	Approved budget process plan / time schedule in 2018/19 FY	😊	Submit the 2021/22 Budget Process Plan/ Time Schedule to Council for approval by 31-Aug-20	Submitted the 2021/22 Budget Process Plan to Council on the 28/08/2020	Achieved	N/A	N/A
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Budget & Treasury Office	Financial Reporting & Asset Management	Annual Financial Statements submitted to Auditor General, CoGTA, PT & NT by date	AFS, Proof of submission	D 1 3	Institutional	Annual Financial Statements	-	R 0	Submitted Annual Financial Statements to AG, COGTA and National Treasury by 31 August 2019	Annual Financial Statements were submitted to Auditor General, CoGTA, PT & NT in 2018/19 FY	⊗	Submitted Annual Financial Statements to AG, COGTA and National Treasury by 31 August 2020	AFS not submitted to AG, CoGTA and National Treasury by 31 August 2020 they were submitted by 30 October due to extension in which was granted by Minister of Finance as custodian of MFMA	Not Achieved	Due to extension of submission date by treasury, AFS will be submitted on the 30th of October 2020	N/A
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Budget & Treasury Office	Financial Reporting & Asset Management	Number of Assets Reconciliations prepared and submitted to the CFO within 10 working days after the end of each month	Asset reconciliation, Proof of submission	D 14	Institutional	Assets Reconciliations	-	R 0	Prepare 12 Asset Reconciliation BY 30 June 2020	Prepare 12 Asset Reconciliation BY 30 June 2020	Prepare 3 asset reconciliation on quarterly bases in 2018/19 FY	☺	Prepare and submit 12 asset reconciliations to the CFO within 10 working days after the end of each month by 30 June 2021	Prepare and submit 4 asset reconciliations to the CFO within 10 working days after the end of each month by 30 June 2021	Achieved	N/A	N/A
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Budget & Treasury Office	Revenue Management	% collection of outstanding debts from 90 days and above by date	Debtors Age Analysis report	D 6	Institutional	Outstanding debts	-	R O	Collect 40% of debts outstanding from 90 days and above by 30 June 2020	Collected 40% of debts outstanding from 90 days and above by 30 June 2020	Collect 40% of debts outstanding from 90 days and above by 30 June 2021	Collected 4% of debts outstanding from 90 days and above by 30 June 2021	Not Achieved	Slow payment of debtors and long legal process of issuing summons	To review and enhance the current process by 30 September 2021.
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Budget & Treasury Office	Supply Chain Management	2021/22 Procurement Plan submitted to the MM for approval by date	Signed Procurement Plan by the MM with date	D 8	Institutional	2021/22 Procurement Plan	-	R 0	Submission of 2020/21 Procurement Plan to the MM by 30 June 2020	Procurement plan was submitted and approved by the Municipal Manager on the 30th June 2019	2019/20 Procurement Plan was approved in 2018/19 FY	😊	Submission of 2021/22 Procurement Plan to the MM for approval by 30 June 2021	Procurement plan was submitted to MM by 31 March 2021	Achieved	N/A	N/A
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Budget & Treasury Office	Supply Chain Management	Finalise percentage of Bid processing within Turnaround Time (in working days) by date	Bids register; Advert; Signed Minutes	D 1 1	Institutional	Bid processing	-	R O	Finalise bid processing within 90 working days of closure for tenders	Bid processing was finalised within 90 days	Finalised bid processing within 90 working days in 2018/19 FY	😊	Finalise 100% of bid processing within 90 working days of closure of Bids by 30 June 2021	All bids were finalized within 90 days of closure of bids by 30 June 2021	Achieved	N/A	N/A
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Budget & Treasury Office	Supply Chain Management	Percentage of SLAs/contracts with service providers signed within the turnaround time by date	Appointment letters; contracts registered, signed SLA's	D 9	Institutional	SLAs / contracts	-	R O	Contracts / SLAs with service providers signed within 30 days after date of appointment	100% compliance to contracts / SLAs with service providers in 2018/19 FY	😊	100% of SLAs/Contracts with service providers signed within 30 days after date of appointment by 30 June 2021	100% of all SLAs/Contracts with service providers were signed within 30 days after date of appointment by 30 June 2021	Achieved	N/A	N/A
Budget & Treasury Office	Supply Chain Management	Percentage of Implementation of National Treasury MFMA Circular 81 by date.		D 12	Institutional	Implementation of National Treasury MFMA Circular 81	R O	100% Implementation of National Treasury MFMA Circular 81 by 31 Decem	100% Implementation of National Treasury MFMA Circular 81 by 31 Decem		😊	100% Implementation of National Treasury MFMA Circular 81 by 30 June 2021	Circular 81 was implemented fully (100%) during financial year by 30 June 2021	Achieved	N/A	N/A

Budget & Treasury Office	Supply Chain Management	Percentage of invoices paid within the turnaround time from date of receipt of invoice	Payments register	D 4	Institutional	Invoices payments	-	RO	100% of invoices paid within 30 days from date of receipt of invoice	96% of invoices paid within 30 days from date of receipt of invoice	Creditors were paid within 30 days from date of receipt of invoice in 2017/18 FY	☺	100% of invoices paid within 30 days from date of receipt of invoice by 30 June 2021	100% of invoices paid within 30 days from date of receipt of invoice during the financial year	Achieved	N/A	N/A
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NKPA5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION													
Corporate Services Department	Human Resource Management	Number of LLF meetings attended by date	Attendance register	E 4	Institutional	LLF meetings	-	R O	Coordinate 4 Local Labour Forum Meetings by 30 June 2020	09 LLF Meetings coordinated by 30 June 2020	Attend 4 Local Labour Forum Meetings by 30 June 2019/20 F/Y	😊	Attend 4 Local Labour Forum Meetings by 30 June 2021
													7 Local Labour Forum meetings attended by 30 June 2021
												Achieved	Target erroneously captured as 4 instead of 11 LLF meetings by 30 June 2021.
													Target will be corrected in the 2021/2022 SDBIP.

Economic Development & Spatial Planning	IDP / PMS	2021/22 Final IDP submitted to Council for Adoption by date	Council Resolution	E 5	Institutional	Adoption of the 2021/22 Final IDP	-	R O	Submit 2020/21 Final IDP to council for adoption by 30-Jun-20	Final IDP submitted to Council for adoption by 28 May 2020	2019/20 FINAL IDP adopted in 2018/19 FY	Submit 2021/22 Final IDP to council for adoption by 30-Jun-21	Submitted 2021/22 Final IDP to Council for adoption by 27 May 2021.	Achieved	NA	NA
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Economic Development & Spatial Planning	IDP / PMS	Adopted 2019/20 AR and Oversight report submitted to CoGTA, NT & PT by date	Dated Proof of Submission	Entity	Institutional	Submission of the Adopted 2019/20 AR and Oversight report	-	RO	Submitted 2018/19 Annual Report and Oversight Report to CoGTA; AG; NT and PT by 31-Mar-20	Adopted 2018/19 Annual Report 2018/19 Report and Oversight Report submitted to CoGTA; AG; NT and PT by 15 April 2020	Adopted 2017/18 AR was submitted to all Sector Departments on the 31 March 2019	😊	Submitted 2019/20 Annual Report and Oversight Report to CoGTA; AG; NT and PT by 31 May 2021	Submitted 2019/20 Annual Report and Oversight Report to Cogta, AG, NT and PT by 07 June 2021.	Achieved	The submission was erroneously recorded as 31 May 2021 instead of 07 days after adoption.	The date will be corrected during mid term adjustment.
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Economic Development & Spatial Planning	IDP / PMS	Draft 2019/20 AR tabled to Council by date	Council Resolution	E 7	Institutional	Tabling of the Draft 2019/20 AR	-	R O	Table 2018/19 Draft AR to Council by 31-Jan-20	Draft Annual Report tabled to Council by 24 Jan 2020	Draft 2017/18 AR tabled to Council in January 2019	⊙	Table 2019/20 Draft AR to Council by 31 March 2021	2019/20 Draft AR was tabled to Council by 29 April 2021	Not Achieved	The Annual Report for 2019/20 was not submitted to Council for noting by 25 January 2020. Submission timeframe of the AR was extended by 2 months due to delays in the finalisation of audit. This is supported by Ministerial Exempti	2019/20 Draft AR was tabled to Council by 29 April 2021	2019/20 Draft AR was tabled to Council by 29 April 2021
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on issued in terms of section 171(1)(b ) of the MFMA, “Gazette ” publishe d on 05 August 2020 which state that municip alities and municip al entities are exempte d, for the 2019/20 20 financial year, from complyi ng with the deadline s in	
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Act,  
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(Act No.  
56 of  
2003).

Economic Development & Spatial Planning	IDP / PMS	Final 2019/20 Annual Report and Oversight report tabled to Council for Adoption by date	Council Resolution & Agenda	Engagement	Institutional	Tabling of the Final 2019/20 Annual Report and Oversight report	-	R O	Table Final 2018/19 Annual report and Oversight report to council for adoption by 31-Mar-20	Final 2018/19 Annual Report and Oversight Report tabled to Council for adoption by 25 March 2020	2017/18 Annual Report was adopted by Council by 31 March 2019	😊	Table Final 2019/20 Annual report and Oversight report to council for adoption by 31 May 2021	2019/20 Annual Report and Oversight report tabled to Council by 27 May 2021	Achieved	NA	NA
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Economic Development & Spatial Planning	IDP / PMS	Final adopted 2021/22 IDP submitted to COGTA, PT & NT by date	Proof of submission to CoGTA, PT and NT with dates	E 6	Institutional	Submission of the 2021/22 IDP	-	R 0	Submitted Final Adopted 2020/21 IDP submitted to CoGTA, PT & NT by 5 June 2020	Submitted Final Adopted 19/20 IDP TO CoGTA, PT & NT in 2018/19 FY	Submitted Final Adopted 2021/22 IDP to CoGTA, PT & NT by 30 June 2021	Submitted IDP to Cogta, PT & NT by 07 June 2021	Achieved	NA	NA
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Office of the Municipal Manager	Communications	Number of GKM Newspapers per issues produced by date	GKM newspaper issues	E 10	Institutional	GKM Newspaper per issues	R 300 000 (original) / R 400 000 (2nd adjusted)	R 369 950	Produced 11 GKM Newspaper per issues by 30 June 2020	11 GKM newspaper produced by 30 June 2020	Produced 11 GKM Newspaper issues in 2018/19 FY	☺	Produce 11 GKM Newspaper (Minimum 4 pages per Issue) by 30 June 2021	11 copies of GKM Monthly newspaper issues were produced with minimum 4 pages by 30 June 2021	Achieved	N/A	N/A
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Office of the Municipal Manager	Public Participation	Number of community meetings held by date	Signed minutes of meetings and/or attendance registers	E 1	Institutional	Community meetings	-	R 64 32 5	Conduct 80 ward Community meetings by 30 June 2020 (two ward community meetings per quarter)	67 community meetings were held during 2019/20 financial year	50 Community meeting for the 2019/2020 FY	😊	Hold 30 Community meetings by 30 June 2021	44 Community meetings held by 30 June 2021	Achieved	Additional meetings were conducted due to unavailability of community members during the day.	None
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Office of the Municipal Manager	Public Participation	Number of Public Participation Outreach Programs conducted by date	Programme, Attendance register	E 3	Institutional	Promotional Items Community Participation (Outreach Programmes)	R 400 000 (original) / R 600 000 (2nd adjusted)	R 376 206	Conduct 4 Public Participation Outreach Programmes by 30 June 2020	5 Public Participation Outreach Programmes were held By 30 June 2020	6 Outreach Programmes conducted 2019/2020	😊	Conduct 3 Public Participation Outreach Programs by 30 June 2021	13 Public Participation Outreach conducted by 30 June 2021	Achieved	Additional handovers were conducted hence over achievement.	NA
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Office of the Municipal Manager	Public Participation	State of the Municipality Address conducted by date	Program me and Agenda, Attendance register	E 2	Institutional	State of the Municipality Address	-	R 0	Conduct State of the Municipality Address by 30 June 2020	SOMA was not conducted by 30 June 2020	One Mayora Imbizo was conducted in 2018/19 FY	Ⓢ	Conduct State of the Municipality Address by 30 June 2021	State of the Municipal address was not conducted by 30 June 2021	Not Achieved	Project discontinued due to Covid 19 regulations	No planned intervention.
NKPA6: CROSS CUTTING INTERVENTIONS																	



Community & Social Services	Traffic & Law Enforcement	Number of by-law programs conducted by date	By-laws and traffic laws enforcement plan and Report	F 7	All 10 GKM Wards	By-law programs	-	R 0	Conduct 60 By-law enforcement programs by 30 June 2020	Conducted 79 By-law enforcement programs by 30 June 2020	There is minimal enforcement of by-laws	😊	Conduct 60 By-law enforcement programs by 30 June 2021	93 Law Enforcement Programs Conducted by 30 June 2021	Achieved	Developments around enforcement environment warrant additional programs to be initiated. This included the Disaster Management Regulations and other crime trends.
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Community & Social Services	Traffic & Law Enforcement	Number of Integrated Community Safety programs coordinated by date	Integrated Community Safety Program Report; Attendance registers	F 9	All 10 GKM Wards	Integrated Community Safety programs	-	R O	Co-ordinated Integrated Community Safety programs by 30 June 2020	Co-ordinated Integrated Community Safety programs by 30 June 2020	There are few joint programmes.	☺	Co-ordinated Integrated Community Safety programs by 30 June 2021	42 Integrated Community Safety Programs coordinated by 30 June 2021	Achieved	Enforcement initiatives required an integrated approach and therefore strengthened relations among Law Enforcement fraternity ensuring fertile ground for coordination	None
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Community & Social Services	Traffic & Law Enforcement	Number of Law Enforcement Parkhome refurbised by date	Progress Report / Occupation certificate	F 8	All 10 GKM Wards	Law Enforcement Parkhome	R 500 000 (original) / R 500 000 (2nd adjusted)	R O				There is minimal enforcement of by-laws	☹	Refurbishment of 1 Law Enforcement Parkhome by 30 June 2021	Bid was cancelled after being advertised twice. A lack of local content element was cited as a contributing factor.	Not Achieved	Bid was cancelled.	Project will not be implemented in the 2021/2022 Financial Year.
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Economic Development & Spatial Planning	Building Control	Number of legal and illegal inspections conducted in compliance with National Building Regulation and Standards by date	Monthly legal & non-legal building works reports submitted to Council and Register of received applications	F 3	Institutional	Legal and illegal inspections	-	R 0	Conduct 32 inspections on Legal and illegal Building works by 30 June 2020	55 Building Inspections Conducted 22 Legal Inspections 33 illegal Inspections	32 legal; and illegal building inspections conducted by 30 June 2020	☺	Conduct 48 Inspections on Legal and illegal Building works by 30 June 2021	174 Building Inspections Conducted by 30 June 2021	Achieved	Conduct more inspections as more building plans were submitted. More illegal buildings were inspected during quarter.	Increase target in the 2021/2022 Financial year.
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Economic Development & Spatial Planning	Spatial Planning	Finalise Land Audit Report of Municipal Land Owned Properties by date	Approved TORs, Advert, Appointment letter, PSC Reports, Draft Land Audit Report, Adopted Land Audit Report	F 5	All GKM Wards	Municipal Land Owned Land Audit	R 300 000 (original) / R 302 000 (Adjusted S71)	R 253 043	-	-	New	☺	Final Land Audit Report of Municipal Land Owned Properties by 30 June 2021	Final Land Audit Report Submitted to the Municipality by 10 June 2021	Achieved	N/A	N/A
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Economic Development & Spatial Planning	Spatial Planning	Number of Public Participation meetings held by date	Approved TORs, Advert, Appointment letter, PSC Reports, Public Participation Notice	F 6	All GKM Wards	Strategic Environmental Assessment	R 500 000 (original) / R 480 000 (2nd adjusted)	R 124 243	-	-	New	😊	Hold 1 Public Participation meeting by 31 March 2021	1 Public Participation meeting held on 23 June 2021. 2 PSC Meetings held 27 May 2021 and 23 June 2021	Achieved	NA	N/A
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Economic Development & Spatial Planning	Spatial Planning	Number of reports on municipal spatial data and GIS software updates produced by date	Quarterly Reports	F1	Institutional	Municipal Spatial data and GIS software	R 120 000 (original) / R 226 000 (2nd adjusted)	R 48 000	Update Municipal Spatial data and GIS software by 30 June 2020	Municipal Data Update Report, IDP, SDF AND HOUSING SECTOR PLAN MAP Updated	Municipal GIS Data Update by 30 June 2020	☺	Produce 4 reports on municipal spatial data and GIS software update by 30 June 2021.	4 Reports produced on municipal spatial data and GIS Software by 30 June 2021	Achieved	NA	N/A
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Economic Development & Spatial Planning	Spatial Planning	Percentage of approved building plans scanned to building plan management system by date	Register of approved building plans	F 2	Institutional	Building Plans Management System	R 500 000 (original) / R 500 000 (2nd adjusted)	R 433 745	-	-	New	⊗	100% of approved building plans scanned to building plan management system by 30 June 2021	0% of approved building plans scanned to building plan management system by 30 June 2021	Not Achieved	Scanning of building plans was not undertaken as planned due to postponement of trainings.	Scanning of building plans to be undertaken by 30 September 2021.
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## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

The Greater Kokstad Municipality has an organizational structure which is reviewed annually to ensure that the human capital respond to the municipal strategic objectives. The organizational structure was last adopted on 27 June 2019. The structure currently consists of six (6) departments, namely, Office of the Municipal Manager, Corporate Services, Budget and Treasury Department, Community and Social Services, Economic Development and Spatial Planning as well as the Infrastructure and Technical Services. The organizational structure has 421 positions spread across all departments of which 400 of those positions are filled while 21 positions remain vacant. However, annually the Municipality develops a recruitment plan which is informed by the provisions of the budget to ensure that the vacancy rate is minimized.

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1. EMPLOYEE TOTAL, TURNOVER AND VACANCIES

Description	2018/19	Employees				2020/2021		
	No. of Employees	Approved posts	No. of Employees	No. of Vacancies	Vacancy rate (%)	No of Employees	No of Vacancies	
Electricity	37	37	37	0	0%	35	2	5.71%
Waste Management	72	77	72	5	6.49%	114	9	7.89%
Roads	33	33	33	0	0%	45	4	8.88%
Transport	0	0	0	0	0	0	0	
Planning	11	11	11	0	0	12	0	
Local Economic Development	3	3	3	0	0%	3	0	0%
Community & Social Services	2	2	2	0	0%	8	0	0%
Health	0	0	0	0	0	0	0	0%
Safety & Security Traffic and Fire	31	30	30	1	3.22%	48	47	0%
Sports & Recreation Youth Gender Disability	2	2	2	0	0%	2	0	0 %
Corporate	50	51	50	1	1.96%	50	1	2%
Section 56	6	6	6	0	0%	6	0	0%

Vacancy Rate: 2020/2021						
Designation	No. of Approved Posts	No. of Vacant Posts	Vacancy Rate (%)	No of Employees	No of Vacant Post	
Municipal Manager	1	0	0%	1	0	0
CFO	1	0	0%	1	0	0
Other s56 Managers	4	4	0%	4	0	0
Middle Managers (Excluding Finance Services)	18	1	5.5%	18	1	5.5%
Middle Managers (Finance Services)	4	0	0%	4	0	0%
Supervisors (Excluding Finance Services)	6	0	0%	6	0	0%
Supervisors (Finance Services)	N/A	N/A	N/A	N/A	N/A	N/A
Traffic Officers	6	0	0%	6	0	0%
Fire Fighters	19	0	0%	19	0	0%
<b>Total</b>	<b>57</b>	<b>5</b>	<b>5.5%</b>	<b>59</b>	<b>1</b>	<b>5,5%</b>

Turn-over Rate			
Details	Total Appointments as of the beginning of Financial Year	Termination during the Financial Year	Turn-over Rate
2018/2019	69	35	56.52%
2019/2020	30	17	
2020/2021	19	25	76%

In terms of the Regulations for the Conditions of Employment and Appointment of Senior Managers, municipalities are required to ensure that every senior manager vacancy is filled within 70 days from the date of the closure of the advert. During the 2019/2020 financial year the municipality has been successful in filling the positions of EXMs: Community and Social Services and Economic Development and Spatial Planning.

## COMPONENT B: MANAGING THE WORKFORCE

The Municipality has developed and adopted human resources policies, procedures and systems which allow for fair, efficient and transparent personnel administration. The Municipality ensures enforcement and compliance to the said policies. Furthermore, the Employment Equity Plan which provides information on numerical goals and target is in place. During the 2019/20 financial year the Municipality achieved 100% in the target set in the EEP as a result targets in the Plan have been revised and adopted by Council on 30 August 2019. The focus will be on the employment of Whites, Indians and Coloured's as well as the disabled. Municipality is also striving to maintain the appointment of females particularly at senior management level which is currently at 50%.



## 4.2. POLICIES

HR Policies and Plans				
	Name of policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Recruitment of Senior Managers	N/A	N/A	Utilise regulations gazetted by COGTA
2	Sexual Harassment	100%	100%	The policy is in place
3	Acting Allowance Policy	100%	100%	The Policy is in place and followed
4	Bereavement Policy	100%	100%	27 June 2019
5	Induction Policy	100%	100%	The Induction Policy has not been implemented in this financial year
6	Probation policy	100%	100%	The Probation Policy is implemented
7	Private Work & Declaration of interest policy	100%	100%	The Code of Conduct is implemented without fail
8	Protective clothing policy	100%	100%	The Policy is in place and followed
9	Smoking Policy	100%	N/A	The Policy is in place and followed
10	Internship Policy	100%	100%	The Policy is in place and followed
11	Leave Policy	100%	100%	The Policy is in place and followed
12	Recruitment and selection Policy	100%	100%	The Policy is in place and followed
13	Exit Interview Policy	N/A	N/A	Part of Employment Policy
14	Termination of Services Policy	N/A	N/A	Part of Employment Policy
15	Disciplinary Code for Councillors	0%	0%	25 June 2021
16	Legal representation	N/A	N/A	Legal representation in discipline is done in line with the Collective Agreement
17	Dress Code	100%	100%	The Policy is in place and followed
18	HIV/Aids	0%	0%	25 June 2021
19	Promotion and Transfer/ Placement	100%	100%	The Policy is in place and is being implemented
20	Benefits and allowances	N/A	N/A	Part of the Collective agreement
21	Employment Equity plan	100%	100%	The Policy is in place and followed
22	Human Resources plan	100%	100%	25 June 2021
23	Workplace Skills Plan	100%	100%	25 June 2021

HR Policies and Plans				
	Name of policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
24	Bursary Policy	100%	100%	The Policy is in place and implemented
25	Employee relocation Policy	100%	100%	The Policy is being implemented
26	Membership of Professional Body	100%	100%	The Policy is in place and followed
27	Housing Policy	100%	100%	The Policy is in place and followed
28	Overtime Policy	100%	100%	The Policy is being implemented
29	Training and Development	100%	100%	The Policy is in place and followed
30	Student Trainees in Rare skills	100%	100%	The Policy is in place and followed
31	TASK Job Evaluation Policy	100%	100%	The Policy is in place

#### 4.3. INJURIES, SICKNESS AND SUSPENSIONS

For all the injuries that have been sustained by employees, necessary processes are followed to ensure that firstly, the employee receives assistance, following which, all necessary documentation required by Workmen Compensation is filled. After receiving the final report from the medical doctors, the Municipality then waits for the Department of Labour to process these injuries accordingly. Plans have however enfolded to ensure that these reports are obtained and that there is movement into finalizing the cases.

