



2020/21

ANNUAL REPORT

SWELLENDAM MUNICIPALITY



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Message by the Executive Mayor

As the incoming Mayor, I know that this report covers the previous Mayor's last period. However, as a team member who delivered this performance, I am proud and willing to take ownership of both successes and failures and set out the challenges.

The format and content of the Annual Report are prescribed by Section 46 of the Local Government: Municipal Systems Act (Act 32 of 2000) (MSA) and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA). The above legislation compels the Municipality to prepare an Annual Report for each financial year and the Executive Mayor to table such report in Council. Please read this Annual Report to gain a balanced understanding of the Municipality's objectives and achievements in servicing the community as a whole.

The 2020/21 financial year has marked this Administration's fifth year in office. It saw the Municipality accelerate its efforts in implementing the strategic focus areas of the Integrated Development Plan (IDP), the Budget, and the Service Delivery and Budget Implementation Plan (SDBIP) – the Municipality's blueprints. Strategic focus areas are developed into a straightforward programme of action, which has seen the Municipality deliver on a range of initiatives, all aimed at improving the living conditions of all its residents. The Municipality also endeavoured to ensure that these strategic focus areas were aligned with the strategic objectives of both the provincial and national governments. The accomplishments in this report are all the more significant as the Covid-19 pandemic disrupted the year. It is testimony to the quality of leadership and decision making that the worst consequences of the COVID-19 pandemic have been avoided.

Notwithstanding the limited impact, we wish to send our condolences to those 136 families who lost loved ones to the virus. We also want to thank our colleagues in different spheres of government, notably the SAPS, Department of Health, School principals, and education, social development, economic development and tourism and others for their efforts in serving on the Municipal Joints Operating Committee to manage the day-to-day impact of the crisis. In addition, we want to thank the NGO organisations, Railton Foundation, CAP, Barrydale Community Police Forum, BADISA, ACVV and others for working with us to alleviate the plight of those most affected by the pandemic. In working together, we have distributed more than R 2, 9 million in direct and indirect support to the community in the form of food parcels to indigent and distressed households, groceries to the school feeding schemes, data to grade 7's and 12's for distance digital learning, distribution of citrus fruit to households directly and a host of other activities. We have demonstrated that we care and will do so if called upon again. It was an exceptional time, and it required exceptional decisions.

The 2020/21 Annual Report typically amplifies the Municipality's achievements for the year under review, and in so doing, assists in identifying its successes, failures and challenges. This report intends to attest to the combined efforts of the administrative leadership and the political governance of the Municipality in direct response to the fair and realistic expectations of the Municipality's residents. While the Municipality faced a severe Corona virus challenge in the last year, it has made significant strides to deliver on its main objectives. Some of these challenges include increasing demand for an ever-larger basket of services against the backdrop of expanding levels of unemployment and poverty. Nevertheless, Swellendam Municipality has continued to illustrate its commitment to high administrative and governance standards, both of which would not be possible without a competent and focused leadership at the

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organisation's apex. Testimony is the excellent audit outcomes of the past few years as per the Auditor General's annual management report of the Municipality's financial affairs. It is truly extraordinary in such times to still achieve a clean audit. We are indebted to the former CFO, Mr Hennie Schlebusch and the new CFO, Ms Elmari Wasserman, for leading the finance team to achieve this outcome. Much time and resources have been spent developing, refining and converting strategic focus areas into action, all aimed at providing the Municipality with a solid foundation for the future. In so doing, the Municipality is poised to introduce a range of initiatives. A new bulk contribution policy is in development and will be released for public debate next year. We have commenced constructing an R 12 million new public library. Also, during this year, Swellendam Municipality received approval to implement a 958 human settlements unit project. An R 76 million grant was allocated to Swellendam by the department of human settlements. The Municipality received a grant of R 2.2 million from the RSEP (Regional Socio-Economic Program) fund for one container hub to help promote economic opportunity for emerging and new businesses in Barrydale.

Furthermore, we are particularly proud that the Municipality, in addition to focused service delivery, continues to prioritise the needs of those who require it the most and is attained with a targeted budget allocation to facilitate indigent relief in free basic services and rates rebates for those who cannot afford basic municipal services.

The Municipality has also continued to make the necessary investments in critical infrastructure to boost economic growth and improve the living conditions of previously disadvantaged communities. This is further evidence of the Municipality's commitment to service excellence and increased opportunities for all its residents regardless of race, income or gender.

These accomplishments result from a combined effort by the organisation's staff establishment. Many of whom go the extra mile to ensure that we deliver on the service expectations of the Municipality's residents. We extend our heartfelt gratitude to the Municipal Manager and his team, fellow councillors and public members who share the Municipality's vision of striving towards prosperity for all through co-operative participation and high-quality service delivery. This vision requires total commitment to collaboration and partnership, and I am happy to say that the past year has been characterised by close working relationships and mutual commitments from most stakeholders. Development, progress, and cooperation are not one-off occurrences but essential components of a long-term approach to service excellence. This is only possible through the consistent and coordinated contributions of management and staff, the Council and the general public. I remain committed to working closely with the Mayoral Committee, the Council as a whole, and of course, the Administration headed by the Municipal Manager in advancing our timeless values of freedom, fairness and opportunity for all. We are optimistic that the future of Swellendam Municipality is on a solid footing. The recovery process remains a concern, but we are committed to working together to ensure that the economy recovers as soon as possible.

FRANCOIS DU RAND
EXECUTIVE MAYOR

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Municipal Manager Overview

I am mindful that Swellendam Municipality has been in Pandemic mode for more than 15 months. This pandemic commenced in March 2020 and is very much with us at the end of June 2021. During this time, Swellendam lost 136 lives, and more than 3600 have recovered. This seems inconsequential, however when taken within a context of 43 000 people it becomes significant. The main issue remains and which is lost on so many is that it is not so much COVID-19 itself, but the impact it has on medical resources and the medical system to respond and absorb the volume of patients. It is against this backdrop that we present this annual report. In presenting this 2020/2021 Annual Report the administration of the Swellendam Municipality contends that the organization continually strives towards delivering services for all of its communities, despite a number of challenges with a limited resource envelope. As a representative of the administration, I contend that the Municipality's financial records, procedures, processes and internal controls are compliant with the required audit standards. In an of itself under the current circumstances this is extraordinary.

The capital budget performance for this financial year compares favourably with that of the last financial year. It is important to note that a number of transactions between the Swellendam Municipality and external parties is the primary reason why a target of above 95% was not achieved. While every effort is made to put pressure on third parties to perform these tasks, there is very little actual leverage which the municipality has. The reasons for our capital budget under spending can be attributed to a number of factors. The purchase contract of the Transnet ground has been signed but no payment has been made. Swellendam received a R 20 million in Water Services Infrastructure Grant which was paid in February 2021. This could not be spent in 4 months. However, the administration intends to demonstrate that it will spend all of its grant funding in the next financial year.

The financial performance of the organization yielded excellent results as the actual operating revenue and expenditure yielded better results, when compared with the Final Adjustments Budget for 2019/2020. The revenue collection has done extremely well under the circumstances. We remain well above 90% which must be considered exceptional. The virus combined with difficult economic circumstances has resulted in an increase in indigent applications and the expectation is that this will place further pressure on the municipal financial position. The only good news is that the Agricultural sector is expecting the best harvest season in years. This may help to offset some of the financial pressures.

Various key service delivery improvements were achieved during the year under review. The strategic direction embarked on at the beginning of the term of office of the current leadership sought to focus on improved performance with the capital budget expenditure, timeous delivery of bulk infrastructure and a pipeline of housing delivery for those on the housing waiting list.

Infrastructure maintenance as well as upgrading and development remain key to the development and growth of every municipality. The Municipality continues to invest in infrastructure to create opportunities and to provide services for all its residents. The major infrastructure projects in the Capital Budget were: (a) the Suurbraak Bulk Water Scheme Phase 2 upgrade (Second portion); (b) Phase 1 of the Barrydale Bulk Water System upgrade; (c) Phase 1 of the Barrydale gravel roads and stormwater channels upgrade (d) the upgrade of electricity to Railton with the construction of a new substation.

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Since 2017/18, a number of functions in the office of the Municipal Manager have been under-resourced and no budgets were available for economic development, strategic services, tourism and events. The Tourism and Events Manager, the LED Officer, the Media and Communications, Performance and Risk Management, and IDP support posts, as well as the Manager Development Services remains vacant in the Office of the Municipal Manager. All of these posts play a critical role in the interface between business, industry, agriculture, tourism, hospitality and the Municipality. These funds are to be used for the promotion of tourism and events and economic development opportunities. I am pleased to report that in this year this portfolio without full time staff delivered the following:

1. Tourism Publication – biannually for winter and summer editions
2. Tourism maps for all activities, accommodation and hospitality for all towns
3. Tourism Website
4. Events

Swellendam was fortunate to be chosen to host the South African Road and Time Trial Cycling Championships. This resulted in an event lasting 4 days. More than 700 entrants across both disciplines competed to represent SA at the World Championships and the Olympics. This resulted in an economic and marketing injection of R 6.5 million during the middle of the pandemic. The municipality also jointly with the Swellendam Cycling Club opened the 4 Swellendam Trails which can be used for mountain biking and trail running. This was a successful joint venture between Swellendam Municipality, WESGRO, Department of Economic Development and Tourism and Cultural Affairs and Sport.

The Municipal Economic Recovery Plan focuses on the provision of extended credit control facilities to assist businesses with repaying the outstanding rates and services over the next 6 to 12 months. The provision of relief to households who have suffered a loss of income and cannot afford to pay for services. A unilateral extension of credit control was granted with the view to allowing households to recover over 6 to 12 months. A food parcels program was run to provide food parcels with an average value of R 450 per parcel. Towards the end of the financial year with resources no longer available this was phased out. Almost R 3m in direct support was provided since April 2020 as food parcels, support to public soup kitchens, support to the schools feeding schemes, and to the community directly.

The greatest threat to the Municipality's financial suitability remains the following issues:

- the repair, maintenance and upgrade of our water, sewerage networks,
- the landfill infrastructure,
- the influx of work seeking individuals and
- the growth of the indigent registry (an increase in the subsidization of the poorest households with services).

The only mechanisms to redress these challenges, is to increase the growth of the middle- to high-income households in proportion to the low- income and RDP (Reconstruction and Development Programme) housing growth rates. An increased investment in commercial and retail properties in the industrial areas and residential areas of Swellendam and Railton, would also be needed in order to retain and drive some form of growth and expansion.

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Swellendam's recovery will focus on key economic development sectors, which primarily focus on municipal planning and land release, tourism and events, support to agriculture and related activities, with the intention of facilitating job creation and investment.

While skills development and training are not a local government mandate the Municipality provides internships in Finance, Internal Auditing and Human Resources. Learnerships are also provided for environmental practitioners, water process controllers and other services. In this manner learning, mentoring and interning opportunities were created for the 2019/2020 financial year. All of these opportunities would not have however been possible without funding from Local Government Sector Education & Training Authority (LGSETA) and other state sponsored programmes. The Swellendam Municipality coordinates more than 300 Extended Public Works Programme (EPWP) opportunities. This provides much needed relief to households registered on the indigent register.

The Municipality currently faces, various housing developments over the next three-year period. During the year under review the Swellendam Municipality completed 82 housing units in Barrydale at a cost of R26million. And in December 2020, received approval for the Rondsok project to the value of phase 1 of R 76 million for the completion of all services for 958 housing opportunities

The land belonging to Transnet, has been identified for additional integrated and mixed-use development, of which housing is a component. Key challenges with regard to delivery in terms of housing development remains; the slow approval processes as a result of planning legislation, the slow processes in the allocation of MIG funding for upgrading of bulk services, the inadequate allocation of MIG funding for the bulk infrastructure, and the administrative load these challenges places on the Municipality to deliver housing opportunities.

The largest challenge however remains the daily expectation that housing will be supplied to all who are on the housing waiting list. Swellendam Municipality has a waiting list of more than 3 800 individuals. Unfortunately, the reality is that the units allocated in the 2020/21 financial years will be the biggest allocation for at least the next five years, particularly as most housing programmes rank the elderly, the disabled and child headed households as a priority above those families/individuals located within informal settlements.

Informal settlements (Matjoks) and its subsequent growth continue to pose major challenges and place strain on municipal infrastructure and service delivery It is clear, that the Municipality and its housing partners need to completely re-evaluate how they address the challenges of informal settlements and the provision of new housing opportunities.

During this financial year households were provided with free basic water, households received free sanitation, households received free refuse removal services and households were provided with free basic electricity. The households which were provided with free basic services far exceed the targets set by the organisation, which means that more people benefit from this grant. This therefore makes us a pro- poor municipality in that it is able to provide for these services through grants and from subsidizing the lower income communities while charging minimal rates and taxes.

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Since taking office in November 2017, I have worked to establish some new norms and standards and have re-committed the organisation to a more citizen-centric service delivery. This approach requires being outcomes and impact driven, but also means that essentially the organisation is fulfilling the necessities with less resources, yet with greater focus on that which is the Municipality's constitutional mandate. As an institution more can be done if more resources are available. In this regard more efforts will be made to secure additional external resources for projects.

This report will reflect some successes, some failures, a host of challenges and hopefully an indication that the Swellendam Municipality is committed to finding sustainable solutions for its towns. Our hope is that we can rely on the continued support and commitment of our residents, businesses, visitors, tourists, farmers and the community and other stakeholders at large.

ANTON GROENEWALD

MUNICIPAL MANAGER

DRAFT

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Chapter 1

Executive Summary

1.1 Municipal Overview

This report addresses the performance of the Swellendam Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2019/20 Annual Report reflects on the performance of the Swellendam Municipality for the period 1 July 2019 to 30 June 2020. The Annual Report is prepared in terms of Section 121(1) of the MFMA, in terms of which the Municipality must prepare an Annual Report for each financial year.

1.1.1 Vision and Mission

The Swellendam Municipality committed itself to the following vision and mission:

Vision:

“A visionary Municipality that strives towards prosperity for all through cooperative participation and high-quality services delivery”

Mission:

It is envisaged that the municipal vision will be achieved through:

- Providing a transparent and accountable government by rendering affordable and sustainable services and encouraging economic and social development through community participation
- Transparent institutional and infrastructure development
- Sustainable local economic development and the establishment of public/private partnerships
- Governance for the people by the people
- Service delivery through integrity

Strategic Objectives:

- To create a capacitated people centered institution
- To create a safe and healthy living environment
- To develop integrated and sustainable settlements with the view to correct spatial imbalance
- To enhance access to basic services and address maintenance backlogs

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- To enhance economic development with focus on both first and second economies
- To improve financial viability and management
- To promote good governance and community participation

1.2 Municipal Functions, Population and Environmental Overview

1.2.1 Population

a) Total Population

The graph below indicates the total population within the municipal area:

Age and Population group by Geography type and Sex									
	Urban			Farms			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 14									
Black African	290	248	538	0	52	52	290	300	590
Coloured	3 866	3 912	7 778	533	474	1 007	4 399	4 386	8 785
Indian/Asian	0	41	41	0	0	0	0	41	41
White	463	560	1 023	464	281	745	927	841	1 768
Total	4 619	4 761	9 381	997	806	1 804	5 616	5 568	11 184
15 - 24									
Black African	133	93	226	27	0	27	160	93	253
Coloured	2 557	2 348	4 905	542	252	794	3 099	2 600	5 699
Indian/Asian	36	0	36	0	0	0	36	0	36
White	228	256	484	87	201	288	315	457	7 72
Total	2 955	2 697	5 652	656	453	1 109	3 611	3 150	6 761
25 - 34									
Black African	213	187	400	90	44	134	303	231	534
Coloured	2 036	2 195	4 232	248	297	545	2 285	2 492	4 777
Indian/Asian	0	0	0	0	0	0	0	0	0
White	108	63	170	93	255	348	201	318	519
Total	2 357	2 445	4 802	431	596	1 027	2 789	3 041	5 830
35 - 44									
Black African	203	173	376	120	0	120	323	173	496
Coloured	2 142	1 803	3 945	284	341	625	2 425	2 144	4 570
Indian/Asian	0	0	0	0	0	0	0	0	0
White	206	266	472	209	45	254	415	311	727
Total	2 551	2 243	4 793	613	386	999	3 164	2 628	5 792
45 - 54									
Black African	232	98	330	45	15	60	278	112	390
Coloured	1 438	1 836	3 274	208	142	350	1 647	1 978	3 625
Indian/Asian	0	0	0	0	0	0	0	0	0
White	416	246	662	49	153	203	465	400	865
Total	2 087	2 180	4 267	303	310	612	2 390	2 490	4 879
55 - 64									
Black African	42	47	89	8	0	8	50	47	97
Coloured	804	1 094	1 898	205	95	300	1 009	1 189	2 198

Table 1: Population group by Geography type and Sex Age and Population group by Geography type and Sex

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Age and Population group by Geography type and Sex									
	Urban			Farms			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Indian/Asian	0	17	17	0	0	0	0	17	17
White	268	362	630	166	82	248	434	444	878
Total	1 114	1 520	2 634	379	177	556	1 493	1 697	3 190
65+									
Black African	39	26	65	0	0	0	39	26	65
Coloured	394	554	948	31	55	86	426	609	1 034
Indian/Asian	0	0	0	0	0	0	0	0	0
White	529	773	1 302	76	97	173	605	870	1 475
Total	962	1 352	2 315	108	152	260	1 070	1 504	2 575
Total by race									
Black African	1 154	872	2 026	290	111	401	1 444	982	2 427
Coloured	13 238	13 742	26 980	2 052	1 655	3 707	15 290	15 397	30 687
Indian/Asian	36	58	95	0	0	0	36	58	95
White	2 217	2 526	4 743	1 146	1 114	2 260	3 362	3 641	7 003
Total	16 645	17 199	33 843	3 488	2 880	6 368	20 133	20 078	40 211

Table 2: Age and population group by geography type and sex

b) Population Profile

According to the Department of Social Development's 2020 projections, Swellendam currently has a population of 38 679 in 2020, rendering it the second least populated municipal area within the Overberg District (OD). This total is estimated to increase to 40 237 by 2024 with a growth rate of 0.9 per cent according to the Municipal Economic Review and Outlook 2020.

The table below indicates the population growth for the district:

Year	Theewaterskloof	Overstrand	Cape Agulhas	Swellendam
2020	121 473	104 748	35 143	38 679
2021	123 037	108 228	35 457	39 032
2022	124 527	111 544	35 785	39 448
2023	125 984	114 907	36 102	39 849
2024	127 411	118 316	36 409	40 237

Table 3: Population growth per year for the district

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1.2.1 Households

Area	2011	2016	Average annual increase	Average annual growth 2011-2016
Swellendam	10 139	11 678	308	2.9%
Overberg District	77 196	91 835	2 928	3.5%

Table 4: Total Number of Households

1.2.2 Wards

Ward	Areas
1	Swellendam and rural areas of Stormvlei and Nooitgedacht
2	Barrydale, Smitsville, part of Suurbraak, Vleiplaas and surrounding rural areas
3	Buffeljagsrivier, the largest part of Suurbraak, Mullersrus and Malgas/Infanta
4	Part of town of Swellendam and part of Railton
5	Railton, including the informal area
6	Railton

Table 5: Wards within the Area

1.2.3 Demographic

Municipal Geographical Information

The Swellendam Municipality has been classified as a Category B municipality and was proclaimed as a local municipality with a mayoral executive system combined with a ward participatory system. The Swellendam Municipality is deemed to be a low-capacity Municipality, and shares executive and legislative authority with the Overberg District Municipality. The municipal area is demarcated into five wards.

Swellendam, which is situated in the Overberg District, is well known for its location at the foot of the Langeberg mountain range and is seen as the gateway between the Overberg and the Eden Districts. The Swellendam Municipal area is the second largest municipal area in the Overberg region and covers a geographical area of 3 835 km². The greater Swellendam Municipal area comprises of the town of Swellendam and the villages of Barrydale,

Suurbraak, Malgas, Buffeljagsrivier, Wydgeleë (Ouplaas), Akkerboom (Op de Tradouw), Infanta and Stormsvlei.

Swellendam is linked with other urban and rural areas mainly through the N2 National Road. The area is also served with the main railway line which links Cape Town with the Garden Route. The R324 links Swellendam with Barrydale through the well-known Tradouw Pass. The R62, a road which has now also become a well-known tourist route, links Barrydale with Montagu and Oudtshoorn.

The R60 links Swellendam with towns like Ashton, Montagu and Robertson and forms an important link between the N1 and N2 tourism routes. The towns of Swellendam and Suurbraak have a rich historical and cultural heritage. In Swellendam many old buildings dating back to the 18th century can be found. Suurbraak is an old mission station near the foot of the Tradouw Pass and its origin dates back

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to 1812. The climate for the Swellendam area is warm during the summers with summer rains and very wet

Towns

Swellendam



Early travellers and explorers who visited the Cape in the 1500's traded with the Khoi-khoi people who lived on these shores.

When the Dutch East India Company established a replenishment station at the Cape in 1652, trade continued inland as far as Swellendam.

In 1743 Swellendam was declared a magisterial district, the third oldest in South Africa, and was named after Governor Hendrik Swellengrebel and his wife, Helena Ten Damme.

This outlying settlement soon became a gateway to the interior, and was visited by many famous explorers and travellers including Le Vaillant (1781), Lady Anne Barnard (1798), Burchell (1815) and Bowler (1860). In time, a village was established opposite the Drostdy, where artisans including numerous wainwrights and traders settled. To travellers and explorers, the services of the village folk were indispensable, as Swellendam was the last outpost of civilization on the eastern frontier.

By 1795 maladministration and inadequacies of the Dutch East India Company caused the long-suffering burghers of Swellendam to revolt. In 1795 they declared themselves a Republic, but this was short-lived due to the occupation of the Cape by the British. With the arrival of British settlers in the early 1800's the Overberg boomed, and its capital,

winters. Rainfall is spread over the year and ranges between 55% in winter and 45% in summer.

Swellendam, was soon the heart of the famous mercantile empire of Barry and Nephews, created by Joseph Barry.

By the middle of the 19th century, the eastern districts had been colonised by the British settlers and Swellendam was a thriving metropolis. The town served as a useful refreshment station on the long, slow journey up the coast.

Today Swellendam is a flourishing agricultural area, and has many attractive and historic buildings which serve as a reminder of its exciting past.

The first known sketch of Swellendam was of the Drostdy, by Johannes Schumacher in 1776, when he accompanied the son of Governor Swellengrebel to the town. Today the Drostdy forms part of a museum complex that consists of several heritage sites.

Buffeljagsrivier



Buffeljagsrivier is situated in the Western Cape, South Africa. It is a small town but it is quiet and charming and a great way to get away from the busy city lifestyle. The mountains are magnificent and add character and offer spectacular scenic

views.

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Suurbraak



The dappled shadows cast from the Langeberg Mountains bathe the tiny village of Suurbraak, sheltered by the giant oaks, while the Buffeljachts River flows gently beside it. This beautifully situated village, formerly called Zuurbraak, is at the foot of the Langeberg mountains, on the southern end of the Tradouw Pass about 5km away. Only 19km east of Swellendam and only 10km off the N2.

Zuurbraak means 'sour brake', or the thicket racket ferns that still grow plentifully in the wetland area or Xairu, meaning heavenly place or paradise. The first inhabitants of the area were the Attaqua tribe of the Quena people, and the town today lies on their ancient trade routes. The kraals (settlements) of these trading people possessed such natural beauty that they called it Xairu, meaning 'beautiful'. The earliest Dutch cattle traders translated the name as 'paradise'.

Suurbraak was established as a mission station in 1812 by the London Mission Society and later in 1875 taken over by the 'Algemene Sending Kerk'. The original church, parsonage and school date back to 1828 and the cluster of cottages, which line either side of the road, was constructed in 1883.

Barrydale



The region was referred to as Kannaland on a map produced in 1843, this name being derived from the genus, Kanna. This area has a higher rainfall than the Karoo, which gave rise to permanent populations of Quena or Hottentot people of the Attaqua tribe in the low-lying floor of the valley and to the Bushmen/ Khoisan, who inhabited the mountains.

The Attaqua had a path, parts of which are still visible today, through the Langeberg, which followed the deep, and steep, ravine known as the Tradouw Poort. Tradouw is a Hottentot word meaning "the women's poort or footpath". The Attaqua had kraals on "the other side" of the mountains, round the village now known as Suurbraak, known by them as Xairu, meaning beautiful.

Early visitors were Isaac Schrijver and his party, who were sent to this area in 1689 by Simon van der Stel and Lady Anne Barnard, who travelled in the Overberg and Little Karoo in 1798.

After 1700 the settlers attracted to the remote corners of the Overberg, began searching for new land to farm. It had to have an ample supply of water and the soil had to be fertile. The area around Barrydale was particularly desirable. The pathways and tracks through Tradouw Poort proved too steep for them to be turned into

wagon routes and the journey via Cogman's Kloof was both tedious and time consuming for those wishing to sell their produce in Swellendam. In 1867 plans were made for the construction of a road, to be built by convicts, through the Langeberg linking Swellendam and what is now the village of Barrydale. In time the farmers who settled on the lands in the valley at the top of the Tradouw Pass decided they wanted their own church and the chosen spot was at the point where the R62 and R324 meet. Thus, the village owes its existence to both a church and crossroads.

In 1878 land was purchased from the Coller brothers and the Dutch Reformed Community of Barrydale came into being on 8 September 1880, prior to which it had been

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under the jurisdiction of Swellendam. The village was named after James Barry, an early settler in the Overberg, who was not only a trader but acted as lawyer, agent and auctioneer, deputy sheriff and commandant of militia. He became a member of the legislative Council when representative government was granted to the Cape in 1854.

In the early days of Barrydale there was a little in the village apart from nagmaal houses used by the farmers coming to the village to attend church. However, there was a school.

After the collapse of the "Barrydale Empire", William Sterner, who arrived as a "smous", became Barrydale's financial success story owning the general dealer shop, the hotel, the draper's, the shoemaker's and the gunsmiths. Barrydale grew over the years and by 1921 the Municipality was established. The Barrydale Koöperative Wynkelder was formed in 1940 and distillery set up. The farmers were encouraged to plant vineyards and orchards, growing fruit for canning and export.

Barrydale, like all little Karoo villages, has known times of hardship and prosperity. Today as a centre of a prosperous farming district, it enjoys perfect year-round weather and its wonderful scenic setting attracts a steadily growing number of visitors.

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1.3 Service Delivery Overview

1.3.1 Basic Service Delivery Highlights

The table below specifies the basic service delivery highlights for the year:

Highlights	Description
Upgrading of Barrydale (Smitsville) Road and Stormwater (portion 1)	Upgrade of the roads and stormwater included: <ul style="list-style-type: none"> • Installation of layer works and segmented pavement • Installation of related stormwater • Installation of bulk stormwater
Upgrading of Bakenskop PRV Zone – Pipe Replacement in Bergs Street	Upgrade included the following: <ul style="list-style-type: none"> • Installation of 700m of 160mm pipeline • Installation of new house connections • Installation of valves
Upgrade Suurbraak Bulk Water Supply Scheme in multiple year phases to achieve optimum functionality in the water supply	Upgrade of the Supply Scheme included: <ul style="list-style-type: none"> • Installation of an elevated water tank (150 000 litre / 150kL) • Installation of 200mm rising main pipeline, gravity main and ancillary services
Upgrade the Suurbraak WWTW	Multi-year project completed, 100% of capital budget was spent for the upgrade of the Suurbraak WWTW by 30 June 2021
Protecting the Environment and Communities	As potable water become more and more available to all sectors changes. As the demand grows more wastewater sewerage volumes get released. In the protection of the communities' health and hygiene the protection of the environment around them must also be protected and managed against any form of pollution of the natural water in river and streams since this water will be used downstream by other communities.
Appointed service providers for light-emitting diode (LED) streetlights	Service providers for LED streetlights for a period of 3-years were successfully appointed. Demand Side Management made R 3 000 000 available in the 2021/22 financial year for part of the replacement program, from HPS to LED lighting
Railton Phase 4	Part of phase 4 was Completed – main feeder cable to new Railton substation, the Railton substation building is completed
Upgrading of the Bulk Electrical Supply to Railton Phase 4 & Electrification of 87 houses in Barrydale	Upgrade included the following: <ul style="list-style-type: none"> • 100 meters of a 185mm² Paper Insulated, Lead Covered (PILC) feeder cable was installed as part of the feeder's cables between the main intake substation from Eskom to Railton • The electrification of 87 houses in Barrydale (Housing project), including the installation of street lights.
Solid Waste Manager	Johan van Niekerk was appointed as the new Solid Waste and Environment manager in May 2021
Waste minimisation	Waste minimisation has been prioritised by the new waste Manager and has the backing of the municipal

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Highlights	Description
	manager Organic waste is being diverted for chipping, builders
Illegal dumping	The municipality has set up an illegal dumping task team who will respond to residence complaints and do general clean-ups around town

Table 6: Basic Service Delivery Highlights

1.3.2 Basi Service Delivery Challenges

Challenge	Actions to address
Lack Funding	There is a lack of funding for plans to upgrade and improve the water services network. Additional application for funding will be submitted to relevant departments
Ageing infrastructure	The ageing water infrastructure remains a burden. Potential projects will be included in the planning depending on their priority assessment withing the IDP
Load shedding	Generators installed at: <ul style="list-style-type: none"> Main building N2 pump station Kliprivier WWTW Mobile Generator used for Buffeljags Water Treatment Works to address the water shortage resulting from Load Shedding
COVID-19	Any backlog caused by the pandemic are being attended to and all roll over applications have been approved
Despite the fact that water services are classified as an essential service the closing of import ports internationally prevented the import of motors and pumps from Germany that were required for the completion of projects already in progress	
Road and street maintenance including the repair of potholes were excluded by the COVID -19 regulations during level 5 and 4 lockdown periods and delayed the initial annual maintenance program and progress on the program	
The COVID -19 regulation requires that working teams must be smaller and must work in shifts. Due to the shortage in staff and vehicles this requirement restricted the productivity and optimization of essential service delivery	
The sporadic closure of offices when one or more of the employees were tested positive for the COVID-19 infection for the sanitization and cleaning to prevent further spreading also interrupted the delivery of essential services	

Table 7: Basic Service Delivery Challenges

1.3.4 Proportion of Households with Access to Basic Services

The table below indicates the proportion of households with access to basic services:

KPA & Indicator	Municipal Achievement	
	2019/20	2020/21

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Water - available within 200 m from dwelling	6 556	6629
Sanitation - Households with at least VIP service	6 568	6560
Electricity service connections	6 598	6852
Waste collection - kerbside collection once a week	6 200	6356

Table 8: Households with Minimum Level of Basic Services

1.4 Financial Health Overview

1.4.1 Financial Viability Highlights 1.5 Organisational Development Overview

The table below specifies the financial viability highlights for the year:

Highlights	Description
Payment percentage	The payment percentage is 94%, irrespective of the impact of the COVID-19 pandemic.
Cashflow	Improvement of the liquidity of the Council.
New CFO	The appointment and successful transition of the newly appointed CFO Ms Elmari Wassermann

Table 9: Financial Viability Highlights

1.4.2 Financial Viability Challenges

The table below specifies the financial viability challenges for the year:

Challenges	Action to address
COVID-19 pandemic impact	Only essential services were provided for 1 month of the financial year. Reprioritising of the budget to provide for COVID related expenditure. Regression of the debtor's payment percentage.
Implementation of mSCOA	Ongoing new versions of mSCOA from National Treasury.
Decentralised procurement	Centralised procurement process.
Compliance requirements	There are too many compliance requirements.

Table 10: Financial Viability Challenges

1.4.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Municipal Systems Act (MSA) (Act 32 of 2000). These key performance indicators are linked to the National Key Performance Area Namely Municipal Financial Viability and Management.

KPA & Indicator	2019/20	2020/21
Debt coverage ((Total operating revenue-operating grants received): debt service payments due within the year)	8.74	9.70

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Service debtors to revenue – (Total outstanding service debtors/revenue received for services)	0.10	0.10
Cost coverage ((Available cash+ investments)/Monthly fixed operating expenditure)	4.07	4.26

Table 11: National KPI's for Financial Viability and Management

1.4.4 Financial Overview

The table below indicates the financial overview for the year:

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	71 396	111 769	68 286
Taxes, Levies and tariffs	180 456	180 767	180 702
Other	61 940	48 152	68 594
Sub Total	313 792	340 688	317 582
Less Expenditure	322 891	316 678	309 543
Net surplus/(deficit)	(9 099)	24 010	8 039

Table 12: Financial Overview

1.4.5 Total Capital Expenditure

The table below indicates the total capital expenditure for the year:

Detail	2019/20	2020/21
	R'000	
Original Budget	20 559	22 124
Adjustment Budget	26 274	46 232
Actual	28 201	21 392
% Spent	107.33%	46.27%

Table 13: Total Capital Expenditure

1.5 Organisational Development Overview

1.5.1 Municipal Transformation and Organisational Development Highlights

The table below indicates the municipal transformation and organisational development highlights for the year:

Highlights	Description
WIL-student programme included 12 students classified as "black"	WIL-training programme is managed internally and offers mentorship and coaching to TVET College or University of Technology students who need practical exposure to obtain their NQF level 6 or 7 qualifications
4 Financial Interns classified as "black"	This programme is funded by National Treasury and managed internally to give black graduates experience in municipal financial management
1 HR Intern classified as "black"	This programme is funded by Western Cape Government and managed internally to give black graduates experience in municipal HR-management
1 Post was created at the Switch Board for a person with disabilities	An opportunity was created at the switch board for a person with disabilities. Training was provided over a period of 12 months to operate the Switch Board

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Table 14: Municipal Transformation and Organisational Development Highlights

1.5.2 Municipal Transformation and Organisational Development Challenges

The table below indicates the municipal transformation and organisational development challenges for the year:

Description	Actions to address
Equity in managerial posts	More candidates from WIL-programme and other Internships to be considered for appointment in managerial trainee posts
Equity inequalities on different levels throughout the organisation	Recruitment and advertising to be conducted wider than the Western Cape
Not enough persons with disabilities employed/ offices not disability friendly to accommodate people with disabilities	More persons with disabilities to be placed on training programmes and internships/ Capital expenditure to be sourced to make structural changes to building and offices
Succession planning not managed well	Emphasise to be placed on recruiting and developing of employees to fill each key role within the organisation. This is also significant as you develop your talent bench strength within your organization. Implement mentorship programmes
Recruitment of skilled and well-trained people, especially in professional posts	Revise remuneration policies. Additional benefits and opportunities for growth
Retaining trained staff	Revise remuneration policies. Additional benefits and opportunities for growth

Table 15: Municipal Transformation and Organisational Development Challenges

1.6 Auditor-General Report

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

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

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

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

- A clean audit: The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.
- Unqualified audit with findings: The financial statements contain no material misstatements. Unless they express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
- Qualified audit opinion: The financial statements contain material misstatements in specific amounts, or insufficient evidences for them to conclude that specific amounts included in the financial statements are not materially misstated.

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- Adverse Audit Opinion: The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.
- Disclaimer of Audit opinion: The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts or represents a substantial portion of the information contained in the financial statements.

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

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opinion received	Unqualified with no findings / Clean Audit	Unqualified with no findings / Clean Audit	Unqualified with no findings / Clean Audit	Unqualified audit opinion / Unqualified with findings	Unqualified with no findings / Clean Audit	Unqualified with no findings / Clean Audit

Table 16: Opinion Received

1.7 2020/21 IDP / Budget Process

The table below provides details of the 2020/21 IDP/Budget process:

No.	Activity	Responsible person	Date
Pre-budgeting processes/tasks			
Item A96/27/08/2020	Integrated Development Plan(IDP) and Process Plan	Municipal Manager	27 August 2020
Community participation process			
FIRST ROUND:			
<p>In light of the COVID-19 Pandemic, a digital Integrated Development Plan (IDP) presentation, presented by the Municipal Manager was recorded and made available from 21 - 30 September 2020 on Swellendam Municipality's website and Facebook page for public comments/inputs by 09 October 2020. IDP Video Reach: English: ± 1000 / Afrikaans: ± 2.500</p> <p>Swellendam Municipal Advisory Forum (SMAF), chaired by the Executive Mayor scheduled a physical meeting on 20 October 2020. This meeting was well presented by 53 attendees, including Councillors, Senior Managers, Ward Committee Members and Sector Representation from all the towns. The purpose of the meeting was to finally prioritise the 6 wards and sector groups priorities raised by the public for consideration in the Draft 2021-2022 IDP Review and annual Draft 2021-2022 Budget.</p>			
SECOND ROUND:			
The below feedback on the public consultation meetings, adhering to the COVID-19 protocol per venue:			
Venue			Date
Ward 1: Townhall			06 April 2021
Ward 2: Barrydale			07 April 2021
Ward 3: Suurbrak			08 April 2021
Ward 3: Infanta/Malgas			12 April 2021

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Ward 3: Buffeljagsrivier			13 April 2021
Ward 4: Community Hall			14 April 2021
Ward 5: Thusong Centre			15 April 2021
Ward 6: Community Hall			19 April 2021
Children at Risk Meeting (Straat kinder projek)			08 April 2021
Departmental/Non- Departmental / NGO Sector Meetings			20 April 2021
Tourism Meeting			20 April 2021
Small Scale Farmer Meeting			21 April 2021
Business Meeting			22 April 2021
Sports and Culture			28 April 2021
Environmental Meeting			29 April 2021
SMAF Meeting			05 May 2021
Industrial Business Meeting			17 June 2021
Budget preparatory process			
1 Item A75/27/05/2021	Preparation of annual budget	Budget Treasury Office	27 May 2021
2 Item A75/27/05/2021	Review of annual budget	CFO	27 May 2021
Budget policies			
No.	Activity	Responsible person	Date
1 Item A75/27/05/2021	Customer Care, Credit Control and Debt Collection Policy	Municipal Council	27 May 2021
2	Asset Management Policy	Municipal Council	27 May 2021
3	Supply Chain Management Policy	Municipal Council	27 May 2021
4	Budget Policy	Municipal Council	27 May 2021
5	Banking Cash Management and Investment Policy	Municipal Council	27 May 2021
6	Tariff Policy	Municipal Council	27 May 2021
No.	Activity	Responsible person	Date
7	Bad Debt Write-off Policy	Municipal Council	27 May 2021
8	Preferential Procurement Policy	Municipal Council	27 May 2021
9	Petty Cash Policy	Municipal Council	27 May 2021
10	Irregular Expenditure Policy	Municipal Council	27 May 2021
11	Funding and Reserve Policy	Municipal Council	27 May 2021
12	Borrowing Policy	Municipal Council	27 May 2021
13	Indigent Policy	Municipal Council	27 May 2021
14	Rates Policy	Municipal Council	27 May 2021

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15	SCM Policy for Infrastructure Procurement	Municipal Council	27 May 2021
Tabling of budget			
A43/31/03/2021	Tabling of draft annual budget	Municipal Council	31 March 2021
A43/31/03/2021	Tabling of draft 2017- 22 IDP	Municipal Manager	31 March 2021
Approval of budget and policies			
Item number A43	Approval of amended annual budget	Municipal Council	27 May 2021
Item number A43	Approval of 2020-2021 Policies	Municipal Council	27 May 2021
Item number A43	That the Final IDP be approved as the Fourth Generation IDP (2017–2022) for	Municipal Manager	27 May 2021
Item number A43	Adoption of the Swellendam Spatial Development Framework, as part of Fourth Generation Integrated Development Plan 2017-2022	Municipal Manager	27 May 2021 4 June 2021
Finalizing			
1	Submission of final annual budget and related schedules to Treasury	Municipal Manager	28 May 2021
4th IDP Review – 2020-2021	Submission of documents to Minister Anton Bredell	Municipal Manager	28 May 2021

Table 17: 2020/21 IDP / Budget Process

Chapter 2

Component A: Political and Administrative Governance

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

2.1 National Key Performance Indicators – Good Governance and Public Participation

The following table indicates the Municipality's performance in terms of the National Key Performance Indicator required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

Indicator	Municipal achievement	Municipal achievement
	2019/20	2020/21

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The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (After roll-over projects)	82.88%	75.51%
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Table 18: National KPIs - Good Governance and Public Participation Performance

2.2 Governance Structure

2.2.1 Political Governance Structure

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

a) Council

The Swellendam Local Municipal Council comprises of 11 elected councillors, made up out of 6 wards councillors and 5 proportional representation councillors. The portfolio committees are made up of councillors drawn from all political parties. Below is a table that categorised the councillors within their specific political parties and wards for the 2020/21 financial year:

Name of Councillor	Capacity	Political Party	Ward representing or proportional
BO Songqwenqwe	Speaker	DA	Proportional
NG Myburgh	Executive Mayor	DA	Proportional
MJ Koch	Councillor	DA	Proportional
AM Pokwas	Deputy Mayor	DA	Ward 2
EJ Lamprecht	Mayco Member	DA	Ward 1
HF Du Rand	Mayco Member	DA	Ward 4
G. Mangcu-Qotywe	Councillor	DA	Proportional
G Libazi	Councillor	ANC	Ward 5
MTA Swart	Councillor	ANC	Proportional
MG Du Plessis	Councillor	ANC	Ward 3
JA Matthyssen	Councillor	ANC	Ward 6

Table 19: Council 2020/21

Below is a table which indicates the Council meeting attendance for the 2020/21 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
Ordinary Council meeting, 27 August 2020	10	1
Ordinary Council meeting, 29 October 2020	10	1
Special Council meeting, 12 January 2021	11	0
Ordinary Council meeting, 28 January 2021	11	0
Ordinary Council meeting, 25 February 2021	10	1

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Ordinary Council meeting, 31 March 2021	11	0
Ordinary Council meeting, 29 April 2021	10	1
Ordinary Council meeting, 27 May 2021	11	0
Special Council meeting, 31 May 2021	11	0
Ordinary Council meeting, 24 June 2021	10	0

Table 20: Council Meetings

b) Mayoral Committee

The Executive Mayor of the Municipality, Councillor NG Myburgh assisted by the Mayoral Committee, heads the executive arm of the Municipality. The mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. He has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayoral Committee, delegated by the Council, and as well as the powers assigned by legislation.

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

The name of each member of the Mayoral Committee is listed in the table below for the period 1 July 2020 to 30 June 2021:

Name of member	Capacity	Number of meetings
NG Myburgh	Chairperson	19 August 2020 21 October 2020 25 November 2020
AM Pokwas	Deputy Mayor	20 January 2021 18 February 2021
EJ Lamprecht	Member	17 March 2021 22 April 2021
HF Du Rand	Member	19 May 2021 15 June 2021

Table 21: Executive Committee 2020/21

c) Portfolio Committees

Section 80 Committees are permanent committees that specialise in a specific functional area of the Municipality and may in some instances make decisions on specific functional issues. They advise the Executive Mayor on policy matters and make recommendations to Council. Section 79 Committees are temporary and appointed by Council if and when required. They are usually set up to investigate a particular issue and do not have any decision-making powers. Just like Section 80 Committees they can also make recommendations to Council. Once their ad hoc task has been completed, Section 79 Committees are usually disbanded. External experts, as well as councillors can be included on Section 79 Committees.

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The portfolio committees for the 2020/21 period and their chairpersons are as follows:

Financial and Infrastructure Services Portfolio Committee		
Chairperson	Other members	Number of meetings
HF Du Rand	EJ Lamprecht	18 August 2020 15 September 2020 19 October 2020 17 November 2020 16 February 2021 18 March 2021
	G Libazi	20 April 2021 18 May 2021 14 June 2021
Community and Corporate Services Portfolio Committee		
Chairperson	Other members	Number of meetings
EJ Lamprecht	HF Du Rand	12 August 2020 09 September 2020 14 October 2020 10 November 2020 10 February 2021 10 March 2021
	MTA Swart	14 April 2021 12 May 2021 09 June 2021
Housing Portfolio Committee		
Chairperson	Other members	Number of meetings
AM Pokwas	MJ Koch	12 August 2020 09 September 2020 14 October 2020 09 November 2020 12 November 2020 10 February 2021 10 March 2021
	G Libazi	14 April 2021 12 May 2021 09 June 2021

Table 22: Portfolio Committees

d) Political decision-taking

Section 53 of the MSA stipulates inter alia that the respective roles and areas of responsibility of each political structure and political once bearer of the Municipality and of the Municipal Manager must be defined. The section below is based on the Section 53 role clarification.

Municipal Council

- Governs by making and administering laws, raising taxes and taking decisions that affect people's rights
- Is a tax authority that may raise property taxes and service levies
- Is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to political structures, political once bearers, individual councillors or officials

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- Can delegate responsibilities and duties for the purposes of fast and effective decision making
- Must strive towards the constitutional objects of local government
- Must consult the community with respect to local government matters
- Is the only decision maker on non-delegated matters such as the approval of the Integrated Development Plan (IDP) and budget

Executive Mayor

- Is the executive and political leader of the Municipality and is in this capacity supported by the Mayoral Committee
- Is the social and ceremonial head of the Municipality
- must identify the needs of the Municipality and must evaluate progress against key performance indicators;
- Is the defender of the public's right to be heard
- Has many responsibilities with respect to the annual budget, the budget process, budget control and various other financial matters
- Performs the duties and exercise the responsibilities that were delegated to him by the Council

Mayoral Committee

- Its members are elected by the Executive Mayor from the ranks of councillors
- Its functional responsibility area is linked to that of the Executive Mayor to the extent that he must operate together with the members of the Mayoral Committee
- Its primary task is to assist the Executive Mayor in the execution of his powers - it is in fact an "extension of the office of Mayor"
- The committee has no powers of its own – decision making remains that of the Executive Mayor

2.2.2 Administrative Governance Structure

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

Name of Official	Department	Performance agreement signed
		Yes/No
AM Groenewald	Municipal Manager	Yes
D du Plessis	Director Corporate Services	Yes
K Stuurman	Director Community Services	Yes
H Schlebusch (July 2020 – Feb 2021)	Director Financial Services	Yes

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E Wassermann (March 2021 – June 2021)	Director Financial Services	Yes
F Erasmus	Director Infrastructure Services	Yes

Table 23: Administrative Governance Structure

Component B: Intergovernmental Relations

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

2.3 Intergovernmental Relations

2.3.1 Intergovernmental Structures

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

Name of structure	Members	Outcomes of engagements/topics discussed
Municipal Managers Forum	Municipal Managers, SALGA, PGWC	<p>Consultative forum aimed at increasing communication and coordination through information sharing, capacity building and consultation on matters of mutual interest including:</p> <ul style="list-style-type: none"> The implementation of national policy and legislation affecting local government Matters arising in the PCF and other intergovernmental forums affecting local government Draft national and provincial policies and legislation related to such matters <p>Any other matter that affects local government</p>
Premiers Coordinating Forum (PCF)	The plenary session of the PCF is composed of the Premier (the chair) and all MEC's, the Director-General and Head of Departments, Mayors	The objective of the PCF is to promote and facilitate intergovernmental relations and cooperative government between

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Name of structure	Members	Outcomes of engagements/topics discussed
	<p>and Municipal Managers of all 30 municipalities (including Metro). The composition of the PCF cluster session is similar to the PCF plenary except that Premier is not part of the cluster sessions and the sessions are chaired by relevant MEC's and co-chaired by the host District Mayor</p>	<p>provincial government and municipalities to ensure integrated, effective and efficient service delivery</p> <p>The PCF is the primary consultative forum for the Premier of the Western Cape and municipalities within the province to discuss and consult on matters of mutual interest. Existing provincial and municipal IGR engagements and national IGR engagements feed into the PCF and vice versa</p> <p>The PCF consists of the PCF plenary and PCF cluster sessions. i.e., Social, Economic and Governance and administration.</p> <p>Resolutions or referrals from the cluster sessions feed into the PCF Plenary session for final resolution and adoption</p>
<p>SALGA Working Groups</p>	<p>SALGA, Municipal Managers, Senior Managers, Councillors and division heads of municipalities</p>	<p>SALGA's programs are driven through its working groups. The working groups act as the policy and strategic engine of the organisation and serve as an important platform for the communication and coordination between SALGA national, provinces and municipalities. The main purpose of working groups is to encourage, ensure and promote local government matters which, include: Cooperative governance; Consultation and coordination and participative decision-making. The working groups, within their derived</p>

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Name of structure	Members	Outcomes of engagements/topics discussed
		mandate, must develop policies, strategies and programmes to address critical local government issues
District Coordinating Forum (DCF)	Mayors, Councillors, Municipal Managers, SALGA and PGWC	<p>The objective of the DCF is to promote and facilitate intergovernmental relations and cooperative government between the district municipality and the local municipalities in the area of jurisdiction</p> <p>It is to ensure integrated, effective and efficient service delivery and is a primary consultative forum for the municipalities to liaise on matters of mutual interest</p>
Municipal Governance Review & Outlook (MGRO) Strategic engagement	Provincial Treasury, PGWC, Senior Managers of Municipalities	The Western Cape Government aims to continuously improve the level of municipal governance and audit outcomes within Western Cape municipalities. The MGRO process has since 2012 assisted municipalities to improve their state of governance and partnership between provincial and local government has been strengthened. It is evident that the objective of the MGRO process to drive a single-minded focus on clean governance has had a concomitant impact in terms of the improvement of municipal audit outcomes over the past three years
Back to Basics	PGWC, Department of Cooperative Government and Traditional Affairs, Senior Managers of Municipalities	The Swellendam Municipality is part of the Back-to-Basics programme, previously known as the Local Government Turn Around Strategy

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Name of structure	Members	Outcomes of engagements/topics discussed
		<p>The aim of Back-to-Basics is to ensure that all municipalities throughout the country deliver quality services to all South Africans</p> <p>The back-to-basics programme is a high-level engagement to understand the challenges and to decide on support needed from sectoral department within the province</p>
IDP Managers Forum	All Provincial Government Departments	<p>The Provincial IDP Forums focused on the extent to which municipalities have been able to reflect alignment between municipal and sector planning in the IDP, which Province facilitates quarterly</p> <p>The IDP Manager Forums at a district level should provide a platform for sharing good practices and where peer support can be provided</p> <p>This raises the question as to how effective the intergovernmental planning structures are in ensuring the sharing of best practice and the provision of peer. Possible areas of collaboration and co-ordination by the district include the development of Coastal Management Plans, Air Quality Management Plans and Water Management Plans as an example</p>
LED Managers Forum	All Provincial Government Departments	Swellendam Municipality currently has no capacity in respect of local economic development and tourism; to be addressed during the 2021/22 financial period

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Name of structure	Members	Outcomes of engagements/topics discussed
SCM Forum	SCM Managers	Provide additional support to municipalities in the implementation of the provisions of the MFMA and other applicable legislations relating to supply chain management
IDP Indaba's / Working Group	All Provincial Government Departments	<ul style="list-style-type: none"> • To discuss the implementation of IDP projects in the municipality • To discuss sector departmental projects that will be implemented in a specific locality in the municipality • To provide a physical location of the implementation of these projects in a space in the municipal area where this is possible <p>To agree on time frames, support needs, and resource allocation</p>
Provincial Public Participation and Communication Forum (PPPCOM)	All Provincial Government Departments	<ul style="list-style-type: none"> • Public Participation Practitioner chairs the meetings • Responsible for advising and updating committee and municipalities on issues pertaining to community/public participation • Co-ordination and alignment of district strategic objectives, initiatives and priorities • Identification and sourcing of resources for implementation in ensuring effective and efficient utilization of such resources; • Promote effective decision making on issues relating to community/public participation • Co-ordination and monitoring the establishment and functioning of ward committees

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Name of structure	Members	Outcomes of engagements/topics discussed
		<ul style="list-style-type: none"> • Information and knowledge sharing among stakeholders • Identify key intervention areas; and • To ensure the coordinated and coherent implementation and establishment of the ward participatory process to encourage the involvement of communities and organizations in matters of local government • The Municipality must develop a culture of municipal governance that compliments formal representative government with a system of participatory governance and must for this purpose
Provincial Skills Development Forum	SDF's, LGSETA, MISA, Provincial Treasury, Provincial Training	<p>The purpose of this forum is to give the SDF's from Western Cape municipalities a platform to share information, get feedback from LGSETA and other training authorities on possible funding and status of approved projects and submit quarterly reports.</p> <p>SDF's from different municipalities liaise with LGSETA concerning the Sector Skills Plan, WSP and discretionary grant application and processing matters</p> <p>New software is tested to improve processes and municipalities identify and arrange for regional and national training projects</p> <p>Monitor trends in training sector and liaise with other SETA's or training bodies if and when necessary</p>

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Name of structure	Members	Outcomes of engagements/topics discussed
		Equity-related matters are also prominent on the agenda of this forum
HR Practitioner's Forum	HR Practitioners from all the municipalities in the Western Cape meet	<ul style="list-style-type: none"> • Discuss collective bargaining matters and ensure that proper mandates are obtained before and during negotiations • Grey areas in social legislation are identified and draft policies developed to give guidance • TASK-job evaluation is coordinated, and problem areas discussed. The agenda for the HR Working and Development –group is formulated, and inputs discussed for decision – making • HR Practitioners share information and develop best practice formulas for many complex HR issues in local government • Professionalization of standing of the HR practitioner is also high on the agenda • Municipalities are guided and supported with labour disputes, strikes and implementation of agreements and policies. This forum monitors labour trends, changes in court or CCMA rulings and outcomes of collective bargaining in other state/public sectors
Overberg Air Quality Forum (AQF)	Dedicated officials (Air Quality Officers) of Municipalities within the Overberg and officials from DEA&P	The objective of the AQF is to ensure proper communication between the ODM and other local municipalities, provincial government, business and industry as well as interested and

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Name of structure	Members	Outcomes of engagements/topics discussed
		affected parties with regard to current institutional capacity, air pollution sources, air quality monitoring and issues relating to air quality law enforcement
OPF (Overberg Planning Forum)	Spatial Planners, land surveyors and environmental practitioners in the government as well as private sector	Quarterly meetings take place between the Provincial Government, Municipalities and the private sector to ensure proper spatial planning. Agenda points in general would include: Progress with the implementation of new planning legislation; Lessons to be shared with regard to certain requirements of new legislation such as the establishment and functioning of tribunals, planning bylaws, examples of application types, etc.; Alignment of current SDF's and zoning schemes with new planning legislation
Provincial Planning Heads Forum	Planning Heads of all Municipalities within the Western Cape. The Forum is hosted and chaired by the Provincial Department of Environmental Affairs & Development Planning (Director: Spatial Planning). Representatives from the Surveyor-General & the Register of Deeds also attend	The Forum is held on a quarterly basis. The objective is to discuss issues of common concern relating to the implementation of new Land Use Legislation (SPLUMA, LUPA), Spatial Planning, Standard Operating Procedures, the National Building Regulation, and Property Registration
COMMTECH (Communication Forum)	Communications officials of Municipalities within the Western Cape. The forum is hosted by the Western Cape Provincial Government and chaired by the Department of Communication. Representatives from all	The forum is being held throughout the Western Cape on a quarterly basis. The objective is to ensure that all spheres of government go forth with the same communications theme, legislation is discussed, best practice ideas exchanged, current trends, complaints management

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Name of structure	Members	Outcomes of engagements/topics discussed
	Communications departments are present	systems, social media platforms, news and the importance of good, accurate and credible communication is promoted

Table 24: Intergovernmental Structures

2.3.2 Joint Projects and Functions with Sector Departments

All the functions of government are divided between the different spheres namely national, provincial and local. The Municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of project/ function	Expected outcome of the Project	Sector department involved	Contribution of sector department
JPI 1-008: Create a business environment conducive to economic growth and employment opportunities	<ul style="list-style-type: none"> Establishment of Swellendam Business Forum Reviewed LED Strategy 	<ul style="list-style-type: none"> Department of Economic Development and Tourism (DEDAT) District Municipality Swellendam Municipality 	<ul style="list-style-type: none"> DEDAT would recommend that this be linked to the long- term JPI Municipality: Currently no LED official and lack capacity for LED- related matters

Table 25: Joint projects and functions with sector departments

Component C: Public Accountability and Participation

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

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

2.4 Public Meetings

Public meetings take place in case of urgent matters that needs public input. The traffic department will do the loud-haling in the various towns or give out pamphlets' door to door. The councillors are usually the convener at these meetings. Councillors are supposed to have 4 public meetings per year. The purpose is to give feedback to the

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community members in their wards, what has happened and what are the projects/programs they want to see happening in their wards. In the past, not many public meetings were held, improvement has been made, and more public meetings have been held. The councillors also have ward report back meetings in their wards. The members of the ward meetings are also involved in spreading the word about the importance of these meetings and the attendance of the community.