Below is the table which provides figures pertaining to the injuries on duty that were sustained by employees during the 2020/21 Financial Year

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken (Days)	Employees using injury leave (Number)	Proportion employees using injury leave (%)	Average Injury Leave per employee	Total Estimated Cost (R)
Required basic medical attention	0	6	0%	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatalities	0	0	0	0	0
<b>Total</b>	0	6	0	0	0



Below is the table with the number of sick leave taken and the cost thereof during the 2020/2021 Financial Year:

Number of days and cost of sick leave (excluding injuries on duty)						
Salary band	Total sick leave (Days)	Proportion of sick leave without medical certificate (%)	Employees using sick leave (Number)	Total employees in post (Number)	Average sick leave per employee (Days)	Estimated cost (R)
Unskilled (Levels 17-18)	970	143	90	145	6.7	383 150.00
Semi-Skilled (Levels 13- 16)	104	24	17	31	6.1	46 085.70
Junior Management (7- 12)	942	99	100	137	6.87	700 141.50
Middle Management (levels 2-6)	664	73	69	76	8.74	1 838 835.12
Senior management (Section 56)	79	7	4	5	15.8	339 180.18
Top Management S54	0	0	0	1	0	0
<b>Total</b>	<b>2759</b>	<b>346</b>	<b>280</b>	<b>395</b>	<b>44.21</b>	<b>3 307 392.50</b>

Below is a table that illustrates the number and period of suspensions during the 2020/21 financial year.

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reason why not Finalized	Date Finalized
EXM ITS	Attempted Misconduct	30 March 2021	Internal hearing	Matter not finalized
Supervisor Motor Licensing	Theft	04 June 2021	Waiting for the report from Dept of Transport and Absa Bank	Matter not finalized

Below is the table which illustrates the disciplinary action taken as a result of financial misconduct during 2020/21 Financial Year.



Position	Nature of Alleged Misconduct and Rand value of any loss to the Municipality	Disciplinary action taken	Date finalized
Document Management Assistant	Theft	Internal Disciplinary—refer the matter to Bargaining Council-dismissed Matter referred to labour court	Matter in labour court not finalised
Gender Officer	Theft	Internal Disciplinary Hearing – Dismissed-refer the matter to Bargaining Council-dismissed Matter referred to labour court	Matter in labour court not yet finalised
Superintendent Parks & Amenities	Attempted Fraud	Internal Disciplinary Hearing – Suspension for 10 days without pay	Matter finalised
Electrician	Attempted Fraud	Leave without pay for 10 days	Matter finalized
Electrician	Attempted Fraud	Leave without pay for 10 days. Appeal the sanction	Matter not finalized waiting for the Appeal Outcome
Artisan Assistant	Attempted Fraud	Leave without pay for 10 days	Matter finalized
Artisan Assistant	Attempted Fraud	Leave without pay for 10 days	Matter finalized

#### 4.4. PERFORMANCE REWARDS

Performance Rewards by Gender					
Designations	Beneficiary Profile				
	Gender	Total Number of Employees in Group	Number of Beneficiaries	Expenditure on Rewards	Proportion of beneficiaries within group
Lower skilled (Levels 1-2)	Male	N/A	N/A	N/A	N/A
	Female	N/A	N/A	N/A	N/A
Skilled (Levels 3-5)	Male	N/A	N/A	N/A	N/A
	Female	N/A	N/A	N/A	N/A
Highly skilled (Levels 6-8)	Male	N/A	N/A	N/A	N/A
	Female	N/A	N/A	N/A	N/A
Highly skilled supervisors (Levels 9-12)	Male	6	0	Nil	0%
	Female	4	0	Nil	0%
Middle Managers (Levels 13-15)	Male	5	0	Nil	0%
	Female	3	0	Nil	0%
MM and s56 Managers	Male	3	0	Nil	0%
	Female	3	0	Nil	0%
<b>Total</b>		24	0	Nil	0%

The Managers signed performance contract and are remunerated a performance bonus based on the percentage of what has been achieved in the financial year in question following assessment where presentation of portfolio of evidence is done. The calculation is in accordance with the Performance Management Policy adopted by Council.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The Municipality conducts the skills audit which enables an employee and supervisor to discuss performance and identify possible gap. The information is then consolidated into a Workplace Skills Plan which has a budget allocation. The challenge is the financial constraints and lack of full participation by employees within the Municipality which then does not permit that all training intervention that have been proposed to be initiated. In 2020/21 the focus will be to make interventions in ensuring that at least 40% of employees who do not meet minimum requirements as set out in JDS are met.

### 4.5. SKILLS DEVELOPMENT AND TRAINING

The Greater Kokstad Municipality's focus is to improve knowledge, ability, skills and other talents for employees. This is achieved through training and development. The training and development initiatives aim to improve the performance and focuses on three main areas, namely, human resources management, quality improvement and career development. While training focuses on providing the knowledge and skills required for doing a job, it also increases an employee's capabilities. Furthermore, the Municipality is committed to a continuous process of individual progression. Such progression focuses on mainly two areas, namely, career planning which involves activities to be performed by the employee as well as career management which generally focuses on the steps that the Municipality is taking to foster career development. This career development is forged through a bursary scheme and this financial year 21 beneficiaries (Municipal Employees) were offered study grants and 1 University student received a Municipal bursary.

A total of 58 employees were trained during 2020/21 financial year and 4 unemployed youth were granted apprenticeships by the Greater Kokstad Municipality in conjunction with the Artisan Training Institute.

Below is the table which illustrates the skills development interventions during 2020/21 financial year.

Number of Skilled employees required and actual as at 30 June 2021									
Gender	No. of Employees in post as	Learnerships			Skills programs & other short Courses			Other forms of trainings	
		Actual:	Actual:	2020/2021 Target	Actual:	Actual:	2019/20 Target	Actual:	Actual:



	at 30 June Year 2019	End of 2019/20	End of 2020/21		End of 2019/20	End of 2020/21		End of 2019/20	End of 2020/21
Female	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Male	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Female	5	16	3	3	N/A	N/A	N/A	N/A	N/A
Male	15	10	3	3	N/A	N/A	N/A	N/A	N/A
Female	18	4	3	3	2	N/A	N/A	N/A	N/A
Male	15	N/A	N/A	N/A	N/A	2	2	2	2
Female	65	N/A	3	2	2	2	2	N/A	N/A
Male	40	N/A	3	2	2	2	2	N/A	N/A
Female	135	N/A	3	2	2	2	2	N/A	N/A
Male	101	N/A	3	2	2	2	2	N/A	N/A
<b>Total</b>	<b>400</b>	<b>30</b>	<b>21</b>	<b>17</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>2</b>	<b>2</b>

Financial Competency Development: Progress Report						
Description	A. Total number officials employed by municipality [[Reg. 14(4)(a) and (c)]]	B. Total number officials employed by municipal entities [[Reg. 14(4)(a) and (c)]]	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B [[Reg. 14(4)(f)]]	Consolidated: Total number officials whose performance agreements comply with Regulation 16 [[Reg. 14(4)(f)]]	Consolidated: Total number officials that meet prescribed competency levels [[Reg. 14(4)(f)]]
<b>Financial Officials</b>						
Accounting Officer	1	1	1	1	1	1
Chief Financial Officer	1	1	1	1	1	1
Middle Managers	10	10	10	10	10	10
Any other financial officials	N/A	N/A	N/A	N/A	N/A	N/A
<b>Supply Chain Management Officials</b>						
Heads of Supply Chain Management unit	0	N/A	N/A	N/A	N/A	N/A
Manager: Supply Chain Management	1	7	8	1	1	1
<b>Total</b>	<b>13</b>	<b>19</b>	<b>20</b>	<b>13</b>	<b>13</b>	<b>13</b>
Note: This is a statutory report under the National Treasury, Local Government: MFMA Competency Regulations (2007)						

Financial Competency Development: Progress Report						
Description	A. Total number officials employed by municipality [(Reg. 14(4)(a) and (c)]	B. Total number officials employed by municipal entities [(Reg. 14(4)(a) and (c)]	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B [(Reg. 14(4)(f)]	Consolidated: Total number officials whose performance agreements comply with Regulation 16 [(Reg. 14(4)(f)]	Consolidated: Total number officials that meet prescribed competency levels [(Reg. 14(4)(f)]
<b>Financial Officials</b>						
Accounting Officer	1	1	1	1	1	1
Chief Financial Officer	1	1	1	1	1	1
Middle Managers	4	10	10	10	10	10
Any other financial officials	N/A	N/A	N/A	N/A	N/A	N/A
<b>Supply Chain Management Officials</b>						
Heads of Supply Chain Management unit	0	N/A	N/A	N/A	N/A	N/A
Manager: Supply Chain Management	1	7	8	1	1	1
Total	13	19	20	13	13	13
Note: This is a statutory report under the National Treasury, Local Government: MFMA Competency Regulations (2007)						
Financial Competency Development: Progress Report						
Description	A. Total number officials employed by municipality [(Reg. 14(4)(a) and (c)]	B. Total number officials employed by municipal entities [(Reg. 14(4)(a) and (c)]	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B [(Reg. 14(4)(f)]	Consolidated: Total number officials whose performance agreements comply with Regulation 16 [(Reg. 14(4)(f)]	Consolidated: Total number officials that meet prescribed competency levels [(Reg. 14(4)(f)]
<b>Financial Officials</b>						
Accounting Officer	1	1	1	1	1	1
Chief Financial Officer	1	1	1	1	1	1
Middle Managers	10	10	10	10	10	10
Any other financial officials	N/A	N/A	N/A	N/A	N/A	N/A
<b>Supply Chain Management Officials</b>						
Heads of Supply Chain Management unit	0	N/A	N/A	N/A	N/A	N/A
Manager: Supply Chain Management	1	7	8	1	1	1
Total	13	19	20	13	13	13
Note: This is a statutory report under the National Treasury, Local Government: MFMA Competency Regulations (2007)						

The Municipality had budgeted an amount of R1.2m which was aimed at funding training interventions. The said funding was 100% utilized and further to that the Municipality tapped on stakeholders to benefit from



trainings that they provided at no charge. To meet the competency levels as prescribed by National Treasury, the Municipality had received funding through LGSETA to assist in funding the program. The Municipality endeavours to explore all avenues made available to secure further funding for skills and development of its employees.

#### COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

The Municipality has placed strict controls in ensuring that workforce expenditure is in accordance with the budgetary provisions, amongst others, the positions that are filled are those that are budgeted for; the overtime is strictly monitored and kept at 40 hours per months as per BCEA unless when there are emergencies. Leave is monitored closely, and controls are in place to ensure proper usage.

#### 4.6. EMPLOYEE EXPENDITURE

Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower Skilled (Levels 1-2)	Female	N/A
	Male	N/A
Skilled (Levels 3-5)	Female	N/A
	Male	N/A
Highly Skilled (Levels 6-8)	Female	N/A
	Male	N/A
Highly Skilled supervision (Levels 9-11)	Female	N/A
	Male	N/A
Management (Levels 13-16)	Female	N/A
	Male	N/A
MM and s56 Managers	Female	N/A
	Male	N/A
Total		N/A

Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation				
M Occupation	Number of employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
NONE	NONE	NONE	NONE	NONE



Job evaluation has been completed for Managers below S56 Managers and Assistant Managers. The process offering permanent employment to these managers is underway with 1 Manager and 3 Assistant Managers having accepted offers of permanent employment. Ultimately all Managers and Assistant Managers will be offered permanent employment.

The drafting of job descriptions has been finalized for all positions below assistant managers. The Municipality has approached SALGA to evaluate its jobs in the Region 2 Job Evaluation Committee. Municipality anticipates submission of JDs at the beginning of first quarter in the 2018/19 financial year. The Municipality has not upgraded any positions in the 2019/20 Financial Year.

The Municipality ensures that declaration of interest by employees and Councillors are conducted at the end/beginning of each financial year. For the 2019/20 FY this process was undertaken in July 2019. In instances where it has come to the Municipality's attention that the declaration was not made by the employee, disciplinary measures will take place.

## CHAPTER 5 – FINANCIAL PERFORMANCE

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:  
Component A: Statement of Financial Performance  
Component B: Spending Against Capital Budget  
Component C: Other Financial Matters

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### 5.1. STATEMENT OF FINANCIAL PERFORMANCE

Refer to the 2020/2021 Annual Financial Statements (Volume 2)

## 5.2. GRANTS

Grant Performance				R'000		
Description	2019/20	2020/21			2020/21 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating transfers and grants						
National government:						
Equitable share	55 683 000	65 878 000	77 456 000	77 546 000	100%	100%
Housing	2 447 340	427 000.00	37 511 000	23 428 099	100%	62%
FMG	1,800 000	1 800 000	1 800 000	1 800 000	100%	100%
MIG	22 591 000	17 229 000	17 229 000	17 229 000	100%	100%
Sports and recreation	0	0	0	0	0	0
Arts and Culture	2 070 000	2 898 000	2 898 000	2 261 000	78%	78%
EPWP	1 311 000	3 164 000	3 164 000	3 164 000	100%	100%
SETA	0	0	0	85 231.00	0	0
Shayamoya Eco-Park	0	0	0	0	0	0
Industrial Park	0	0	0	0	0	0
Furniture World	0	0	0	0	0	0
INEP	17 914 000	360 000.00	360 000.00	360 000.00	100%	100%
Small Town Rehabilitation	0	0	4 500 000	28 560.00	0	1%

## 5.3. ASSET MANAGEMENT

Asset management ensures the safeguarding, effective and optimal use of assets and that they are properly accounted for. Internal controls have been developed and communicated to all management and staff through clear and comprehensive written documentation.

LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Asset 1	
Name	Horseshoe Early child development
Description	ECD
Asset type	Pre School
Key staff involved	ITS

LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Staff responsibilities	Maintenance
Assets value	<b>R3 350 166.08</b>
Asset 2	
Name	Small Towns Rehabilitation Phase 3
Description	Tarred road
Assets type	Road
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	<b>R397 767.89</b>
Asset 3	
Name	Electrification of Riverview and Murray Park
Description	Electrification
Asset type	Electrical
Key staff involved	ITS
Assets value	<b>R765 000.00</b>
Asset 2	
Name	Qhingalendlela Community Hall
Description	Hall
Assets type	Infrastructure
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	<b>R4 552 163.67</b>
Asset 2	
Name	Thuthukani Community Hall
Description	Hall
Assets type	Infrastructure
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	<b>R2 419 167.73</b>
Asset 2	
Name	Fencing of Waste Transfer station Franklin
Description	Fencing



LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Assets type	Fencing
Key staff involved	Electrical
Staff responsibilities	Maintenance
assets value	R179 700.00
Asset 2	
Name	Jim Payne Sport Complex
Description	Sport complex
Assets type	Sport complex
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R9 405 651.00
Asset 2	
Name	Cultural Village Ward 6
Description	Infrastructure
Assets type	Infrastructure
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R622 750.56
Asset 2	
Name	Borehole
Description	Borehole
Assets type	Infrastructure
Key staff involved	LED
Staff responsibilities	Maintenance
assets value	R1 029 600.00
Asset 1	
Name	Hydroponic tunnels
Description	Hydroponic tunnels
Asset type	Community Asset
Key staff involved	LED
Staff responsibilities	Maintenance
Assets value	R1 725 630.00

LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Asset 2	
Name	Hawker Stalls -Turnkey
Description	Stalls
Assets type	Hawker Stalls
Key staff involved	LED
Staff responsibilities	Maintenance
assets value	R 70 932.40
Asset 2	
Name	Fencing of Parks
Description	Fencing of Parks
Assets type	Community Assets
Key staff involved	CSS
Staff responsibilities	Maintenance
assets value	R1 059 582.45
Asset 2	
Name	Town Entrance Upgrade
Description	Upgrade of town Entrance
Assets type	Road
Key staff involved	CSS
Staff responsibilities	Maintenance
assets value	R209 800.00
Asset 2	
Name	CRU Housing Project ward3
Description	Housing Project
Assets type	Housing
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R21 933 239.67
Asset 3	



LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Name	Upgrading Shayamoya Roads
Description	Upgrading Shayamoya Roads
Asset type	Roads Infrastructure
Key staff involved	ITS
Assets value	R4 264 970.10
Asset 2	
Name	Upgrade of extension 7 Roads Phase 3
Description	Upgrade of extension 7 Roads Phase 3
Assets type	Infrastructure
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R5 982 771.22
Asset 2	
Name	Kokstad CBD Roads Phase 2
Description	Kokstad CBD Roads Phase 2
Assets type	Roads Infrastructure
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R3 807 197.61
Asset 2	
Name	Kokstad CBD Roads Phase 2
Description	Roads
Assets type	Roads Infrastructure
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R406 602.45
Asset 2	
Name	Murray Street and St Johns Street stormwater Upgrade
Description	Plant Equipment
Assets type	Plant Equipment
Key staff involved	Corporate services

LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Staff responsibilities	Maintenance
<b>assets value</b>	<b>R5 317 920.28</b>
Asset 2	
Name	Landfill site ward 6
Description	Solid waste infrastructure
Assets type	Infrastructure PPE
Key staff involved	Roads IPD
Staff responsibilities	Maintenance
<b>assets value</b>	<b>R536 695.04</b>
Asset 2	
Name	Electrification of Willowdale
Description	Electrification of Willowdale
Assets type	Electrical infrastructure PPE
Key staff involved	Electrical ITS
Staff responsibilities	Maintenance
<b>assets value</b>	<b>R1 799 475.50</b>
Asset 2	
Name	Electrification of Informal settlement
Description	Electrification of informal settlement
Assets type	Electrical infrastructure PPE
Key staff involved	Electrical ITS
Staff responsibilities	Maintenance
<b>assets value</b>	<b>R10 842.40</b>
Asset 2	
Name	Upgrading of brick Mini substation
Description	Upgrading of substation switch gear phase1
Assets type	Electrical Infrastructure PPE
Key staff involved	ITS
Staff responsibilities	Maintenance
<b>assets value</b>	<b>R820 412.77</b>
Asset 2	



LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Name	Horseshoe Roads upgrade phase1
Description	Horseshoe Roads upgrade phase1
Assets type	Roads PPE
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R4 016 029.64
Asset 2	
Name	Small town
Description	Small towns upgrade
Assets type	PPE Small towns upgrade
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R397 767.89
Asset 2	
Name	Fencing of municipal buildings
Description	Fencing
Assets type	Fencing
Key staff involved	CSS
Staff responsibilities	Maintenance
assets value	R971 299.80
Asset 2	
Name	Upgrade sports field horseshoe
Description	Upgrade sports field horseshoe
Assets type	Sports Field
Key staff involved	CSS
Staff responsibilities	Maintenance
assets value	R943 442.80
Asset 2	
Name	Upgrade Mini substations
Description	Upgrade Mini substations
Assets type	Mini substations
Key staff involved	Electrical
Staff responsibilities	Maintenance

LIST OF ASSETS ACQUIRED YEAR 2020/2021	
assets value	R2 301 567.19
Asset 2	
Name	Installation of streetlights and high masts phase1
Description	Installation of streetlights and high masts phase1
Assets type	IPD PPE
Key staff involved	IPD
Staff responsibilities	Maintenance
assets value	R761 920.45
Asset 2	
Name	MV cable upgrade Phase 4
Description	MV Networks
Assets type	MV cable upgrade Phase 4
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R3 481 466.02
Asset 2	
Name	Upgrading of substation switch gear phase2
Description	Upgrading of substation switch gear phase2
Assets type	Electrical Infrastructure
Key staff involved	ITS
Staff responsibilities	Maintenance
assets value	R2 390 412.88
Asset 2	
Name	Cemetery Development
Description	Cemetery Development
Assets type	Community Assets
Key staff involved	CSS
Staff responsibilities	Maintenance
assets value	R1 785 714.82
Asset 2	
Name	Bulk Infrastructure
Description	Electrical Infrastructure
Assets type	Electrical Infrastructure

LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Key staff involved	ESS
Staff responsibilities	Maintenance
assets value	<b>R18 091 024.11</b>
Asset 2	
Name	Emergency Housing Project
Description	Housing Project
Assets type	Housing Project
Key staff involved	EDSP
Staff responsibilities	Maintenance
assets value	<b>R1 511 513.06</b>
Asset 2	
Name	Transport Assets
Description	Plant and Equipment
Assets type	Tractors
Key staff involved	LED
Staff responsibilities	LED
assets value	<b>R1 217 391.30</b>
Asset 2	
Name	Transport Assets
Description	Plant and Equipment
Assets type	Motor Vehicle
Key staff involved	Electrical
Staff responsibilities	Electrical
assets value	<b>R611 464.58</b>
Asset 2	
Name	Computer Equipment
Description	Computer Equipment



LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Assets type	Computer
Key staff involved	ICT
Staff responsibilities	ICT
assets value	<b>R654 309.12</b>
Asset 2	
Name	Furniture and Fittings
Description	Furniture and fittings
Assets type	Furniture and fittings
Key staff involved	BTO
Staff responsibilities	BTO
assets value	<b>R540 320.69</b>
Asset 2	
Name	Skip Bins110
Description	Skip Bins110
Assets type	PPE
Key staff involved	CSS
Staff responsibilities	CSS
assets value	<b>R1 001 864.26</b>
Asset 2	
Name	Jetting Machine
Description	Jetting Machine
Assets type	PPE
Key staff involved	ITS
Staff responsibilities	ITS
assets value	<b>R 782 721.77</b>
Asset 2	
Name	Fire Fighting Equipment

LIST OF ASSETS ACQUIRED YEAR 2020/2021	
Description	Fire Fighting Equipment
Assets type	PPE
Key staff involved	CSS
Staff responsibilities	CSS
assets value	<b>R 189 990.95</b>
Asset 2	
Name	Firearms and safes
Description	Firearms and safes
Assets type	PPE
Key staff involved	CSS
Staff responsibilities	CSS
assets value	<b>R 23 980.00</b>

Repair and Maintenance Expenditure: 2020/21				
	Original Budget	Adjustment Budget	R'000 Actual	Budget variances
Repairs and maintenance expenditure	31 226 000.00	22 258 000.00	8 058 260.00	36%

#### 5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

**All data used is from SA8 of MBRR.**

- i. **Liquidity Ratios = 3.40 (Current Assets 191 435 462.00; Current Liabilities 56 263 445.00)**  
Measure the Municipality's ability to pay its bill and is calculated by dividing the monetary assets (due within 1 yr.) by the municipality's current liabilities. (Higher ratio is better)
- ii. **Cost Coverage = 4 MONTHS**  
It explains how many months the expenditure can be covered by the cash and other liquid assets available to the municipality excluding utilization of grants.