Swellendam Municipality embarked on reviewing the 4th Integrated Development Plan of 2021-2022. Council adopted the 2020-2021 IDP Process Plan Time Schedule on 27 August 2020 in consideration with the Covid-19 Pandemic protocols. Section 21 of the MSA requires that municipalities must ensure that the local community participates in the affairs (including the IDP and Budget process) of the municipality and prescribes certain methodologies to be utilised. The Swellendam Municipal Public Participation Policy was reviewed on 1 Julie 2015, which guides the municipality to develop an effective public participation mechanisms, processes and procedures and can be viewed on the website, www.swellenmun.co.za.

The table below indicates the public meetings that were conducted during the year:

Public Meetings			
FIRST ROUND: 2021-2022 DRAFT IDP/ SDF / BUDGET WARD AND SECTOR INPUTS			
<p>In light of the COVID-19 Pandemic, a digital Integrated Development Plan (IDP) presentation, presented by the Municipal Manager was recorded and made available from 21 - 30 September 2020 on Swellendam Municipality's website and Facebook page for public comments/inputs by 09 October 2020.</p> <p>Swellendam Municipal Advisory Forum (SMAF), chaired by the Executive Mayor scheduled a physical meeting on 20 October 2020. This meeting was well presented by 53 attendees, including Councillors, Senior Managers, Ward Committee Members and Sector Representation from all the towns. The purpose of the meeting was to finally prioritize the 6 wards and sector groups priorities raised by the public for consideration in the Draft 2021-2022 IDP Review and annual Draft 2021-2022 Budget.</p>			
SECOND ROUND – 2021-2022 DRAFT IDP/SDF/BUDGET FEEDBACK AND FINAL INPUTS			
<p>The final round of 2021-2022 IDP/SDF/Budget public consultation meetings were scheduled as follow:</p>			
Ward	Area / Town	Venue	Date
Ward consultation			
Ward 1: Cllr. Elna Lamprecht	Swellendam Town, Farm Areas	Town Hall	06 April 2021
Ward 2: Cllr. Michael Pokwas	Barrydale: Farm areas, Town and Smitsville	Fort Haven Hall	07 April 2021
Ward 3. Cllr. Melanie Du Plessis	Suurbraak, farm areas and Rietkuil	Community Hall	08 April 2021
Ward 3. Cllr. Melanie Du Plessis	Infanta / Malgas	Malgas Klipwerf Shop	12 April 2021
Ward 3. Cllr. Melanie Du Plessis	Buffeljagsrivier and farm areas	Community Hall	13 April 2021
Ward 4. Cllr. Francois Du Rand	Swellendam Town and Railton Old Block /	Community Hall	14 April 2021

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Rondomskrif			
Ward 5. Cllr. Gladys Libazi	Railton: Railton- 7de Laan / White City / Smartie Town / Informal Settlement	Thusong Centre	15 April 2021
Ward 6. Cllr. Julian Matthyssen	Railton: Areas around VGK Church, Edelwise Circle, and Bontebok Street	Community Hall	19 April 2021
Sector Group Consultation			
NGO's (Education / Health / Churches/ ECD's / Safety and Security)	Railton, Swellendam	Thusong	20 April 2021
Tourism	Swellendam Town	Town Hall	20 April 2021
Small Scale Farmer	Swellendam Town	Town Hall	21 April 2021
SMME / Commercial Businesses	Swellendam Town	Town Hall	22 April 2021
Sport and Culture	Swellendam Town	Town Hall	28 April 2021
Environmental Role Players	Swellendam Town	Town Hall	29 April 2021
SMAF Meeting	Swellendam Town	Town Hall	05 May 2021

Table 26: Public Meetings

In the past, not many public meetings were held, improvement has been made, and more public meetings have been held. The councillors also have ward report back meetings in their wards. The members of the ward meetings are also involved in spreading the word about the importance of these meetings and the attendance of the community.

2.4.1 Ward Committees

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

a) Ward 1: Swellendam and Rural areas of Stormsvlei and Nooitgedacht

Name of representative	Capacity	Dates of meetings held
E Lamprecht	Ward councillor	09 December 2020 10 March 2021
E De Kock	Women	
I Olivier	Education	
L Neethling	Geographical	
W Olivier	Business	
P Baartman	Youth	
H Smit	Welfare	
P Lambert	Sport and Culture	
J Davids	Geographical (cooper street)	
B Scholtz	Disabled persons APD	

Table 27: Ward 1: Committee Members

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b) Ward 2: Barrydale, Smitsville, part of Suurbraak, Vleiplaas and surrounding rural areas

Name of representative	Capacity representing	Dates of meetings held during the year
A Pokwas	Ward councillor	30 September 2020 28 October 2020 09 March 2021
I Ferguson	Geographical	
F Nortje	Education	
E Swart	Religion	
A Pekeur	Culture	
P Takelo	Youth	
M Windvogel	Women	
S Fortuin	Elderly	
J Pieterse	Farmer	
J Michaels	Sport	

Table 28: Ward 2: Committee Members

c) Ward 3: Buffeljagsrivier, the largest part of Suurbraak, Mullersrus and Malgas/Infanta

Name of representative	Capacity representing	Dates of meetings held during the year
M Du Plessis	Ward councillor	25 February 2021
D Taylor	Geographical (Infanta Malgas)	
N October	Welfare and health	
J Prins	Business	
V Temmers	Youth	
A Thompson	Geographical (Buffeljagsrivier)	
D Adams	Women	
G Muller	Education	
D November	Geographical (Suurbraak1)	
M Theodore	Geographical (Suurbraak2)	
D Hendricks	Geographical (Suurbraak3)	

Table 29: Ward 3: Committee Members

d) Ward 4: Part of town of Swellendam and part of Railton

Name of representative	Capacity representing	Dates of meetings held during the year
H Du Rand	Ward councillor	29 September 2020 10 March 2021
N Lungiso	Religion	

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M Isaacs	Youth
M Lawgenhoven	Business
F Davids	CPS-Forum
M Windvoel	Sport
M Thompson	Welfare and health
J De Wee	Education
N Ramadhani	Geographical (Rondom Skrik)
N Paardewagter	Culture
M Matlanyawe	Women

Table 30: Ward 4: Committee Members

e) Ward 5: Railton, including the informal area

Name of representative	Capacity representing	Dates of meetings held during the year
G Libazi	Ward councillor	19 July 2020 06 September 2020 19 November 2020
Vacant	NGO	
M Mtyanga	Religion	
E Sabo	Women	
E Viljoen	Welfare and health	
C Gertse	Education	
E Adams	Sport	
A Windvoel	Youth	
C Fieleiies	Business	
C Franck	Geographical	
N Nthlombe	Informal settlement	
M Bokwana	Culture	

Table 31: Ward 5: Committee Members

f) Ward 6: Railton

Name of representative	Capacity representing	Dates of meetings held during the year
J Matthysen	Ward councillor	31 July 2020 19 November 2020
L Devie	Women	
C Buis	Elderly persons	
J Michaels	Culture	
D Mtila	Education	

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Name of representative	Capacity representing	Dates of meetings held during the year
S Pekeur	Youth	
A Witbooi	Agriculture	
E Gertse	Sport	
H Matthysen	Religion	
B Witbooi	Tourism	

Table 32: Ward 6: Committee Members

2.4.2 Functionality of Ward Committee

The purpose of a ward committee is:

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

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

The table below provides information on the establishment of ward committees and their functionality:

Ward	Committee established	Committee functioning effectively
1	Yes	Yes
2	Yes	Yes
3	Yes	Yes
4	Yes	Yes
5	Yes	Yes
6	Yes	Yes

Table 33: Functioning of Ward Committees

2.4.3 Representative Forums

Name of representative	Capacity
D Du Plessis	Chairperson (employer)
D Julius	Vice Chairperson (Imatu)
J Kapp	Employer Representative
B Sonqwenqwe	Member (Employer)

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M Pokwas	Member (Employer)
P Le Roux	Member (HR)
Z Van Der Vent	Member (Imatu)
B De Silva	Member (Samwu)

Table 34: Labour Forum

Component D: Corporate Governance

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

2.5 Risks Management

In terms of Section 62(1)(c)(i) of the MFMA “the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;

The Swellendam Municipal Risk Management Unit (RMU) forms part of the Overberg District Shared Service Business Model for Risk Management, led by a Chief Risk Officer (CRO) appointed as a shared service between the municipalities within the district:

The initiatives and actions performed by the RMU during 2020/21 include:

- The CRO position was filled by an interim CRO from 1 July 2020 until 31 October 2020.
- An annual risk assessment conducted and facilitated by the Internal Audit, as a consulting engagement, per directorate, engaging with all the heads of departments.
- Periodic assessments with monthly monitoring on status of risk register, as well as quarterly reporting and recommendations to various statutory and non-statutory committees.
- Annual review of risk management documents.
- Compilation and monitoring of the risk management implementation plan.
- Continuous aim of building a sufficient municipal risk profile to constantly improve risk maturity.
- Streamlining risk related documents and processes with National Treasury's Public Sector Risk Management Framework, King Code of Governance for South Africa, Committee of Sponsoring Organisations of the Treadway Commission (COSO), International Organisation for Standardisation (ISO 31000), etc.
- Adding value of “best practice” developments to the Fraud and Risk Management Committee - review of the risk register, incident and emerging risks and corrupt, fraudulent and unethical incidents are now standard agenda items for Risk Management Committee meetings.

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- Fraud and Risk Management Committee performance evaluation through individual assessments in the form of a questionnaire and the assessment of the approved Key Performance Indicators (KPIs) for the committee.
- Regular communication and updates from various professional bodies.
- Regular communication between Provincial Treasury (Corporate Governance) and the CRO on risk related matters.
- Recommendations for improvement of software being utilised.
- Risk universe and risk maturity initiatives through comparison reporting and benchmarking.
- Exploiting opportunities and strategies through identification of emerging and incident risks.
- Progressive application of compliance related documents and processes.
- Participation in the Provincial and District Risk and Internal Audit Forum.
- Exploring opportunities through meaningful integration of the functions of ethics, anti-corruption and fraud prevention, occupational health and safety, long term planning, business continuity and disaster management into the risk management objectives and processes.
- Business continuity engagements with management to implement the Business Continuity Framework.
- Participating in strategic planning sessions to conduct strategic risk assessments and emphasise the importance of risk-based decision-making.
- Continuous emphasis on fraud and corruption risks and the related risk action plans.
- Quarterly compilation of the Combined Assurance Model based on the Combined Assurance Policy Framework adopted by Council.
- Risk Management Maturity Assessment to determine the Municipality's maturity level utilising the Western Cape Provincial Government MGRO Assessment tool.
- Improved co-operation between the RMU and Internal Audit Services (IAS), reducing duplication and increasing the sharing of risk information, while respecting IAS's independence.
- Focus on cyber security and ICT control awareness.
- Review of year-end internal control procedures and demand management process (including performance).
- Compilation of a COVID-19 Risk Register (also being used a best practice within the Western Cape).

The table below include the strategic risks of the Municipality:

Strategic:

Risk Nr	Risk Category	Risk Description	Inherent Risk	Inherent Risk
1	Infrastructure	Limited Lifecycle/ lifespan of Waste Disposal Facility (WDF)	High	100
2	Natural Environment	Inability to respond to disease outbreaks / pandemics	High	90

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3	Infrastructure	Ageing and inadequate water network infrastructure Suurbraak & Barrydale	High	90
4	Information Technology	Inadequate Disaster Recovery Processes and Business Continuity	High	81
5	Social environment	Inability to manage Land Invasions & Erection of Illegal Structures	High	81

Table 35: Strategic Risks

Operational:

Risk Nr	Risk Category	Risk Description	Inherent Risk	Inherent Risk
1	Infrastructure	Inadequate Provision of Bulk Water (Raw and	High	64
2	Infrastructure	Potable): Availability & Capacity (Swellendam, Suurbraak, Barrydale & Buffeljagsrivier)	High	64
3	Human Resources	Ageing and inadequate Roads and Stormwater Infrastructure	High	64
4	Fraud & Corruption	Inadequate Capacity and Organisational Structure	High	64
5	Financial	Inadequate management of Vehicle Testing and Driver's Examination	High	64

Table 36: Operational Risk

2.5.1 Risk Assessment Process

The risk assessment for the 2020/21 financial year was performed during March 2020 where risks were identified and assessed in accordance with the Risk Management Policy to determine the inherent (before taking controls into consideration) and residual risks (after taking existing control measures into consideration).

The additional actions to mitigate these risks were subsequently formulated.

The risk identification and assessment are an ongoing process and part of management's monthly monitoring responsibilities.

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2.5.2 Fraud and Risk Management Committee

The role of the Fraud and Risk Management Committee is to provide a timely and useful enterprise risk management report to the Audit Committee of the Municipality. The report contains the current top risks of the Municipality, which includes:

- The key strategic and financial risks facing the Municipality (all high-risk exposures)
- The key operational risks per strategic goal

Further details on the roles of the Fraud and Risk Management Committee are included in the approved Fraud and Risk Management Committee Charter.

The table below details the membership of the committee and the dates of the meetings held:

Name of Committee Member	Designation	Capacity	Meeting dates
A Groenewald	Municipal Manager	Chairperson	30 July 2020 22 October 2020 29 January 2021 6 April 2021
H Schlebusch	Director: Financial Services	Member (Until 28 February 2021)	
E Wasserman		From 1 March 2021	
D Du Plessis	Director: Corporate Services	Member	
K Stuurman	Director: Community Services	Member	
F Erasmus	Director: Infrastructure Services	Member	
J Rossouw	Chief Audit Executive	Standing Invitee	
Z Hoosain (from 1 March 2020 – 31 October 2020)	Chief Risk Officer	Standing Invitee	

Table 37: Fraud & Risk Management Committee

2.5.3 Combined Assurance

Combined assurance ensures that a co-ordinated (combined) approach is applied on the management of the key risks within the Municipality. The Combined Assurance Policy Framework will be used as a guide to construct the Combined Assurance Model. The combined assurance champion will be the Chief Risk Officer and as such, the Fraud and Risk Management Committee should be in charge of oversight over combined assurance.

Principle 15 of King IV recommends that the governing body (Council) should:

- Ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.
- Oversee the combined assurance model for effective cover of significant risks and material matters through line functions, internal audit, independent external assurance providers and regulatory inspectors.

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- Assess the output of combined assurance with objectivity and professional scepticism, apply an enquiring mind and form an opinion on integrity of the reports and the degree to which an effective control environment has been achieved.

Council approved the revised Combined Assurance Policy Framework for the 2020/21 financial year on 15 June 2020 per item A58. The Combined Assurance Policy Framework is a guide that informs the development of the Annual Combined Assurance Plan for the Swellendam Municipality. The Combined Assurance Plan aims to inform, in a simple manner, on the effectiveness of assurance providers and to create confidence in the assurance provided over key organizational risks.

2.5.4 Risk Management Documents

The following risk management documents for 2020/21 have been approved by Council:

Name of document	Developed (Yes/No)	Date Adopted/ Revised
Risk Management Strategy	Yes	15 June 2021
Risk Management Policy	Yes	15 June 2021
Risk Management Implementation Plan	Yes	15 June 2021
Fraud and Risk Management Committee Charter	Yes	15 June 2021
Combined Assurance Policy Framework	Yes	15 June 2021
Code of Ethics	Yes	15 June 2021
Anti-Corruption and Fraud Prevention Strategy	Yes	15 June 2021
Anti-Corruption and Fraud Prevention Policy	Yes	15 June 2021
Anti-Corruption and Fraud Prevention Plan	Yes	15 June 2021

Table 38: Risk Management Documents

2.6 Anti-Corruption and Anti-Fraud

Section 6(2)(c) of the MSA states that the municipality must take measures to prevent corruption, Section 83(1)(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) obligates the municipality to institute supply chain measures to combat fraud and corruption, favouritism and unfair and irregular practices. The Prevention and Combating of Corrupt Activities Act defines corruption and specific corrupt activities and imposes a reporting obligation on the Accounting Officer.

The Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 regulates the reporting, investigation and disciplinary proceedings regarding allegations of financial misconduct, including fraud and corruption.

One of the main purposes of an Anti-Corruption and Fraud Prevention Policies is to ensure that the Municipality is in compliance with the MSA and MFMA, which requires the Municipality to develop and adopt appropriate systems and

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procedures that contribute to effective and efficient management of its resources. The following revised policies were adopted by Council for 2020/21 on 15 June 2020:

- Revised Anti-Corruption and Fraud Prevention Strategy
- Revised Anti-Corruption and Fraud Prevention Policy
- Revised Anti-Corruption and Fraud Prevention Plan

The Municipality has established a Financial Misconduct Disciplinary Board and reporting procedures in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 read with Section 21(1)(a) and (b) of the MSA. The Financial Misconduct Disciplinary Board consist of:

Name of Committee Member	Designation	Capacity
Dr A Potgieter (term commenced 1 September 2019)	APAC Chairperson	Chairperson
Mr. D du Plessis	Director: Corporate Services	Member
Mr. JP Rossouw	Chief Audit Executive	Member

Table 39: Financial Misconduct Disciplinary Committee Members

A summary of the reporting procedures is:

- Fraud, corruption, maladministration or any other unethical activities of a similar nature will not be tolerated. Such activities will be investigated and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative/ disciplinary actions and the recoveries by the Municipality where applicable.
- Prevention-, detection-, response- and investigative strategies will be designed and implemented (as and when applicable).
- It is the responsibility of all employees to report all incidents of fraud and corruption that may come to his/her attention.
- All reports received will be treated with the requisite confidentiality.
- All managers are responsible for the detection and prevention of fraud and corruption within their areas of responsibility.
- Any person can report allegations of fraud or corruption anonymously. They can also contact or write to any member of management, the Municipal Manager, Executive Mayor, the Speaker or Internal Audit or use the national fraud hotline – 0800 701 701. The public is called upon to report any allegations or real incidents of fraud and corruption.
- Whistle-blowers will be protected. A whistle-blower who reports suspected fraud and/or corruption may remain anonymous should he/she so desire. The Municipality will do its best to protect an individual's identity when he/she raises a concern and does not want their identity to be disclosed.

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- No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption which occurred within Swellendam Municipality. The Municipality will not tolerate harassment or victimization.

2.6.1 Implementation Plan

The following table provides an overview of Swellendam Municipality's plan to combat fraud and corruption:

Key Risk Areas	Key Measures to Curb Fraud and Corruption
Policy	<p>An Anti-Corruption and Fraud Prevention Policy is a key defence mechanism because it emphasises that the Municipality has a formal framework in place to deal with fraud and corruption. It answers key questions such as:</p> <ul style="list-style-type: none"> What is fraud and corruption? How do we deal with it when it arises? What are the roles and responsibilities? What are the sanctions?
Institutional arrangements	<p>The creation of specific structures and the definition of roles and responsibilities facilitate coordination and management of programme implementation. At a municipal level these would include structures such as the Risk Management Unit, Internal Audit, Fraud and Risk Management Committee and the Audit and Performance Audit Committee</p>
Systems and controls	<p>With well-structured and documented systems and controls in place, gaps and loopholes are nullified that are often used to perpetrate fraud and corruption. These systems and controls also enable monitoring and management mechanisms that will facilitate detection where there are attempts to override or circumvent such systems and controls. Importantly, systems and controls will ensure compliance with policies and regulations.</p> <p>Supply chain management is a good example of where systems and controls are crucial in preventing fraud and corruption</p>
Fraud and corruption risk management	<p>All organisations have systems and controls in place with varying levels of structure and detail. Despite this, organisations are still vulnerable to fraud and corruption because systems and controls are not properly implemented or their inherent gaps and weaknesses can be exploited. Conducting fraud and corruption risk assessments enables the Municipality to test the integrity and completeness of their systems and controls with a view to implementing measures that strengthen areas of weakness and closing gaps. This approach proactively allows the Municipality to prevent fraud and corruption</p>
Training, awareness and communication	<p>Making managers, staff, suppliers and customers aware of the risks of fraud and corruption, how to deal with it, what the consequences are and why it is important to prevent and combat it are key weapons in building up an organisational culture that opposes fraud and corruption. Training will make managers and staff aware of what to look out for so that they do not willingly or unwillingly participate in acts of fraud and corruption.</p>

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Key Risk Areas	Key Measures to Curb Fraud and Corruption
	Communicating successes in dealing with fraud and corruption serves as deterrent to others and builds the corporate image of the Municipality

Table 40: Implementation of the Strategies

2.7 Audit Committee

Section 166 of the MFMA, requires every Municipality to establish and maintain an Audit Committee, as an independent appraisal function.

Section 166: (1) Each municipality and each municipal entity must have an audit committee, subject to subsection (6). (2) An audit committee is an independent advisory body which must— (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to:

- Internal financial control and internal audits
- (ii) Risk management
- (iii) Accounting policies
- (iv) The adequacy, reliability and accuracy of financial reporting and information
- (v) Performance management
- (vi) Effective governance
- (vii) Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (viii) Performance evaluation
- (ix) Any other issues referred to it by the municipality or municipal entity

Experience has shown that a properly constituted Audit Committee can make an effective and valuable contribution to the process by which an organization is directed and controlled.

The overall objectives of the Audit and Performance Audit Committee (APAC) are to ensure that management has created and maintained an effective control environment in the organization and that management demonstrates and stimulates the necessary respect for the Swellendam Municipality's systems, policies and procedures and for the internal control structure.

The Swellendam Audit Committee is well established and functioning as required. An updated Committee Charter has also been developed and approved by Council. All the members of the Audit Committee are also members of the Performance Audit Committee. The APAC meets quarterly.