**iii. Total outstanding service debtors = 60%**

Measures how much is still owed by the municipality for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. Calculated by dividing the outstanding debtors by the total revenue. (lower score is better)

**iv. Debt coverage = N/A**

The number of times debt payments can be accommodated within operating revenue (excludes grants). This in turn represents the ease with which debt payment can be accommodated by the municipality

**v. Creditor's system efficiency = 6 DAYS**

The proportion of creditors paid within terms (i.e., 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases.

**vi. Capital charges to Operating expenditure = 0%**

Ratio is calculated by dividing the sum capital interest and principle paid by the total operating expenditure

**vii. Employee costs = 32.8%**

Measures what portion of the revenue was spent on paying employee costs. Calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

**viii. Repairs & maintenance = 5.6%**

This represents the portion of operating expenditure spent

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**5.5. DEBTORS**

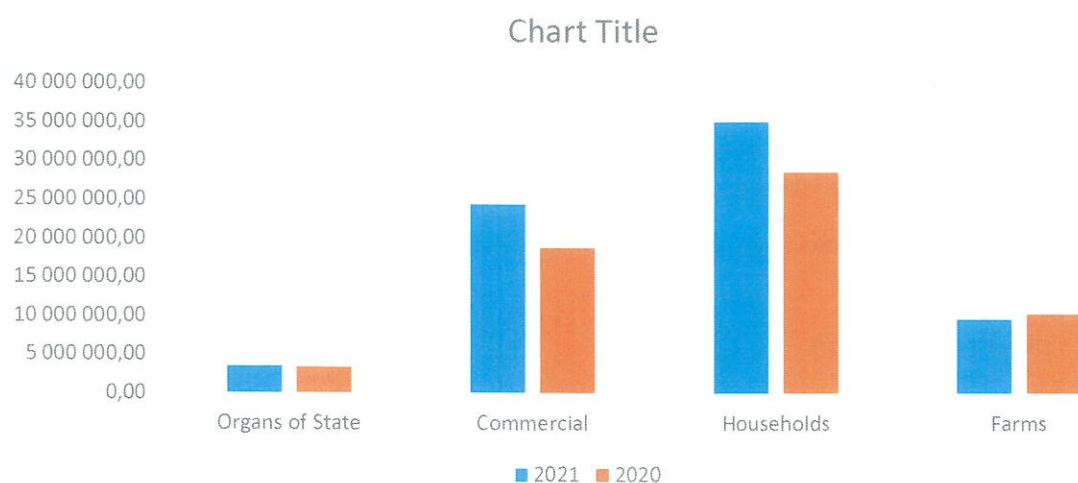
Net outstanding consumer debtors amounted to R 47,525,052 million as at 30 June 2021 [2020: 41,200,620 million], Service charges debtors account for 61% of the total net consumers debtors balance. The municipality granted incentives of 15% and 10% to ratepayers for annual rates paid before August 2020 and November 2020 respectively. The municipality has implemented debt collection processes including both



legal process and electricity cut-offs to debtors with the account balances outstanding for more than 30 days.

#### Debtors per category

Categories	2021	2020
Organs of State	3,542,836.00	3,388,329.00
Commercial	24,496,871.00	18,815,749.00
Households	35,178,954.00	28,694,392.00
Farms	9,711,103.00	10,317,339.00
<b>Total by Customer Group</b>	<b>72,929,764.00</b>	<b>61,815,809.00</b>



The table below illustrates the debt which is categorized by nature and compared to the prior year. The debt below is reflected after considering for Debt Impairment.

	2021	2020
<b>Rates</b>	31,349,076	30 636 410
<b>Electricity</b>	22,668,665	16 676 837
<b>Refuse</b>	20,018,383	15 494 860
<b>Fire levy</b>	6,587,838	6 171 163
<b>Less Provision for bad debts</b>	(33,098,910)	(27,778,650)
<b>Total</b>	<b>47,525,052.00</b>	<b>41,200,620.00</b>

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#### 5.6. ASSESSMENT BY THE ACCOUNTING OFFICER ON ANY ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES

The municipality levies rates to all properties that are reflected in the municipal valuation roll. A supplementary valuation rolls were submitted to council and implemented in September 2020 and January 2021. The rates policy was reviewed and adopted by the municipality in this regard. The municipality further ensured that a gazette is promulgated for the levying of property rates. A tariff policy was also adopted by council and further gazette for the levying of property rates. Properties are charged a tariff based of the tariffs as approved by council.

The municipality has developed and implemented a debt recovery strategies and revenue in order to reduce the debtor's book and enhance revenue collection.

The municipality has employed and is utilizing the services of the Debt Collector in order to eliminate long outstanding debts. More than 52% of the outstanding debtors are more than 180 days in age. We have continued to encourage customers experiencing cash flow challenges to enter into alternative payment arrangements in order to improve the collection rate.

#### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

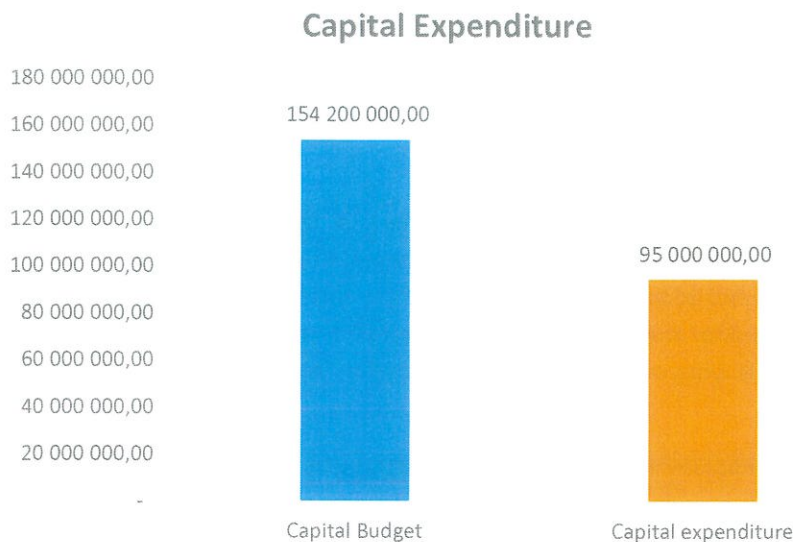
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#### 5.7. CAPITAL EXPENDITURE

The 2020/2021 financial year capital budget marked a significant milestone once again with an approved adjusted capital budget of R154.2 million. Capital expenditure, as expressed by the additions capitalised in the current year amounted to R95 million and work in progress amounting to R171.7 million (74.6% of approved capital budget).

This Graph representing the percentage of capital expenditure and operating expenditure.





#### 5.8. CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 Largest Projects					
Name of Project	Current: 2020/21			Variance: 2020/21	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment Variance (%)
Bulk infrastructure	R 1 500 000	R 18 385 000	R18 091 024	1106%	2%
Jim Payne	R5 600 000	R10 018 000	R9 405 651	68%	6%
Storm Water Upgrade Murray	R5 600 000	R5 620 000	R5 317 920	-5%	5%
Qhingalendlela	R 5 500 000	R5 040 000	R 4 552 163	-17%	10%
Upgrade of Shayamoya internal Roads	R 4 600 000	R4 600 000	R4 264 970	-7%	7%
<i>*Projects with the highest capital expenditure</i>					

#### 5.9. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Greater Kokstad Municipality has achieved universal access to electricity for its residents and has also electrified the informal settlements to reduce illegal connections. The only backlog is upgrading the gravel roads to asphalt paving using the MIG grant. As for Water Services the HGDM is addressing these backlogs which are basically to convert most of the high-density residential areas from Pit Latrines to water borne sanitation. Greater Kokstad Municipality used part of the MIG grant for upgrading of gravel roads to asphalt

paving during the 2020/2021 financial year. Otherwise, there is no backlogs to talk about in the Municipal area of Kokstad.

Municipal Infrastructure Grant (MIG) Expenditure on Service Backlogs: 2020/21						
R'000						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor
				Budget	Adjustment Budget	
<b>Infrastructure – Road Transport</b>	N/A	N/A	N/A	%	%	N/A
Roads, Pavements & Bridges	N/A	N/A	N/A	0%	0%	N/A
Storm water	N/A	N/A	N/A	%	%	N/A
<b>Infrastructure – Electricity</b>	N/A	N/A	N/A	%	%	N/A
Generation	N/A	N/A	N/A	%	%	N/A
Transmission & Reticulation	N/A	N/A	N/A	%	%	N/A
Street Lighting	N/A	N/A	N/A	%	%	N/A
<b>Infrastructure – Water</b>	N/A	N/A	N/A	%	%	N/A
Dams & Reservoirs	N/A	N/A	N/A	%	%	N/A
Water purification	N/A	N/A	N/A	%	%	N/A
Reticulation	N/A	N/A	N/A	%	%	N/A
<b>Infrastructure – Sanitation</b>	N/A	N/A	N/A	%	%	N/A
Reticulation	N/A	N/A	N/A	%	%	N/A
Sewerage purification	N/A	N/A	N/A	%	%	N/A
<b>Infrastructure – Other</b>	N/A	N/A	N/A	%	%	N/A
Waste Management	N/A	N/A	N/A	%	%	N/A
Transportation	N/A	N/A	N/A	%	%	N/A
Gas	N/A	N/A	N/A	%	%	N/A
<b>Other – Specify:</b>	N/A	N/A	N/A	%	%	N/A
<b>Total</b>	N/A	N/A	N/A	%	%	N/A

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.10. CASH FLOW

Refer to 2020/2021 Annual Financial Statements (Volume 2)

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#### 5.11. BORROWING AND INVESTMENTS

Actual Borrowings: year 2019/20 – 2020/21		
Instrument	2019/20	2020/21
Municipality		
Long- term loans (annuity/reducing balance)	0	0
Financial Leases	0	0
<b>Municipal Total</b>	<b>0</b>	<b>0</b>

## CHAPTER 6 – AUDITOR GENERAL FINDINGS AND ACTION PLAN

### COMPONENT B: ACTION PLAN 2020/2021

During 2019/2020 action plan has been implemented fully, and all issue addressed by the AG were addressed. However, during the 2020/2021 financial year, the new issue emerged during the audit processes, the following action plan seeks to address that:

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Auditor-General

# Greater Kokstad Municipality

Audit Report 2020-21

# Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council on Greater Kokstad Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Greater Kokstad Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, statement of cash flow 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 Greater Kokstad Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2020 (Act No. 4 of 2020) (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 matter**

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Material impairment: Trade receivables from exchange transactions**

7. As disclosed in note 7 to the financial statements, the municipality increased the allowance for impairment on trade receivables from exchange transactions to R18,33 million (2019-20: R13,01 million) as the recoverability of these amounts was considered to be doubtful.

## **Other matter**

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Unaudited disclosure notes**

9. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, we do not express an opinion on it.

## **Responsibilities of the accounting officer for the financial statements**

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. 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**

12. 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.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.



## **Introduction and scope**

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. 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.
16. 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 basic service delivery and infrastructure development priority presented in the municipality's annual performance report on pages xx to xx for the year ended 30 June 2021.
17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for the basic service delivery and infrastructure development priority.

## **Other matters**

19. I draw attention to the matters below.

## **Achievement of planned targets**

20. The annual performance report on pages ... to ... sets out information on the achievement of planned targets for the year.

## **Adjustment of material misstatements**

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of basic service delivery and infrastructure development. 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 the audit of compliance with legislation**

### **Introduction and scope**

22. 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.
23. The material findings on compliance with specific matters in key legislation are as follows:

### **Consequence management**

24. Some of the losses resulting from fruitless and wasteful expenditure were written-off as irrecoverable without being certified by council as irrecoverable, in contravention of section 32(2)(b) of the MFMA.

### **Procurement and contract management**

25. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).
26. Some of the commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).

### **Strategic planning and performance management**

27. Amendments to the Integrated Development Plan (IDP) were made without making the proposed amendments available for public comment, as required by section 34(b) of the MSA and municipal planning and performance management regulation 3(4)(b).

### **Expenditure management**

28. Reasonable steps were not taken to prevent irregular expenditure of R49,71 million as disclosed in note 40 to the financial statements, as required by section 62(1)(d) of the Municipal Finance Management Act (MFMA). The majority of the irregular expenditure was caused by non-compliance with SCM regulations.



## Other information

29. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in this auditor's report.
30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. 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 therein, 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

33. 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.
34. Leadership did not perform effective oversight and monitoring to ensure that delegated officials consistently applied policies and procedures and related internal controls to compliance with applicable legislation.

*Auditor-General*  
Pietermaritzburg

30 November 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected development priority and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Greater Kokstad Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to 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.



No	Paragraph No	Audit Finding	Root Cause / Internal Control Deficiency	Planned Action	Date	Task owner	POE	Progress	Internal Audit Review	Review by the Municipal Manager	Review by the Audit Committee Chairperson	Status
1	Annexure A	Minimum threshold for local production and content not specified	Inadequate oversight over the legislation relating to local production and content.	In- progress: Continuous training of SCM employees will be done on annual basis. SCM manager and End-user to determine if procurement requires local content.	30/06/2022	M: SCM	Checklist Training provided					
2	Annexure A	Non-compliance with MFMA Circular 105	Bid committees did not adequately consider economic use of	In- progress: SCM manager to consider MFMA circular 105 for all Covid	30/06/2022	M: SCM	Checklist Training provided					



3	Annexure A	Tender not evaluated according to the pre-qualification criteria	resources during the evaluation of the tenders. The SCM Manager did not ensure that the bids were evaluated according to the pre-qualification criteria stipulated in the invitation to quote.	19 procurement t.	In- progress: SCM manager to update the templates for TOR's and Advert with relevant requirements	30/06/2022	M: SCM	SCM checklist							
5	Annexure A	Non-compliant supplier awarded	The SCM manager did not review the tax status of the supplier as per the		In- progress: SCM manager and bid committees to ensure that the developed checklist for	30/06/2022	M: SCM	BSC, BEC and BAC Checklist developed. Updated checklist for							



7	Annex ure A	Fruitless and wasteful expenditure written off as irrecoverable without council approval	Management did not review and monitor compliance with applicable laws and regulations.	To re-submit report to Council and restructure resolution to accurately reflect the write off.  Going forward to ensure accurate documentation of recommendations for Council resolutions on write offs.	30/06/ 2022	M: IA	Revised Council resolution				
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8	Annex ure A	Community was not afforded an opportunity to comment on proposed amendments of the IDP for 21 days	The assistant Manager IDP and OPMS did not ensure that the Municipal planning and Performance management regulations are complied with when amending the IDP	The current IDP/PMS checklist has been reviewed and updated to include the IDP amendments and timeframes.	13/01/ 2022	Assistant Manager IDP/OPMS	IDP/OPMS Checklist				
1 1	Annex ure B	Differences noted upon recalculation of the Cash Flow Statement	Management and the internal audit did not perform an adequate review of	CFO to thoroughly review AFS before submission	30/06/ 2022	M: A&R	Reviewed AFS				

[illegible]







18	Annexure B	Incorrect bank account disclosed in the AFS	Management did not adequately review the AFS to ensure that disclosures are valid, accurate and complete.	CFO to thoroughly review AFS before submission	30/06/2022	M: Budget	Reviewed AFS				
20	Annexure B	Inaccurate disclosure of prepayments in the annual financial statements	Management did not perform an adequate review of the financial statements to ensure that the financial statements submitted for	CFO to thoroughly review AFS before submission	30/06/2022	M: A&R	Reviewed prepayments schedules				

2	Annexure B	Inaccurate descriptions reflected on note 16	audit contain only relevant and reliable information prior to submission of the financial statements	Management and internal audit did not adequately review the employee benefit note and the disclosures as required by GRAP 25 to ensure	CFO to thoroughly review AFS before submission	30/06/2022	M: A&R	Reviewed AFS							
2															





28	Annexure B	Differences noted upon re-performance of debtors age analysis	audit to ensure that disclosures made are accurate and supported by underlying records. The CFO did not adequately review the annual financial statements prior to submission for audit to ensure that disclosures made for receivables is supported	Submission of write off to council	30/06/2022	M: Revenue	Age analysis Write of approval						
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29	Annexure B	Differences identified upon recalculation – fines receivable	Management did not ensure that regular reconciliations for fines are performed to ensure that fines have been correctly captured in the traffic fine system.	Reconciliations for fines are performed	30/06/2022	M: Revenue	Monthly reconciliations						
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38	Annexure B	Reported Target not consistent with the planned target	Management did not ensure thorough comparison between information on presented in the APR to information on approved in the planning documents to avoid inconsistencies of reported targets.	AM: IDP/OPMS to perform a thorough review of reported information to ensure that information presented is consistent to that in the approved planning documents.	30/06/2022	AM: IDP/OPMS	Quarterly Reports					
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40	Annexure B	Indicators not relevant to the KPA	Management did not adequately review the SDBIP to ensure that relevant indicators are included in the KPA for basic service delivery and infrastructure.	AM: IDP/OPMS to perform a thorough review of the SDBIP to ensure that relevant indicators are included in the KPA for basic service delivery and infrastructure.	30/06/2022	AM: IDP/OPMS	Final SDBIP				
41	Annexure B	Differences in the percentage of households with access to basic level of electricity	The assistant manager: PMS did not adequately review the underlying records making up the	AM: IDP/OPMS to perform a thorough review of the underlying records making up the reported achievement	30/06/2022	AM: IDP/OPMS	Quarterly Reports				



42	Annexure B	Reported Outputs are not reliable	The assistant manager: IDP/PMS did not adequately review the underlying records making up the reported achievement on a quarterly basis to ensure that reported achievement are valid and accurate.	ts on a quarterly basis to ensure that reported achievements are valid and accurate.	30/06/2022	AM: IDP/OPMS	Quarterly Reports						
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43	Annexure B	Reported achievement not consistent with evidence	valid and accurate.	Management did not ensure that the reported achievements are consistent with supporting evidence prior to reporting in the APR.	AM: IDP/OPMS to perform a thorough review of performance information to ensure that the reported achievements are consistent with the supporting evidence.	30/06/2022	AM: IDP/OPMS	Quarterly Reports								
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4 4	Annex ure B	Supplier in service of the state	The municipal ity does not have adequate systems to identify suppliers who have an interest in the state.	The municipalit y does not have an accurate system that can perform such checks. However currently Transunion reports are currently being performed on all bids	30/06/ 2022	CFO	Trans- union reports for all awards					
4 5	Annexur e B	Deviation not disclosed and not reported to Council	The CFO and the SCM Manager did not perform an adequate review of the deviation register to confirm that all	Monthly review of Deviation register	30/06/ 2022	M:SCM	Monthly review of Deviation register					

46	Annexure B	Unjustifiable Deviation	deviations were recorded, reported to council and disclosed in the annual financial statements.	The CFO and the SCM Manager did not perform an adequate review of the request for deviation against the SCM compliance checklist to confirm	Monthly review of the request for deviation against the SCM compliance checklist	30/06/2022	M: SCM	SCM checklist							
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## APPENDICES

### APPENDIX A: AUDIT COMMITTEE REPORT

#### ANNUAL REPORT OF THE PERFORMANCE AND RISK AUDIT COMMITTEE for the year ended 30 June 2021



# The Greater Kokstad Municipality

## The Performance and Risk Audit Committee report for the year ended 30 June 2021

The Performance and Risk Audit Committee, hereafter referred to as the audit committee is pleased to present its report for the fiscal year ended 30 June 2021 as required by Section 166 of the Municipal Finance Management Act, 56 of 2003, hereinafter referred to as the MFMA..

### Audit committee members and attendance

The audit committee consists of the following members listed hereunder and should meet 4 times per annum as per its approved terms of reference.

#### Name of member

Mr. A.D. Gonzalves (Chairperson)

Ms. S. Gumbi

Ms. C. Jugnarayan

Mr. D. Mpanza

Each member has sufficient qualifications and experience in the areas of financial management and financial reporting, internal and external auditing, risk management, performance management, legal and compliance.

The qualifications and term of office the members are as follows:

Name	Qualifications	Term of office
Mr. A.D Gonzalves	. Professional Accountant (SA)	01.06.2015 – 30.09.2018
	. Certified Internal Auditor (SA)	01.10.2018 – 30.09.2021
	. Master's degree in commerce (S.A tax and international tax)	
	. Honours degree in commerce (accounting)	
	. Bachelor' degree in accounting	
Ms. S. Gumbi	. Certificate in management development in municipal finance	01.06.2015 – 30.09.2018
		01.10.2018 – 30.09.2021
	. Master's degree in business administration	
	. Bachelor's degree in arts and culture (Economics and industrial relations)	
Ms C. Jugnarayan	. Chartered Accountant (SA)	01.10.2018 – 30.09.2021
	. National diploma in accountancy	
	. Bachelor's degree in accountancy	
Mr. D. Mpanza	. Master's degree in law	01.10.2018 – 30.09.2021
	. Master's degree in business administration	
	. Bachelor's degree in law	

### Audit committee meetings

During the financial year the audit committee held ordinary meetings and special meetings as follows:

No.	Date	Type of meeting
1.	27 July 2020	Ordinary
2.	18 August 2020	Special
3.	12 October 2020	Special
4.	26 October 2020	Ordinary
5.	20 November 2020	Special
6.	25 January 2021	Special

No.	Date	Type of meeting
7.	22 February 2021	Ordinary
8.	26 April 2021	Ordinary
9.	24 May 2021	Special
10.	28 June 2021	Special
11.	29 June 2021	Special

Some of the special meetings held during the year were joint sittings with MPAC. Members of the audit committee also attended AGSA audit steering committees to engage on matters relating to the external statutory audit of the fiscal year ended 30 June 2021. The AGSA, CoGTA and KZN Provincial Treasury have standing invitations to all Audit Committee meetings. No conflicts of interest were reported by members of the audit committee during the fiscal year ended 30 June 2021.