Members of the APAC

The following table indicates the members of the APAC and the meetings that were attended:

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Name of representative	Capacity	Meetings Attended during 2020/2021 FY				
		22 Sep'20	26 Nov'20	18 Feb'21	16 Apr'21	4 Jun'21
Dr A Potgieter	Chairperson: Audit & Performance Audit Committee	✓	✓	✓	✓	✓
Mr R Rhoda	Audit & Performance Committee Member	✓	✓	✓	✓	✓
Adv. N Hendricks (Term commenced)	Audit & Performance Committee Member			✓	✓	✓
Mr P Silberngal	Audit & Performance Committee Member				✓	✓
Mr D Farenheim (Term ended 31 March 2021)	Audit & Performance Committee Member	✓	✓	✓		
Mr SJ Adonis (Term ended 30 April 2020)	Audit & Performance Committee Member	✓	✓			

Table 41: Members of the APAC

The APAC executed all of their delegated functions for the 2020/21 financial year as follows:

Duties of the APAC as per Approved APAC Charter	Achieved: Yes/No	Comments
To consider the annual financial statements	Yes	2019/2020 AFS was tabled to and discussed by the APAC on 22 September 2020
To consider and review the audit plans of the internal auditors to ensure that it addresses the critical risk areas of the business of Council and to formulate instructions to the internal auditors	Yes	The 2021/2022 Risk-Based Internal Audit Plan was approved on 4 June 2020 (Revised on regular basis)
To ensure that no restrictions are placed on the rights, obligations and responsibilities of any internal and external auditors of the Council	Yes	As and when needed
To evaluate all internal and external audit reports and the replies thereto	Yes	APAC meets quarterly to review all internal audit reports and management response thereto
To consider problems, of whatever nature, that may be experienced by	Yes	As and when needed

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Duties of the APAC as per Approved APAC Charter	Achieved: Yes/No	Comments
internal or external audit while conducting an audit		
To consider any recommendation pertaining to the audit of the Municipality or the amendment / rescindment of any approved recommendation	Yes	As and when needed
To facilitate proper communication and co- ordination between the internal and external auditors of the Council	Yes	The committee strive to enhance the co-ordination between the Internal and External Auditors
To evaluate the effectiveness of auditing functions of the Council	Yes	The committee reviews the Internal Audit Department Performance Report on annual basis and commented on the effectiveness of the IAA in the APAC's Quarterly Report to Council
To evaluate the cost of the external auditing function in terms of value-for-money	Yes	The committee commented on the High Fees of the AGSA on an ongoing basis and also discussed the issue with staff from the Office of the AGSA.
To report to Council on the activities of the committee	Yes	Quarterly Reports submitted to Council, as well as the minutes of the APAC meetings
To review the Auditor-General's report on the financial statements and Council's and management's responses thereto with a view to ensuring satisfactory responses and corrective action, where necessary	Yes	The 2019/2020 Management Letter and AGSA's Final Report were reviewed by the Committee. The AGSA Action plan is also considered by the Committee on a quarterly basis.
To review measures for safeguarding council assets	Yes	Ongoing by reviewing Internal Audit reports on Safeguarding of Assets. Safeguarding of Council Assets also included as part of the annual risk-based audit plan approved by the committee.
To review any proposals for improving efficiency, effectiveness and economy	Yes	Ongoing by reviewing Internal Audit reports
To review the effectiveness of the Council's internal checking and control measures identified during internal and external audits and the Municipal Manager's follow-up action	Yes	Ongoing by reviewing Internal Audit reports
To receive and consider quarterly reports from the Chief Audit Executive	Yes	The Chief Audit Executive submits quarterly audit reports to the committee for discussion

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Duties of the APAC as per Approved APAC Charter	Achieved: Yes/No	Comments
To ensure compliance with relevant legal requirements	Yes	The committee reviews the compliance audit reports submitted to it by Internal Audit
To ensure that proper accounting records are kept	Yes	The committee comments on Financial and Accounting Information in their quarterly reports to council
To review the role and position of risk management in a corporate context, with the aim of critically appraising it	Yes	The committee annually reviews the RM Policy documents. The quarterly Risk Action Reports are also tabled to the committee and the Committee comments on the implementation of RM in their quarterly reports to council.
To summon annually members of management to present themselves before the committee to provide explanations (written or oral) as may be deemed necessary	Yes	As and when needed. Although Senior Management has a standing invitation to all committee meetings
Review compliance with in-year reporting	Yes	The committee reviewed the Monthly Section 71 Reports; Quarterly Section 52 Reports as well as the Quarterly SCM Implementation Reports on quarterly basis.
Review the quarterly performance reports submitted by internal audit	Yes	Quarterly PMS reports reviewed
Review and comment on Municipality's annual reports within the stipulated time frame	Yes	The 2019/2020 Municipal Annual Report was tabled to the committee on 16 April 2021
The AC assesses its performance and achievements against its charter on an annual basis	Yes	With this report
The findings of the self-assessment are presented by the Chairperson to the Accounting Officer and Council	Yes	A separate self-assessment of the performance of the committee will also be tabled to Council.
Review and comment on compliance with statutory requirements and performance management best practice and standards	Yes	The committee reviewed the Compliance Reviews conducted by Internal Audit, as well as the Performance Management Policy Framework. The committee also reviews the quarterly PMS Audit Reports submitted by Internal Audit.
Review and comments on the alignment IDP, Budget, SDBIP and performance agreements	Yes	The APAC reviewed and commented on the alignment between the 2021/2022 IDP, Budget and SDBIP on 16 April 2021.
Review and comment on relevance of indicators to ensure it is	Yes	The committee reviews the indicators in the SDBIP on a quarterly basis.

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Duties of the APAC as per Approved APAC Charter	Achieved: Yes/No	Comments
measurable and related to services performed by the Municipality		
Review and comment on the Municipality's performance management system and make recommendations for its improvement	Yes	The committee reviews the quarterly PMS Audit Reports submitted by Internal Audit, as well as the Annual Performance Compliance Review.
Ensure compliance with legislation in terms of Council's policies and standing orders	Yes	Internal Audit conducts compliance reviews in terms of Council's policies on an ongoing basis and the committee reviews the Internal Audit Reports on quarterly basis.
Reporting by the APAC		
The Chairperson of the Committee should report to the responsible Committee and the Council	Yes	Quarterly Reports and detailed meeting minutes submitted to Council
The AC assesses its performance and achievements against its charter on an annual basis	Yes	A separate self-assessment of the performance of the committee will also be tabled to Council
The findings of the self-assessment are presented by the Chairperson to the Accounting Officer and Council	Yes	The committee reviewed the 2019/2020 MFMA, MSA & DORA Compliance Reviews conducted by Internal Audit, as well as the Performance Management Policy Framework. The committee also reviews the quarterly PMS Audit Reports submitted by Internal Audit
Review and comment on compliance with statutory requirements and performance management best practice and standards	Yes	The APAC reviewed and commented on the alignment between the 2020/2021 IDP, Budget and SDBIP on 4 June 2020
Review and comments on the alignment IDP, Budget, SDBIP and performance agreements	Yes	The committee reviews the indicators in the SDBIP on a quarterly basis
Review and comment on relevance of indicators to ensure it is measurable and related to services performed by the Municipality	Yes	The committee reviews the quarterly PMS Audit Reports submitted by Internal Audit, as well as the Annual Performance Compliance Review
Review and comment on the Municipality's performance management system and make recommendations for its improvement	Yes	Internal Audit conducts compliance reviews in terms of Council's policies on an ongoing basis and the committee reviews the Internal Audit Reports on quarterly basis
Ensure compliance with legislation in terms of Council's policies and standing orders	Yes	The committee reviews the Internal Audit Department Performance Report on annual basis and commented on the effectiveness of the IAA in the APAC's Quarterly Report to Council
Reporting by the APAC		

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Duties of the APAC as per Approved APAC Charter	Achieved: Yes/No	Comments
The Chairperson of the Committee should report to the responsible Committee and the Council	Yes	Quarterly Reports and detailed meeting minutes submitted to Council

Table 42: Duties and Activities of the Audit Committee

2.8 Internal Audit

In terms of Section 165 (1) of the MFMA, each municipality must have an Internal Audit Unit. Section 165 (2) of the Act, gives guidance on what is expected of the internal audit unit with regard to responsibility, functions and reporting requirements.

Section 165 (1) of the MFMA states that:

- (1) Each municipality and each municipal entity must have an internal audit unit
- (2) The internal audit unit of a municipality or municipal entity must
 - (a) Prepare a Risk-Based Audit Plan and an internal audit program for each financial year
 - (b) Advise the accounting officer and report to the audit committee on the implication of the internal audit plan and matters relating to-
 - (i) internal control
 - (ii) internal audit
 - (iii) accounting procedures and practices
 - (iv) risk and risk management
 - (v) performance management
 - (vi) loss control
 - (vii) compliance with this Act, the Division of Revenue Act and any other applicable legislation
 - (c) perform such other duties as may be assigned to it by the accounting officer"

The Swellendam Municipality's Internal Audit Activity (IAA) is capacitated to provide independent, objective assurance and consulting services. Independence is maintained by being accountable to the Accounting Officer administratively and by functionally reporting to the Audit Committee. These reporting lines are clearly stated in the Swellendam Internal Audit Charter.

The IAA strives to provide value-added service to the Municipality providing workable and sustainable solutions. The Swellendam Municipality has an in-house IAA. During the period under review the Chief Audit Executive (CAE) has made significant strides in improving and maintaining a functional IAA. The CAE has also reviewed various strategic internal audit documents during the year under review. Internal audit engagements are conducted as stated in the audit methodology. Furthermore, progress in terms of the Risk- Based Internal Audit Plan was duly reported to the Audit Committee.

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The structure of the IAA makes provision for the following posts, namely: Chief Audit Executive (1 post) and Senior Internal Auditor (1 post). All vacant positions on the organogram for the Internal Audit Unit has been filled. In addition, an Internal Audit Intern was also allocated to IAA. For 2020/21 the IAA consisted out of the following officials:

Name	Position	In-service during Reporting Period
J Rossouw	Chief Audit Executive	1 July 2020 – 30 June 2021
Z Wiese	Senior Internal Auditor	1 July 2020 – 30 June 2021
H Swart	Intern: Internal Audit & Risk Management	1 July 2020 – 30 June 2021

Table 43: Internal Audit Unit Personnel

2.8.1 Highlights: Internal Audit

The table below specifies the highlights for the year:

Highlights	Description
CAE Forum & IIASA Participation	The Chief Audit Executive chairs the Western Cape Municipal Chief Audit Executive Forum and was appointed as the Deputy Governor of the IIASA Western Cape Regional Committee
Risk Based Audit Plan	94% of the approved Risk Based Audit Plan was completed amidst COVID-19 pandemic
Ad Hoc Requests	The IAA accommodate most of the ad hoc management requests received
Training	Attended various training courses to foster continued professional development (CPD) of our internal audit staff
Maturity Assessments	Achieved level 6 Maturity Rating (Optimising) for IAA and AC (Western Cape Government MGRO assessment)
Trusted advisor	The Unit's value proposition cuts across all of the types of risks that the Municipality faces, including operational and strategic risks

Table 44: Internal Audit Highlights

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Audit Ref	Audit Activity Planned according to the RBIAP	Status	Details
1st Quarter Audit Activities			
2020/21-001	Driver's Examination Review	Completed	Final Report Issued Tabled to APAC on 22 Sep 2020
2020/21-002	2019/20 4th Quarter and Annual SDBIP Performance Review	Completed	Final Report Issued Tabled to APAC on 22 Sep 2020
2020/21-003	2019/20 High-Level Annual Financial Statements Review	Completed	Final Report Issued Tabled to APAC on 22 Sep 2020
2020/21-004	2019/2020 Annual Stock Count (Year-end)	Completed	Direct Assistance to the AGSA (Completed working

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Audit Ref	Audit Activity Planned according to the RBIAP	Status	Details
1st Quarter Audit Activities			
			papers and supporting documents provided to AG) Tabled to APAC on 22 Sep 2020
2020/21-005	Internal Audit Follow-Up Review	Completed	Final Report Issued Tabled to APAC on 22 Sep 2020
2nd Quarter Audit Activities			
2020/21-006	2020/21 1st Quarter SDBIP Performance Review	Completed	Final Report Issued Tabled to APAC on 26 Nov 2020
2020/21-007	COVID-19 Review	Completed	Final Report Issued Tabled to APAC on 18 Feb 2021
2020/21-008	ICT (General Controls) Review	Completed	Final Report Issued Tabled to APAC on 26 Nov 2020
2020/21-009	Internal Audit Follow-Up Review	Completed	Final Report Issued Tabled to APAC on 26 Nov 2020
3rd Quarter Audit Activities			
2020/21-010	2020/21 2nd Quarter SDBIP Performance Review	Completed	Final Report Issued Tabled to APAC on 18 Feb 2021
2020/21-011	Direct Assistance to the AGSA: Physical Asset & Employee Verification	Completed	Direct Assistance to the AGSA (Completed working papers and provided to AG)
2020/21-012	Risk Assessment Facilitation	Completed	Final Report Issued Tabled to APAC on 16 April 2021
2020/21-013	Internal Audit Follow-Up Review	Completed	Final Report Issued Tabled to APAC on 18 Feb 2021
4th Quarter Audit Activities			
2020/21-014	2020/21 3rd Quarter SDBIP Performance Review	Completed	Final Report Issued Tabled to APAC on 4 June 2021
2020/21-016	SCM Procurement Review	Completed	Final Report issued on 30 June 2020
2020/21-017	Internal Quality Assurance Review	Completed	Final Report Issued Tabled to APAC on 4 June 2021
2020/21-018	Internal Audit Follow-Up Review	Completed	Final Report Issued Tabled to APAC on 25 June 2021

Table 45: Internal Audit Activities

2.9 By-laws and policies

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies. Below is a list of all the by-laws developed and reviewed during the financial year:

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By-laws developed/revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Review Outdoor Advertising and Signage By-law	27 May 2021	Yes
By-law on land use planning	29 October 2020	Yes

Table 46: By-laws Developed and Reviewed

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Property Rates Policy	27 May 2021	Yes
Customer Care, Credit Control and Debt	27 May 2021	Yes
Bad Debt Write-off Policy	27 May 2021	Yes
Irregular Expenditure Policy	27 May 2021	Yes
Tariff Policy	27 May 2021	Yes
Funding and Reserve Policy	27 May 2021	Yes
Budget Policy	27 May 2021	Yes
Banking, Cash Management and Investment Policy	27 May 2021	Yes
Supply Chain Management and Preferential Procurement Policy	27 May 2021	Yes
Asset Management Policy	27 May 2021	Yes
Petty Cash Policy	27 May 2021	Yes
Indigent Policy	27 May 2021	Yes
Borrowing Policy	27 May 2021	Yes
Audit- and Performance Audit Committee Charter	24 June 2021	No
Combined Assurance Policy Framework	24 June 2021	No
Anti-Corruption and Fraud Prevention Policy	24 June 2021	No
Anti-Corruption and Fraud Prevention Strategy	24 June 2021	No
Anti-Corruption and Fraud Prevention Plan	24 June 2021	No
Risk Management Policy	24 June 2021	No
Risk Management Strategy	24 June 2021	No
Risk Management Implementation Plan	24 June 2021	No

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Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Fraud & Risk Management Committee Charter	24 June 2021	No
Privacy Policy	24 June 2021	Yes
Swellendam Integrated Transport Plan and Rural Asset Management System	29 July 2021	No
Budget Policy	27 May 2021	Yes
Banking, Cash Management and Investment Policy	27 May 2021	Yes
Supply Chain Management and Preferential Procurement Policy	27 May 2021	Yes
Asset Management Policy	27 May 2021	Yes
Petty Cash Policy	27 May 2021	Yes
Indigent Policy	27 May 2021	Yes
Borrowing Policy	27 May 2021	Yes
Audit- and Performance Audit Committee Charter	24 June 2021	No
Combined Assurance Policy Framework	24 June 2021	No
Anti-Corruption and Fraud Prevention Policy	24 June 2021	No
Anti-Corruption and Fraud Prevention Strategy	24 June 2021	No
Anti-Corruption and Fraud Prevention Plan	24 June 2021	No
Risk Management Policy	24 June 2021	No
Risk Management Strategy	24 June 2021	No
Risk Management Implementation Plan	24 June 2021	No
Fraud & Risk Management Committee Charter	24 June 2021	No
Privacy Policy	24 June 2021	Yes
Swellendam Integrated Transport Plan and Rural Asset Management System	29 July 2021	No

Table 47: Policies Developed and Reviewed

2.10 Communication

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Local government has a responsibility and legal obligation to ensure regular and effective communication with its communities. The Constitution of the Republic of South Africa, 1996, and other statutory enactments all impose this obligation on local government as well as require high standards of transparency, accountability, openness, participatory democracy and direct communication with its communities, in order to improve the lives of all.

Good customer care is of fundamental importance to any organisation and a successful communication strategy links the people to the municipality's programmes for the financial year hereby contributing to excellent customer service

Below is a communication checklist of compliance with regard to necessary communication requirements:

Communication activities	Yes/No	Date Approved/Completed
Communication Strategy	Yes	2016 (to be reviewed during 2020/22)
Communication Policy	No	To be formulated along with strategy revision during 2021/22
Functional and sufficient distribution of notices, legal and financial information of concern to communities.	Yes	N/A

Table 48: Communication Activities

Newsletters

Type of Newsletter	Issues distributed	Circulation number	Frequency
Internal	4	270	Quarterly
External	4	11 000	Quarterly

Table 49: Newsletter

Additional Communication Channels Utilised

Channel	Yes/No
SMS system	Yes
Call system and WhatsApp	Yes
Facebook	Yes
Newspapers (Independent Media)	Yes

Table 50: Additional Communication Channels Utilised

2.11 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and S21 A and B of the MSA as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication tool in terms of service offering, information distribution and public participation. It is a communication tool that allows for easy and convenient access to relevant information.

The municipal website serves as an integral part of the municipality's communication strategy.

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The table below provides an indication regarding the information and documents that are published on the municipality's website.

Description of information and/or document	Yes/No
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Description of information and/or document	
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft Budget	Yes
Adjusted Budget	Yes
Asset Management Policy	Yes
Customer Care, Credit Control & Debt Collection Policy	Yes
Indigent Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Travel and Subsistence Policy	Yes
SDBIP	Yes
Budget and Treasury Office Structure	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
Reviewed IDP	Yes
IDP Process Plan	Yes
Supply Chain Management (Sections 14(2), 33, 37 & 75(1)(e) & (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)	
List of capital assets that have been disposed	Yes
Long-term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Section 37 of the MFMA (Unsolicited Bids/Contracts)	Yes
Public invitations for formal price quotations	Yes
Reports (Sections 52(d), 71, 72 & 75(1)(c) and 129(3) of the MFMA)	
Annual Report	Yes
Oversight Reports	Yes
Mid-year Budget and Performance Assessment	Yes

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Quarterly Reports	Yes
Monthly Budget Statement	Yes
Local Economic Development (Section 26(c) of the MSA)	
Description of information and/or document	Yes/No
Local Economic Development Strategy	Yes
LED Policy Framework	Yes
Economic Profile	Yes
LED Projects	Yes
Performance Management (Section 75(1)(d) of the MFMA)	
Performance agreements for employees appointed as per Section 57 of the MSA	Yes

Table 51: Website Checklist

2.12 Supply Chain Management (SCM)

B-BBEE Compliance Performance Information

Section 121(3)(k) of the MFMA indicates that the annual report of a municipality should include any other information as may be prescribed. The Broad Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003; as amended by Act 46 of 2013) read in conjunction with the B-BEE Regulations of 2016 states in Section 13G (1) that all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their Annual Financial Statements and Annual Reports. In accordance with the explanatory notice (Notice 1 of 2018) issued by the B-BBEE

Commission the following tables provide details on the municipality's compliance with regard to broad-based black economic empowerment:

2.12.1 Management Control

Category	Number	Race Classification	Gender	Disability
Senior Management	5	2 Coloured 3 White	2 Female 3 Male	0

Table 52: Management Control

2.12.2. Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	35	A; C	F -10 M -25	None	N/A
Black non-employees	None	N/A	N/A	N/A	N/A

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Black people on internships, apprenticeship, learnership	8	A; C	Male	N/A	Grant funding 2x Construction SETA 6x LGSETA
Unemployed black people on any programme under the learning programme matrix	0	N/A	N/A	N/A	N/A
Black people absorbed at end of internships, apprenticeship, learnership	0	N/A	N/A	N/A	N/A

Table 53: Skills development

2.12.3. Enterprise and Supplier Development

Note: Enterprise and supplier development statistics is not available for the year under review. The figures must be verified by an accredited verification agent. The Municipality intend to appoint a verification agent through procurement processes on a three-year term to ensure compliance in future.

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CHAPTER 3

This chapter provides an overview of the key service achievements of the Municipality that came to fruition during 2020/21 in terms of the deliverables achieved compared to the key performance objectives and indicators in the Integrated Development Plan (IDP).

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

3.1.1 Legislative Requirements

The Constitution of the RSA, Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

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

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the IDP to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

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

3.1.2 Organisational Performance

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

This report highlights the strategic performance in terms of the Municipality's Top Layer SDBIP, high level performance in terms of the strategic objectives and performance on the National Key Performance Indicators as prescribed in terms of Section 43 of the MSA.

3.1.3 Performance Management System

Adoption of a Performance Management Framework

Council adopted a Performance Management Framework that drives performance management within the organisation. Performance management is the setting and measurement of desired outcomes and activities of the Municipality, the municipality's individual components and the staff who contributes to the achievement of its strategic vision. It is a multi-level process that starts with an overall strategy and cascades into individual performance management and appraisal.

The Performance Management System is web based and provided for the assessment of performance to the lowest level. The Municipality has already cascaded performance management down to post level 12. Senior Managers signs annual performance contracts, whilst the rest of the staff enters into performance management plans.

Senior Manager's performance bonuses are linked to their performance agreements. Other staff members are not being additionally remunerated for their performance as it is a tool to measure service delivery. However, a reward and recognition structure will be implemented once performance have been cascaded down to the lowest level.

b) The IDP and the Budget

The IDP and the budget for 2020/21 was approved by Council on **28 May 2020**.

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The IDP process and the performance management process is integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

The Municipality has since reviewed the Performance Management Framework and adopted a new Performance Management Framework **25 July 2019**.

In compliance with the framework, the mayor approved the Top Layer SDBIP on **03 June 2020**. The Top Layer SDBIP indicators are aligned with the budget, which was prepared in terms of the reviewed IDP. The indicators in the Top Layer SDBIP include indicators prescribed by legislation, indicators that will help to achieve the objectives adopted in the IDP and indicators that measure service delivery related responsibilities. The actual performance achieved in terms of the Key Performance Indicators (KPIs) was reported on quarterly. The indicators and targets were adjusted after the finalisation of the previous year's budget and mid-year budget assessment. The Top Layer SDBIP was revised with the Adjustments Budget in terms of Section 26 (2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by Council.

The performance agreements of the senior managers were compiled and revised in terms of the SDBIP indicators, as well as the portfolio of evidence that supports the actual targets reported.

c) Actual Performance

The Municipality utilise an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set
- All performance comments
- Actions to improve the performance in alignment with the designated target, if the target was not achieved

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results.

3.1.4 Monitoring of the Service Delivery Budget Implementation Plan

Municipal performance was measured in the following way:

- Quarterly reports were submitted to Council concerning the actual performance in terms of the Top Layer SDBIP
- The mid-year assessment was completed along with the submission of the mid-year report to the mayor in terms of Sections 72(1)(a) and 52(d) of the MFMA in order to assess the performance of the Municipality during the first half of the financial year.

a) Organisational Performance

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

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- The mayor approved the Top Layer SDBIP on **03 June 2020** and the information was loaded on the electronic web-based system.
- The web-based system routinely sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against KPIs targets by the 15th of every month for the previous month's performance.
- The performance agreements of the senior managers are aligned with the approved Top Layer SDBIP.

b) **Municipal Manager and Managers Directly Accountable to the Municipal Manager**

The MSA prescribes that the municipality must enter into performance-based agreements with all Section 57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2020/21 financial year were signed on **15 June 2020**.

The formal appraisal of the actual performance takes place twice per annum as regulated. The final evaluation of the 2019/20 financial year (1 July 2019 to 30 June 2020) took place on **11 February 2021** and the mid-year performance of 2020/21 (1 July 2020 to 31 December 2020) took place on **27 January 2021**.

The appraisals were done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

Panel for the Municipal Manager	Panel for all Managers Directly Accountable to the Municipal Manager
• Executive Mayor	• Municipal Manager
• Deputy Mayor	• Portfolio Councillor
• Chairperson of the Audit Committee	• Chairperson of the Audit Committee
• External Municipal Manager	• External Municipal Manager
• Ward Committee Member	

Table 54: Senior Management Performance Evaluation Panel

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2020/21

This section provides an overview of the key services achievements of the Municipality that came to fruition during 2020/21 in terms of the deliverables achieved against the strategic objectives of the IDP.

3.2.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)

This section provides an overview on the achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP assists with documenting and monitoring of the Municipality's strategic plan and shows the strategic alignment between the IDP, Budget and Performance plans.

In the section below the performance achievements are illustrated against the Top Layer SDBIP KPI's applicable to 2020/21 in terms of the IDP strategic objectives.

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The figure below explains the method by which the overall assessment of the actual performance against the targets set for the key performance indicators (KPI's) of the SDBIP are measured:

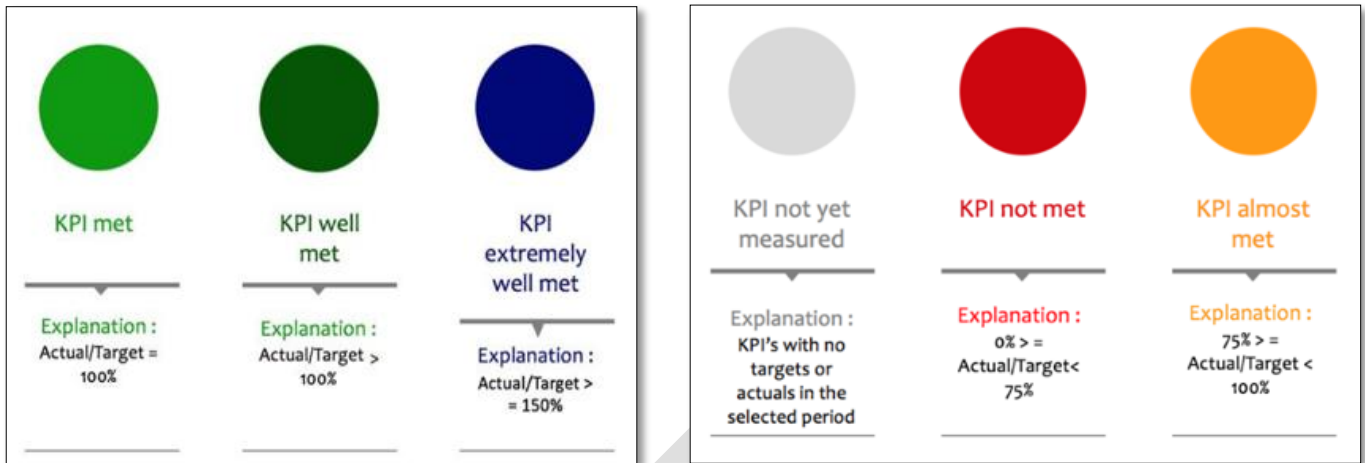
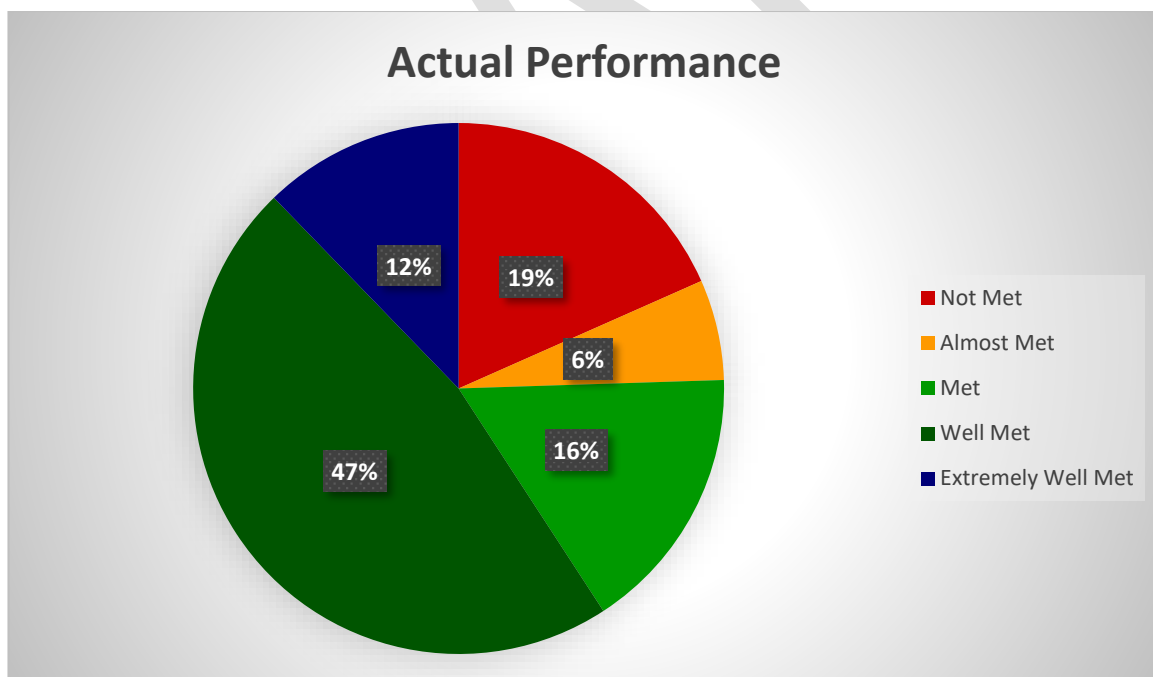
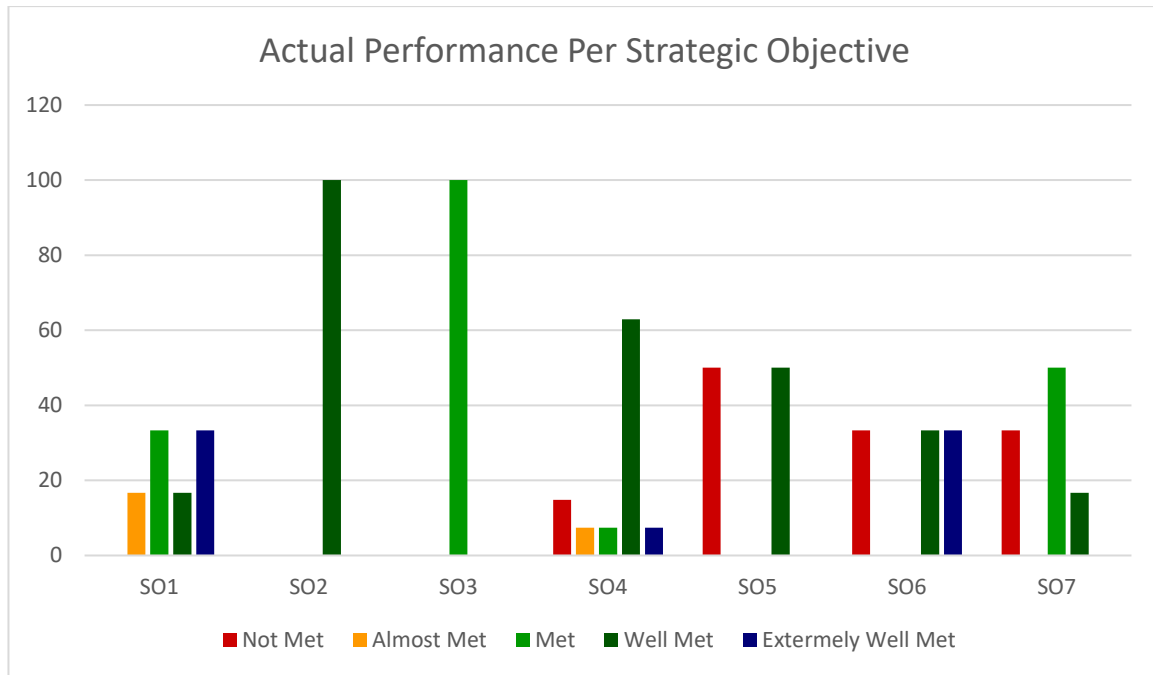


Figure 1: SDBIP Measurement Criteria

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP per Strategic Objective are indicated in the tables and graphs below:



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Graph 1: Top Layer SDBIP Actual Performance per Strategic Objective

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Category	SO1	SO2	SO3	SO4	SO5	SO6	SO7	Total
	To create a capacitated, people centred institution	To create a safe and healthy living environment	To develop integrated and sustainable settlements with the view to correct spatial imbalances	To enhance access to basic services and address maintenance backlogs	To enhance economic development with focus on both first and second economies	To improve financial viability and management	To promote good governance and community participation	
Not Met	0	0	0	4	1	2	2	9
Almost Met	1	0	0	2	0	0	0	3
Met	2	0	1	2	0	0	3	8
Well Met	1	1	0	17	1	2	1	23
Extremely Well Met	2	0	0	2	0	2	0	6
	6	1	1	27	2	6	6	49

Table 55: Top Layer SDBIP Per Strategic Objective

Actual strategic performance for 2020/21 per strategic objective and corrective measures that will be implemented

j) To create a capacitated, people centred institution

Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21							Actual	R
					Target					Annual			
					Q1	Q2	Q3	Q4					
TL25	Approve an action plan to address all the issues raised in the management letter of the Auditor-General by 31 March 2021	Action plan approved by the MM by 31 March 2021	All	1	0	0	1	0	1	1	G		
TL26	Spend 90% of the capital budget allocated for the upgrade of the ICT network by 30 June 2021 [(Amount actually spent on the project/ Amount budgeted for the project)x100]	% of the budget spent by 30 June 2021	All	100%	0.00%	20.00%	40.00%	90.00%	90.00%	76.91%	O		
Due to COVID-19 pandemic regulations work could not be completed within the financial year. The Municipality will finalise all workings during the 2021/22 financial year													

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21							Actual	R
					Target								
					Q1	Q2	Q3	Q4	Annual				
TL27	Spend 90% of the capital budget allocated for the purchase of computer equipment by 30 June 2021 [(Amount actually spent on the project/ Amount budgeted for the project)x100]	% of the budget spent by 30 June 2021	All	99.37%	0.00%	20.00 %	40.00 %	90.00 %	90.00 %	98.32 %	G2		
TL28	The number of people from employment equity target groups employed in the three highest levels of management in compliance with the equity plan by 30 June 2021	Number of people employed	All	1	0	0	0	1	1	1	G		
TL29	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2021 [(Actual amount spent on training/total personnel budget)x100]	% of the personnel budget spent on implementing the workplace skills plan by 30 June 2021	All	0.4%	0.00%	0.00%	0.00%	0.05%	0.05%	0.21%	B		
TL30	Limit quarterly vacancy rate to less than 10% of funded posts [(Number of funded posts vacant / number of funded posts) x100]	% quarterly vacancy rate	All	7.70%	10.00 %	10.00 %	10.00 %	10.00 %	10.00 %	8.19%	B		

Table 56: To create a capacitated, people centred institution

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ii) To create a safe and healthy living environment

Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL47	95% microbiological quality level achieved for water as per SANS 241	% microbiological water quality level achieved as per SANS 241 criteria	All	95.80%	95.00 %	95.00 %	95.00 %	95.00 %	96.25 %	96.67 %	G2

Table 57: To create a safe and healthy living environment

iii) To develop integrated and sustainable settlements with the view to correct spatial imbalances

Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL34	Construct 82 Top Structures for Smitsville, Barrydale by 30 June 2021	Number of Top Structures constructed by 30 June 2021	2	N/A	0	0	0	82	82	82	G

Table 58: To develop integrated and sustainable settlements with the view to correct spatial imbalances

iv) To enhance access to basic services and address maintenance backlogs

Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL6	Number of residential properties that receive piped water that is connected to the municipal water infrastructure network as at 30 June 2021	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2021	All	6556	0	6 458	0	6 458	6 458	6 629	G2
TL7	Number of residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering and excluding	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	All	6598	0	6 417	0	6 417	6 417	6 852	G2

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
	Eskom areas) as at 30 June 2021	as at 30 June 2021									
TL8	Number of residential properties connected which have access to a sewerage network or septic tank irrespective of the number of water closets (toilets) as at 30 June 2021	Number of residential properties which are billed for sewerage as at 30 June 2021	All	6568	0	6 351	0	6 351	6 351	6 560	G2
TL9	Number of residential properties for which refuse is removed once per week as at 30 June 2021	Number of residential properties which are billed for refuse removal as at 30 June 2021	All	6200	0	6 200	0	6 200	6 200	6 356	G2
TL10	Provide access of 6kl free basic water to indigent and poor households in terms of the approved indigent policy	Number of indigent and poor households receiving or that have access to free basic water	All	2291	0	2 217	0	2 217	2 217	2 379	G2
TL11	Provide access of 50kwh free basic electricity to indigent households in terms of the approved indigent policy	Number of indigent households receiving or that have access to free basic electricity	All	1967	0	1 898	0	1 898	1 898	2 041	G2
TL12	Provide access of 20kwh free basic electricity to poor households in terms of the approved indigent policy	Number of poor households receiving or that have access to free basic electricity	All	324	0	319	0	319	319	338	G2
TL13	Provide free basic sanitation to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic sanitation	All	1967	0	1 898	0	1 898	1 898	2 041	G2
TL14	Provide discounted basic sanitation to poor	Number of poor households	All	324	0	319	0	319	319	338	G2

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
	households in terms of the approved indigent policy (50% discount)	receiving discounted basic sanitation									
TL15	Provide free basic refuse removal to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic refuse removal	All	1967	0	1 898	0	1 898	1 898	2 041	G2
TL16	Provide discounted basic refuse removal to poor households in terms of the approved indigent policy (50% discount)	Number of poor households receiving free basic refuse removal	All	324	0	319	0	319	319	338	G2
TL22	Limit unaccounted for water to less than 25% by 30 June 2021 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100}	% unaccounted for water by 30 June 2021	All	18.62%	0.00%	25.00 %	0.00%	25.00 %	25.00 %	17.95 %	B
TL23	Limit unaccounted for electricity to less than 12% by 30 June 2021 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated} x100}	% unaccounted for electricity by 30 June 2021	All	9.63%	0.00%	12.00 %	0.00%	12.00 %	12.00 %	10.94 %	B
TL35	Approval of Building Plan for new Library Building for Swellendam by 31 March 2021	Number of approved Building Plan for new Library Building by 31 March 2021	1	N/A	0	0	1	0	1	1	G

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL36	Appointment of Contractor for the construction of new Library Building for Swellendam by 30 June 2021	Number of Contractor appointment for the construction of new Library Building by 31 January 2021	1	N/A	0	0	0	1	1	1	G
TL37	Spend 90% of the roads and stormwater maintenance (excluding general vehicles-streets) budget by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2021	All	91.37%	10.00 %	30.00 %	60.00 %	90.00 %	90.00 %	87.89 %	O
Due to COVID-19 pandemic regulations work could not be completed within the financial year. The Municipality will finalise all workings during the 2021/22 financial year											
TL38	Spend 90% of the electricity maintenance (excluding general vehicles-electricity) budget by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2021	All	92.0%	10.00 %	30.00 %	60.00 %	90.00 %	90.00 %	91.33 %	G2
TL39	Spend 90% of the waste water maintenance (excluding general vehicles-sewerage network & general vehicles sewerage administration) budget by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2021	All	79.42%	10.00 %	30.00 %	60.00 %	90.00 %	90.00 %	71.67 %	O
Due to COVID-19 pandemic regulations work could not be completed within the financial year. The Municipality will finalise all workings during the 2021/22 financial year											

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL40	Spend 90% of the water maintenance (excluding general vehicles-water purification, general vehicles-irrigation water & vehicle costs-water dams) budget by 30 June 2021 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2021	All	82.73%	10.00 %	30.00 %	60.00 %	90.00 %	90.00 %	65.35 %	R
Due to COVID-19 pandemic regulations work could not be completed within the financial year. The Municipality will finalise all workings during the 2021/22 financial year											
TL41	Spend 95% of the MIG funding allocated for completion of projects by 30 June 2021 {(Actual expenditure on MIG funding received divided by the total MIG funding received)x100}	% of MIG funding received spent by 30 June 2021	All	79.06%	0.00%	40.00 %	60.00 %	95.00 %	95.00 %	97.69 %	G2
TL42	Spend 90% of the capital budget allocated to upgrade of the Bulk Water Infrastructure (Phase 2) in Suurbraak by 30 June 2021 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent by 30 June 2021	3	50%	0.00%	40.00 %	60.00 %	90.00 %	90.00 %	93.96 %	G2
TL43	Spend 90% of the MIG allocation received for the Smitsville upgrade of gravel roads and stormwater infrastructure by 30 June 2021 {(Actual expenditure on MIG funding received divided	% of the budget spent by 30 June 2021	2	N/A	0.00%	40.00 %	60.00 %	90.00 %	90.00 %	99.93 %	G2

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21							
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	by the total MIG funding received for the project)x100}											
TL45	Spend 90% of the capital budget allocated to upgrade of the Railton Sub-station (Phase 4) by 30 June 2021 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent by 30 June 2021	5	99.96%	0.00%	40.00%	0.00%	90.00%	90.00%	100.00%	G2	
TL46	Spend 90% of the capital budget allocated to upgrade of Bakenshop Pressure Reducing Valve (PRV) Zone Municipal Infrastructure by 30 June 2021 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent by 30 June 2021	1	N/A	0.00%	40.00%	60.00%	90.00%	90.00%	12.53%	R	
<p>The Contractor was appointed before 30 June 2021, as required by the roll-over guidelines from Provincial Treasury.</p> <p>The tender advertisement was done on 05 February 2021. The tender evaluation process experienced challenges due to the high-priced bids that were received. This finalization of the evaluation report delayed the award of the tender.</p> <p>The Contractor had to agree with the changes in terms of the BoQ items, before they could commence with work. The matters were resolved. The Contractor is on site and working.</p> <p>The municipality applied for roll-over of the funding allocation.</p>												
TL48	Spend 90% of the capital budget allocated for the construction of 2 Netball Courts by 30 June 2021 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent by 30 June 2021	1	N/A	0.00%	0.00%	45.00%	90.00%	90.00%	0.00%	R	
<p>The location of the netball courts had to be confirmed, as there was a difference between the location in the application and that of the approval. The matter of the location was resolved by end April 2021.</p> <p>The procurement and tender documentation process were initiated and the 1st advertisement was on 21 May 2021(see attached). The municipality received a single offer. The offer was priced far above the cost estimated and available budget. The Bid Evaluation Committee made a recommendation that the tender be cancelled and re-advertised. The 2nd advertisement was on 09 July 2021 and closing date is 23 July 2021.</p> <p>The municipality applied for roll-over of the funding allocation.</p>												

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL49	Spend 90% of the capital budget allocated towards the Swellendam Pressure Management Project by 30 June 2021 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent by 30 June 2021	1	N/A	0.00%	0.00%	45.00 %	90.00 %	90.00 %	5.81%	R
Funding was received late during the financial year and there was a delay in the Supply Chain process. Contractor has since been appointed and the municipality applied for a roll over of the unspent funds. Project to be finalised during the 2021/22 financial year											
TL50	Spend 90% of the capital budget allocated for the Suurbrak Bulk Water Supply Scheme (Phase 2a) by 30 June 2021 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent by 30 June 2021	3	50%	0.00%	0.00%	45.00 %	90.00 %	90.00 %	100.00 %	G2

Table 59: To enhance access to basic services and address maintenance backlogs

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v) To enhance economic development with focus on both first and second economies

Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL3	Review the Growth and Development Strategy and submit to Council for approval by 30 June 2021	Strategy reviewed and submitted to Council for approval by 30 June 2021	All	N/A	0	0	0	1	1	0	R
Review of Growth and Development Strategy currently in draft format. Due to COVID-19 there was a delay in submission to Council. Strategy to be submitted to Council during the 2021/22 financial year											
TL33	Create temporary work opportunities in terms of EPWP by 30 June 2021	Number of temporary work opportunities created by 30 June 2021	All	302	48	48	48	49	193	353	G2

Table 60: To enhance economic development with focus on both first and second economies

vi) To improve financial viability and management

Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL17	The percentage of the municipality's capital budget actually (excluding budget for purchase of Transnet land and new library) spent by 30 June 2021 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget (excluding budget for purchase of Transnet land and new library) spent by 30 June 2021	All	107.33%	0.00%	20.00 %	40.00 %	90.00 %	90.00 %	63.59 %	R
Projects were finalised in February 2021 and contractor appointed June 2021. All Projects not completed will roll over to new financial year. See corrective section at various projects.											
TL18	The percentage of the municipality's capital budget actually spent by 30 June 2021 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent by 30 June 2021	All	153.68%	0.00%	20.00 %	40.00 %	90.00 %	90.00 %	46.27 %	R

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						Actual	R
					Target							
					Q1	Q2	Q3	Q4	Annual			
<p>The funding for the total library project costs was secured in September 2020, hence the municipality had a late start in the procurement process. The Professional Services Provider was procured and subsequently appointed. The municipality assessed the feasibility for implementation and the projections showed that the project might have to be implemented through a multi-year project approach, namely the 2020/21 and 2021/22 financial years, respectively.</p> <p>The matter was discussed with all the relevant roll-players, during and before the procurement of the Contractor was finalized. The agreement was that the only feasible option was to implement over two financial years.</p> <p>The Contractor is on site and working.</p> <p>The municipality applied for roll-over of the funding allocation.</p>												
TL19	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2021 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant) x 100	Debt to revenue as at 30 June 2021	All	9.24%	0.00%	0.00%	0.00%	25.30%	25.30%	9.26%	B	
TL20	Financial viability measured in terms of the outstanding service debtors as at 30 June 2021 (Total outstanding service debtors/ revenue received for services) x 100	Service debtors to revenue as at 30 June 2021	All	20.91%	0.00%	0.00%	0.00%	18.00%	18.00%	10.00%	B	
TL21	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2021 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment	Cost coverage as at 30 June 2021	All	4.17	0.00%	0.00%	0.00%	1.80%	1.80%	3.66%	G2	

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
	and Loss on Disposal of Assets))										
TL24	Achieve a debtors payment percentage of 95% by 30 June 2021 ((Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue) x 100	Debtors payment percentage as at 30 June 2021	All	94.47%	95.00 %	95.00 %	95.00 %	95.00 %	95.00 %	94.77 %	O

Table 61: To improve financial viability and management

vii) To promote good governance and community participation

Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL1	Compile the Risk Based Audit Plan (RBAP) and submit to the Audit Committee by 30 June 2021	RBAP submitted to the Audit Committee by 30 June 2021	All	1	0	0	0	1	1	1	G
TL2	90% of the RBAP for 2020/21 implemented by 30 June 2021 [(Number of audits and tasks completed for the period /Number of audits and tasks identified in the RBAP) x 100]	% of the RBAP implemented by 30 June 2021	All	94.00%	0.00%	40.00 %	0.00%	90.00 %	90.00 %	94.00 %	G2
TL4	Review the Communication Strategy and submit to Council for approval by 30 June 2021	Strategy reviewed and submitted by 30 June 2021	All	N/A	0	0	0	1	1	0	R
Communication Strategy drafted. To be approved by council in September 2021											

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Ref	KPI Name [R]	Unit of Measurement	Ward	Actual Performance for 2019/20	Overall Performance 2020/21						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL5	Conduct annual customer care survey by 30 June 2021	Customer care survey conducted by 30 June 2021	All	1	0	0	0	1	1	0	R
Survey was delayed. Survey was still process at 30 June 2021. Survey was launched and results will be finalised after completion in the 2021/22 Financial year											
TL31	Oversee the draft annual report i.t.o. the MFMA and submit to Council by 31 January 2021	Draft report submitted to Council by 31 January 2021	All	1	0	0	1	0	1	1	G
TL32	Complete the annual risk assessment and submit to the Audit Committee by 30 June 2021	Completed risk assessment submitted to the Audit Committee by 30 June 2021	All	1	0	0	0	1	1	1	G

Table 62: To promote good governance and community participation

3.2.2 Service Providers Performance

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

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

During the year under review the Municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

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3.2.3 Municipal Functions

a) Analysis of Functions

The table below indicates the functional areas that the Municipality are responsible for in terms of the Constitution:

Municipal Function	Municipal Function (Yes/ No)
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	No
Firefighting services	No
Local tourism	Yes
Airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbors, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlors and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No

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Municipal Function	Municipal Function (Yes/ No)
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 63: Functional Areas

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COMPONENT E: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (**sanitation**), **electricity**, **waste management**, **housing services** and a **summary of free basic services**



3.3 WATER PROVISION

3.3.1 Introduction to Water Services

The status of the provision of water infrastructure as key municipal service for each of the towns, villages and hamlets in the municipal area are as follows:

Swellendam

- Swellendam – Klippe River water source feeding from surface drainage from the mountain are the main water source for the town of Swellendam.
- Water is extracted from the source via a small informal weir into a 600 mm diameter pipe
- Swellendam raw water surplus from the catchment that cannot immediately be treated and is routed to three conservancy storage dams, namely Grootkloof 1, 2 and 3.
- An additional conservancy storage dam (Grootkloof 4) will be needed to be constructed in the near future to accommodate future growth and increase in consumption.
- Existing Grootkloof 3 enlargement may be an option if a large enough foot print can be obtained.
- Five reservoirs are available in Swellendam to provide storage capacity for potable water. These storage capacities are inadequate for the planned sub economical housing in Railton and the growth and the development of Swellendam.

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- Water pressure fluctuation and reticulation capacity contributing to malfunctioning in the quality of the water supply in the Bakenskop supply area in Swellendam and a second reservoir need to be constructed for the proposed development area to ensure quality of water supply.
- The bulk and bulk link water infrastructure is inadequate for new developing nodes and the completion of various ring feeds in the network will improve water distribution management. Funding must be secure for the planned additional main water bulk link infrastructure for reservoirs in the Railton developing nodes.

Barrydale

- Barrydale– The Huis River is the main water source for both potable, domestic irrigation and agricultural water for the town of Barrydale via the catchment channel
- This channel was upgraded last year as Phase 1 of the upgrading of the Water Works.
- The Municipality has a water right from the river and must pay for the extraction to Department of Water and Sanitation.
- Purified water is stored in two separate reservoirs.
- Two dams are reserved for the overflow water for domestic irrigation water.
- The use of boreholes as another sources of drinking water was investigated, but is not feasible at this stage.

Suurbraak

- The water source for Suurbraak is located at the origin of a tributary of the Buffeljags River up in the Langeberg Mountain
- The Water Treatment Plant, is in process upgrading as a multiyear project. Phase 1 is completed and phase 2 of the upgrading of the Water system, is to be completed on the 2021/22 financial year.
- No storage facility for raw water, before treatment, is available.
- The purified water is pumped to four small reservoirs in the reticulation system for Suurbraak. This reservoir capacity will be supplemented with an additional 150 kilolitres of steel water tank.
- The water reticulation system could not be extended to erven north of the Buffeljags River as no funding is available for such infrastructure

Rietkuil

- Rietkuil – The small holding area known as Rietkuil, is an agricultural farming area where the owners informally reticulate water amongst themselves. The potable water is supply come from the Overberg Water Board.

Buffeljags River

- The village of Buffeljags River obtain its water from an open irrigation water channel from the Buffeljags Dam.

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- The water is treated in the WTW at Buffeljags river and only for the village and then stored in two reservoirs for distribution; the reservoir capacity is adequate for the current households.
- Water Treatment Works has been upgraded 2016 and a second reservoir has been constructed in 2015.
- The capacity of the current water storage facilities(reservoirs) is sufficient to accommodate the residents of the village, although the capacity of the Water Treatment Works is inadequate and need to be upgraded urgently.

Infanta.

- Water supply for domestic and other uses are provided by the residents themselves, either by means of rainwater collection or from boreholes.
- Water treatment is done individually by the owners for domestic consumption.
- No municipal water provision service is currently rendered to the are
- A borehole water supply is used for municipal ablution facility in Infanta
- The lack of bulk and bulk link water infrastructure for domestic consumption is restricting the further development of the village.

Malgas (Nuwe Dorp)

- Some of the properties in the village have access to potable water supplied by the Overberg Water Board, while others make use of water sources such as rainwater collection, ground water from boreholes or water pumped directly from the Breede River.
- No municipal water provision service is rendered to the village of Malgas.
- Long term solutions for the supply of potable water are not classified as a priority. The lack of available water supply for domestic consumption is restricting the further development of the village.

Stormsvlei

- Water supply for domestic and other uses are provided by residents themselves, by means of rainwater collection, from boreholes or water pumped directly from the Sonderend River.

Other rural areas

- The Overberg Water Board is the main supplier of potable water to the rural areas. On agricultural holdings rivers and groundwater sources provide water for irrigation and agricultural purposes.
- The largest dam in the Swellendam municipal area is the Buffeljags Dam, with a storage capacity of 5 370 thousand million cubic meters of water with no bulk link infrastructure that can be used as a formal water supply.