#### **Audit committee responsibility**

Section 166 of the MFMA, Act No. 56 of 2003, requires every municipality to establish an independent audit committee, which must advise the municipal council, political office-bearers, Accounting Officer and management staff of the municipality on matters relating to internal financial controls and internal audits, risk management, accounting policies, adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA and any other applicable legislation and any other issues referred to it by the municipality. The municipal planning and performance management regulations, section 14(2)(c) makes provision for the establishment of a performance audit committee (the role of which can be fulfilled by the audit committee) that must include at least one person who has expertise in performance management. The performance audit committee is required to review the quarterly reports submitted by the internal audit function on performance management, review the municipality's performance management system, and make recommendations in this regard to council. The performance and risk audit committee presented its quarterly reports to council.

The audit committee reports that it has complied with its responsibilities arising from section 166 of the MFMA.

The audit committee also reports that it has adopted formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

#### **The effectiveness of internal controls**

In line with the MFMA, the internal audit function provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the in-year reports of the internal audit function, it was noted that there was a marginal improvement within the municipality's control environment as compared to prior years however room for improvement exists.

The quality of the in-year management and monthly/quarterly reports submitted in terms of the MFMA, MSA, and the Division of Revenue act improved in comparison to prior years. Management is encouraged to implement continual focus on the recoverability of outstanding statutory and trade receivables to avoid the potential burden on future cashflows from operating activities. Management must guard against individuals that may purport their indigent status to exploit the municipality and for this purpose the effectiveness of internal controls must be improved in terms of the recommendations of internal audit.

The audit committee recommends that management diligently implement preventative controls to ensure compliance with year-end financial reporting GRAP standards to avoid potential material audit adjustments. Management is encouraged to implement adequate and proper oversight over the effective implementation of preventative controls with respect to supply chain management to prevent unauthorized, irregular, and wasteful expenditure. It is further recommended that management continue to place acute focus on the preventative controls to ensure that the performance management in-year reporting is credible. Consequence management must continually be implemented to ensure that internal controls remain effective throughout the year.

## **Internal audit**

The audit committee executed the following functions in respect of the internal audit function:

- reviewed and approved the internal audit charter and the risk based annual internal audit plan,
- evaluated the independence and effectiveness and performance of the internal audit function, and
- Reviewed the work performed by internal audit on a quarterly basis and the implementation of internal audit recommendations.

The audit committee is satisfied that the internal audit function is operating effectively and that it has endeavored to assist management to address some of the risks pertinent to the municipality. From the in-year reports of the internal audit function, it was noted that there was some improvement within the municipality's control environment as compared to prior years however management is encouraged to implement internal audit recommendations in a timely manner to improve its current status.

The following management disciplines were reviewed by internal audit during the year:

<b>No.</b>	<b>Description</b>
------------	--------------------

- |     |   |
|-----|---|
| 1.  | Electricity management  |
| 2.  | Expenditure management  |
| 3.  | Internal audits follow up reviews of prior reported findings                  |
| 4.  | Internal audits follow up reviews of prior reported findings by the AGSA      |
| 5.  | Local economic development  |
| 6.  | Overtime management   |
| 7.  | Performance management  |
| 8.  | Project management  |
| 9.  | Public participation  |
| 10. | Revenue management  |
| 11. | Risk Management   |
| 12. | Supply chain management   |
| 13. | Value for money   |
| 14. | Year-end reporting: annual financial statements and annual performance report |
| 15. | Year-end reporting: annual performance report                                 |

The audit committee will continue to monitor implementation of management corrective action and the enhancement of the control environment in the 2021/2022 financial year. The audit committee is satisfied that the internal audit function maintained its independence and objectivity throughout the year under review.

## **Risk management**

During the period under review quarterly reports from the chairperson of the risk management committee were presented to the audit committee. Detailed strategic and operational risk registers were also submitted by internal audit to the audit committee. The Audit Committee will continue to exercise its advisory and oversight function with respect to risk management.

## **Performance management**

The audit committee reviewed the in-year performance reports and performance results reported by management. Considerable improvements were noted in the effectiveness of the processes and the quality of information reported however room for improvement exists. The Accounting Officer must ensure that senior managers submit in-year reports and supporting portfolios of evidence to the performance management unit within the prescribed time frames by implementing consequence management actions against those officials that consistently do not comply with the policy timeframes.

## **External audit**

The audit committee reviewed, and discussed the audit report, management letter and engaged the AGSA on the audit report and management letter. The audit committee is satisfied with the independence of the Auditor General (South Africa).



## Evaluation of the annual financial statements

The audit committee:

- reviewed and discussed the audited financial statements to be included in the annual report, with the AGSA,
- reviewed the AGSA's management report and managements responses thereto,
- reviewed the municipality's compliance with legal and regulatory provisions, and
- reviewed significant adjustments resulting from the audit.

The audit committee concurs with and accepted the AGSA's audit report on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the AGSA.

## Conclusion

The audit committee thanks council, the mayor, the chairperson of MPAC, the Municipal Manager, the Chief financial officer, senior management and the administrative staff for their commitment and cooperation with the audit committee. The audit committee relies extensively on the work of internal audit. The audit committee expresses its gratitude to the Manager: Internal Audit and her team for their assistance and cooperation.



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CHAIRPERSON OF THE AUDIT COMMITTEE

15 January 2022

## APPENDIX B: FIRST TO THIRD TIER ADMINISTRATIVE STRUCTURE



## APPENDIX C: WARD INFORMATION

Ward Title:				
Capital Projects: Three Largest				
R'000				
Ward No.	Project Name and detail	Start Date	End Date	Total Value
3	Construction of Kokstad Sports Complex to include soccer pitch, swimming pool, ablution block and parking Phase 1	TBC	TBC	R13,900,000.00

Top 10 Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During
1.	Upgrading of Extension 7 Roads: Phase 2	Practical Completion
2.	Upgrading of Bhongweni Area 5&6 Roads	Practical Completion
3.	Upgrading of Mid-Block Roads & Street Lights	Completed
4.	Energy Master Plan	Completed and Adopted
5.	Upgrading of Mini Sub-Stations & Transformers	Completed
6.	Electrification of Informal Settlements	Ongoing
7.	High Mast Lights-Horseshoe, Marikana & Shayamoya	Completed
8.	Cultural Village at Franklin	Fencing completed. Working on Phase 1
9.	Roads & Stormwater Master Plan	Ongoing
10.	Development of Kranzfontein Landfill Site	Phase 1 of fencing completed. Phase 2 of cell, leachate pond and stormwater pond.



## APPENDIX D: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX D (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote R'000						
Vote Description	2018/19	2019/20		Actual	2020/21	
	Actual	Original Budget	Adjusted Budget		Original Budget	Adjustments Budget
Vote 1 - Vote 1 - EXECUTIVE & COUNCIL	-	4 084 000	3 950 000		21 648 000	-
Vote 2 - Vote 2 - Finance and administration	201 602 000	206 478 000	207 496 000	212 669 000	101 844 000	-
Vote 3 - Vote 3 - Community and public safety	13 337 000	29 065 000	20 425 000	28 253 000	20 416 000	-
Vote 4 - Vote 4 - Economic and environmental services	31 397 000	25 099 000	29 973 000	40 640 000	91 426 000	-
Vote 5 - Vote 5 - Trading services	149 840 000	174 768 000	174 698 000	152 635 000	173 600 000	-
<b>Total Revenue By Vote</b>	<b>396 215 000</b>	<b>439 494 000</b>	<b>436 542 000</b>	<b>434 197 000</b>	<b>408 995 000</b>	<b>-</b>

## APPENDIX D (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source					R'000	
Description	2019/20	Original Budget	2019/20	Actual	Original Budget	2020/21
	Actual		Adjustment Budget			Adjustment Budget
Property rates	115 300	131 746	-	122 492 352	124 375 000	(290 332)
Service Charges – electricity revenue	118 491	135 932	-			
Service Charges – refuse revenue	19 948	25 487	-			
Service Charges – other revenue	2401		-			
Rentals of facilities	1876	1329	400-	1 893 386	1 601 406	300 000
Interest earned – external investments	9105	8972	-			
Interest earned – outstanding debtors	3795	4809	-	5 235 431	4 500 000	-
Fines	2803	1850	-	2 373 175	1 450 000	-
License and permits	3097	4380	-	4 557 646	4 500 000	(3 8785 000)
Transfers recognized – operational	117 592	69 940	226-	84 858 564	73 740 000	12 168 000
Other revenue	5723	4729	2540-	666 573	4 683 339	450 300
Total Revenue (excluding capital transfers and contributions)	400 131	389 176	-	296 266 163	332 974 648	(8 825 032)
Variances are calculated by dividing the difference between actual and original/ adjustments budget by the actual. This table is aligned to MBRR table A4						



## APPENDIX E - FUNCTIONS OF MUNICIPALITY

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes /No)*
<b>Constitution Scheduled 4, Part B functions:</b>	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law.	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto.	No
Storm water management systems in the built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to portable water supply system and domestic waste-water and sewage disposal systems	No
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	No
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	No
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public.	No
Facilities for the accommodation, care and burial of animals.	No
Fencing and fences	No
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public.	No
Local amenities	Yes
Local sport facilities	Yes

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes /No)*
Markets	Yes
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	No
Refuse removal, refuse dumps and solid waste disposal.	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

## ATTACHMENTS

VOLUME II (AUDITED 2020/2021 ANNUAL FINANCIAL STATEMENTS)

C

C



GREATER  
**KOKSTAD**  
MUNICIPALITY

PROVINCE OF KWAZULU-NATAL

Greater Kokstad Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2021



# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## General Information

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LEGAL FORM OF ENTITY	Local Municipality																																						
MEMBERS OF THE COUNCIL	<table><tr><td>Cllr B M Mtolo</td><td><b>Mayor</b></td></tr><tr><td>Cllr Z A Mhlongo</td><td><b>Speaker</b></td></tr><tr><td>Cllr K J Walker</td><td><b>Deputy Mayor</b></td></tr><tr><td>Cllr M N Dumisa</td><td><b>Member of Executive Committee</b></td></tr><tr><td>Cllr P Nocanda</td><td>Member</td></tr><tr><td>Cllr N Nguza</td><td>Member</td></tr><tr><td>Cllr M Figlan</td><td>Member</td></tr><tr><td>Cllr N Mavuka</td><td>Member</td></tr><tr><td>Cllr N Mfukuli</td><td>Member</td></tr><tr><td>Cllr E Bhengu</td><td>Member</td></tr><tr><td>Cllr M N L Madikizela</td><td>Member</td></tr><tr><td>Cllr Z R Tshazi</td><td>Member</td></tr><tr><td>Cllr N Lusawana</td><td>Member</td></tr><tr><td>Cllr K Putuma</td><td>Member</td></tr><tr><td>Cllr N M Mayeza</td><td>Member</td></tr><tr><td>Cllr B L Marncé</td><td>Member</td></tr><tr><td>Cllr L N Mashibhini</td><td>Member</td></tr><tr><td>Cllr Z Tshangase</td><td>Member</td></tr><tr><td>Cllr T O Madikizela</td><td>Member</td></tr></table>	Cllr B M Mtolo	<b>Mayor</b>	Cllr Z A Mhlongo	<b>Speaker</b>	Cllr K J Walker	<b>Deputy Mayor</b>	Cllr M N Dumisa	<b>Member of Executive Committee</b>	Cllr P Nocanda	Member	Cllr N Nguza	Member	Cllr M Figlan	Member	Cllr N Mavuka	Member	Cllr N Mfukuli	Member	Cllr E Bhengu	Member	Cllr M N L Madikizela	Member	Cllr Z R Tshazi	Member	Cllr N Lusawana	Member	Cllr K Putuma	Member	Cllr N M Mayeza	Member	Cllr B L Marncé	Member	Cllr L N Mashibhini	Member	Cllr Z Tshangase	Member	Cllr T O Madikizela	Member
Cllr B M Mtolo	<b>Mayor</b>																																						
Cllr Z A Mhlongo	<b>Speaker</b>																																						
Cllr K J Walker	<b>Deputy Mayor</b>																																						
Cllr M N Dumisa	<b>Member of Executive Committee</b>																																						
Cllr P Nocanda	Member																																						
Cllr N Nguza	Member																																						
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Cllr B L Marncé	Member																																						
Cllr L N Mashibhini	Member																																						
Cllr Z Tshangase	Member																																						
Cllr T O Madikizela	Member																																						
GRADING OF LOCAL AUTHORITY	Grade 3																																						
MUNICIPAL MANAGER	Mr S R Zwane																																						
CHIEF FINANCE OFFICER (CFO)	Mr T L Mketsu																																						
REGISTERED OFFICE	75 Hope Street Kokstad 4700																																						
POSTAL ADDRESS	P O Box 8 Kokstad 4700																																						
BANKERS	First National Bank																																						
PHONE NUMBER	039 797 6601																																						
E-MAIL ADDRESS	imelda.adkins@kokstad.gov.za																																						
AUDITORS	Auditor General South Africa (AGSA)																																						

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Index

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The reports and statements set out below comprise the annual financial statements presented to the Council:

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 71, in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

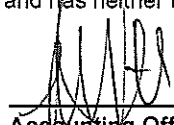
I certify that the salaries, benefits and allowances as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Officers Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and placed considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 4 to 70, are prepared on the basis that the municipality is a going concern and has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.



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Accounting Officer  
MR S R ZWANE

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Statement of Financial Position as at 30 June 2021

	Note(s)	2021 R	2020 Restated* R
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	4	1,117,098	1,985,542
Receivables from non-exchange transactions	5&5.1	37,734,308	35,264,604
Prepayments	6	1,683,233	527,307
Receivables from exchange transactions	7	30,943,653	25,772,944
Cash and cash equivalents	8	60,945,932	117,336,921
		<b>132,424,224</b>	<b>180,887,318</b>
<b>Non-Current Assets</b>			
Investment property	9	102,284,133	100,033,382
Property, plant and equipment	10	682,478,590	597,930,007
Intangible Assets	11	1,615,332	1,508,909
Heritage assets	12	2,066,400	2,066,400
		<b>788,444,455</b>	<b>701,538,698</b>
<b>Total Assets</b>		<b>920,868,679</b>	<b>882,426,016</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	13	60,507,790	53,337,302
VAT payable	14	3,042,581	4,705,589
Consumer deposits	15	4,503,509	4,524,843
Employee benefit obligation	16	1,260,320	1,312,000
Unspent conditional grants and receipts	17	10,202,845	11,021,358
Provisions	18	2,082,395	2,001,718
Deferred income	19	2,687,706	4,066,121
Bank overdraft	8	10,371,289	-
		<b>94,658,435</b>	<b>80,968,931</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	16	28,535,684	23,327,004
Provisions	18	16,433,545	12,212,617
		<b>44,969,229</b>	<b>35,539,621</b>
<b>Total Liabilities</b>		<b>139,627,664</b>	<b>116,508,552</b>
<b>Net Assets</b>		<b>781,241,015</b>	<b>765,917,464</b>
Accumulated surplus		781,241,012	765,917,464

\* See Note 51

## Statement of Financial Performance

	Note(s)	2021 R	2020 Restated* R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	153,291,394	140,479,129
Rental of facilities and equipment	21	1,893,386	1,876,336
Licences and permits	22	4,557,646	3,096,644
Other income	23	666,573	2,960,382
Interest earned - external investments	24	3,947,824	8,520,941
<b>Total revenue from exchange transactions</b>		<b>164,356,823</b>	<b>156,933,432</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	122,492,352	115,356,018
Interest earned - outstanding receivables	25	5,235,431	3,794,507
<b>Transfer revenue</b>			
Government grants and subsidies	26	131,142,941	126,542,768
Recovery for provision debtors		-	3,297,307
Fines, Penalties and Forfeits	27	2,373,175	2,803,051
Provision for performance recovery of bonuses	18	1,808,382	1,644,452
<b>Total revenue from non-exchange transactions</b>		<b>263,052,281</b>	<b>253,438,103</b>
<b>Total revenue</b>	28	<b>427,409,104</b>	<b>410,371,535</b>
<b>Expenditure</b>			
Employee costs	29	(145,553,524)	(134,202,824)
Remuneration of councillors	30	(7,600,959)	(7,582,079)
Repairs and maintenance		(8,058,260)	(9,982,298)
Depreciation and amortisation	31	(35,953,968)	(36,365,584)
Provision expense Landfillsite		(4,220,928)	-
Debt written off	32	(4,159,622)	(16,345,553)
Bulk purchases	33	(109,282,374)	(98,433,057)
Provision of impairment of debtors expense	7	(5,609,985)	(12,704,984)
Contracted services	34	(36,989,601)	(24,636,851)
General expenses	35	(54,432,085)	(54,010,565)
<b>Total expenditure</b>		<b>(411,861,306)</b>	<b>(394,263,795)</b>
Gain / (loss) on actuarial	16	(2,475,000)	(1,294,754)
Fair value adjustments	9	2,250,751	3,382,771
		<b>(224,249)</b>	<b>2,088,017</b>
<b>Surplus for the year</b>		<b>15,323,549</b>	<b>18,195,757</b>

\* See Note 51



## Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
<b>Balance at 01 July 2019 Restated</b>	<b>747,721,734</b>	<b>747,721,734</b>
Changes in net assets		
Surplus for the year	18,195,732	18,195,732
Total changes	18,195,732	18,195,732
<b>Restated* Balance at 01 July 2020</b>	<b>765,917,463</b>	<b>765,917,463</b>
Changes in net assets		
Surplus for the year	15,323,549	15,323,549
Total changes	15,323,549	15,323,549
<b>Balance at 30 June 2021</b>	<b>781,241,012</b>	<b>781,241,012</b>
Note(s)		

\* See Note 51

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Statement of Cash Flow

	Note(s)	2021 R	2020 Restated* R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxes		170,487,730	77,956,827
Sale of goods and services		160,150,423	147,136,663
Grants		131,142,941	160,233,841
Interest income		3,947,824	8,520,941
Other receipts		2,373,176	4,447,503
		<u>468,102,094</u>	<u>398,295,775</u>
<b>Payments</b>			
Employee costs		(143,997,777)	(132,807,003)
Suppliers		(270,257,624)	(174,479,760)
		<u>(414,255,401)</u>	<u>(307,286,763)</u>
<b>Net cash flows from operating activities</b>	36	<b><u>53,846,693</u></b>	<b><u>91,009,012</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(120,220,971)	(89,610,135)
Purchase of other intangible assets	11	(388,000)	(133,218)
<b>Net cash flows from investing activities</b>		<b><u>(120,608,971)</u></b>	<b><u>(89,743,353)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b><u>(66,762,278)</u></b>	<b><u>1,265,659</u></b>
Cash and cash equivalents at the beginning of the year		117,336,921	116,071,263
<b>Cash and cash equivalents at the end of the year</b>	8	<b><u>50,574,643</u></b>	<b><u>117,336,922</u></b>

\* See Note 51

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual R	Reference
	R	R	R	R		
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	182,864,903	-	182,864,903	153,291,394	(29,573,509)	38
Rental of facilities and equipment	1,601,406	300,000	1,901,406	1,893,386	(8,020)	38
Licences and permits	4,500,000	(3,785,000)	715,000	4,557,646	3,842,646	38
Other income	4,683,339	450,300	5,133,639	666,573	(4,467,066)	38
Investment revenue	9,000,000	(5,500,000)	3,500,000	3,947,824	447,824	38
<b>Total revenue from exchange transactions</b>	<b>202,649,648</b>	<b>(8,534,700)</b>	<b>194,114,948</b>	<b>164,356,823</b>	<b>(29,758,125)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	124,375,000	(290,332)	124,084,668	122,492,352	(1,592,316)	38
Interest earned - outstanding receivables	4,500,000	-	4,500,000	5,235,431	735,431	48
<b>Transfer revenue</b>						
Transfer recognised - Operational & Capital	73,740,000	12,168,000	85,908,000	84,858,564	(1,049,436)	38
Fines, Penalties and Forfeits	1,450,000	-	1,450,000	2,373,175	923,175	38
Provision for performance bonus recovery	-	-	-	1,808,382	1,808,382	38
<b>Total revenue from non-exchange transactions</b>	<b>204,065,000</b>	<b>11,877,668</b>	<b>215,942,668</b>	<b>216,767,904</b>	<b>825,236</b>	
<b>Total revenue</b>	<b>406,714,648</b>	<b>3,342,968</b>	<b>410,057,616</b>	<b>381,124,727</b>	<b>(28,932,889)</b>	
<b>Expenditure</b>						
Employee costs	(140,358,256)	2,081,302	(138,276,954)	(145,553,524)	(7,276,570)	38
Remuneration of councillors	(8,851,499)	(3,000)	(8,854,499)	(7,600,959)	1,253,540	38
Repairs and maintainance	(31,226,498)	(8,972,700)	(40,199,198)	(23,396,225)	16,802,973	38
Depreciation and asset impairment	(36,000,000)	-	(36,000,000)	(35,953,968)	46,032	38
Provision expense Landfillsite	-	-	-	(4,220,928)	(4,220,928)	
Debt impairment	(9,000,000)	-	(9,000,000)	(4,159,622)	4,840,378	38
Material & bulk purchases	(123,009,771)	596,497	(122,413,274)	(109,282,374)	13,130,900	38
Provision of impairment of debtors	-	-	-	(5,609,985)	(5,609,985)	38
Contracted services	(25,692,818)	(8,890,315)	(34,583,133)	(36,989,601)	(2,406,468)	38
General expenses	(45,934,631)	(3,428,652)	(49,363,283)	(39,087,036)	10,276,247	38
<b>Total expenditure</b>	<b>(420,073,473)</b>	<b>(18,616,868)</b>	<b>(438,690,341)</b>	<b>(411,854,222)</b>	<b>26,836,119</b>	
<b>Surplus/(Deficit)</b>	<b>(13,358,825)</b>	<b>(15,273,900)</b>	<b>(28,632,725)</b>	<b>(30,729,495)</b>	<b>(2,096,770)</b>	
Gain / (loss) on actuarial	-	-	-	(2,475,000)	(2,475,000)	38
Fair value adjustments	-	-	-	2,250,751	2,250,751	38
	-	-	-	(224,249)	(224,249)	
<b>Surplus</b>	<b>(13,358,825)</b>	<b>(15,273,900)</b>	<b>(28,632,725)</b>	<b>(30,953,744)</b>	<b>(2,321,019)</b>	

## Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual R	Reference
	R	R	R	R	R	
<b>Surplus for the year from continuing operations</b>	<b>(13,358,825)</b>	<b>(15,273,900)</b>	<b>(28,632,725)</b>	<b>(30,953,744)</b>	<b>(2,321,019)</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	18,016,000	41,583,593	<b>59,599,593</b>	46,284,377	<b>(13,315,216)</b>	38
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>4,657,175</b>	<b>26,309,693</b>	<b>30,966,868</b>	<b>15,330,633</b>	<b>(15,636,235)</b>	

The basis of determining the materiality is anything above 10%.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Critical judgements, estimates and assumptions

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].



# **Greater Kokstad Local Municipality**

Annual Financial Statements for the year ended 30 June 2021

## **Accounting Policies**

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### **1.3 Critical judgements, estimates and assumptions (continued)**

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

#### **Useful life assessment of PPE and intangible assets**

The municipality's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and other assets. This estimate involves a matter of industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the municipality. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated useful lives and decrease the depreciation and amortisation charges where useful lives are more than previously estimated useful lives.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.3 Critical judgements, estimates and assumptions (continued)

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### Pension and other post – employment benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### Cash-generating assets

The Municipality is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of the tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the Municipality.

#### Impairment of receivables

The calculation in respect of the impairment of receivables 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. The Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

#### Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

#### Residual value of property, plant and equipment

Management has determined that none of its infrastructure assets have an active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

#### Useful lives of property, plant and equipment and investment property held at cost

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management judgements on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

#### Significant delays in assets under construction

The Municipality regards delays in assets under construction of more than three years as significant. Further disclosures are made in notes 2 to 5 to the financial statements.

#### Provisions, contingent liabilities and contingent assets

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities and assets. Provisions are discounted, where the effect of discounting is material, using cost of capital.

#### Traffic Fines

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.3 Critical judgements, estimates and assumptions (continued)

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the Municipality.

#### Budget information

A difference of 5% or more between budget and actual amounts is regarded as material. All material differences are explained in the notes to the consolidated annual financial statements.

#### Material losses

Material losses are losses that occur due to factors other than normal production and utilisation, and are regarded as material if their omission or misstatement will affect the decisions made by users of the information. The losses disclosed include that of technical losses and nontechnical losses related to water and electricity.

Losses that occur due to normal production and utilisation are classified as production costs and factored into the Municipality's tariffs. They, therefore, do not constitute material losses. If actual production and utilisation losses exceed the normal budgeted production and utilisation losses factored into the tariff, this difference is considered material losses.

#### Service charges

Service charges relating to electricity, are based on consumption. Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

#### Services provided on a prepaid basis

Various services are provided on a prepaid basis in which case no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

#### Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.

### 1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction cost once it meets the definition of investment property. Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

The cost of self-constructed investment property is the cost at date of completion.

#### Subsequent measurement - Fair value model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.4 Investment property (continued)

#### Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of financial performance in the period of retirement or disposal.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

All transfers will be as per GRAP 16.

### 1.5 Property, plant and equipment

#### Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

#### Initial measurement

Items of property plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site in which it is located.

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

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

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

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

#### Subsequent measurement - Cost Model

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

### 1.5 Property, plant and equipment (continued)

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have useful lives that are depreciated separately.

Land is not depreciated as it is deemed to have indefinite useful life.

Capital work in progress is not depreciable until it is transferred to the applicable property, plant and equipment category once it is ready and available for its intended use.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimates in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset maybe impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount) and an impairment amount is charged to the Statement of Financial Performance.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	80 years
Motor vehicles	Straight line	5-7 years
Infrastructure	Straight line	
• Roads and pavings		12 years
• Bridges		30 years
• Storm water		15 years
• Gravel		20 years
• Substation and Transformers		30 years
• Poles, Cables and Lights		15-25 years
• Robots		10 years
Community	Straight line	
• Buildings		80 years
• Recreational facilities		5 years
• Security system		5 years
• Dams		1-15 years
• Libraries		15-20 years
• Parks and Gardens		15 years
• Cemeteries		15-20 years
• Community centres		5-20 years
• Sports facilities		30 years
Other property, plant and equipment	Straight line	
• Emergency equipment		5 years
• Landfill sites		15 years
• Office equipment		5 years
• Furniture and fittings		5 years
• Bins and containers		5 years
• Computers equipment		5-8 years



## **Accounting Policies**

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### **1.6 Heritage Assets**

#### **Initial Recognition**

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. A heritage asset shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- (b) the cost or fair value of the asset can be measured reliably.

#### **Initial Measurement**

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

#### **Subsequent Measurement**

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

The class of heritage assets are carried at its cost less any accumulated impairment losses.

#### **Derecognition**

The carrying amount of a heritage asset is derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### **1.7 Intangible Assets**

#### **Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research/feasibility expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential;
- the municipality has the ability to measure reliably the expenditure during development."

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.7 Intangible Assets (continued)

#### Initial measurement

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.

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

#### Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Residual value of intangible assets is estimated to be zero. Fully depreciated assets which are still in use are not written off.

#### Amortisation

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

software	3 - 8 years	Computer
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality test intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

#### Derecognition

Intangible assets are derecognised when the assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Consumer deposits	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Deferred Income	Financial liability measured at amortised cost
Unspent conditional grant	Financial liability measured at amortised cost
Employee benefit obligation	Financial liability measured at amortised cost

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

# Greater Kokstad Local Municipality

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## Accounting Policies

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### 1.8 Financial instruments (continued)

The difference between the carrying amount of a 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, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

### 1.9 Trade and other receivables

#### Consumer Debtors per impairment category

##### Category A

- Regular payers and Government Accounts - 0%
- Consumers with accounts not older than 60 days, and;
- Government.

##### Category B

- Regular payers (50% less than 180 days and 100% on rest); and
- Amounts owing but do pay.

##### Category C

- Doubtful 100% all amounts;
- Consumers with no payment history;
- Owing longer than 60 days with no payments for 6 months; and
- Inactive accounts.

The municipality individually assesses the debtors.

### 1.10 Leases

#### The Municipality as lessee

##### Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payment due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payment, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

##### Measurement

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies application to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayments using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies related to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful lives or the lease term.

##### Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.



# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.10 Leases (continued)

#### Operating leases - lessee

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### The Municipality as Lessor

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

#### Measurement

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

#### Derecognition

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

### 1.11 Inventories

#### Initial recognition and measurement

Inventories comprise current assets not held for sale, 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.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.11 Inventories (continued)

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of determining the cost of an inventory is (FIFO) First In First Out and weighted Average method.

### 1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows: as the municipality is a district municipality, it does not hold assets which are specifically used to generate revenue (e.g. infrastructure relating to utilities), other than the farm used to hold biological assets. Other revenue generated by the municipality is in exchange for services provided, for which the related assets (furniture, office equipment, etc.) are interchangeable with the assets used for non-cash generating activities

### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow: as the municipality is a district municipality, it does not hold assets which are specifically used to generate revenue (e.g. infrastructure relating to utilities), other than the farm used to hold biological assets. Revenue generated by the municipality is in exchange for services provided, for which the related assets (furniture, office equipment, etc.) are interchangeable with the assets used for non-cash generating activities; all such interchangeable assets are deemed to be non-cash generating assets.

### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# **Greater Kokstad Local Municipality**

Annual Financial Statements for the year ended 30 June 2021

## **Accounting Policies**

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### **1.14 Employee benefits**

#### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### **Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.14 Employee benefits (continued)

#### Medical Aid

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actual valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the value projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

### 1.15 Provisions

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.



## **Accounting Policies**

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### **1.15 Provisions (continued)**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

### **1.16 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.16 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### Service Charges

Service charges relating to electricity 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 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 each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

#### Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards made in the last month of the financial year is recognised based on an estimate of the prepaid electricity consumed as at the reporting date with reference to the consumption patterns of the individual users.

#### Rentals

Revenue from the rental of facilities and equipment classified as operating leases is recognised on a straight-line basis over the term of the lease agreement where material, where such lease periods span over more than one financial year.

### 1.17 Revenue from non-exchange transactions

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.17 Revenue from non-exchange transactions (continued)

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Deferred Income

Amounts received before the related work is performed are included in the statement of financial position as a liability, Deferred Income

#### Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

#### Fines

Fines constitute both spot fines and summonses.

Revenue from traffic fines is initially measured on the value stipulated on the notice, summons or equivalent document. The revenue from traffic fines is subject to further judicial process which is outside the municipality's control. These reductions are not considered in measuring the revenue and receivable on initial recognition. This is because of the high degree of uncertainty in estimating the likely outcome of this process. Once this separated process has been concluded, any reductions are accounted for as a change in estimated revenue and in accordance with iGRAP1.

#### 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 use. Revenue is recognised at the fair value of the consideration received. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

#### 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.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.18 Value Added Taxation

The Municipality accounts for Value Added Tax on the accrual basis. .

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act No.89 of 1991.

### 1.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

### 1.20 Comparative figures

No comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.21 Unauthorised expenditure

Unauthorised expenditure is an 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). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.22 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.23 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.23 Irregular expenditure (continued)

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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.24 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

### 1.25 Budget information

Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.



## **Accounting Policies**

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### **1.26 Related parties (continued)**

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### **1.27 Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### **1.28 Statutory receivables**

Statutory receivables are receivables that:

- (a) arise from legislation, supporting regulations, or similar means; and
- (b) require settlement by another entity in cash or another financial asset.

#### **Recognition**

An entity shall recognise statutory receivables as follows:

- (a) if the transaction is an exchange transaction, using GRAP 9;
- (b) if the transaction is a non-exchange transaction, using GRAP 23; or
- (c) if the transaction is not within the scope of the Standards of GRAP listed in (a) or (b) or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

An entity shall derecognise a statutory receivable, or a part thereof, when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity shall:
  - (d) derecognise the receivable; and
  - (e) recognise separately any rights and obligations created or retained in the transfer

#### **Initial measurement**

The municipality initially measures statutory receivables at their transaction amount.

#### **Subsequent Measurement**

The municipality measures statutory receivables after initial recognition using the cost model. Under the cost method the initial measurement of the receivables is changed subsequent to initial recognition to reflect any :

- (1) Interest or other charges that may accrued on receivables (where applicable)
- (2) Impairment losses and
- (3) Amount derecognised.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

##### GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

##### GRAP 25 Employee costs

The Accounting Standards Board (the Board) is required in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (GRAP).

##### Recognition and measurement

When an employee has rendered service to an entity during a reporting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset (see, for example, the Standards of GRAP on Inventories (GRAP 12), Property, Plant and Equipment (GRAP 17), Intangible Assets (GRAP 31) and Heritage Assets (GRAP 103)).

##### Disclosure

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

Although this Standard does not require specific disclosures about short-term employee benefits, other Standards may require disclosures. For example, GRAP 20 requires disclosures of the aggregate remuneration of management and the Standard of GRAP on Presentation of Financial Statements (GRAP 1) requires the disclosure of information about employee benefits expense.

### 3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 4. Inventories

Stores and materials	1,117,098	1,985,542
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#### Inventory pledged as security

No inventory pledged as security.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>5. Receivables from non-exchange transactions</b>		
Sundry debtors	5,711,294	5,590,656
<b>5.1 Statutory Receivables</b>		
Consumer debtors - rates	16,581,399	16,052,350
Fines	15,441,616	13,621,598
	<b>32,023,015</b>	<b>29,673,948</b>
<b>Fines Reconciliation</b>		
Opening balance fines	20,611,930	18,371,980
Opening impairment of fines	(6,990,333)	(6,497,966)
Current year fines	2,109,739	2,239,950
Current year on impairment fines	(289,720)	(492,367)
	<b>15,441,616</b>	<b>13,621,597</b>

### Receivables from non-exchange transactions-Rates

<b>Gross</b>		
Rates	31,349,076	30,820,877
Impairment	(14,767,677)	(14,768,528)
	<b>16,581,399</b>	<b>16,052,349</b>
<b>Rates</b>		
Current (0 -30 days)	5,173,946	4,286,908
31 - 60 days	2,769,111	1,935,939
61 - 90 days	1,069,992	1,097,671
91 - 120 days	739,099	811,441
121 - 150 days	718,029	591,661
> 151 days	20,878,899	22,097,257
	<b>31,349,076</b>	<b>30,820,877</b>

### 6. Prepayments

The year of renewal overlaps to the Municipality's new financial year. The municipality pre-paid for the following licenses :

Adobe sign	51,974	-
Anti-virus	42,511	107,208
Disaster recovery	3,393	-
Eclimer cloud	29,085	-
Firewall licence	32,194	52,528
Microsoft licences	524,444	276,810
Papercut MF print - tenable management tool to scan	65,314	-
Resillio sync	113,273	-
Sage licence	96,751	90,761
Solar winds	304,009	-
Cibecs perpetual	230,562	-
Lensweeper	115,556	-
Munsoft	81,250	-
	<b>1,690,316</b>	<b>527,307</b>

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>7. Receivables from exchange transactions</b>		
<b>Gross balances</b>		
Electricity	22,668,665	16,676,837
Refuse	20,018,383	15,916,081
Fire and other	6,587,838	6,190,153
	<b>49,274,886</b>	<b>38,783,071</b>
<b>Less: Allowance for impairment</b>		
Electricity	(2,962,476)	(1,477,492)
Refuse	(11,824,034)	(10,624,087)
Fire and other	(3,544,723)	(908,543)
	<b>(18,331,233)</b>	<b>(13,010,122)</b>
<b>Net balance</b>		
Electricity	19,706,189	15,199,345
Refuse	8,194,349	5,291,989
Fire and other	3,043,115	5,281,610
	<b>30,943,653</b>	<b>25,772,944</b>
<b>Electricity</b>		
Current (0 -30 days)	13,554,800	8,228,604
31 - 60 days	3,567,920	3,074,702
61 - 90 days	1,924,886	639,538
91 - 120 days	626,849	424,880
121 - 365 days	209,426	302,407
> 365 days	2,784,784	4,006,706
	<b>22,668,665</b>	<b>16,676,837</b>
<b>Refuse</b>		
Current (0 -30 days)	1,649,411	1,575,496
31 - 60 days	1,147,939	1,107,030
61 - 90 days	890,808	856,039
91 - 120 days	800,613	754,578
121 - 365 days	717,921	1,394,924
> 365 days	14,811,691	10,228,014
	<b>20,018,383</b>	<b>15,916,081</b>
<b>Fire Levy and other</b>		
Current (0 -30 days)	136,712	122,326
31 - 60 days	113,255	101,879
61 - 90 days	102,733	89,341
91 - 120 days	91,447	79,746
121 - 365 days	83,978	215,928
> 365 days	6,059,713	5,580,933
	<b>6,587,838</b>	<b>6,190,153</b>



# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>7. Receivables from exchange transactions (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	(783,823)	3,000,263
31 - 60 days	51,719	2,195,063
61 - 90 days	427,766	1,509,404
91 - 120 days	573,341	1,222,590
121 - 365 days	427,401	1,901,335
> 365 days	13,885,449	18,865,417
	<b>14,581,853</b>	<b>28,694,072</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	14,515,319	7,945,042
31 - 60 days	3,293,545	3,470,179
61 - 90 days	1,711,297	788,968
91 - 120 days	696,972	486,077
121 - 365 days	323,623	(140,786)
> 365 days	3,956,117	6,266,271
	<b>24,496,873</b>	<b>18,815,751</b>
<b>National and provincial government</b>		
Current (0 -30 days)	860,978	634,127
31 - 60 days	395,218	371,352
61 - 90 days	334,164	123,470
91 - 120 days	102,384	78,509
121 - 365 days	70,647	37,405
> 365 days	1,779,445	2,751,860
	<b>3,542,836</b>	<b>3,996,723</b>
<b>Total</b>		
Current (0 -30 days)	14,592,474	11,579,433
31 - 60 days	3,740,482	6,036,594
61 - 90 days	2,473,227	2,421,841
91 - 120 days	1,372,697	1,787,176
121 - 365 days	821,671	1,797,954
> 365 days	19,621,010	9,037,491
	42,621,561	32,660,489
Less: Allowance for impairment	(18,331,233)	(13,010,120)
Add debtors with credit balances	6,653,318	6,122,575
	<b>30,943,646</b>	<b>25,772,944</b>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(983,618)	(3,468,606)
31 - 60 days	(875,442)	(1,658,897)
61 - 90 days	(891,602)	(3,619,414)
91 - 120 days	(869,253)	(980,258)
121 - 365 days	(14,711,318)	(3,282,947)
	<b>(18,331,233)</b>	<b>(13,010,122)</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(13,010,127)	(14,554,416)
Contributions to allowance	(5,321,106)	1,544,294
	<b>(18,331,233)</b>	<b>(13,010,122)</b>

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>7. Receivables from exchange transactions (continued)</b>		
<b>Fair value of receivables from exchange transactions</b>		
The fair value equates to carrying value due to the short term nature.		
<b>Consumer debtors past due but not impaired</b>		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	5,032,559	7,779,841
2 months past due	1,715,740	3,208,694
3 months past due	226,836	(44,419)
<b>8. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	23,885	20,173
Bank balances	-	14,347,113
Short-term deposits	60,922,047	102,969,636
	<b>60,945,932</b>	<b>117,336,922</b>
Current assets	60,945,932	117,336,922
Current liabilities	(10,371,289)	-
	<b>50,574,643</b>	<b>117,336,922</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2021	June 30, 2020	30 June 2021	June 30, 2020
FNB 527 2002 4258	4,342,248	15,532,828	(10,371,289)	14,347,112
FNB 620 4994 7825	162,328	19,677,982	162,328	19,196,941
FNB 620 9521 8947	1,000	1,000	1,000	1,000
FNB 620 610 2682	24,115	24,667	24,115	24,634
FNB 620 8937 2868	6,460	1,000	6,460	1,000
FNB 621 8992 7663	252,271	247,440	252,271	227,038
FNB 621 9170 1476	1,000	2,887	1,000	2,875
FNB 621 0368 9230	988,370	1,067,556	988,370	1,058,864
FNB 621 9024 8221	2,962,334	2,806,748	2,962,334	2,784,506
STD BANK 308 644 085	109,295	1,936,716	109,295	1,936,716
NED BANK 0371 6501 3687	89,216	86,310	89,216	85,424
FNB 623 0064 1611	2,237	2,237	2,237	2,237
NED 716 501 3660	28,807	3,953	28,807	3,874
NED 0371 6501 4276	118,679	114,813	118,679	114,813
ABSA 207 483 6976	-	15,007,781	-	15,007,781
ABSA BANK 20-7551-2256	7,204,189	6,989,455	7,204,189	6,989,455
NED BANK 50110597/9997 - 037165022295	15,301,853	14,803,478	15,301,853	14,803,478
DOE 63875 1558 80001	1,467,126	12,778,549	1,467,126	12,727,712
NED BANK 371 6502 1256	7,107,937	6,876,434	7,107,937	6,876,434
STD BANK 638 516 196-012	16,218,620	15,388,864	16,218,623	13,945,737
STD BANK 638 516 196-011	7,539,057	7,179,330	7,539,057	7,179,330
FNB 628 6690 0337	1,337,149	-	1,337,149	-
<b>Total</b>	<b>65,264,291</b>	<b>120,530,028</b>	<b>50,550,757</b>	<b>117,316,961</b>

The following Financial assets was held as collateral R60 000.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
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### 9. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land & Buildings	102,284,133	-	102,284,133	100,033,382	-	100,033,382

#### Reconciliation of investment property - 2021

	Opening balance	Fair value adjustments	Total
Land & Buildings	100,033,382	2,250,751	102,284,133

#### Reconciliation of investment property - 2020

	Opening balance	Fair value adjustments	Total
Land & Buildings	96,650,610	3,382,772	100,033,382

#### Pledged as security

No assets pledged as security

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### Details of valuation

The effective date of the revaluations was 1 July 2017. Revaluations were performed by an independent valuer, Mr Boateng [SACPVP, IAAO & GIS], of Khanyisa Property valuations. Mr Boateng is not connected to the entity and has recent experience in location and category of the investment property being valued. The valuation was based on open market value for existing use

For investment property, where there was a lack of comparable market data, the valuation was based on discounted cash flows. The following assumptions were used :

Rental revenue and interest rate increases and prevailing interest rates , Discount rate used is 2.25%.

These assumptions are based on current market conditions.

The last valuation came into effect on 1 July 2017. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations. Valuations are performed every 5 years.

Amounts recognised in surplus and deficit for the year.