3.3.2 Highlights: Water Services

The table below specifies the highlights for the year:

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Highlights	Description
Container offices and laboratory testing instruments	<ul style="list-style-type: none"> New Container offices was delivered to Buffeljagsrivier and Barrydale to be used at the Water Treatment Plant as a Laboratory. The water testing equipment to furbish the laboratories was also purchased
Purified Water Production Pump 1 – Swellendam Bakenskop	An additional standby water pump for Bakenskop Pumpstation was added
Barrydale pipe replacement	Water pipes were replaced in Barrydale to improve the municipal network
Upgrade of the Suurbraak Water Supply Scheme	Work commenced for the upgrade of the Suurbraak Water Supply Scheme Phase 1 and 2 as part of a multiyear project
Microbiological quality level achieved for water	96.25% microbiological quality level achieved for water as per SANS 241
Railton Reservoir1 + 2 (Security Camera + Electrical Fence)	The two drinking Water reservoirs in Railton were equipped with security cameras to concur vandalism. Each reservoir was fenced with electrical fencing
Upgrading of Bakenskop PRV Zone Municipal Infrastructure	A project to improve the aged water pipe systems- this is to replace the Berg Street water reticulation pipe. It is funded be Local Government and is a multiyear project
Pumps and various small plant maintenance	Diaphragm pumps (80mm single diaphragm sludge water pumps) for Barrydale, Suurbraak and a field generator + Battery Drill to improve maintenance delivery
Cupido Street Railton Link water pipeline	A 160 mm and a 110 main water pipeline was constructed to improve the drinking water supply to the Sewende Laan area
Flow meter Swellendam Water Treatment Plant	A new and upgraded electronic magnetic water flow meter was installed to measure and manage water treatment on the plant on an hourly circuit

Table 64: Water Services Highlights

3.3.3 Challenges: Water Services

The table below specify the challenge for the year:

Description	Action Plan
Lack Funding	There is a lack of funding for plans to upgrade and improve the water services network. Additional application for funding will be submitted to relevant departments
Ageing infrastructure	The ageing water infrastructure remains a burden. Potential projects will be included in the planning depending on their priority assessment withing the IDP

Table 65: Water Services Challenges

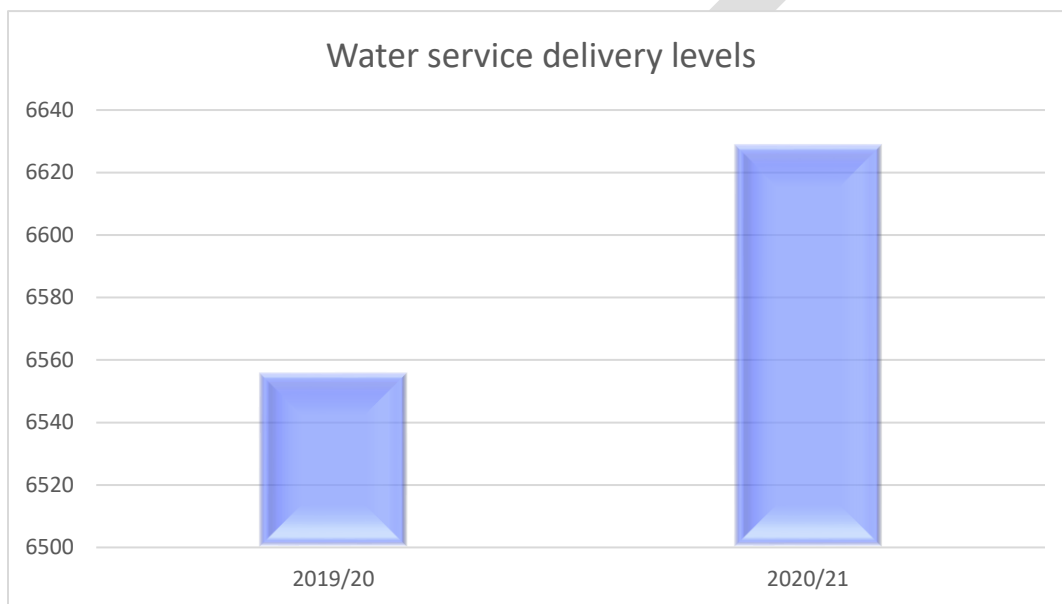
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3.3.4 Service Delivery Levels: Water Services

The table below specifies the service delivery levels for the year:

Description	2019/20	2020/21
	Actual No.	Actual No.
Water (above min level)		
Piped water inside dwelling	6556	6629
Total number reflects the number of residential properties which are billed for water or have pre-paid meters		

Table 66: Water Service Delivery Levels: Households



Graph 2: Water Service Delivery levels

3.3.5 Employees: Water Services

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	7	6	1	14.28
4 – 6	12	7	5	41.67
7 – 9	15	10	5	33.33
10 - 12	1	0	1	100
13 – 15	3	3	0	0
16 – 18	0	0	0	0
19 – 20	0	0	0	0
*P.T.I	1	1	0	0
Total	39	27	12	30.77

Table 67: Employees: Water Services

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3.3.6 Capital: Water Services

The following table indicates the capital expenditure for this division:

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Container offices – Buffeljagsrivier	60	78	78	0	78
Lab Test Instrumentation – Buffeljagsrivier	100	76	76	0	76
Container offices – Barrydale	60	78	78	0	78
Lab Test Instrumentation – Barrydale	100	76	76	0	76
Purified Water Production Pump 1 - Swellendam	100	97	97	0	97
Dosing Flocculant pump	180	110	110	0	110
Railton 1 + 2 (Camera + Electrical Fence)	200	170	93	77	93
Acquisition and Installation of reinforced pipelines - Swellendam	170	290	132	158	132
Electrical Jack Hammer (Heavy Duty) (Swellendam)	20	25	25	0	25
Generator 12kVA including power cable (2020/21)	25	25	25	0	25
Flow Meter Swellendam WTW	150	81	81	0	81
Suurbraak Upgrading of Bulk Water Infrastructure Phase 2	1 175	4 480	4 210	270	4 210
Barrydale Bulk Water Infrastructure Phase 2.1	3 428	0	0	0	0
Upgrading of Bakenskap PRV Zone Municipal Infrastructure	1 087	1 087	136	951	136
Suurbraak Bulk Water Supply Scheme (Phase 2a)	0	2 171	2 171	0	2 171
Swellendam Pressure Management Project	0	9 310	541	8 769	541
Replacement of Water Pipes - Barrydale	0	50	0	50	0
Total	6 855	18 204	7 929	10 275	7 929
Total project value represents the estimated cost of the project on approval by Council					

Table 68: Capital Expenditure 2020/21: Water Services

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3.4 WASTE WATER (SANITATION) PROVISION

3.4.1 Introduction to Waste Water (Sanitation) Provision

Swellendam operates 4 Waste Water Treatment Works (WWTW), 1 in Swellendam and 1 in Buffeljags River, Suurbrak and Barrydale respectively. All residents have access to basic sanitation services, however the provision of sanitation infrastructure for towns, villages and hamlets of the municipal area, is mainly determined by access to a sustainable water source.

Only areas with sufficient available water can be serviced by waterborne sewerage systems. In the absence of such systems, sewerage suction services, septic tanks, soak away sanitation facilities and conservancy sewerage tanks must be used for sanitation purposes. The status of the provision of sanitation infrastructure as key municipal service for each of the involved towns, villages and hamlets in the municipal area are as follows:

Swellendam – The Klippe River Waste Water Treatment Works and the N2 main pump station are the main facilities in operation for the town of Swellendam. The existing Klippe River Waste Water Treatment Works (WWTW), located on the north-west urban edge of the town, is the latest activated sludge aerating system that replaced the original N2 Waste Water Treatment Works. The upgrade of the Klippe River Waste Water Treatment Works also allows for the creation of capacity for the future growth of the town of Swellendam for the next 10-years. The construction of the Swellendam Klippe River Waste Water Works was completed in 2013, to the sum of R64,0 million Rand. The control is from a control centre by means of telemetry communication. The grant funding was obtained from different Government grant fund sources, including RBIC and MIG funding.

The limitation of the funding forces the engineers to reduce the design to basic functionality, which reduces the operational and maintenance requirements of the Works.

The existing sewerage works are fast progressing towards exceeding its capacity and the upgrade of sewerage disposal capacity is a very high priority. The sewerage reticulation system for the town is more than 50-year-old and the pipe network need to be replaced and upgraded to provide for sufficient level of service for new developments resulting from the densification of the urban area.

Barrydale – The older part of Barrydale is serviced by conservancy sewerage tanks, while the newer residential area of Smitsville has a waterborne sewerage system. The Waste Water Treatment Works in Barrydale has not been completed and consist of oxidation tanks. The sewerage purification system is therefore problematic and need urgent upgrade. The present location of the Smitsville Waste Water Treatment Works is also problematic, because it is restricting the future extension of the adjoining residential area (Smitsville) and can only service the Smitsville residential area, because of the restricting topography. Consideration must therefore be given for relocation, to provide a sewerage treatment plant that can service the Barrydale (old town), as well as future developments.

The Waste Water Treatment Works is also lacking capacity and need to be expanded significantly to comply to purification standards and to serve the entire urban area. The planning for this project has already started and is considered a priority.

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The Smitsville booster pump station has been upgraded, with the replacement of one of the two pumps, but the pipeline to the sewerage purification Works needs to be enlarged to suite the ever-growing demand for more housing in Smitsville.

Suurbraak – Nearly all houses (750 units) on the south side of the Buffeljags River have waterborne sewerage. All sewerage gravitates to a pump station on the north-eastern edge of the town, from where it is pumped to a s Waste Water Treatment Works located on the western edge of the town. The pumping system used, require maximum maintenance. The rising main pipeline connecting the pump station and Waste Water Treatment Works.

This Sewerage Purification facility, Station and rinsing main has been upgraded during this financial year with co-funding from the Department Rural Development, Municipal Infrastructure Grant and own funding. The purified water can be used to the benefit of small farmers, as an irrigation scheme and pump station was constructed as an additional feature to the project.

The capacity and quality of the Waste Water Treatment Works is now adequate to accommodate future growth.

The erven to the north of Suurbraak have not yet been provided with waterborne sewerage and are making use of conservancy sewerage tanks.

Consulting Engineers finalized a design during 2017/18, although the project was initiated in 2013 already. The upgrading project was subdivided into 4 phases as a multi-year project and construction started in the 2019/20 financial year and was completed in the 2020/21 financial year.

Buffeljags River – All houses in the village of Buffeljags River have waterborne sewerage connections. The capacity of the present Waste Water Treatment Works is sufficient to serve 400 houses. The location of the treatment plant is limiting future development possibilities.

The main challenge in Buffeljags is that there is no sewerage reticulation amongst the Agri Industries such as the cheese factory, the fruit packaging stores, the BP filling station as a tourist destination and all the schools.

Infanta – No waterborne sewerage system is used in the village. Sewerage is dealt with by means of in-situ conservancy and septic sewerage tanks.

Malgas – No waterborne sewerage system is used in the village. Sewerage is dealt with by means of in-situ conservancy sewerage tanks, septic sewerage tanks and soak-away sanitation facilities. A sewerage suction service is rendered by the Municipality. Serious concerns have been expressed on the negative impact that the older sewerage soakaway system might have on the Breede River, ecology.

Other rural areas – A sewerage suction service is rendered for households and schools within the rural area.

3.4.2 Highlights: Waste Water (Sanitation) Provision

The table below specifies the highlights for the year:

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Highlights	Description
Upgrade the Suurbraak WWTW	Multi-year project completed, 100% of capital budget was spent for the upgrade of the Suurbraak WWTW by 30 June 2021
Silo Waste Water Pump Station	Upgrade to Electrical control unit and telemetry Service of one of two pumps. Electrical motor replaced for one pump
Klipperivier Waste Water Purification Plant Inlet to Purification Plant	Major Service of 2 inlet pumps and electrical motors
Buffeljagsrivier Waste water pumps	Major Service of 2 pumps and electrical motors

Table 69: Waste Water (Sanitation) Provision Highlights

3.4.3 Challenges: Waste Water (Sanitation) Provision:

The table below specify the challenge for the year:

Description	Action Plan
Aging distribution networks	The Municipality will investigate funding and the possibility of appointing more personnel for maintenance and reconstruction
Maintenance cost of Sewerage Purification Plants and pump stations	The normal maintenance cost of Purification Treatment plant is very high.
Protecting the Environment and Communities	As potable water become more and more available to all sectors changes. As the demand grows more wastewater sewerage volumes get released. In the protection of the communities' health and hygiene the protection of the environment around them must also be protected and managed against any form of pollution of the natural water in river and streams since this water will be used downstream by other communities.

Table 70: Waste Water (Sanitation) Provision Challenges

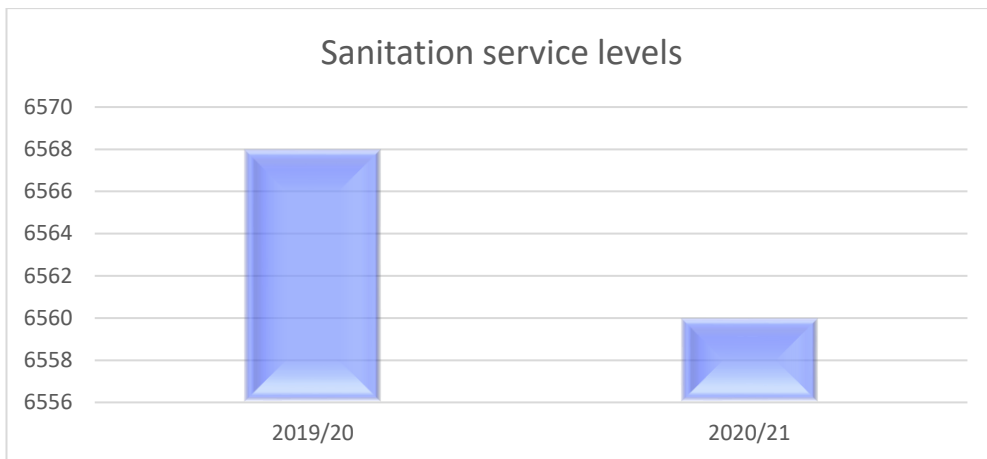
3.4.4 Services Delivery Levels: Waste Water (Sanitation) Provision

The table below specifies the different sanitation service delivery levels per households for the financial years 2019/20 and 2020/21 in the areas in which the Municipality is responsible for the delivery of the service:

Description	2019/20	2020/21
	Outcome No.	Actual No.
Sanitation / sewerage (above min level)		
Flush toilet (connected to sewerage)	6568	6560

Table 71: Waste Water (Sanitation) Provision Service Delivery Levels

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Graph 3: Sanitation Service Delivery Levels

3.4.5 Employees: Waste Water (Sanitation) Provision

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	5	4	1	20
4 – 6	4	3	1	25
7 – 9	2	2	0	0
10 - 12	0	0	0	0
13 – 15	0	0	0	0
16 – 18	0	0	0	0
19 – 20	0	0	0	0
P.T.I	1	1	0	0
Total	12	10	2	16.67

Table 72: Employees Waste Water (Sanitation) Provision

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3.4.6 Capital: Waste Water (Sanitation) Provision

The following table indicates the capital expenditure for this division:

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Diaphragm (80mm single diaphragm sludge water pump - complete with suction hose & strainer) x 2 (Barrydale/Suurbraak) (2020/21)	120	68	68	0	68
Supply of Gormon Rupp Sewer Pump	0	132	0	132	0
Total	120	200	68	132	68

Total project value represents the estimated cost of the project on approval by Council

Table 73: Capital Expenditure 2020/21: Waste Water (Sanitation) Provision

3.5 ELECTRICITY

3.5.1 Introduction to Electricity

Local Government holds executive authority over electricity reticulation in accordance with the Constitution. Furthermore, the Electricity Regulating Act makes provision for the establishment of the National Energy Regulator that sets specific standards and guidelines concerning the distribution of Electricity Distribution Licenses. This places a responsibility on municipalities to ensure the provision of electricity services to communities in a sustainable manner for economic and social support.

Eskom provides grid electricity for further distribution in Swellendam, Barrydale and Suurbraak. Eskom undertakes electrical distribution for all other communities such as Buffeljagsrivier and the rural areas, which include Malgas and Infanta – all of which are under the municipal area.

The status of the provision of electrical infrastructure as a key municipal service in Swellendam, Barrydale and Suurbraak is as follows:

Swellendam:

The current and projected growth of Swellendam is placing enormous strain on the current electricity supply capacity provided by Eskom. Considerable upgrade of Eskom supply points and the bulk electrical infrastructure must be prioritized as a matter of urgency. The completion of an electrical master plan confirmed the constraints. Various projects are in progress to address the electrical infrastructural and supply constraints. The projects as per the Electricity Master Plan must be implemented to replace old, unsafe switchgears and old low and high voltage (LV and HV) Lines.

Railton future project 1250 new connections required the upgrading of the backbone to Railton. Phase 1 was completed in the 2017/18 financial year and Phase 2 was completed in the 2018/19 financial year. Phase 3 was completed in the 2019/20 financial year. Part of Phase 4 was completed in the 2020/21 financial year. This is part of the Integrated National

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Electrification Programme (INEP) grant funding received from the Department of Energy (DOE). This integrated National Electrification Programme forms part of the housing pipeline.

Barrydale:

The Eskom substation is operational for consistent supply to Barrydale with its own dedicated feeder and has significantly improved the electrical supply to Barrydale consumers. The electrical distribution infrastructure needs to be upgraded and capital to fund the electrical infrastructure, is of the essence. The electrification program of the 82 houses was completed in 2020/21 financial year.

Suurbraak:

The electrical distribution network capacity is sufficient for any further development in this area. The overhead 11 kV distribution network in Suurbraak is in need of upgrade. Master planning for the supply of electricity in Suurbraak has been completed and the planned initiatives, for the established constraints and problems, can now be prioritised for implementation. Provision must be made in future capital budgets to attend to these matters.

Several operational electrical maintenance projects were conducted during the financial year. The Railton electrification and connections were successfully completed within the available budget and timeframes. However, the Suurbraak electrification and connections could not be completed due to constraints concerning the housing project.

3.5.2 Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
Appointed service providers for HV switchgear maintenance	The high-risk switch gear was serviced under this program in the 2020/21 financial year.
Appointed service providers for light-emitting diode (LED) streetlights	Service providers for LED streetlights for a period of 3-years were successfully appointed. Demand Side Management made R 3 000 000 available in the 2021/22 financial year for part of the replacement program, from HPS to LED lighting
Railton Phase 4	Part of phase 4 was Completed – main feeder cable to new Railton substation, the Railton substation building is completed
Electrification Barrydale	The Electrification program of the 82 houses was successfully completed

Table 74: Electricity Highlights

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3.5.3 Challenges: Electricity

The table below specifies the challenges for the year:

Description	Action Plan
An old oil type HV switchgear requires replacement	Inspections and first line Maintenance on the old HV switchgear will be done
Aging fleet	Appoint new service provider to do maintenance on vehicles
Electrical losses	Monitoring and reporting of electrical losses on a monthly basis will be implemented
Load shedding	Generators installed at: <ul style="list-style-type: none"> • Main building • N2 pump station • Kliprivier WWTW Mobile Generator used for Buffeljags Water Treatment Works to address the water shortage resulting from Load Shedding

Table 75: Electricity Challenges

3.5.4 Service Delivery Levels: Electricity

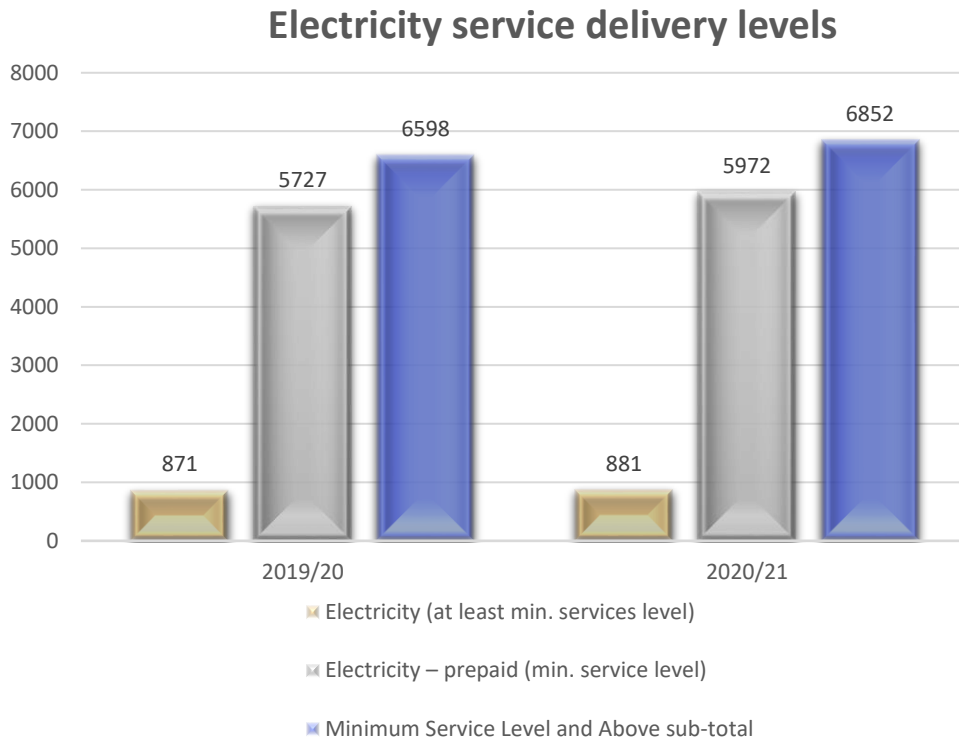
The table below specifies the service delivery levels for the year:

Description	2019/20	2020/21
	Outcome No.	Actual No.
Electricity (at least min. service level)	871	881
Electricity – prepaid (min. service level)	5727	5895
Minimum Service Level and Above sub-total	6598	6852

Table 76: Electricity Service Delivery Levels

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The graph below shows the different electricity service delivery levels per total households and the progress per year



Graph 4: Electricity Service Delivery Levels

3.5.5 Employees: Electricity

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	1	1	0	0
4 – 6	8	6	2	25
7 – 9	4	3	1	25
10 – 12	6	4	2	33.33
13 – 15	2	2	0	0
16 – 18	0	0	0	0
19 – 20	0	0	0	0
Total	21	16	5	23.81

Table 77: Employees: Electricity Services

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3.5.6 Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Cell phones x6 - Electricity and Water	10	9	7	2	7
Pedestrian Walkways - Illumination Industrial Area	0	0	0	0	0
Upgrading of Railton Sub Station Phase 4	1 739	1 739	1 739	0	1 739
Electrification of Barrydale Housing Project	0	0	0	0	0
Upgrading of Railton Sub Station Phase 5	0	0	0	0	0
Total	1 749	1 748	1 746	2	1 746
Total project value represents the estimated cost of the project on approval by Council					

Table 78: Capital Expenditure 2020/21: Electricity

3.6 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

3.6.1 Introduction to Waste Management

Solid waste management is the collection, transport, processing, recycling or disposal, and monitoring of waste materials. A new mandate for Solid Waste management is awareness building of environmental aspects of solid waste. As Swellendam Municipality believes a positive behaviour change leads to economical solutions.

Solid waste facilities under the jurisdiction of the Swellendam Municipality are situated at the following towns/ areas:

- Bontebok solid waste management facility situated at Swellendam being the main solid waste facility for the municipality;
- Barrydale solid waste facility limited to building and green waste;
- Suurbraak solid waste facility limited to building and green waste; and
- Infanta solid waste facilities limited to disposal of Construction and Demolition Waste of Garden Greens, as well as transfer of General (household) Waste and recyclable materials.
- Malgas solid waste facility limited to general waste, building and green waste

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The Swellendam Municipality is situated within the Overberg District Municipality. The Overberg District Municipality shares its area of jurisdiction with the local Municipalities' of Swellendam, Cape Agulhas, Overstrand and Theewaterskloof.

Waste management has reached a stage where the responsibility needs to be shared between municipalities' as it is uneconomical to operate and manage waste disposal facilities in each and every town and even also in each and every municipal area. It is a forgone conclusion that all municipalities waste disposal facilities will reach the end of their lifetimes and new avenues for solid waste management needs to be explored. The days of burying waste for future generations to deal with is over, we have the responsibility to redesign our waste management systems to be close looped and ethical.

The Minister of Environmental Affairs and Development Planning, Western Cape who has the authority to division of powers and function of municipalities has resolved that solid waste management will be centralised at district municipal level and that no new facilities will be considered, nor the expansion of existing facilities. Municipalities are therefore obliged to implement an integrated waste management system.

The establishment and operation of a waste disposal site for more than one municipality is therefore a district municipal function and the district municipalities is obligated to provide such service in an equitable and accessible manner and further to ensure that it is both financially and environmentally sustainable. The regional site for the Overberg region is situated at Karwyderskraal near Hermanus. The Overberg District Municipality already have an agreement in place with Overstrand- and Theewaterskloof Municipalities` who transport their waste to Karwyderskraal. Swellendam is investigating the most financially and environmentally friendly solution for their waste disposal including but not limited to transport to Karwyderskraal. Seeing waste as a commodity or a product that has the potential to create heat, energy and eventually an income has become apparent and small-scale waste to energy plants are being investigated.

The Swellendam Municipality has received a report with the latest airspace projections for its main waste facility, Bontebok, with an estimated date of August 2024. This allows Swellendam time to do research on alternative environmentally friendly methods of waste management.