Rental revenue from investment property	1,893,386	1,876,336
Direct operating expenses from rental generating property	1,638,641	640,984

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R			2020 R		
<b>10. Property, plant and equipment</b>						
	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	124,893,488	(92,892,311)	32,001,177	124,893,488	(91,738,094)	33,155,394
Motor vehicles	18,953,823	(13,418,884)	5,534,939	18,342,259	(11,032,475)	7,309,784
Infrastructure	702,802,713	(384,660,835)	318,141,878	654,052,344	(359,767,402)	294,284,942
Community	248,732,050	(108,273,261)	140,458,789	202,460,239	(104,506,012)	97,954,227
Other property, plant and equipment	50,761,754	(36,133,301)	14,628,453	46,255,883	(32,662,223)	13,593,660
Capital work in progress infrastructure	75,771,983	-	75,771,983	68,532,237	-	68,532,237
Capital work in progress community	95,941,371	-	95,941,371	83,099,763	-	83,099,763
<b>Total</b>	<b>1,317,857,182</b>	<b>(635,378,592)</b>	<b>682,478,590</b>	<b>1,197,636,213</b>	<b>(599,706,206)</b>	<b>597,930,007</b>

### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Transfers received	Depreciation	Total
Land and Buildings	33,155,394	-	-	(1,154,217)	32,001,177
Motor vehicles	7,309,784	611,563	-	(2,386,408)	5,534,939
Infrastructure	294,284,942	-	48,750,373	(24,893,437)	318,141,878
Community	97,954,227	-	46,271,811	(3,767,249)	140,458,789
Other property, plant and equipment	13,593,660	4,505,870	-	(3,471,077)	14,628,453
Capital work in progress infrastructure	68,532,237	55,990,119	(48,750,373)	-	75,771,983
Capital work in progress community	83,099,763	59,113,419	(46,271,811)	-	95,941,371
	<b>597,930,007</b>	<b>120,220,971</b>	<b>-</b>	<b>(35,672,388)</b>	<b>682,478,590</b>

### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Transfers	Depreciation	Total
Land and Buildings	34,309,811	-	-	(1,154,417)	33,155,394
Motor vehicles	8,310,479	1,112,035	-	(2,112,730)	7,309,784
Infrastructure	301,953,347	-	17,215,811	(24,884,216)	294,284,942
Community	89,923,724	-	11,368,170	(3,337,667)	97,954,227
Other property, plant and equipment	16,403,128	1,726,071	-	(4,535,539)	13,593,660
Capital work in progress infrastructure	24,856,574	60,891,474	(17,215,811)	-	68,532,237
Capital work in progress community	68,587,378	25,880,555	(11,368,170)	-	83,099,763
	<b>544,344,441</b>	<b>89,610,135</b>	<b>-</b>	<b>(36,024,569)</b>	<b>597,930,007</b>

### Pledged as security

Assets were not pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

## Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

	2021 R	2020 R
<b>10. Property, plant and equipment (continued)</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance</b>		
Contracted services	8,033,521	-
General expenses	13,060,714	14,262,155
	<b>21,094,235</b>	<b>14,262,155</b>

Carrying value of PPE, that is taking significantly longer period to complete than expected

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
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### 11. Intangible Assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4,703,527	(3,088,195)	1,615,332	4,315,527	(2,806,618)	1,508,909

#### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	1,508,909	388,000	(281,577)	1,615,332

#### Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	1,716,706	133,218	(341,015)	1,508,909

#### Pledged as security

None of intangible assets pledged as security.

The register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.



# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
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### 12. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Statue	954,000	-	954,000	954,000	-	954,000
Museum	1,112,400	-	1,112,400	1,112,400	-	1,112,400
<b>Total</b>	<b>2,066,400</b>	<b>-</b>	<b>2,066,400</b>	<b>2,066,400</b>	<b>-</b>	<b>2,066,400</b>

#### Reconciliation of heritage assets 2021

	Opening balance	Total
Statue	954,000	954,000
Museum	1,112,400	1,112,400
	<b>2,066,400</b>	<b>2,066,400</b>

#### Reconciliation of heritage assets 2020

	Opening balance	Total
Statue	954,000	954,000
Museum	1,112,400	1,112,400
	<b>2,066,400</b>	<b>2,066,400</b>

No impairment loss that is recognised during the current financial year.

### 13. Payables from exchange transactions

Trade payables	8,554,279	17,011,089
Unallocated deposits	16,490,354	14,528,934
Accrued leave pay	9,441,150	8,481,663
Other payables	23,146	158,183
Debtors with credit balances non- exchange and exchange services	7,141,726	6,627,445
Retentions	6,605,992	6,064,528
Creditor accruals	12,251,143	465,460
	<b>60,507,790</b>	<b>53,337,302</b>

### 14. VAT payable

Vat payable	3,042,581	4,705,589
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All VAT returns have been submitted by the due date throughout the year.

### 15. Consumer deposits

Electricity	4,503,509	4,524,843
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Consumers on application for electricity connections pay consumer deposits. The deposit is repaid when connections are terminated. Consumer deposits are refunded to the owner when a house or building is sold after the Municipality has issued a clearance certificate.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>16. Retirement benefits and long term service awards</b>		
<b>Defined benefit plan</b>		
The plan is a post employment medical benefit plan.		
The amounts recognised in the statement of financial position are as follows:		
Non-current liabilities	28,535,684	23,327,004
Current liabilities	1,260,320	1,312,000
	<b>29,796,004</b>	<b>24,639,004</b>
<b>Post employment health care benefits</b>		
Opening balance	(19,239,999)	(16,365,346)
Net actuarial gains pr (losses) recognised	(725,000)	(1,257,077)
Current service costs	(999,000)	(740,632)
Interest cost	(2,015,000)	(1,509,290)
Contributions by employer	654,000	632,346
	<b>(22,324,999)</b>	<b>(19,239,999)</b>
<b>Long service awards</b>		
Opening balance	(5,399,005)	(4,900,188)
Net actuarial gains or (losses) recognised	(1,750,000)	(37,677)
Current service costs	(599,000)	(553,657)
Interest cost	(381,000)	(383,613)
Contributions by employer	658,000	476,130
	<b>(7,471,005)</b>	<b>(5,399,005)</b>

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

2021	2020
R	R

### 16. Retirement benefits and long term service awards (continued)

PeHCL report

Assumptions used at the reporting date:

Post-Employment Medical Aid subsidy liability

Key Financial Assumptions

Table 5.1 summarises the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year. The next contribution rate increase is assumed to occur at 1 January 2022.

Table 5.1: Key financial assumptions

Assumption	Value p.a.
Discount rate	10.27%
Health care cost inflation rate	6.94%
Net-of-health-care-cost-inflation discount rate	3.11%
Maximum subsidy inflation rate	4.83%
Net-of-maximum-subsidy-inflation discount rate	5.19%

Key Demographic Assumptions

Table 5.2 summarises the key demographic assumptions used.

#### Key demographic assumptions

Assumption	Value
Average retirement age	62
Continuation of membership at retirement	75%
Proportion with a spouse dependant at retirement	60%
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy thereafter	25%
Mortality during employment	SA 85-90
Mortality post-employment	PA(90) -1 with a 1% mortalityimprovement p.a. from 2010
Withdrawal from service (sample annual rates)	See Table A4.2

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

2021  
R

2020  
R

### 16. Retirement benefits and long term service awards (continued)

#### Accrued Liability (R millions)

Category	30/06/2020	30/06/2021
In-service members	8.432	11.306
In-service non-members	4.243	4.922
Total in-service	<b>12.675</b>	<b>16.228</b>
Continuation members	<b>6.565</b>	<b>6.097</b>
All members		
Total liability	19.240	22.325
Value of assets	0.000	0.000
Unfunded liability	<b>19.240</b>	<b>22.325</b>
Expected current portion of liability (payable within 12 months)	0.654	0.576
Expected non-current portion of liability (payable thereafter)	18.586	21.749

#### Comparison of assumptions

Assumption	30/06/2020	30/06/2021
Discount rate	10.65%	10.27%
Health care cost inflation rate	6.68%	6.94%
Net-of-health-care-cost-inflation discount rate	3.72%	3.11%
Maximum subsidy inflation rate	4.64%	4.83%
Net-of-maximum-subsidy-inflation discount rate	5.75%	5.19%
Average retirement age	62	62
Mortality during employment	SA 85-90	
Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010	PA(90) -1 with a 1% mortality improvement p.a. from 2010
Withdrawal rates	Updated per Table A4.2	
Proportion with a spouse dependant at retirement	60%	60%
Continuation of membership at retirement	75%	75%

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

2021  
R

2020  
R

### 16. Retirement benefits and long term service awards (continued)

Proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at and after retirement ("take-up rate")	0%	25%
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**Table 7.1: Sensitivity Analysis on the Accrued Liability (R Millions)**

Assumption	Change	Eligible Employees	Continuation members	Total	Change
Central assumptions		16.228	6.097	22.325	
Health care inflation rate	+1% -1%	18.139 13.974	6.171 5.954	24.310 19.928	9% -11%
Discount rate	+1% -1%	13.665 19.515	5.647 6.616	19.312 26.131	-13% 17%
Post-employment Mortality	+1 YR +1 YR	15.819 16.633	5.915 6.277	21.734 22.910	3% 3%
Average retirement age	+1 YR	17.844	6.097	23.941	7%
Continuation of membership at retirement	+1%	14.116	6.097	20.213	-9%

**Table A4.2: Withdrawal rates**

This Valuation		
Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%
> 55	0%	0%

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>17. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Integrated National Electrification Programme	-	614,557
Furniture world	226,413	226,413
Horseshoe Township	1,591,217	1,574,992
IDP Community participation	69,019	85,673
Industrial Park	177,382	177,382
Peoples Housing Project 12 and 13	26,702	26,702
Shayamoya Eco- Complex	31,743	31,743
Small Town Rehabilitation	95,508	95,508
Building plans	1,193	500,000
Cultural Village	891,248	5,596,688
Housing account	1,701,654	2,027,209
Sports & Recreation	20,806	20,806
Massification	41,352	41,352
Disaster COVID19 grant	-	2,333
Informal Trader stalls	4,483,795	-
Smart city development strategy	469,813	-
Greenest Municipality	375,000	-
	<b>10,202,845</b>	<b>11,021,358</b>

## 18. Provisions

### Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Landfill site	12,212,617	4,220,928	-	-	16,433,545
Provision for performance bonus	2,001,718	2,082,395	(193,336)	(1,808,382)	2,082,395
	<b>14,214,335</b>	<b>6,303,323</b>	<b>(193,336)</b>	<b>(1,808,382)</b>	<b>18,515,940</b>

### Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Landfill site	-	12,212,617	-	-	12,212,617
Provision for performance bonus	1,956,143	2,001,719	(311,692)	(1,644,452)	2,001,718
	<b>1,956,143</b>	<b>14,214,336</b>	<b>(311,692)</b>	<b>(1,644,452)</b>	<b>14,214,335</b>

Non-current liabilities	16,433,545	12,212,617
Current liabilities	2,082,395	2,001,718
	<b>18,515,940</b>	<b>14,214,335</b>

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date.

The balance of the performance bonus provisions relate to amounts not yet paid and eligible employees awaiting assessment for 2019/2020 financial year.



## Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

	2021 R	2020 R
<b>19. Deferred income</b>		
Electricity Units purchases unused	258,576	1,636,991
Sale of land	2,429,130	2,429,130
	<b>2,687,706</b>	<b>4,066,121</b>

Deferred Income relates to unused electricity credits .

Income was received for the sale of land which the risks and rewards are still with the municipality. This refers to:

- Erf 2291
- Erf 2293
- Erf 383
- Erf 4684
- Erf 8275

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>20. Service charges</b>		
Sale of electricity	134,573,363	118,490,580
Refuse removal	17,063,266	20,080,696
Other services charges	1,654,765	1,907,853
	<b>153,291,394</b>	<b>140,479,129</b>
<b>21. Rental of facilities and equipment</b>		
<b>Premises</b>		
Rental of facilities	1,893,386	1,876,336
<b>22. Licences and permits</b>		
Testing ground and licensing	4,557,646	3,096,644
<b>23. Other revenue</b>		
Other income	666,573	2,960,382
<b>24. Investment revenue</b>		
<b>Interest revenue</b>		
Interest earned - external investments	3,947,824	8,520,941

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>25. Property rates</b>		
<b>Actual</b>		
Residential	46,311,562	36,306,590
Commercial	32,607,245	31,087,149
Public service infrastructure	99,419	24,382
Government	56,713,176	62,382,965
Industrial	12,975,589	12,038,799
Agriculture	12,224,873	12,599,835
Sectional titles	2,665,088	2,054,805
Less: Income forgone	(41,104,600)	(41,138,507)
	122,492,352	115,356,018
Interest received - outstanding receivables	5,235,431	3,794,507
	<b>127,727,783</b>	<b>119,150,525</b>

Interest is levied on outstanding rates per annum at 18 %.

### Valuations

Residential	3,053,304,900	3,047,087,000
Commercial	1,142,897,500	1,147,655,500
Public benefit organisation	68,078,500	66,235,000
Municipal Properties	528,172,000	535,172,000
Government	1,488,297,500	1,500,141,500
Industrial	421,579,000	429,053,000
Agricultural	3,587,352,039	3,780,948,039
Public service infrastructure	25,910,500	25,910,500
Place of worship	99,838,000	99,838,000
	<b>10,415,429,939</b>	<b>10,632,040,539</b>

Category Of Owner	House hold Income from and to.	Age from and to	Percentage Rebate
Indigent persons	Nil	Amount Equal to 2 state pensions	100%
Child headed households (see criteria below)	Nil	Amount Equal to 2 state pensions	100%
A pensioner or Retiree		60 - 65	55%
A pensioner or Retiree		66 - 70	75%
A pensioner or Retiree		71 and above	100%
Disabled person or Medically boarded	Amount Equal to 2 pensions +1	Amount Equal to 4 state pensions	55%
Disabled person or Medically boarded	Amount Equal to 4 state pensions + R1	Amount Equal to 6 state pensions	40%
Disabled person or Medically boarded	Amount Equal to 6 state pensions + R1	Amount Equal to 8 state pensions	25%
Disabled person or Medically boarded	Amount Equal to 8 state pensions +	Amount Equal to 12 state	10 %

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>26. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	77,546,000	61,663,000
FMG	1,800,000	1,800,000
SETA	85,231	266,810
Expanded Public Works Programme	3,164,000	3,700,000
Arts and Culture	2,261,000	2,182,000
Covid 19	2,333	593,668
	<b>84,858,564</b>	<b>70,205,478</b>
<b>Capital grants</b>		
Integrated National Electrification Programme	360,000	15,843,406
Municipal Infrastructure Grant	17,229,000	21,318,000
Informal economic trader stalls	32,844	-
Building plans management systems	498,807	-
Housing account	23,428,099	9,017,031
Cultural village	4,705,439	10,158,853
Smart city Development strategy	30,188	-
	<b>46,284,377</b>	<b>56,337,290</b>
	<b>131,142,941</b>	<b>126,542,768</b>
<b>Equitable Share</b>		
In terms of the Constitution this grant is used to subsidise the provision of basic services to indigent community members:		
Unconditional grants received	76,931,000	61,663,000
Transferred to National treasury	615,000	-
Unconditional grants spent	(77,546,000)	(61,663,000)
	-	-
<b>Financial Management Grant - FMG</b>		
Current-year receipts	1,800,000	1,800,000
Conditions met - transferred to revenue	(1,800,000)	(1,800,000)
	-	-
This grant is used for implementation of MFMA, finance reforms and payment of intern's salaries.		
<b>Municipal Infrastructure Grant - MIG</b>		
Current-year receipts	17,229,000	21,318,000
Conditions met - transferred to revenue	(17,229,000)	(21,318,000)
	-	-
This grant is used for road infrastructure as part of upgrading of infrastructure projects.		
<b>Small Town Rehabilitation</b>		
Balance unspent at beginning of year	95,508	95,508
Conditions still to be met - remain liabilities (see note 17).		
This grant is used for development in town like upgrading sidewalks, parkings and storm water drainage.		
<b>Horseshoe Township</b>		

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>26. Government grants and subsidies (continued)</b>		
Balance unspent at beginning of year	1,574,992	1,528,248
Current-year receipts	16,225	46,744
	<b>1,591,217</b>	<b>1,574,992</b>
This grant is used for upgrading informal settlement areas within the Municipality.		
<b>Massification</b>		
Balance unspent at beginning of year	41,352	41,352
Conditions still to be met - remain liabilities (see note 17).		
<b>Arts and culture</b>		
Current-year receipts	2,261,000	2,182,000
Conditions met - transferred to revenue	(2,261,000)	(2,182,000)
	-	-
This grant is used for the provision of staffing costs for Library services within the Municipality.		
<b>Sports and Recreation</b>		
Balance unspent at beginning of year	20,806	20,806
Conditions still to be met - remain liabilities (see note 17).		
This grant is used for upgrading and maintenance of Sport field.		
<b>Community Participation Grant</b>		
Balance unspent at beginning of year	85,673	85,673
Conditions still to be met - remain liabilities (see note 17).		
This grant is for IDP compilation and processes.		
<b>EPWP</b>		
Current-year receipts	3,164,000	3,700,000
Conditions met - transferred to revenue	(3,164,000)	(3,700,000)
	-	-
EPWP Grant is used to expand job creation efforts in specific focus areas where labour intensive delivery methods can be measured		
<b>Shayamoya eco complex</b>		
Balance unspent at beginning of year	31,743	31,743
Grant is used to boost local economic tourism and environment.		
<b>Light industrial park</b>		
Balance unspent at beginning of year	177,382	177,382

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>26. Government grants and subsidies (continued)</b>		
Grant is used to build infrastructure to boost small to medium businesses.		
<b>Furniture World</b>		
Balance unspent at beginning of year	226,413	226,413
The Grant is used to provided on the job training for the youth , capacitating them for job readiness .		
<b>SETA</b>		
Current-year receipts	85,231	266,810
Conditions met - transferred to revenue	(85,231)	(266,810)
	-	-
The Grant is used to provided on the job training for the youth , capacitating them for job readiness		
<b>Integrated National Electrification Programme</b>		
Balance unspent at beginning of year	614,557	3,457,964
Current-year receipts	360,000	13,000,000
Conditions met - transferred to revenue	(360,000)	(15,843,407)
Grant withheld	(614,557)	-
	-	614,557
Conditions still to be met - remain liabilities (see note 17).		
This grant is used for the upgrade of bulk electricity infrastructure		
<b>Cultural Village (Cogta)/ shayamoya Internal Roads (EPWP)</b>		
Balance unspent at beginning of year	5,596,688	55,541
Current-year receipts	-	15,700,000
Conditions met - transferred to revenue	(4,705,440)	(10,158,853)
	891,248	5,596,688
Conditions still to be met - remain liabilities (see note 17).		
This grant is used to boost the local tourism sector.		
<b>Emergency Equipment Grant</b>		
Balance unspent at beginning of year	-	4,430,610
Conditions met - transferred to revenue	-	(4,430,610)
	-	-

This grant is used to equip the municipalities Fire fighting capabilities and response to disasters .



# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>26. Government grants and subsidies (continued)</b>		
<b>Disaster COVID19 grant</b>		
Balance unspent at beginning of year	2,333	-
Current-year receipts	-	596,000
Conditions met - transferred to revenue	(2,333)	(593,667)
	<b>-</b>	<b>2,333</b>
<b>Housing</b>		
Balance unspent at beginning of year	2,027,209	128,918
Current-year receipts	23,119,198	13,071,119
Conditions met - current year spending	(23,444,753)	(11,172,828)
	<b>1,701,654</b>	<b>2,027,209</b>
Conditions still to be met - remain liabilities (see note 17).		
Provide explanations of conditions still to be met and other relevant information.		
<b>Smart city Development strategy</b>		
Current-year receipts	500,000	-
Conditions met - transferred to revenue	(30,188)	-
	<b>469,812</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 17).		
<b>Building plans management systems</b>		
Balance unspent at beginning of year	500,000	-
Current-year receipts	-	500,000
Conditions met - transferred to revenue	(498,807)	-
	<b>1,193</b>	<b>500,000</b>
Conditions still to be met - remain liabilities (see note 17).		
<b>Informal economic trade stalls</b>		
Current-year receipts	4,500,000	-
Conditions met - transferred to revenue	(32,844)	-
	<b>4,467,156</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 17).		
<b>Peoples Housing</b>		
Balance unspent at beginning of year	26,702	26,702
Current-year receipts	429	-
	<b>27,131</b>	<b>26,702</b>

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>26. Government grants and subsidies (continued)</b>		
Conditions still to be met - remain liabilities (see note 17).		
Provide explanations of conditions still to be met and other relevant information.		
<b>27. Fines, Penalties and Forfeits</b>		
Fines	2,335,547	2,772,700
Illegal Connections Fines	37,328	30,051
Overdue Books Fines	300	300
	<b>2,373,175</b>	<b>2,803,051</b>
<b>28. Revenue</b>		
Service charges	153,291,394	140,479,129
Rental of facilities and equipment	1,893,386	1,876,336
Licences and permits	4,557,646	3,096,644
Other income	666,573	2,960,382
Interest earned -external investment	3,947,824	8,520,941
Property rates	122,492,352	115,356,018
Interest earned - outstanding receivables	5,235,431	3,794,507
Government grants & subsidies	131,142,941	126,542,768
Recovery for Provision Debtors	-	3,297,307
Fines and Penalties	2,373,175	2,803,051
Recovery of provision for performance bonus	1,808,382	1,644,452
	<b>427,409,104</b>	<b>410,371,535</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	153,291,394	140,479,129
Rental of facilities and equipment	1,893,386	1,876,336
Licences and permits	4,557,646	3,096,644
Other income	666,573	2,960,382
Interest earned - external investment	3,947,824	8,520,941
	<b>164,356,823</b>	<b>156,933,432</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	122,492,352	115,356,018
Interest earned - outstanding receivables	5,235,431	3,794,507
<b>Transfer revenue</b>		
Government grants & subsidies	131,142,941	126,542,768
Recovery for Provision Debtors	-	3,297,307
Fines and Penalties	2,373,175	2,803,051
Recovery of provision	1,808,382	1,644,452
	<b>263,052,281</b>	<b>253,438,103</b>

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>29. Employee related costs</b>		
Basic	91,998,009	83,602,114
Bonus	6,974,574	6,401,978
Medical aid - company contributions	6,174,036	5,462,402
UIF	683,660	656,259
SDL	1,018,999	428,539
Leave pay provision	2,697,072	2,494,237
Pension fund	15,607,364	14,539,164
Travel, motor car, accommodation, subsistence and other allowances	5,894,402	6,228,459
Overtime payments	6,923,361	7,780,823
Housing benefits and allowances	1,505,652	1,419,939
Performance bonus Provision	2,082,395	2,001,718
Interest on post employment benefits	2,396,000	1,892,903
Current Service Cost	1,598,000	1,294,289
	<b>145,553,524</b>	<b>134,202,824</b>

### Remuneration of Municipal Manager

Annual Remuneration	752,408	917,425
Car Allowance	217,003	261,554
Performance Bonuses	-	258,797
Contributions to UIF, Medical and Pension Funds	33,682	28,326
Other Allowance	33,136	-
	<b>1,036,229</b>	<b>1,466,102</b>

### Remuneration of Chief Financial Officer

Annual Remuneration	689,822	616,441
Car Allowance	229,152	203,409
Performance Bonuses	-	100,718
Contributions to UIF, Medical and Pension Funds	-	27,657
Other Allowance	18,000	-
	<b>936,974</b>	<b>948,225</b>

### Remuneration of Community Services Executive Manager

Annual Remuneration	747,134	593,155
Car Allowance	158,435	158,435
Contributions to UIF, Medical and Pension Funds	37,200	27,657
Other Allowance	18,000	168,977
	<b>960,769</b>	<b>948,224</b>

### Remuneration of Infrastructure Planning and Development Executive Manager

Annual Remuneration	697,768	704,063
Car Allowance	162,727	162,727
Performance Bonuses	-	53,777
Contributions to UIF, Medical and Pension Funds	-	27,657
Other Allowance	18,000	-
	<b>878,495</b>	<b>948,224</b>

### Remuneration of Corporate Services Executive Manager

Annual Remuneration	823,930	766,206
Car Allowance	87,693	36,000
Performance Bonuses	-	118,361

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>29. Employee related costs (continued)</b>		
Contributions to UIF, Medical and Pension Funds	19,318	27,657
Other Allowance	97,318	-
	<b>1,028,259</b>	<b>948,224</b>

### Remuneration of Economic Development & Spatial Planning Executive Manager

Annual Remuneration	766,622	556,335
Car Allowance	127,495	131,054
Contributions to UIF, Medical and Pension Funds	71,286	122,400
Bonus/ 13th cheque	-	57,000
Back pay	-	27,657
Cell Phone , rural and other allowance	56,856	55,991
	<b>1,022,259</b>	<b>950,437</b>

### 30. Remuneration of councillors

Mayor	901,658	901,659
Deputy Mayor	729,488	729,488
Speaker	729,488	729,488
Councillors	3,316,241	3,271,142
Councillors' allowances	1,262,561	1,259,159
Councillors' pension and medical contributions	661,523	691,143
	<b>7,600,959</b>	<b>7,582,079</b>

### In-kind benefits

The Mayor , the Deputy Mayor and Speaker each have the use of separate Council owned vehicles for official duties. The Mayor has three full-time bodyguards .The speaker has two full-time bodyguards.