3.6.2 Highlights: Waste Management

The table below specifies the highlights for the year:

Highlights	Description
Solid Waste Manager	Johan van Niekerk was appointed as the new Solid Waste and Environment manager in May 2021
Improved compliance	The management and operation of the Bontebok WDF was improved and all legal requirements continue to be met
Waste minimisation	Waste minimisation has been prioritised by the new waste Manager and has the backing of the municipal manager Organic waste is being diverted for chipping, builders rubble is being sent to a local quarry for crushing and reuse and recycling centres are getting as much support as possible

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Highlights	Description
Illegal dumping	The municipality has set up an illegal dumping task team who will respond to residence complaints and do general clean-ups around town

Table 79: Waste Management Highlights

3.6.3 Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Action Plan
Illegal dumping	Illegal dumping is prevalent in Swellendam and its surrounding towns. With the discussions of a landfill site tariff the occurrence of illegal dumping increased.
IWMP (Integrated waste management plan)	Our IWMP is in need of an update which is a monumental task
New Waste Management Policy	<ul style="list-style-type: none"> Waste permits and new tariffs to be set for the 2020/21 financial year New rules to apply for dumping waste at the Bontebok Facility also earmarked for the 2020/21 financial year
Illegal waste picking and infrastructure vandalism	Adequate supervision is required at these sites
Infrastructure vandalism	<ul style="list-style-type: none"> Security must be appointed Notice boards must be placed at sites
Waste Facility licences	Our Malgas and Barrydale sites licence needs renewal
Audits	All our sites currently require an external audit

Table 80: Waste Management Challenges

3.6.4 Service Delivery Levels: Waste Management

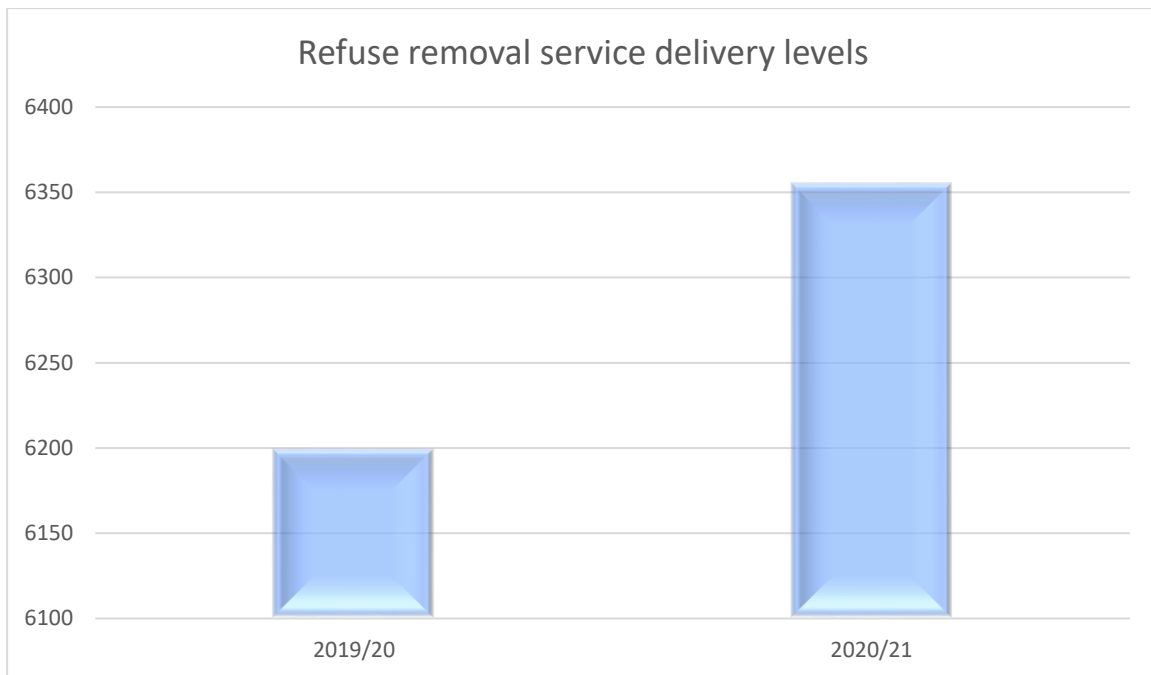
The table below specifies the service delivery for the year.

Description	2019/20	2020/21
	Outcome No.	Actual No.
Refuse Removal (min level)		
Removed at least once a week	6200	6356
Number of residential properties which are billed for refuse removal		

Table 81: Waste Management Service Delivery Levels

The graph below shows the refuse removal service delivery levels per total households

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Graph 5: Refuse Service Delivery Levels

3.6.5 Employees: Waste Management

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	15	11	4	26.67
4 – 6	1	0	1	100
7 – 9	5	5	0	0
10 - 12	1	1	0	0
13 – 15	1	1	0	0
16 – 18	0	0	0	0
19 – 20	0	0	0	0
Total	23	18	5	21.74

Table 82: Employees: Waste Management

3.6.6 Capital: Waste Management

There were no capital projects for the 2020/21 financial year.

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3.7 HOUSING

3.7.1 Introduction to Housing

Housing being a concurrent National and Provincial competency guided and prescribed in terms of Part A of Schedule 4, of the Constitution. Section 10 of the Housing Act, (Act 107 of 1997), sets out the responsibilities of municipalities in relation to the provision of housing. The Human Settlements Department of the Swellendam Municipality strives to uphold and execute the right of its communities to own a house, and not just to support ownership, but build communities within the greater Swellendam Municipal Area. Our focus is always on all the various housing programmes available with bigger emphasis on the normal Integrated Residential Development Programme (IRDP), Informal settlement upgrades (ISSP) and the GAP housing market of household income greater than R3 501 up to R22 000 per month (Finance Linked Individual Subsidy Programme (FLISP)). We will also focus more on densification of available site to address the bigger need and making service sites available. Greater emphasis is being put on housing consumer education, to provide information regarding all the different subsidies available, rather than just being part of the statistics of being on the database for years. The vision of the Human Settlement Unit is to provide housing, but also to build communities. The Unit is also trying to address government's approach to shift from housing construction to sustainable settlements, thus addressing both integration of the poor and previously disadvantaged and providing housing opportunities.

The socio-economic stability of communities within the greater municipal area is an area of great concern for the Municipality. Providing a beneficiary with a house is seen as a fixed asset which does not only give dignity, but also provide security for future entry to mainstream financial accreditation with the eye on promoting entrepreneurship.

The need for housing:

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

Subsidy housing less than R3 500 per month (Normal IRDP and provision of serviced sites)

Gap housing R3 501 - R22 000 per month

The National Department of Human Settlements stated in a letter dated 30 September 2020 that the delivery of top structures is fiscally unsustainable and there is a need to downscale on the delivery of top structures and to prioritise the delivery of serviced sites. Projects to be implemented will only be supported by the National Department if:

- They will prioritise the elderly, military veterans, people living with disabilities and child-headed households. (added to this the province has also added its existing priority categories of backyard residents and persons, longest on the waiting list)
- They contribute to medium to high density development (I.E BNG Walk-ups etc) and promote integrated development.

Housing need:

Given the strategic decision to focus on subsidy and gap housing, the needs can be summarized as follows:

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Site	Property	Units
Subsidy: Priority 1		
Buffeljagsrivier	IRDP	40
Swellendam	Mixed use	950

Table 83: Housing Needs

3.7.2 Highlights: Housing

The table below specifies the highlights for the year:

Highlights	Description
Buffeljagsrivier - Services Phase completed	34 Units in Buffeljagsrivier and approved for densification
Railton – Extension approved	New densified Railton extension approved
Barrydale housing project	82 Units built in Barrydale

Table 84: Highlights: Housing

3.7.3 Challenges: Housing

The table below specifies the challenges for the year:

Description	Action Plan
Shortage of bulk infrastructure for the development of human settlements throughout municipal area	Municipal Infrastructure Grant (MIG) Funding applications must be formulated and submitted
The erection of illegal dwellings that increases	National interventions are required to ensure better juridical process is set in place

Table 85: Housing Challenges

3.7.4 Service Delivery Levels: Housing

The table below specifies the service delivery levels for the year:

Financial Year	Number of housing units on waiting list	% Housing waiting list increase / (decrease)
2019/20	3808	(3)
2020/21	3615	(5.07)

Table 86: Housing Waiting List

3.7.5 Employees: Housing

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	0	0	0	0
7 – 9	0	0	0	0

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Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
10 - 12	2	2	0	0
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
Total	3	3	0	0

Table 87: Employees: Housing

3.7.6 Capital: Housing

There were no capital projects for the 2020/21 financial year.

3.8 FREE BASIC SERVICES AND INDIGENT SUPPORT

Basic municipal services are rendered to all urban areas and some rural areas within the municipal boundaries. Lack of funding is restricting progress with the extension of basic services to areas still requiring services or the upgrading of existing services. Basic services are currently rendered in towns and villages as follows:

- Barrydale: All households receive electricity, water, sanitation and refuse removal
- Infanta: 89 households receive basic services for refuse removal
- Buffeljagsrivier: All households receive basic services for water, sanitation and waste removal. Eskom supply electricity to all households
- Suurbraak: All households receive electricity, water, sanitation and refuse removal
- Malgas: 196 households receive refuse removal
- Swellendam: All households receive electricity, water, sanitation and refuse removal

Businesses: All businesses receive electricity, water, sanitation and refuse removal

- Farms: No basic services

The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2019/20	6 922	1 967	28.42	2 291	33	1 898	27.4	1 898	27.4
2020/21	7 100	2 379	33.51	2 379	33.51	2 041	28.75	2 041	28.75
Free basic indigent households									

Table 88: Free Basic Services to Indigent Households

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Financial year	Electricity								
	Indigent Households			Non-Indigent households			Households in Eskom areas		
	No of HH	Unit per HH(kwh)	Value R'000	No of HH	Unit per HH(kwh)	Value R'000	No of HH	Unit per HH(kwh)	Value R'000
2019/20	1 967	50	1 180	4 631	20	1 079	214	20	52
2020/21	2 041	50	1 298	4 811	20	1 227	206	20	54

Free basic Electricity Services to indigent households

Table 89: Free Basic Electricity Services to Indigent Households

Financial year	Water					
	Indigent Households			Non-Indigent households		
	No of HH	R Value per HH	Value R'000	No of HH	R Value per HH	Value R'000
2019/20	1 967	717	1 410	324	717	232
2020/21	2 041	775	1 581	338	775	362

Free basic Water Services to indigent households

Table 90: Free Basic Water Services to Indigent Households

Financial year	Sanitation					
	Indigent Households			Non-Indigent households		
	No of HH	R Value per HH	Value R'000	No of HH	R Value per HH	Value R'000
2019/20	1 967	2 923	5 751	324	1 444	469
2020/21	2 041	3 707	6 266	338	1 501	507

Free basic Sanitation Services to indigent households

Table 91: Free Basic Sanitation Services to Indigent Households

Financial year	Refuse Removal					
	Indigent Households			Non-Indigent households		
	No of HH	R Value per HH	Value R'000	No of HH	R Value per HH	Value R'000
2019/20	1 967	140.56	3 318	324	70	274
2020/21	2 041	153	3 572	338	77	311

Free basic Refuse Removal Services to indigent households

Table 92: Free Basic Refuse Removal Services to Indigent Households

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Financial Performance 2020/21: Cost to Municipality of Free Basic Services Delivered		
Services Delivered	2019/20	2020/21
	Actual	Actual
	R'000	
Water	1 642	1 943
Electricity	2 311	2 579
Sanitation	6 220	6 773
Refuse Removal	3 592	3 883
Total	13 765	15 178
Total Cost of Free Basic Services Delivered		

Table 93: Cost to Municipality of Free Basic Services Delivered

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COMPONENT F: Roads Transport



3.9 ROADS

3.9.1 Introduction to Roads

The Swellendam Municipal area have a total road system of 129km, which comprise of 89km surfaced and 40km unpaved roads. The estimated replacement value for surfaced roads is R368 764.051 and the average condition can be rated as fair as per Rural Road Asset Management System. The estimated rehabilitation backlog is R64 000 000 assuming a rate of R300/m², times the area of roads which are in very poor condition, which equals to 212 000 m².

It is clear that the priority is general maintenance, including pothole repair, general resealing, crack sealing and addressing base and surface failure. Routine maintenance was carried out during the 2019/20 year through the operating budget, but no capital projects were undertaken since no capital funds could be made available.

The department's overall strategy is to eliminate the backlog that currently exists. This can only be achieved by attending to the necessary rehabilitation and resealing of backlogs. The greatest concern is, however, the lack of a sustainable funding source. The current operating funds available for roads are merely 1% of the replacement value.

Some gravel roads were upgraded to paved standards and conducted via the MIG program – these roads are situated in an existing low-cost housing development in Railton, Swellendam. No surfaced roads were constructed during the establishment of this housing development. The expenditure for the 2020/21 financial

year were ±R6 000 000. The allocated budget for the 2020/21 financial year is also at R6 000 000, earmarked for the upgrade of gravel roads and related stormwater in Smitsville and Barrydale area.

The shortage of staff was partially addressed by the EPWP program, but vacancies should still be filled to optimise the departments' operations. Pothole repairs and other maintenance programmes were short-lived, since pipe bursts were the primary activity for maintenance teams during the 2020/21 financial year. All of these were backfilled and repaired by the roads department, interfering with planned maintenance works.

The department's top 3 priorities are:

- The maintenance of existing streets: This has created a partial impact, since several streets were resealed with an ultra-thin asphalt layer during the 2020/21 year, expanding the lifespan of these roads with at least 10 years

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- The provision of proper access for every resident: This has created an average impact, as a small number of complaints have been received
- The rehabilitation of old infrastructure: This initiative has achieved partial impact, since two failing intersections were upgraded. Four streets were upgraded to paved standards in Smartie Town.

3.9.2 Highlights: Roads

The table below specifies the highlights for the year:

Highlights	Description
Upgrade of roads and relevant stormwater in Smitsville, Barrydale	Upgraded gravel roads to paved standards, along with related stormwater draining that was installed
Reseal programme	Three sections of road (Voortrek, Trichardt and Rhenius Street) were ressealed with an ultra-thin warm asphalt layer (UTA)
2 x Paved intersections (Pave section of sidewalk, Kerk Street)	Two failing bituminous intersections (Bontebok and Koorland Street) were upgraded to segmented paving intersections. Section of Kerk Street upgraded to brick paving

Table 94: Roads Highlights

3.9.3 Challenges: Roads

The table below specifies the challenges for the year:

Description	Action Plan
Lack of funding	Investigate alternative funding models by the Financial Services Department
The Coronavirus 2019 (COVID-19) pandemic	Implement proper implementation protocols and COVID-19 Regulations throughout the workplace
Deterioration of road infrastructure	Implement continuous and consistent rehabilitation programmes each year, in order to minimise backlogs
Water leakages on roads	Possible upgrade to water infrastructure to curb all leakages

Table 95: Roads Challenges

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3.9.4 Service Delivery Levels: Roads

The table below specifies the service delivery levels for the year:

Gravel Roads Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded	Gravel roads upgraded / maintained
2019/20	39	0	1	23
2020/21	37.92	0	1.077	22

Table 96: Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads resealed	Tar roads maintained
2019/20	90	1	12377m ²	0	90
2020/21	91.07	1.077	5428	0	91.07

Table 97: Tarred Road Infrastructure

The abovementioned planned maintenance was conducted in accordance with the Rural Road Asset Management System.

Due to unforeseen deterioration and aging infrastructure, maintenance was done in accordance with a planned inspection schedule.

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

Financial year	New & Replacements	Resealed	Maintained
R'000			
2019/20	5 504	1 900	2 550
2020/21	5 352	2 408	4 036

The cost for maintenance includes stormwater

Table 98: Cost of Construction/Maintenance of Roads

3.9.5 Employees: Roads

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	18	10	8	44.4
4 – 6	8	5	3	37.5
7 – 9	7	7	0	0
10 - 12	2	2	0	0
13 – 15	2	2	0	0

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Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
16 – 18	0	0	0	0
19 – 20	0	0	0	0
P.T.I.*	0	0	0	0
Total	37	26	11	29.73

Table 99: Employees: Roads

3.9.6 Employees: Mechanical Workshop

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	3	2	1	33.33
7 – 9	0	0	0	0
10 - 12	1	1	0	0
13 – 15	0	0	0	0
16 – 18	0	0	0	0
19 – 20	0	0	0	0
Total	4	3	1	25

Table 100: Employees: Mechanical Workshop

3.9.7 Capital: Roads and Stormwater

The following table indicates the capital expenditure for this division:

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Concrete mixer (Asphlat) (Swellendam)	35	28	28	0	28
Rammer (compactor) x 2 (Swellendam/Suurbrak)	50	71	71	0	71
Plate vibrator (compactor) x 1 (Suurbrak)	40	14	14	0	14
Trailer for the Sit on roller - custom made RSA (Swellendam)	80	80	80	0	80

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Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Swellendam Roads, 2 x intersections) (2020/21)	400	400	395	5	395
Upgrading of Sidewalks - Voortrek Street (2020/21)	250	224	224	0	224
Speedbumps - Swellendam (2020/21)	50	50	50	0	50
Speedbumps - Barrydale (2020/21)	50	50	50	0	50
Speedbumps - Railton (2020/21)	50	50	50	0	50
Smitsville Upgrading of Gravel Roads and Storm Water Infrastructure Phase 1.1	5 217	5 217	5 213	4	5 213
Total	6 222	6 184	6 175	9	6 175

Table 101: Capital Expenditure 2020/21: Roads

3.10 STORMWATER

3.10.1 Introduction to Stormwater

Stormwater systems exist in most of the residential areas. In informal and low-cost housing areas, provisions are made by creating open channels and side drains with an underground pipe network. Some basic, sub-surface stormwater pipes were provided alongside the newly constructed roads to reduce the risk of stormwater ingress in the houses that were built in the latest low-cost housing project.

Stormwater master- and management planning were compiled for Swellendam, Railton, Barrydale and Buffeljagsrivier – plans are still required in Smitsville and Suurbraak in order to rectify issues, since little to no systems exist there due to no installation years ago.

Daily maintenance consists of opening and cleaning catch pits, manholes, side drains and open channels.

This still seems to be challenging due to capacity constraints, vandalism and continuous illegal dumping. Isolated problematic areas where flooding occurred, were resolved due to innovative intervention actions. These areas are closely monitored with the relevant maintenance and aftercare.

Various stormwater systems were redirected to the municipal and private storage dams. Not only were additional capacity created in these systems, but our most precious commodity was supplemented.

3.10.2 Highlights: Stormwater

The table below specifies the highlights for the year:

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Highlights	Description
Smitsville, Barrydale - Roads and stormwater upgrades	The upgrade of gravel roads to paved standards, along with related stormwater drainage that was completed
No serious flooding occurred during 2020/21	Stormwater systems were operational and subsequently no serious flooding occurred during 2020/21 financial year
Proactive maintenance was conducted	Stormwater catch pits were maintained per approved maintenance schedule

Table 102: Stormwater Drainage Highlights

3.10.3 Challenges: Stormwater

The table below specifies the challenges for the year:

Description	Action Plan
Lack of funding to address upgrades	Investigate alternative funding models by the Financial Services Departments
Illegal dumping in stormwater systems	Ward councillors to launch awareness campaigns
The COVID-19 pandemic	Implementing proper implementation protocols and COVID- 19 Regulations throughout the workplace

Table 103: Stormwater Challenges

3.10.4 Employees: Stormwater

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	1	1	0	0
4 – 6	5	2	3	60
7 – 9	11	1	10	90.91
10 - 12	2	1	1	50
13 – 15	0	0	0	0
16 – 18	0	0	0	0
19 – 20	0	0	0	0
P.T.I*	1	1	0	0
Total	20	6	14	70

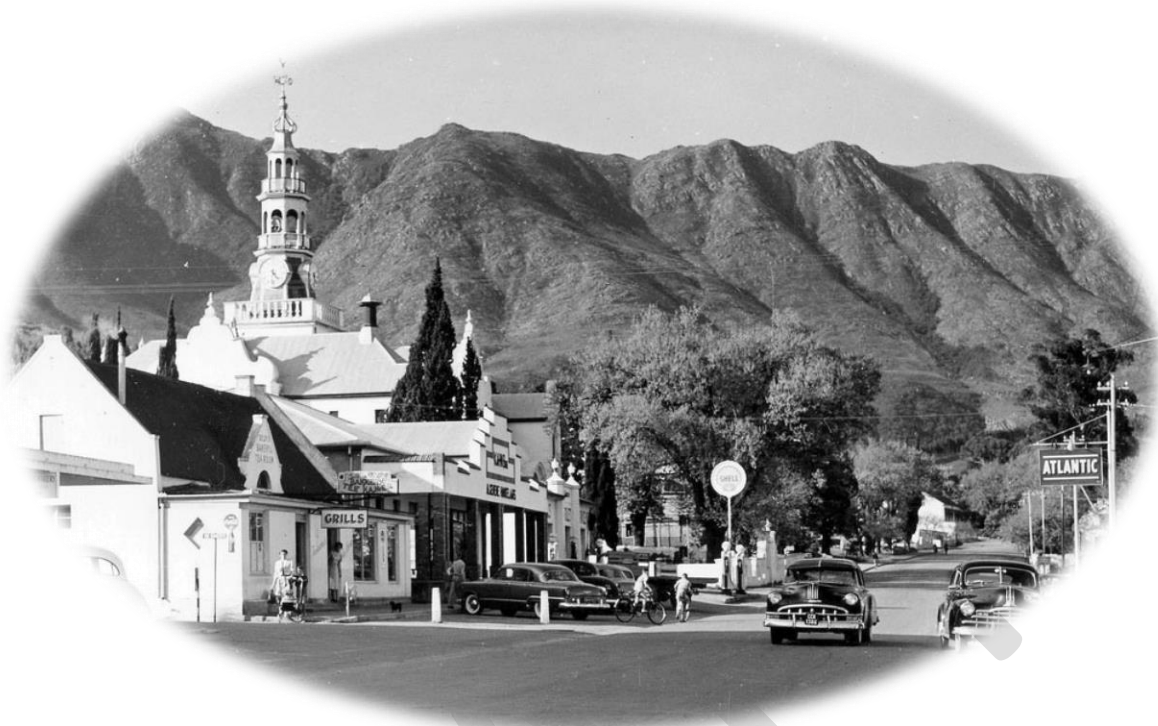
Table 104: Employees: Waste Water (Stormwater)

3.10.5 Capital: Stormwater

Smitsville, Barrydale - Roads and stormwater upgrades. Figures included in table 48 (Roads)

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COMPONENT G: PLANNING AND LOCAL ECONOMIC DEVELOPMENT (LED)



3.11 PLANNING

3.11.1 Introduction to Town Planning and Building Control

The Swellendam Municipality provides a full spectrum of town planning and building control services within its administrative area, which includes a comprehensive Geographic Information System (GIS). The Division Town Planning and Building Control is also responsible for compliance and enforcement of the related by-laws and regulations, as well as environmental issues in general, including air quality and noise control.

The Division works within the prescripts of the Municipal Systems Act (MSA), the Spatial Planning Land Use and Management Act (SPLUMA) and the Land Use Planning Act (LUPA), read together with the Municipal By-Law on Land Use Planning, in conjunction with the National Building Regulations and Building Standards Act (NBR's). This suite of legislation exists as the broad legislative framework for all land use planning applications and building plans submitted within the Municipality.

Land use planning and decision making within the Municipality is guided by its Spatial Development Framework (SDF) in the first instance. The SDF exists as a core component of the Municipal Integrated Development Plan (IDP) in terms of the Municipal Systems Act. The SDF provides guidance on where and when monies should be spent within the municipal area. The SDF is adopted at the start of each 5-year IDP Planning Term and is reviewed annually as part of the IDP review process. The SDF may be amended as changing circumstances require. An amendment to the SDF implies a change to the IDP and by implication Council policy.

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The specific land use and development parameters applicable to individual erven within the Municipality are set out in the Swellendam Integrated Zoning Scheme Regulations (IZS) and are applied accordingly. The IZS is consulted for each and every new application for development, whilst each building plan application is considered in terms of the NBRs, in consultation with the Directorate Infrastructure Services. For larger development initiatives, particularly in rural areas, input is also requested from the relevant district and provincial authorities [Department of Health, Cape Nature, Department of Agriculture, Department of Environmental Affairs and Development Planning (DEADP), Department of Water Affairs, Department of Transport and Public Works, Heritage Western Cape] before decisions are made. The Division works closely with the Aesthetics and Conservation Committee when considering applications for the redevelopment of heritage listed buildings, the management of conservation areas and signage within municipal boundaries.

Land use planning applications are advertised in the local press and on the municipal website for public consideration and input. It is noted that in terms of current legislation, land use planning is a municipal competency, including the appeal process.

The Division Town Planning and Building Control has built up a comprehensive Geographic Information System over the past 3-4 years, which together with other digital platforms and data resources, is put to good daily use when considering the merits of applications and new development initiatives. The Division is also looking to employ drone technology to supplement existing data sources, particularly in areas where land uses change on a very regular basis, such as in informal settlements.

The Division is currently staffed by 6 persons: Manager, Town Planner, Town Planning / GIS Technician, Building Control Officer, Building Inspector and an Administrator.

3.11.2 Highlights: Town Planning and Building Control

The table below specifies the highlights for the year:

Highlights	Description
Implementation of the Digital Building Plan Submission Portal	Training of staff and external user group was completed. The system went "live" from April 2021.
Approval and adoption of the Integrated Zoning Scheme by-law	The 2014 Zoning Scheme Regulations, approved in terms of the Land Use Planning Ordinance No.15 of 1985, have been replaced with a Zoning Scheme By-Law, approved in terms of the MSA, SPLUMA and LUPA
New Building Plan Application Forms and process	New Building Plan Application forms have been prepared. Building Plans can now also be lodged electronically
Review of the Municipal By-Law on Municipal Land Use Planning	The existing By-Law dating from 2015, has been reviewed and substantially updated, based on public input and guidance provided by the Provincial Administration

Table 105: Town Planning and Building Control Highlights

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3.11.3 Challenges: Town Planning and Building Control

The table below specifies the challenges for the year:

Description	Action Plan
Land use compliance	<ul style="list-style-type: none"> Appointment of a dedicated compliance officer Due process i.to. compliance and law enforcement
Illegal building works	<ul style="list-style-type: none"> Due process i.to. compliance and law enforcement Dissemination of applicable information
Proliferation of informal settlement	<ul style="list-style-type: none"> Due process i.to. compliance and law enforcement Delineation of a Temporary Relocation Area
Land invasion	The national government is currently still looking into developing legislation which could more effectively address this growing issue

Table 106: Town Planning and Building Control Challenges

3.11.4 Statistics: Town Planning and Building Control

The table below specifies the service delivery levels for the year:

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Planning application received	18	24	17	16	40	67
Determination made in year of receipt	16	19	14	12	38	62
Applications withdrawn	0	0	1	0	2	3
Applications outstanding at year end	2	5	2	4	0	2
Awaiting DEADP decision	0	0	1	0	0	0

Table 107: Applications for Land Use Development

Type of service	2019/20	2020/21
Building plans application processed	175	279
Total surface (m2)	19 166	38 273
Approximate value (Rand)	190 478 303	363 744 568
Land use applications processed	71	103

Table 108: Additional Performance Town Planning and Building Control

3.11.5 Employees: Town Planning and Building Control

The following table indicates the staff composition for this division:

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Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	0	0	0	0
7 – 9	2	1	1	50
10 - 12	2	2	0	0
13 – 15	2	2	0	0
16 – 18	1	1	0	0
19 – 20	0	0	0	0
Total	7	6	1	14.29

Table 109: Employees: Town Planning and Building Control

3.11.6 Capital: Town Planning and Building Control

There were no capital projects for the 2020/21 financial year.