### 31. Depreciation and amortisation

Property, plant and equipment	35,672,391	36,024,569
Intangible assets	281,577	341,015
	<b>35,953,968</b>	<b>36,365,584</b>

### 32. Debt impairment

Debt written off	4,159,622	16,345,553
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### 33. Bulk purchases

Electricity - Eskom	109,282,374	98,433,057
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Bulk purchases are the cost of commodities not generated by the municipality but distributed and sold to consumers in the municipal area. Electricity is purchased from Eskom.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>34. Contracted services</b>		
Burial services	321,186	108,705
Financial Management Systems	5,242,346	4,837,354
Legal Advice and Litigation	16,930,835	6,376,335
Professional Services	2,661,654	3,609,176
Research and Advisory	776,031	494,500
Security services	10,298,684	8,301,523
Town planning services	326,137	253,509
Valuation services	432,728	655,749
	<b>36,989,601</b>	<b>24,636,851</b>
<b>35. General expenses</b>		
Advertising	2,034,614	2,193,418
Auditors remuneration	2,045,052	2,311,098
Bank charges	758,955	526,716
Bursaries	105,501	149,180
Collection costs	5,140,816	3,738,203
Conferences and seminars	1,999,179	1,366,632
Departmental electricity consumption	677,856	681,643
Fuel and oil	2,919,978	2,705,756
GIS	48,000	83,903
ICT services	2,765,844	2,692,731
Insurance	1,544,075	1,392,383
Licence fees	406,715	221,282
Materials maintenance	15,337,965	14,008,646
Other expenses	4,232,107	6,275,936
Postage and courier	304,729	338,438
Pound management fees	336,000	364,000
Printing and stationery	127,116	30,000
Rental of surveillance cameras	4,080	83,001
Rentals buildings and vehicles	264,859	338,131
Staff wellness	371,121	478,241
Stocks and materials	4,446,502	3,029,176
Subscription & memberships	2,344,287	2,253,241
Telephone and fax	1,996,182	1,071,703
Third party Commission	913,044	2,710,963
Training	-	3,500
Travel and accommodation	785,552	2,102,762
Uniforms	2,521,956	2,859,882
	<b>54,432,085</b>	<b>54,010,565</b>

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>36. Cash generated from operations</b>		
Surplus	15,323,549	18,195,732
<b>Adjustments for:</b>		
Depreciation and amortisation	35,953,968	36,365,584
Fair value adjustments	(2,250,751)	(3,382,771)
Provision for consumer impairment	5,609,985	492,367
Debts written off	4,159,622	16,345,553
Movements in retirement benefit assets and liabilities	5,157,000	3,373,470
Movements in provisions	4,301,605	12,258,192
Loss on actuarial	2,475,000	1,294,754
Indigent write-off	(22,465,252)	(18,177,435)
Current service costs	(1,598,000)	1,294,289
Rates impairment recovery	-	(3,297,307)
Performance bonus addition non cash	2,082,395	2,001,720
Recognition deferred revenue	(1,378,415)	(1,636,991)
Interest on post employment benefits	2,396,000	1,892,903
Leave accrual adjustment	2,697,072	2,494,237
Provision recovery	(1,808,382)	(1,644,451)
<b>Rates impairment recovery</b>		
Inventory	868,446	(230,571)
Trade and other receivables	(5,170,709)	(6,776,107)
Revenue from non-exchange	(120,638)	6,101,804
Fines recovery	(1,820,018)	(4,641,379)
Prepayments	1,170,093	12,568
Payables from exchange transactions	7,170,488	15,696,290
Unspent conditional grants and receipts	(818,513)	5,143,518
Consumer deposits	(21,333)	79,859
VAT payable	1,663,008	3,696,777
Deferred income	(258,576)	(529,831)
Statutory Receivables	529,049	4,586,238
	<b>53,846,693</b>	<b>91,009,012</b>



# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>37. Commitments</b>		
<b>Already contracted for but not provided for</b>		
• Infrastructure	60,797,928	100,735,932
• Community	121,369,283	26,501,376
	<b>182,167,211</b>	<b>127,237,308</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	182,167,211	127,237,308
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	182,167,211	127,237,308
This committed expenditure relates to plant and equipment and infrastructure projects and will be financed by available bank facilities, accumulated surpluses, existing cash resources, funds internally generated, etc.		
<b>Funding</b>		
Expenditure will be financed from		
Government Grants	160,028,382	101,846,087
Own revenue	22,138,829	25,391,220
	<b>182,167,211</b>	<b>127,237,307</b>

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
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### 38. Contingencies

#### CONTINGENT LIABILITY

##### SINKSHOW CONSTRUCTION VS GREATER KOKSTAD MUNICIPALITY

Demand for the return of construction material and currently there is a rescission of Default Judgment granted and the amount claimed is R 100 000.

##### GREATER KOKSTAD MUNICIPALITY VS SIBIYA

Sibiya is suing Municipality for damages under vicarious liability He claim R151 154.00 and R 7 470.00 for hiring the replacement car..

##### GREATER KOKSTAD MUNICIPALITY VS HOOSEN KHARVA

The Hoosen Kharva is suing the municipality There was water pipes maintenance which was handled by Hurry Gwala District Municipality at Kokstad Municipality. At Hoawthorn Street, Kokstad one of the Hoosen Kharva motor vehicle collided with a hole and hip of soil that was dug in the process of repairing water pipe problem and was not properly zoned out with accident tapes and signs. Then it claimed R33 707.68 plus interest of 15.5% for damages he suffered repairing his car.

##### GREATER KOKSTAD MUNICIPALITY VS ANDIMAHLE TRADING

Andimahle was appointed for the construction of Jim Payne sports complex, They are claiming for work done which we disagree with the amount and the matter was reffered to the adjudication. The adjudicator delivered a determination in terms of which the Municipality was ordered to pay Andimahle approximately R9.1 million. Municipality was dissatisfied with the order and ought to proceed to arbitration.

##### GREATER KOKSTAD MUNICIPALITY VS BAWINILE BAMBELO

Bawinile Veronica Bambelo, Themba Bambelo and Siphwe Bambelo are suing Municipal, National Minister of Transport and MEC Transport for a toatal amount of R669 022.00 for Motor Vehicle ACCIDENT.

##### GREATER KOKSTAD MUNICIPALITY VS KOKSTAD PRIVATE HOSPITAL

Kokstad private hospital has sued GKM for an amount of R1 349 401.29 with regards to the payment of property rates for F274..

##### GREATER KOKSTAD MUNICIPALITY VS PRIMROSE T.COETZE

Mrs PT Coetze seeks reinstatement with full back pay salary from the date of dismissal to date of a possible order reinstating her should she succeeds at arbitration.

##### GREATER KOKSTAD MUNICIPALITY VS DOLLY BIHL

Review Application by Ms Bihl.

#### CONTINGENT ASSETS

##### GREATER KOKSTAD MUNICIPALITY vs KIBO LODGE CC

GKM suing Kibo Lodge CC an amount proximately R104 698.00 for Municipality Rates

##### GREATER KOKSTAD MUNICIPALITY VS TOGOS

The attorneys have been given a status report on the developments in this case and they have briefed Advocate Gani. The prospects of success in this matter were discussed and it was decided that the Municipality will enter into settlement negotiations with the other side to ensure that the Municipality obtains some value. The estimated envisaged cost is R100 000.

##### GREATER KOKSTAD MUNICIPALITY VS FEZ BUILDING CONSTRUCTION.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
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### 38. Contingencies (continued)

This is an action claiming R 4 342 991 for breach of a construction contract. Summons has been issued and served, and the matter is defended.

#### GREATER KOKSTAD MUNICIPALITY VS TURF INC

GKM sued Turf Inc & 2 Others for the sum of R1 652 632.65 for non-performance in terms of agreement.

#### GREATER KOKSTAD MUNICIPALITY VS CEBO MANTSHAYANA

GKM evict Mr C Mantshayana from ERF 60 Bhongweni, which is valued at R118 500.00.

### 39. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by it. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At June 30, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	60,507,790	-	-	-

#### Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

#### Market risk

#### Interest rate risk

As the municipality has interest-bearing assets such as investments, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>40. Irregular expenditure</b>		
Opening balance as previously reported	73,074,905	223,722,330
Irregular expenditure current year	49,713,355	35,738,872
<b>Subtotal</b>	<b>122,788,260</b>	<b>259,461,202</b>
Less: Amount written off - current	(51,407,318)	(186,386,297)
<b>Irregular expenditure awaiting for condonment</b>	<b>71,380,942</b>	<b>73,074,905</b>

Expenditure identified in the current year include those listed below:

BAC Improperly Constituted	23,876,590	25,537,920
Bid Not Advertised for the Prescribed Number Of days	-	3,935,370
Scope Variation not properly approved	-	155,805
Local content	20,123,836	5,808,417
Unjustified Deviation	-	129,565
Employees in service of state	-	171,800
Unjustified diviation	5,317,920	-
Non compliance with SCM regulations	395,010	-
	<b>49,713,356</b>	<b>35,738,877</b>

### 41. Fruitless and wasteful expenditure

Opening balance as previously reported	482,904	600,529
Transferred to debtor	-	-
Less: Amount written off - current	(23,136)	(6,558)
<b>Closing balance</b>	<b>459,768</b>	<b>482,904</b>

### 42. Deviation from supply chain management regulations

Original dealer	1,683,068	471,950
Emergency	254,728	3,266,401
Impossible to follow the SCM process	11,132,915	2,535,882
<b>Total Section 36 deviations for the financial year</b>	<b>13,070,711</b>	<b>6,274,233</b>

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. The majority of items mentioned had to be addressed in short notice and the response times did not allow for the complete procurement process.

### Approval of ratification of minor breach of procurement processes

During 2021 financial year the municipality approved the bid with rectification of minor breach of procurement processes where the bidder was given more than 7 days to rectify its Tax compliance status the bid was for the electrification of willowdale and informal settlement the amount was R6 343 624.00 This approval was based on SCM regulation 36 1( b).

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>43. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	1,520,180	1,441,670
Amount paid - current year	(1,520,180)	(1,441,670)
	-	-
<b>Audit fees</b>		
Current year subscription / fee	2,364,701	2,311,098
Amount paid - current year	(2,364,701)	(2,311,098)
	-	-
<b>PAYE, UIF &amp; SDL</b>		
Current year subscription / fee	21,607,065	20,339,643
Amount paid - current year	(21,607,065)	(20,339,643)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	33,826,739	31,242,909
Amount paid - current year	(33,826,739)	(31,242,909)
	-	-
<b>Councillors' arrear consumer accounts</b>		
No Councillors had arrear accounts outstanding at 30 June 2021.		
<b>Award to close family member</b>		
<b>Incident</b>		
Ndumis Transport	-	75,800
Ndzora Trading	-	96,000
	-	171,800

### 44. Electricity losses

#### 2021

The municipality has identified electricity losses in units 11 994 247 with an estimated value of R 21 592 044.48 that Equates to 13%.

#### 2020

The municipality has identified electricity losses in units 13 114 761 with an estimated value of R15 447 877 that Equates 15%.

### 45. In Kind assistance

The municipality received in kind assistance from Provincial Treasury

- Contract management

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>45. In Kind assistance (continued)</b>		
- SCM compliance assessment		
- SCM bid committee training		
<b>46. Events after the reporting date</b>		
There were no material non-adjusting events that came to the attention of management after the reporting date.		
<b>47. Key sources of estimation, uncertainty and judgements</b>		
The following areas involve a significant degree of estimation uncertainty:		
- Impairment testing		
- Present value of defined benefit obligation		
- Fair value estimation		
- Provision for doubtful debts		
- Useful life assessment of PPE and intangible		
- Allowance for doubtful debts		
<b>48. Budget Variance Explanation</b>		
1. Service Charges : the decrease is due to low electricity usage and purchases by businesses and other customers as a result of COVID-19 lockdowns.		
2. Rental of Facilities: decrease due to cancelled rental contracts as some tenants could no more afford rentals as a result of being affected by COVID-19 pandemic.		
3. Licences and permits: Additional working hours have been implemented to boost revenue collection and licences department		
4. Other income: Decline in other revenue is due to demand decline related to COVID, services affected , approval of building plans ,parking management, connections.		
5. Investment revenue: The increase is due to council investments		
6. Property Rates : decrease due to supplementary valuation rolls implemented during the year.		
7. Interest earned - outstandingInterest earned : increase due to increase in debtors.		
8. Fines, Penalties and Forfeits: The increase in fines is due to increase in the law enforcement		
9. Provision for performance bonus recovery: Perfomance bonuses are budgeted on full 14% of remuneration packages however recoveries may occur as assessments are based on performance.		
10. Employee costs: The municipality implemented cost saving strategies such as reduction on overtime and standby.		
11. Remuneration of councillors: Annual expenditure is as per Upper Limit gazette approved by the MEC. Which at the time of approval of budget is not available.		
12. Repairs and maintenance: The variance was due to expenditure control measures and COVID 19 pandemic		
13. Debt Impairment: The municipality has implemented data cleansing ensuring that all accounts are vigorously scrutinised before any write offs		
14. Material & Bulk purchases: The decrease is due to NERSA approving the final tariffs after the municipal budget has been approved.		
15. Contracted Services: COVID resulted in the economic slow down negatively affecting consumers ability to pay thus resulting in the increase in provision .		



# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>48. Budget Variance Explanation (continued)</b>		
16. General expenses: The variance was due to expenditure control Measures and COVID 19 Pandemic		
17. Landfill site was not previously budget for as it was a new landfill site which started operating in December..		
<b>49. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2021</b>		
<b>Financial assets</b>		
	At cost	Total
Receivables from non-exchange transactions	37,734,309	37,734,309
Receivables from exchange transactions	30,943,653	30,943,653
Cash and cash equivalents	60,945,932	60,945,932
	<b>129,623,894</b>	<b>129,623,894</b>
<b>Financial liabilities</b>		
	At Cost	Total
Consumer deposits	4,503,509	4,503,509
Unspent conditional grants	10,202,845	10,202,845
Trade and other payables from exchange transactions	60,507,790	60,507,790
Cash and cash equivalents Overdraft	10,371,289	10,371,289
	<b>85,585,433</b>	<b>85,585,433</b>
<b>2020</b>		
<b>Financial assets</b>		
	At cost	Total
Receivables from non-exchange transactions	35,264,604	35,264,604
Receivables from exchange transactions	25,772,944	25,772,944
Cash and cash equivalents	117,336,921	117,336,921
	<b>178,374,469</b>	<b>178,374,469</b>
<b>Financial liabilities</b>		
	At cost	Total
Consumer deposits	4,524,843	4,524,843
Unspent conditional grants	10,521,358	10,521,358
Trade and other payables from exchange transactions	53,337,302	53,337,302
	<b>68,383,503</b>	<b>68,383,503</b>

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
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### 50. Related parties

Accounting Officer

Refer to accounting officer's report note

Key Management Information

Class	Description
Municipal Manager	Accounting Officer
Chief Financial Officer	Senior Management
Community Services Executive Manager	Senior Management
Infrastructure Planning and Development	Senior Management
Corporate Services Executive Manager	Senior Management
EDPS Executive Manager	Senior Management

Remuneration of Management

Councillors

Refer to general information page for full list of councillors.

Executive Management

Refer to note "Employee Related Costs"

Payment of remuneration of senior managers and councillors - details of payments are set out in notes 30&31.

### 51. Prior period errors

The restatement of Grants and subsidies 2019/2020 this was due to revenue recognition which was overstated by building plans system grant which was not utilised in the previous financial year.

Provision is required to be measured as per GRAP19 or paragraph 36 IAS 37. The municipality previously rehabilitated the Shayamoya Landfill site. However due to capacity constraints had to apply to utilize certain cells. This has necessitated a Provision for Rehabilitation costs for these cells.

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

Unspent conditional grants and receipts provision	- (500,000)
	- (12,212,617)

#### Statement of financial performance

Grants and subsidies	- 500,000
Provision of impairment of debtors expense	- 12,212,617

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

2021 R	2020 R
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### 52. Segment information

#### General information

##### Identification of segments

The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

##### Aggregated segments

The Municipality operates in Kwazulu Natal. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments sufficiently similar to warrant aggregation.

##### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Cemeteries	Provision of cemeteries
Electricity	Provision of electricity
Housing	Providing access to adequate housing
Roads and storm water	Provision of roads and storm water
Refuse removal	Refuse removal

##### Segment surplus or deficit, assets and liabilities

2021	External Revenues from non-exchange transactions	External Revenues from exchange transactions	Total Expenditure	Non-current assets
<b>Kokstad</b>	R263 052 281	R164 205 972	R372 374 461	R826 120 610

Employee costs	(145,553,524)
Remuneration of councillors	(7,600,959)
Repairs and maintenance	(8,058,260)
Depreciation and amortization	(35,953,968)
Provision expense Landfillsite	(3,958,789)
Debt written off	(4,159,622)
Bulk purchases	(109,282,374)
Provision of impairment of debtors expense	(5,872,124)
Contracted services	(36,989,601)

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

	2021 R	2020 R
<b>52. Segment information (continued)</b>		
General expenses	(54,425,001)	
<b>Total Surplus</b>	<b>R15 330 633</b>	

Paragraph 21 of GRAP 18 requires the Municipality to report a measure of assets and liability for each reportable segment if such an amount is regularly provided to management.

The information of assets and liabilities for each reportable segment is currently not regularly provided to management hence a measure of assets and liabilities for each reportable segment is not be reported.

### Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

The nature and effect of any asymmetrical allocations to reportable segments

An Municipality allocated depreciation expense to a segment without allocating the related depreciable assets to that

# Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

											2021 R	2020 R
	Mayor and Council	Finance and Administration	Electricity Services	Waste	LED	Community Services	Police Forces Traffic and Street Parking	Roads:Roads (333) Infrastructure	PMU	Total		
Employee costs		30,706,993.81	18,056,041.48	26,659,500.00	12,734,576.32	11,778,274.48	20,666,300.97	16,995,043.79	7,956,793.16	145,553,524.00		
Remuneration of councillors	7,600,959.53											
Repairs and maintenance			7,612,552.48	2,485,773.13				1,644,518.19		11,942,843.80		
Depreciation and amortization			109,282,373.85							109,282,373.86		
Provision expense Landfillsite				3,958,789.00						3,958,789.00		
Debt written off		4,159,622.00								4,159,622.00		
Bulk purchases			109,282,374.00							109,282,374.00		
Provision of impairment of debtors expense		5,872,124								5,872,124.00		
Contracted services		-	14,884,323.68	9,727,293.77	1,832,022.33	464,870.45	1,703.13	9,781,710.59	297,677.04	36,989,601.00		
General expenses			21,900,191.11	14,312,346.14	2,695,563.47	683,991.56	2,505.92	14,392,412.85	437,989.95	54,425,001.00		
<b>Total</b>										<b>481,466,252.66</b>		

## Greater Kokstad Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

	2021 R	2020 R
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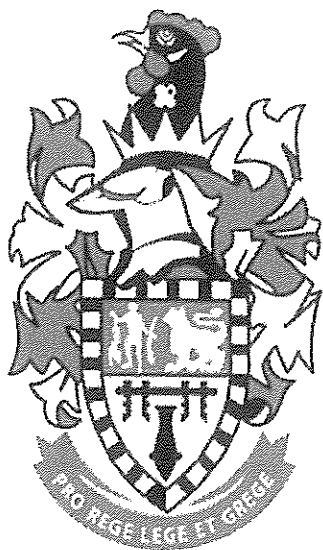
#### 52. Segment information (continued)



## 2020/2021 OVERSIGHT REPORT

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C



GREATER  
**KOKSTAD**  
MUNICIPALITY

PROVINCE OF KWAZULU-NATAL

**2020/2021**  
**OVERSIGHT REPORT**

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## 1. INTRODUCTION

In terms of Section 129 of the MFMA no.56 of 2003, it is required that,

“the Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report, which must include a statement whether the council—

- (a) has approved the annual report with or without reservations;
- (b) has rejected the annual report; or
- (c) has referred the annual report back for revision of those components that can be revised.

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regard to the Annual Report and the preparation of an Oversight Report. Given the processes required by Council to effectively undertake its oversight role, the establishment of Municipal Public Accounts Committee (MPAC) of Council provides the appropriate mechanism through which Council fulfils its oversight responsibilities. MPAC’s primary role in this regard is to consider the Annual Report, receive inputs from the various stakeholders and prepare an Oversight Report for consideration by Council.

In light of the above, the audited draft Annual Report for 2020/2021 financial year was tabled to Council in 27 January 2022 for consideration. Council subsequently referred the draft Annual Report to the Municipal Public Accounts Committee for scrutiny and public consultation in order to compile its Oversight Report.

The draft Annual Report was submitted to the Auditor-General, the KZN Provincial Treasury, National Treasury and the Department of Co-operative Governance and Traditional Affairs after tabling to Council.

## 2. BACKGROUND

The Municipal Public Accounts Committee (MPAC) is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The role of MPAC is mainly to

provide oversight over the functioning of the municipality in various aspects, including but not limited to the functions of Council, service delivery, financial performance and management and compliance . As a Section 79 committee, the following principles will apply:

- The municipal council must determine the functions of the committee and agree on the terms of reference for the committee;
- The municipal council must delegate functions to the MPAC in accordance with the terms of reference of the committee;
- The municipal council appoints the members of the MPAC from amongst the councillors;
- Section 160(8) of the Constitution applies to the committee and therefore its composition must be such that it allows parties and interests reflected within the Council to be fairly represented in the MPAC;
- The municipal council appoints the chairperson of the MPAC;
- The municipal council may dissolve the MPAC at any time;
- Meetings of the MPAC should be provided for and included in the annual calendar of the council; and
- The MPAC reports directly to the municipal council and the chairperson of the MPAC liaise directly with the Speaker on the inclusion of reports of the MPAC in the council agenda.

### 3. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The main purpose of the MPAC is to exercise oversight role over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive. MPAC must interrogate the following financial aspects addressed in the Municipal Finance Management Act:

- Unforeseen and unavoidable expenditure
- Unauthorized, irregular or fruitless and wasteful expenditure
- The quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP (Section 52(d))
- Monthly budget statements (Section 71)
- Mid-year budget and performance assessment
- Disclosures concerning councillors, directors and officials
- Submission and auditing of annual financial statements
- Submission of the annual report



- Issues raised by the Auditor-General in audit reports

The MPAC reports directly to the municipal council and the chairperson of the MPAC must liaise directly with the speaker on the inclusion of reports of the MPAC in the council agenda. As the MPAC is a committee of the council, its reports are submitted directly to the council without being submitted to the Exco Committee.

The MPAC of Greater Kokstad Municipality in performing its oversight role for the reporting period under review has through its scheduled meetings considered the following areas of the municipality's functioning:

- The municipality's reporting on financial matters.
- The functionality of Council and its structures.
- The response of management to findings and recommendations of the Auditor General's report.
- The achievement of municipal goals through performance management, (service delivery targets)
- Investigations into Unauthorized, Irregular, Fruitless and Wasteful expenditure.

#### 4. PREPARATION OF THE OVERSIGHT REPORT

**Section 127 (5) (a) (i); (ii) and (b) of the MFMA no. 56 of 2003 states that -**

(5) Immediately after an annual report is tabled in the council in terms of subsection (2), the accounting officer of the municipality must—

(a) in accordance with section 21A of the Municipal Systems Act—

(i) make public the annual report; and

(ii) invite the local community to submit representations in connection with the annual report; and

(b) Submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

MPAC confirmed compliance by the Accounting Officer with the Sections referred to above and made public the annual report on the 4<sup>th</sup> February 2022 and issued a public notice on the Municipal website and on the East Griqualand Post, inviting the public and stakeholders to make submission on the annual report and submitted the annual report to the AGSA, the KZN

Provincial Treasury and KZN Department of Co-operative Governance & Traditional Affairs on the 31 January 2022.

MPAC as part of its process of consultation on the Annual Report, performed the following:

1. Conducted Infrastructure projects sites visits on the 07<sup>th</sup> and 08<sup>th</sup> February 2022
2. Held a public hearing as follows:

DATE : 18 February 2022

TIME : 10h00

VENUE : Municipal Town Hall

The following stakeholders were in attendance:

- GKM Business Forum
- Kokstad Rates Payers Association
- Community Policing Forum
- Ward Committees
- Parliamentary Constituency Office
- Department of Cooperative Governance and Traditional Affairs
- Community Development workers
- Department of Social Development

Below are comments received from stakeholders in relation to the draft Annual Report.

INSTITUTION	COMMENTS/COMPLAINTS
Kokstad Rates Payers Association	Attached as annexure 1 of the Oversight Report
Other Stakeholders and Members of the public	<ol style="list-style-type: none"><li>1. Clarity was sought on what will be the Councils legacy when they leave the term.</li><li>2. Response was to achieve 2047 economic possibilities.</li><li>3. Page 15 of the Annual report hearing relating to the building of the Rolyat's complex</li><li>4. Response was that it was a lie that Rolyat's complex was encouraged to be built because of the 50%</li></ol>

INSTITUTION	COMMENTS/COMPLAINTS
	<p>rebates, the processes and plans were already in place.</p> <p>5. Mr Naega requested the council to investigate the following issues in their term.</p> <ul style="list-style-type: none"> <li>➤ Managing of illegal dumping.</li> <li>➤ Roads upgrading.</li> <li>➤ Bursting of water pipes.</li> <li>➤ Storm water -never upgrade roads without attending storm waters</li> <li>➤ Streetlights are damaged -put solar streetlights</li> </ul> <p>6. Mr W Radebe sought clarity on which were the 3 companies that were investing 15 million</p> <p>7. Response was that the investment committee was to attract investments and grow revenue base</p>

#### 4.1 MPAC SITE VISITS

On the 07<sup>th</sup> and 08<sup>th</sup> of February 2022, the MPAC conducted a two-day site visit as part of their duties and responsibilities to enable them to compile a comprehensive oversight report on 2020/2021 annual report. MPAC visited the following projects that were constructed during the year under review and were reported in the Annual Report. Below are findings comments and recommendations made by MPAC:

PROJECT NAME	MPAC COMMENTS/INPUTS
Installation of Streetlights (Murray & St Johns)	MPAC noted the progress on the projects report in the Annual Report.

PROJECT NAME	MPAC COMMENTS/INPUTS
MV Cable upgrade phase 5	MPAC has however noted with concerns a report on the Construction of the Gym Payn Sports Complex, over a number of issues. MPAC has since requested detailed reports on the project from the Accounting Officer.
Electrification of Murray Park	
Singisi substation (control rooms)	
Electrification of Willowdale	
Bhongweni & Shayamoya Switchgear	
Mini Substation on Murray Street	
CIVIL & PMU	
CBD Roads (Wyde & Murray Street)	
Stormwater upgrade Murray Streets	
Upgrade of Ext 7 Phase 4	
Jim Payne Sports Complex	
Thuthukani community Hall	
Horseshoe Early Childhood Development	
Qhingalendlala Hall	
CRU Housing Project	

## 5. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

### 5.1 MEMBERSHIP

The Municipal Public Accounts Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998. Section 79 allows for the co-option of advisory members to a Committee of Council, who are not members of the Council.

Due to the separation of roles and responsibilities, between Council and the Executive (Mayor and Executive Committee) it is not appropriate that members of the Executive Committee be members of the MPAC.

The following members of Council served as members of the Municipal Public Accounts Committee for GKM during the 2020/2021 financial year:

- Cllr. P. Nocanda (ANC) – Chairperson
- Cllr. N. Nguza (ANC)
  
- Cllr. E. Bhengu (ANC)
- Cllr. B.L. Marncé (DA)

The above-mentioned members served for the duration of the full duration of the 2020/2021 financial year and accordingly performed its duties.

Due to the Local Government Municipal Elections, the Annual Report process for 2020/2021 has been undertaken by the in-coming MPAC which came into effect in November 2021.

The following Members constitute the in-coming MPAC Members:

- Cllr M Hlakanyana (ANC) – Chairperson
- Cllr N Mngonyama (ANC)
- Cllr SW Mbabala (EFF)
- Cllr S Njisané (ANC)
- Cllr KN Norsworthy (DA)

## 5.2 AUTHORITY & POWER

5.2.1 In terms of section 79 of the Municipal Structure Act No117 of 1998, the MPAC will assist Council to effectively and efficiently exercise its functions and powers;

5.2.2 MPAC functions as a sub-committee of Council, and therefore adhered to the Council's Rules of Order;

5.2.3 MPAC makes recommendations to management via Council, resulting from activities carried out by the Committee in terms of its delegated authority;

5.2.4 MPAC is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

## 5.3 DUTIES PERFORMED BY MPAC

The MPAC of Greater Kokstad Municipality in performing its oversight role for the reporting period under review has through its scheduled meetings considered the following areas of the municipality's functioning:

- The municipality's reporting on financial matters.
- The functionality of Council and its structures.
- The response of management to findings and recommendations of the Auditor General's report.

- The achievement of municipal goals through performance management.

#### 5.4 ON – GOING OVERSIGHT ACTIVITY

The MPAC of GKM had during the 2020/2021 financial year developed its annual workplan through which its performed its oversight duties. MPAC conducted projects sites visits, scheduled meetings in order to consider reports prepared by management and performed observations over Council and its structures.

#### 6. ANNUAL REPORT COMPLIANCE ASSESSMENT

The MPAC of GKM in its process of preparing the oversight report on the annual report consider the annual report in line with requirements of various sections of the municipal legislative framework as stated below. The MPAC has considered the annual report in ensuring the municipality's level of compliance to legislation requirements.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
<b>1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</b>	<b>Financial reporting matters to be Considered</b>	
121 (3)(a) The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor- General.	The AFS are to be in the form as required by the applicable Generally Recognized Accounting Practice standards, MFMA and DoRA. Confirmed by Auditor General report that the Annual Financial Statements were fairly presented as at 30 June 2021.	The municipality has complied with the requirements of this Section.  The Audited Annual Financial Statements have been included in the annual report. The AFS will be adopted by Council together with the Annual Report.  <b>See Page 276 of the Annual Report</b>



INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
121 (3)(a) 121 (4) 121 (4)(b)	The above applies also to the AFS of municipal entities.	The section is not relevant to Greater Kokstad Municipality for the period under review.
121 (3) (e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	<p>Has an adequate assessment been included?</p> <p>Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation?</p> <p>Is any other action required to be taken?</p>	<p>The requirements of the section has been complied with.</p> <p>A report by the Accounting Officer on assessment of arrears on municipal taxes has been included in Charter 5 of the report.</p> <p><b>See Page 248 of the Annual Report</b></p>
121 (3)(g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.	<p>The conclusions of the annual audit are:</p> <ul style="list-style-type: none"> <li>✓ an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable;</li> <li>✓ The objective of the municipality should be to achieve an unqualified audit opinion.</li> <li>✓ Taking into account the audit report, audit opinion and the views of the audit committee, council considered: <ul style="list-style-type: none"> <li>• To what extent does the report indicate serious or minor financial issues?</li> <li>• To what extent are the same issues repeated from previous audits?</li> </ul> </li> </ul>	<p>The requirements of this section of the MFMA have been complied with.</p> <p>An audit action has been developed by the Accounting Officer to address issues raised in the Auditor General's report. This report is included under Chapter 6 of the annual report.</p> <p>The Audit Action Plan was tabled to MPAC in February 2022.</p> <p><b>See Page 253 of the Annual Report.</b></p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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- Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?
- Has a schedule of action to be taken been included in the annual report, with appropriate due dates?

121 (3)(f)

An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.

Note that actions taken on audit issues are to be reported to the provincial legislature, the MEC for Cooperative Government & Traditional Affairs to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MEC.

The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly.

Has the performance met the expectations of council and the community?

Have the objectives been met?

This section has been complied with.

The AG action plan report was submitted together with the Draft Annual Report to MEC for COGTA.

This Section has been complied with.

An assessment was done by the Accounting Officer and the report of which has been included in the annual report as appendix D.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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What explanations have been provided for any non-achievement?  
What was the impact on the service delivery and expenditure objectives in the budget?

121 (3)(i)(k) Any information as determined by the municipality, the entity or its parent municipality.	Review any other information that has been included regarding the AFS.	No additional information has been identified to be included in the Annual Report by the Municipality for the 2020/2021 FY.
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**1. Financial Matters      Financial reporting matters to be considered**  
**– Annual Financial**  
**Statements - Section**  
**121 (3) MFMA**  
**continued....**

121 (3)(j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities.	Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity? What actions need to be taken in terms of these recommendations?  Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	The requirements of the section of the MFMA has been complied with.  A report from the audit committee on the assessment of the functionality of the Internal Audit Function has been included in the report.  The report of the audit committee also included matters in relation to
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INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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the AFS. The report has been attached as Appendix A.

See Page 267 of the Annual Report.

## 2. Disclosures - Considerations

### Allocations received and made - Section 123-125 MFMA

123 (1)(a) Allocations received by and made to the municipality.	<p>The report should disclose:</p> <ul style="list-style-type: none"> <li>✓ Details of allocations received from another organ of state in the national or provincial sphere.</li> <li>✓ Details of allocations received from a municipal, entity or another municipality.</li> <li>✓ Details of allocations made to any other organ of state, another municipality, or a municipal entity.</li> <li>✓ Any other allocation made to the municipality under Section 214(1) (c) of the Constitution.</li> </ul> <p>Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?</p>	<p>All grants allocations have been included in the report under Chapter 5 of the Annual report.</p> <p>Full disclosures of the grants have has been made in line with legislative requirements.</p> <p>N/A</p> <p>N/A</p>
125 (1)	Municipalities and entities are reminded of the requirement to	The requirements of the section has been complied with.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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Information in relation to outstanding debtors and creditors of the municipality and entities.

include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.

It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.

Council should be satisfied that –

- ✓ the information has been properly disclosed;
- ✓ conditions of allocations have been met; and
- ✓ That any explanations provided are acceptable.

All outstanding debtors and creditors of the municipality were disclosed on the AFS and report on the annual report under Chapter 5.

**See Page 278 of the Annual Report.**

**2. Disclosures -  
Allocations received  
and made - Section  
123-125 MFMA  
continued....**

123 (1)(c)  
Information in relation to the use of allocations received.

**Considerations**

Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:

- ✓ The current year and details of spending on all previous conditional grants, for the

Information in relation to all received grant allocations and use thereof has been disclosed in the audited AFS, under volume 2 of the annual report.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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|---|---|
| <p>previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects.</p> <p>✓ Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided.</p> <p>✓ Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</p> | <p>All related disclosure information as per MFMA requirements were made.</p> <p>Comments of the Audit Committee were effected prior to submission for auditing by the AGSA. AGSA comments were considered and effected prior to finalization of the audit.</p> <p>All other comments and finding have been incorporated in the AG action plan.</p> |
|---|---|

This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation.



INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received.

Council should be satisfied that –

- ✓ the information has been properly disclosed;
- ✓ conditions of allocations have been met; and
- ✓ that any explanations provided are acceptable.

The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.

### 3. Disclosures in notes to AFS

#### Considerations relating to section 124

Information relating to benefits paid by municipality and entity to councillors, directors and officials.

Information on the following items is to be included in the notes to the annual report and AFS:

- ✓ salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind;

ALL councillors and senior management remuneration have been fully disclosed in the AFS, under volume 2.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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- ✓ any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors;
- ✓ salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager;
- ✓ contributions for pensions and medical aid;
- ✓ travel, motor car, accommodation, subsistence and other allowances;
- ✓ housing benefits and allowances;
- ✓ overtime payments;
- ✓ loans and advances, and;
- ✓ any other type of benefit or allowance related to staff.

Council should be satisfied that –

- ✓ the information has been properly disclosed;
- ✓ conditions of allocations have been met; and
- ✓ that any explanations provided are acceptable.

The comments of the Auditor-General and the views of the audit committee should be used to

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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determine the accuracy and appropriateness of this information.

#### 4. **Municipal Considerations** **Performance**

Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are –

The annual performance reports of the municipality and entities.

- ✓ Has the performance report been included in the annual report?
- ✓ Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?
- ✓ Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?

In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation, and

The Annual Performance Report has been included under chapter 3 of the annual report.

The report was audited and submitted to Council for approval prior to inclusion in the Annual Report.

**See Page 139 of the Annual Report.**

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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electricity been reduced? What are the refuse collection volumes, library usage statistics etc?

- ✓ To what extent has performance achieved targets set by council?
- ✓ Is the council satisfied with the performance levels achieved?
- ✓ Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?
- ✓ What actions have been taken and planned to improve performance?
- ✓ Is the council satisfied with actions to improve performance?
- ✓ Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?
- ✓ Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?
- ✓ Taking into account the audit report and opinion and the views of the audit committee, is

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
	<p>performance considered to be efficient and effective?</p> <p>✓ To what extent have actions planned for the previous year been carried over to the financial year reported upon?</p> <p>✓ Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</p> <p>Council should comment and draw conclusions on information and explanations provided.</p>	
Audit reports on performance.	<p>Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?</p>	<p>The section has been complied with.</p> <p>Findings and recommendations by the Auditor General have been included in the action plan developed by the Accounting Officer.</p>
Performance of municipal entities and	The annual report of the municipality should provide an assessment of the	The requirement has been complied with.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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municipal service providers.

performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities.

The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.

Assessment of service provider was performed on a quarterly basis. A report has been included under chapter 2 of the Annual Report.

See Page 55 of the Annual Report.

Is the council satisfied with the evaluation and conclusions of the municipality?

What other actions are considered necessary to be taken by the accounting officer?

**5. General information**

Relevant information on municipal entities.

**The following general information is required to be disclosed in the annual report.**

The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with the entities.

This section is not applicable to GKM for the period under review.



INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
The use of any donor funding support.	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> <li>✓ Have the purposes and the management agreements for the funding been properly agreed upon?</li> <li>✓ Have the funds been used in accordance with agreements?</li> <li>✓ Have the objectives been achieved?</li> <li>✓ Has the use of funds been effective in improving services to the community?</li> <li>✓ What actions need to be taken to improve utilisation of the funds?</li> </ul>	This section is not applicable to GKM for the period under review.
Agreements, contracts and projects under Private-Public Partnerships.	<p>Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.</p>	This section is not applicable to GKM for the period under review.
Service delivery performance on key services provided.	<p>This may be a high-level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarized. This should cover all services whether</p>	<p>This section has been complied with.</p> <p>This information has been covered under executive summary section of the annual report and in statistical tables.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
	<p>provided by the municipality, entities, or external mechanisms.</p> <p>Council may draw conclusions on the overall performance of the municipality.</p> <p>This information may be found in an executive summary section of the annual report and or in statistical tables.</p>	
Information on long-term contracts.	<p>Details of all long-term contracts including levels of liability to the municipality should be included.</p> <p>Council should ensure all information is correctly supplied.</p>	<p>This requirement has been complied with.</p> <p>Report on long term contracts included under chapter 2.</p>
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.</p>	<p>This requirement has been complied with.</p> <p>A report on all significant IT activities is included under chapter 3.</p> <p><b>See Page 133 of the Annual Report.</b></p>
Three year capital plan for addressing	A summary of the long-term capital plans and how these address the	This requirement has been complied with.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
<p>infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework.</p>	<p>backlogs of services in the municipality should be provided.</p> <p>This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets.</p> <p>Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.</p>	<p>3 year capital plan addressing backlogs has been included under chapter 5.</p>

#### 6. Other considerations recommended

<p>Timing of reports.</p>	<p>Was the report tabled in the time prescribed?</p> <p>Has a schedule for consideration of the report been adopted?</p>	<p>The report was tabled in accordance to prescribed timelines. The process plan has been included under chapter 1.</p>
<p>Oversight committee or other mechanism.</p>	<p>What mechanisms have been put in place to prepare the oversight report?</p> <p>Has a schedule for its completion and tabling been adopted?</p>	<p>MPAC was established by Council as a council oversight committee. MPAC scheduled public hearing meetings. MPAC held public hearings to receive and consider public comments on the AR. MPAC also ensured publication of</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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Payment of performance bonuses to municipal officials.

Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report.

Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?

- ✓ If so has a proper evaluation of performance been undertaken?
- ✓ Was the evaluation approved by council?
- ✓ Does the performance evaluation align and reconcile with the

the AR on media and municipal website.

Comments of which have been documented under Oversight Report.

Individual performance assessments for senior managers are done per quarter, mid-term and at year end.

No performance bonuses were noted to have been paid during the 2020/2021 financial year.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
<p>Public Consultative meetings: Meetings conducted by ward councilors and feedback documented</p>	<p>performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report?</p> <p>✓ Are the payments justified in terms of performance reported in the annual report?</p> <p>✓ Reports on all public consultation meetings by ward councilors.</p>	<p>Report on public consultative meetings by ward councilors have been included under chapter 2.</p>
<p>Residents/Ratepayers Association consulted and feedback documented</p>	<p>Needs to be noted and should be included in the annual report</p>	<p>The stakeholder was consulted – 18 February 2022.</p> <p>Feedback has been documented.</p>
<p>Farmers Association consulted and feedback documented</p>	<p>Needs to be noted and should be included in the annual report</p>	<p>The stakeholder was consulted – 18 February 2022. There were no submissions received from the Farmers Association.</p>
<p>Other organisations identified, consulted and feedback documented</p>	<p>Needs to be noted and should be included in the annual report</p>	<p>All stakeholders were consulted by 18 February 2022. Comments from stakeholders are documented in the oversight report, under section 4 above.</p>
<p>Annual report distribution points</p>	<p>Distribution points were Municipal offices and Library.</p>	<p>The annual report was displayed in following places:</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	CONSIDERATIONS	COMMENTS BY MPAC
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documented and  
feedback documented

Feedback documented.

The municipal website  
The municipal libraries  
Municipal Youth Centre Hall  
Municipal Main Office  
Written submissions were received  
from the Kokstad Rate Payers  
Association and have been  
documented under Section 4  
above.

## 7. CONCLUSION AND RECOMMENDATIONS

Having performed the following tasks:

- Reviewed and analysed the Annual Report;
- Invited, received, and considered inputs from Councillors and Portfolio Committees, on the Annual Report;
- Considered the written and verbal comments received on the Annual Report from the public consultation process;
- Conducted Public Hearing to allow the local community or any organs of state to make representations on the Annual Report;
- Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and



- Prepared the Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, Council's Audit Committee,

MPAC has pleasure in presenting the Oversight Report to Council for consideration and approval.


#### 7.1 COMMITTEE RECOMMENDS

1. That Council having fully considered the Annual Report of the Greater Kokstad Municipality for the 2020/2021

Financial Year adopts the Oversight Report for the 2020/2021 Financial Year.

2. That Council approves the Annual Report of the Greater Kokstad Municipality for the 2020/2021 Financial Year without reservations.

3. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.

  
.....  
CLLR M. HLAANYANA  
MPAC CHAIRPERSON

28/03/2022  
DATE