3.12 LOCAL ECONOMIC DEVELOPMENT

3.12.1 Introduction to Local Economic Development (LED)

The function of strategic facilitation services currently located in the office of the Municipal Manager includes economic development, land release and town planning, tourism and events and coordination of strategic developments. The Swellendam Tourism Growth and Development Strategy 2019 to 2025 was adopted by Council on the 31 October 2019. Ongoing partnerships with the local private sector, NGO's, government entities (sector focused meetings) strengthen the support regarding procurement planning and an economically sustainable delivery model. The new tourism strategy also represents the plan for Swellendam's integrated programme of work for the next six years (July 2019 – June 2025). The programme embraces destination marketing alongside visitor services and industry services with a revamped visitor strategy and membership programme.

The Swellendam municipal area realised an average GDP growth rate of 2.5 per cent between 2014 and 2018. The tertiary sector had the highest average growth rate (3.2 per cent), which was 0.7 percentage points higher than the municipal average, followed by the secondary sector, which realised an average growth rate of 2.5 per cent. The main drivers of economic growth during this period include the finance, insurance, real estate and business services (4.9 per cent) and manufacturing (3.6 per cent) sectors. The construction; wholesale and retail trade, catering and accommodation; and community, social and personal services sectors also made significant contributions to the municipal area's GDP growth (2.6 per cent each). Conversely, the primary sector's GDP contracted by an average of 1.1 per cent per annum during the same period. Estimates for 2019 indicate that this trend persisted – the municipal area's reduced economic growth can largely be attributed to the 10.1 per cent contraction in the agriculture, forestry and fishing sector. The finance, insurance, real estate and business services sector continued to be the main driver of GDP growth in the municipal area, realising an estimated GDP growth rate of 4.7 per cent, which was 4.0 percentage points higher than the municipal average.

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3.12.2 Impact of COVID-19

As a result of the lockdown restrictions imposed to curb the spread of COVID-19, it is expected that the economy of the Swellendam municipal area will contract by 4.1 per cent in 2020 and recover in 2021 with a forecast growth of 4.3 per cent.

The restrictions on economic activity in 2020 owing to the lockdown regulations imposed as a result of COVID-19 are expected to have a significant negative impact on most sectors in the municipal area. However, the agriculture, forestry and fishing; finance, insurance, real estate and business services; general government; and community, social and personal services sectors are still expected to show positive growth. The expected contractions in the wholesale and retail trade, catering and accommodation sector (17.0 per cent) and the manufacturing sector (13.0 per cent) will dampen overall economic activity in the municipal area. In terms of employment, the Swellendam municipal area created an average of 458 jobs per annum between 2014 and 2018. Employment creation was mainly driven by the tertiary sector, which experienced an average annual increase of 382 jobs during this period, followed by the secondary sector (60 jobs) and the primary sector (16 jobs). Estimates for 2019 indicate that the wholesale and retail trade, catering and accommodation sector remained the main source of employment in the municipal area, creating 100 job opportunities despite the sector's reduced GDP growth rate. Other key sources of employment include the finance, insurance, real estate and business services sector (53 jobs), albeit with significantly fewer jobs than the average observed in the preceding five years, and the general government sector (37 jobs). Conversely, job-shedding was mainly experienced in the agriculture, forestry and fishing (41 jobs) and construction (70 jobs) sectors. The declining economic performance expected in 2020 will probably result in job losses in the municipal area, whether temporary or permanent, which will reduce income-earning capabilities. In addition, the increase in the unemployment rate will result in a decline in household incomes and an increase in demand for government support.

3.12.3 Sectorial Analysis

In line with its GDP contribution, the tertiary sector is the largest contributor to employment in the OD, accounting for 64.2 per cent of the district's total employment. The wholesale and retail trade, catering and accommodation sector and the finance, insurance, real estate and business services sector are the main drivers of economic activity in the tertiary sector in terms of GDP and employment. It should be noted that the transport, storage and communication sector accounts for 11.0 per cent of GDP but only 4.0 per cent of employment, while the community, social and personal services sector accounts for 13.0 per cent of employment but only 6.8 per cent of GDP.

Although the primary sector accounts for the smallest share of the OD's GDP (10.0 per cent), it is the second largest contributor to employment (20.9 per cent), indicating that the sector is relatively labour-intensive. This sector mostly relies on the strength of the agriculture, forestry and fishing sector. The secondary sector is the smallest contributor to employment in the OD and is more capital-intensive, accounting for 23.6 per cent of GDP but only 14.8 per cent of employment. Similar to their GDP contributions, the manufacturing and construction sectors are the largest contributors to employment in the secondary sector, accounting for 7.8 per cent and 6.8 per cent of total employment respectively. Regarding the trend observed between 2014 and 2018, the tertiary sector had the highest annual growth rate, on average creating 2 344 employment opportunities per annum, followed by the secondary sector (466 jobs) and primary sector (102 jobs). Estimates for 2019 indicate that the tertiary sector continued to be the largest contributor to

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employment in the OD, as it is the only sector with a net increase in job opportunities, albeit lower than the average annual that was obtained in the previous five years. The primary and secondary sectors experienced a net decline of 337 and 753 jobs respectively, which was largely driven by job losses in the agriculture, forestry and fishing sector and the construction sector.

Swellendam Trade

The Swellendam municipal area maintained a relatively constant trade surplus between 2010 and 2016, which was mainly driven by a positive trade balance in the agriculture, forestry and fishing sector. This is in contrast with the manufacturing sector's trade deficits between 2011 and 2015. However, in 2017, the agriculture, forestry and fishing sector recorded a deficit of R68.3 million, resulting in the municipal area's trade deficit of R72.9 million. The Swellendam municipal area's positive trade balance in 2018 was short-lived, as the area recorded a trade deficit of R4.3 million in 2019, which was mainly attributed to the manufacturing sector's deficit of R51.3 million. Positively, the agriculture, forestry and fishing sector's trade surplus increased by R10.2 million from R36.8 million in 2018 to R47.0 million in 2019.

Informal Street Trading

Annually the Municipality provides sites to informal traders at a nominal fee. There are 18 full year permits and most of the sites are occupied. Trading takes place daily from 07:00 to 18:00 and peaks over weekends and on paydays.

Land Release and Property Development

Swellendam Municipality have committed to releasing land for residential, commercial and industrial development. The following property transactions are in the pipeline as follows:

Industrial Development

Currently land for the industrial area is being released next to the traffic department to assist in the growth and expansion of the industrial area.

A rezoning/environmental process is underway to rezone 18ha of industrial land, south of the N2. This will provide sufficient industrial land for Swellendam for the next ten years and will be released in a phased manner.

Residential Development

The Municipality is engaged in the process of releasing in excess of 8 hectares of land for the development of middle to high income residential areas. In addition, the Municipality is considering the release of land for infill development in Railton and Swellendam to try and strengthen its coffers through the sale of land and through increasing the tax base in the town.

A number of private properties are being considered for private residential development either through townhouses or the development of apartments. A number of applications on private property are currently in process.

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Retirement residential development – two additional retirement villages are in planning by the private sector. More details will be released as soon as these are finalized.

The Municipality aims to create between 300 and 500 middle to high income residential opportunities to offset the subsidy burden of the approximately 1 800 low-cost housing opportunities that are currently in the pipeline.

The estimated value of the middle to high income residential development is estimated to contribute R450 million to R750 million to the local economy in terms of economic opportunity and development.

Low-Cost Residential Development

Currently in Barrydale 87 houses have been approved and constructed while a further 350 are in planning for the next phase of delivery. A number of dependencies on infrastructure is critical.

In Buffeljagsrivier 35 FLISP housing opportunities have been approved. Further planning is entirely dependent on the willingness of landowners to sell land and the municipal capacity to upgrade infrastructure.

In Suurbraak 550 housing units are in planning while the Municipality upgrades water and sanitation infrastructure.

Gruisgat property – erf 6715 – On the entrance into town from an easterly direction (from Buffeljagsrivier side of Swellendam) land is available for reconsideration for development for commercial and retail purposes.

Currently two small shopping complexes are under consideration by the private sector for development in the next 12 to 36 months. Planning processes are advanced, and confirmations will be made as soon as the processes have been completed.

The single largest housing development plan is in the final phases of planning in Railton with an estimated 950 housing units being considered. The rezoning of this site has been finalized and all required approvals are in place. Phased development will depend on funding availability from the Department Human Settlements.

All of these low-cost residential opportunities are expected to be delivered over the course of the next 3 to 5 years. The estimated value of the low-cost housing is approximately R360 million to R450 million inclusive of bulk link services.

Commercial and Retail Development

Railton – Retail and business hub. The Municipality has recently finalized a subdivision and town planning process for Railton to reseat land for commercial and retail purposes.

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3.11.4 Employees: Developmental Services

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	0	0	0	0
7 – 9	3	1	2	66.67
10 - 12	0	0	0	0
13 – 15	2	0	2	100
16 – 18	0	0	0	0
19 – 20	0	0	0	0
Total	5	1	4	80

Table 110: Employees: Developmental Services

3.11.5 Capital: Developmental Services

There were no capital projects for the 2020/21 financial year.

COMPONENT H: COMMUNITY AND SOCIAL SERVICES



3.13 LIBRARY SERVICES

3.13.1 Introduction to Library Services

The Swellendam Municipality is proud to have 5 public libraries, 1 Wheelie Wagon and 2 Satellite libraries. Library Services expanded their services with the opening of VRT Pitt Satellite library, Railton and Net for Pret Satellite library, Smitsville, Barrydale. The main library is Swellendam Public Library, with Railton Public Library serving as the branch library.

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Buffeljagsrivier, Suurbraak and Barrydale have their own libraries. Library cards can be used at any of the libraries in the Swellendam Municipal area, but preferable that patrons return their books at the library from which they borrowed from.

All the libraries are equipped with free access to the internet, rural connectivity computers for the public use. The libraries have broadband coverage and public Wi-Fi service was expanded to Railton and Swellendam Public Library in January 2020, but only Swellendam Public Library Wi-Fi Hotspot project is currently active with 3G of Data per device per month.

Together with the Mayor Nicholas Myburgh, Municipal Manager: Mr. Anton Groenewald, Councillors and the Department of Cultural Affairs and Sport Library Service Officials and Minister Anroux Marais officiated the sod turning ceremony on 26 November 2020 signifying the start of construction of much anticipated library to be built in Swellendam. Swellendam will be empowered with a state-of-the-art brand-new library. The new library will replace the current Swellendam Public library. Construction of the new library in Station Street, Swellendam have started in Mei 2021.

Vleiplaas Wheellie Library is in the process of upgrading from classroom to Container library. The Container was offloaded at Vleiplaas School in June 2021. The library will soon move into the Container, we just await water and electrical connections and the municipal branding. Currently the library is house inside a classroom, which are shared by the principal's office, sick room and storeroom.

Four (4) Senior Library Assistants and one (1) Library Assistant of the library services have started in April 2021 with formal online studies at Universal Knowledge Software (UKS) (12 months Certificate Course). After completing their studies successfully, they will gain a basic level of higher education knowledge and skills in librarianship.

3.13.2 Highlights: Library Services

The table below specifies the highlights for the year:

Highlights	Description
The construction of the new library	Swellendam will be empowered with brand new library.
Vleiplaas Library upgrade	Upgrade from class room to container.
Suurbraak Repair work	The cracks in the wall & floor were repair and security was strengthened.
UKS Studies done by 5 library staff members	12-month online study (Certificate)

Table 111: Library Services Highlights

3.13.3 Challenges: Library Services

The table below specifies the challenge for the year:

Description	Action Plan
Decrease in book circulation numbers	Increase number of books of the patrons and block loans to schools
No outreach work and literacy programs	Smaller groups and virtual storytelling
Limited library services and opening hours for the public	Adding new services such as e-Books

Table 112: Library Services Challenges

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3.13.4 Service Statistics for Library Services

The table below specifies the service statistics for the year:

Type of service	2019/20	2020/21
Library members	44 463	78 684
Books circulated	113 803	66 600
Exhibitions held	367	385
Internet users	15 767	2 210
Children's' programmes	151	76
Visits by school groups	55	17
Old age home visits	68	54
Wheelie wagon visits	6	7

Table 113: Service Statistics for Library Services

3.13.5 Employees: Library Services

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	6	6	0	0
7 – 9	2	2	0	0
10 - 12	2	1	1	50
13 – 15	1	1	0	0
16 – 18	0	0	0	0
19 – 20	0	0	0	0
P.T.I	3	3	0	0
CG	9	7	2	22.22
Total	23	20	3	13.04

*P.T.I. – personal to incumbent// *CG (Contract employees: Conditional Grant)
Employees and Posts numbers are as at 30 June

Table 114: Employees: Library Services

3.13.6 Capital: Library Services

The following table indicates the capital expenditure for this division:

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Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
New Library - Swellendam	3 478	10 807	1 881	8 926	1 881
Container	0	157	155	2	155
New Library - Swellendam	0	296	0	296	0
Total	3 478	11 260	2 036	9 224	2 036
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table 115: Capital Expenditure 2020/21: Library Services

3.14 CEMETERIES

The Municipality is responsible for 9 cemeteries of which 5 is full to capacity. There are currently 4 in use, which is situated in Swellendam (2), Barrydale (1) and in Suurbraak (1). All cemeteries are maintained on a continuous basis and are generally in a good condition.

Vandalism remains a big priority in the Railton Cemetery. The Railton Cemetery was recently extended, and there is subsequently enough space for the next 4 years. The Swellendam, Barrydale and Suurbraak cemeteries is also running out of space and new land for extensions was identified. In addition, all cemetery records are kept up to date by the Community Services Department.

3.14.1 Highlights: Cemeteries

The table below specify the highlight for the year: 2020/2021

Highlights	Description
Maintenance programme	Maintenance is being performed on a monthly basis
Railton Cemetery	Space has been increased for approximately 4-years
Toilets	Two mobile toilets were purchased

Table 116: Cemeteries Highlight

3.14.2 Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Action Plan
Barrydale and Suurbraak cemeteries	Extension of cemeteries were identified
Manpower for cemeteries	Current department structure is being reassessed to potentially be rearranged to address actual needs identified

Table 117: Cemeteries Challenges

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3.14.3 Service Statistics for Cemeteries

The table below specifies the service delivery levels for the year:

Type of service	2018/19	2019/20	2020/21
Pauper burials	0	0	1

Table 118: Service Statistics for Cemeteries

3.14.4 Capital: Cemeteries

There were no capital projects for the 2020/21 financial year.

COMPONENT I: ENVIRONMENTAL PROTECTION



3.15 ENVIRONMENTAL PROTECTION

3.15.1 Introduction to Environmental Protection

The National Estuarine Management Protocol (NEMP) was published in May 2013, with the overarching management over the Breede River Estuary now being a provincial function. The province has now finalized the management plan for the estuary, in accordance with various legislation including NEMP, the Integrated Coastal Management Act (ICMA), the National and Western Cape Coastal Management Programme, as well as the White Paper on Sustainable Coastal Development in South Africa. The Breede River Estuary Management Plan was initiated in 2008, and was reviewed in 2009, 2011 and 2014. As part of the finalisation process, the EMP was advertised for comment in August 2016 and has now been signed off by the National Minister of Environmental Affairs.

In terms of the ICMA, the management of estuaries is a municipal competency, excluding those areas that reside under the authority of conservation and protected area management agencies in which the estuary is located. However, given that the Breede River Estuary falls within both the Swellendam and Hessequa Municipalities, and within both the

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Overberg District Council and the Eden District Council, overall coordination responsibility for the estuary lies with the provincial administration.

At an operational level, management of the lower stretches of the Breede River is being undertaken in terms of a service level agreement between the Hessequa Municipality and Swellendam Municipality and the Lower Breede River Conservancy Trust (LBRCT). Both municipalities have promulgated a By-Law on the control and management of the Breede River. The following estuarine matters are specific municipal competencies:

To institute invasive alien vegetation clearing and management, according to the Integrated Invasive Vegetation Management Plan. The Directorate Community Services of the Municipality is responsible for this function but due to a lack of funds couldn't as yet draft an Alien Invasive Plan. It is envisaged that the Alien Invasive Plan will be completed as soon funds are available. The aquatic weed control forum met twice during the year under review. The forum addresses the challenge of Hyacinth and other aquatic weeds endangering the water resources of the Municipality.

- To actively promote a better understanding, appreciation, use and conservation of the limited natural resources within the municipal area (including biodiversity, soil, water and energy) by property owners, their staff and visitors to the area
- Appointment of environmental officers to manage and control the environmental issues
- Promotion of the conservation of the environment (biophysical, socio-economic and cultural historic characteristics)
- Promotion of the integrated management of reserves and natural areas within the municipal jurisdiction
- Develop and maintain high quality visitor infrastructure, facilities and recreational activities along sound financial lines
- To enhance the tourist potential of the Swellendam Municipal area through the actions mentioned above
- Manage the interface between the natural and urban environment, for example baboon management

The key municipal challenge in this regard is to generate sustainable funding for environmental management and for all of the above functions.

Pollution Control

The Municipality is mandated to establish specialized units for air quality and noise control within its administrative area. At this stage, this responsibility vests with a compliance officer of the municipality. The Air Quality By-law has been promulgated and the Air Quality Management Plan has been approved by Council for implementation.

Biodiversity and Landscape

Biodiversity management is a process and is monitored on an ongoing basis. The Municipality has access to comprehensive mapping (particularly as set out on the Municipal GIS) setting out the Biodiversity Spatial Plan, including the Critical Biodiversity Areas (aquatic and terrestrial) in its area of operation. This mapping is consulted when assessing applications for new development within the area. The South African National

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Biodiversity Institute ensures that this mapping is added to regularly and kept up to date. The management and control of landscapes is also monitored when assessing new development, with the National Heritage Resources Act playing a key role in rural areas.

The Overberg District Municipality and Department of Environmental Affairs and Development Planning have initiated the coastal setback line determination process for the Overberg Region. The Municipality currently uses the 5m contour line for the Breede River which will be in place until the setback lines for the relevant municipalities within the Overberg have been finalised.

Coastal Management

The Municipality has addressed the cleaning of the public beach at Infanta as well as the maintenance of infrastructure (signs, trails, paths, benches, ablutions, boardwalks, and bridges). Operational Management Plans for the public launch sites at Infanta, Moddergat and Malgas have been completed and have been approved by the Minister of Environmental Affairs and Development Management. The requisite by-law is to be promulgated thereafter.

3.15.2 Highlights: Environmental Protection

The table below specifies the highlights for the year:

Highlights	Description
Data gathering and measurement task for the Estuary Management Plan (EMP) continues	A variety of tasks regarding water quality and habitat protection have been assigned to the LBRCT to inform the EMP process and finalisation
Illegal developments identified and corrective steps taken	Illegal or non-compliant buildings and developments were inspected and either stopped or handed to Province for action in terms of the NEMA regulations
Rescue of several turtles, injured birds and penguins	Rescued animals are stabilized and then sent to specialist rehabilitation centres
Humpback dolphin sightings increased	Additional useful data was gathered and sent to SOUSA dolphin research team
Greater interaction with the public via social media	Many more Q and A interactions took place via more active involvement on social media

Table 119: Environmental Protection highlights

3.15.3 Challenges: Environmental Protection

The table below specifies the challenges for the year:

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Description	Action Plan
Illegal developments	Faster response from lead agencies where Province has jurisdiction. Additional Municipal resources to be applied to preventing illegal building activities
Marine Living Resources Act	DAFF to be encouraged to renew the compliance agreement to assist the Municipality to control illegal fishing and bait organism collection
Estuary Management Plan implementation	DEA and DP are progressing plans for implementation of key aspects of the EMP

Table 120: Environmental Protection Challenges

3.15.4 Lower Breede River Conservancy Trust (LBRCT) Environmental Activities

The following table indicates the activities of LBRCT

Inspections at slipways	2019/20	2020/21
Recreational river boats	1337	2350
Recreational sea boats	11	0
Commercial sea boats	2	1?

Table 121: Inspections at Slipways

The LBRCT has four appointed environmental law enforcement officers who are appointed to act in terms of the municipal by-laws, as well as to assist with monitoring and enforcement of the Marine Living Resources Act (MLRA). There are six public slipways which need to be checked. The majority of anglers use the estuary for fishing, as well as for access to the sea and need to be checked in terms of fish catches and compliance to the municipal by-laws. The LBRCT is tasked to record catch statistics which are then sent to the relevant Department of Agriculture, Forestry and Fisheries (DAFF) scientists.

The table below specifies the number of patrols:

Patrols	2019/20	2020/21
Vehicle/motorbike patrols	55	52
Foot patrols	67	60
Boat patrols	421	452

Table 122: Number of Patrols

There are 470 slipways and jetties located on the Swellendam side of the estuary. The best way (and sometimes only way) to check these boats is on the water by patrol boat. The LBRCT conducts boat patrols to check boats and conducts foot and motorbike patrols to reach the more difficult places where bait organisms are being removed. Boat patrols are

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also used to check other environmental concerns such as illegal developments and contraventions in terms of NEMA. The LBRCT is expected to conduct site inspections for development applications as well as EIA's.

3.15.5 Environmental Education and Liaison Activities

The table below specify the environmental education and liaison activity:

Liaison Meetings	2019/20	2020/21
Number of meetings	10	16

Table 123: Liaison Meetings

The LBRCT/Municipality is well represented at all major local conservation initiatives, including the Municipal Coastal Committees, the Overberg Integrated Conservation Group and the Breede River Estuary Advice Forum, to name a few.

The following table indicates the educational presentations for the year:

Educational Presentations	2019/20	2020/21
Number of education activities	6	1
Number that attended	60	12

Table 124: Educational Presentations

The LBRCT has kept up regular educational activities and presentations to improve the knowledge of local communities. Topics of presentations are kept around local issues and have been well received. There is also a monthly conservator report that is sent out to a wide support base that focuses on the conservation of the Breede River estuary.

The following table indicates the media release issued during the year:

Media releases	2019/20	2020/21
Local information	1 680	1 700
By-Law information	1 680	1 700
DAFF Do's and Don'ts	1 000	0
By-Law notices	0	0
Monthly newsletters	12	12
Article in news paper	2	0
Social media (Facebook)	388	513

Table 125: Media Releases

The table below specifies the special events and workshops hosted:

Special events and workshops	2019/20	2020/21
Number of events	15	3

Table 126: Special Events and Workshops

The table below specifies the angling competitions hosted:

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Angling Competitions	2019/20	2020/21
Number of competitions	2	2
Number of anglers	125	122

Table 127: Angling Competitions

The municipal by-law requires any activity such as fishing competitions, regattas and other events to be approved by the Municipality before commencement.

COMPONENT J: SECURITY AND SAFETY



This component includes:

Traffic and Law enforcement;

- Traffic and law enforcement services are rendered by the Municipality. The traffic component mainly addresses the traffic law and speed enforcement while both the traffic and law enforcement section address the municipal bylaws relating to various matters
- The safety and wellbeing of our citizens are of utmost importance to us and we try to ensure that each and every citizen are protected and feel safe. We also make use of Private security services to protect our infrastructure and buildings. We also have a service provider who assist us with speed law enforcement
- Fire and Disaster management
- We update our approved disaster management plan each year to ensure it stays relevant. Fire services are rendered per agreement by the Overberg fire services

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3.16 LAW ENFORCEMENT

3.16.1 Introduction to Law Enforcement

Law Enforcement is basically a SAPS function and the municipal services in this regard is restricted to policing of municipal by-laws. The aim of the Law Enforcement Unit is to ensure obedience to municipal by-laws and to create an environment that will further the social and economic development of the community. It is of utmost importance that the community feel safe and can participate without fear and prejudice in the affairs of the Municipality. The quality of life of the inhabitants and the visitors is dependent on a healthy and safe environment and therefore the municipal by-laws must be adhered to.

The community and their families must feel safe to make use of and relax in public open spaces and municipal facilities. The nuisances created by culprits must be addressed efficiently and effectively. The challenges faced in this regard relates to the division of powers between the local and district municipality and the grey areas that were created. Furthermore, unfunded mandates are enforced on municipalities to assist with provincial competencies such as environmental control. A lack of trained staff to cope with air pollution and noise control is a major challenge to overcome.

3.16.2 Highlights: Law Enforcement

The table below specify the highlight for the year:

Highlights	Description
New tactical equipment	Dealing with riots and community uproars

Table 128: Law Enforcement Highlights

3.16.3 Challenges: Law Enforcement

The table below specify the challenge for the year:

Description	Actions Plan
Understaffed	Trying to address through budget processes and subsequently filling of vacant positions
Uniforms and training	Budget requires to be allocated in order to address this matter

Table 129: Law Enforcement Services Challenge

3.16.4 Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	6	0	6	100
7 – 9	1	1	0	0

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Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	7	1	6	85.71

Table 130: Employees: Law Enforcement

3.16.5 Capital: Law Enforcement

There were no capital projects for the 2020/2021 financial year.

3.17 TRAFFIC SERVICES

3.17.1 Introduction to Traffic Services

The Municipality renders a comprehensive traffic service including traffic law enforcement, road markings, road traffic signs, law enforcement in general and a shared disaster management in conjunction with the Overberg District Disaster Management Unit.

We endeavour to educate and create a culture of compliance and willingness to obey to traffic law, rules and regulations and operate on the legal mandate of NRTA 93/96 and NLTA 5/2009. Operational activities inter alia include roadblocks, high visibility, random vehicle checkpoints, execution of traffic related warrants and traffic laws and policing of municipal by-laws.

Traffic also partners with other law enforcement agencies, like the SAPS, LBRCT and Provincial Traffic Services to minimize road deaths and other crime related problems.

The Municipality does not have a Disaster Management Unit, even though the service must be provided to the community and actions to address this matter has been set in place.

Several awareness campaigns regarding road safety and fire protection are conducted throughout the year. The Municipality prides itself in enforcing its by-laws diligently and ensuring that the Swellendam municipal area is a safer place for all.

3.17.2 Highlights: Traffic Services

The table below specify the highlight for the year:

Highlights	Description
Road shows	Selected road shows were conducted when allowed within the community

Table 131: Traffic Services Highlights

3.17.3 Challenges: Traffic Services

The table below specifies the challenges for the year:

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Description	Actions to address
Lack of manpower	Adequate budget requires to be availed in order to fill vacant positions
Weekend and after hour services	A meaningful engagement and discussion are required to be held between personnel and unions

Table 132: Traffic Services Challenges

3.17.4 Service Statistics for Traffic Services

The table below specifies the service delivery levels for the year:

Details		2019/20	2020/21
Motor vehicle licenses processed		10825	12 148
Learner driver licenses processed		517	631
Driver licenses processed		2192	2 795
Driver licenses issued		665	837
Fines issued for traffic offenses	Provincial/Mun	10894	63 954
	Speed	231650	49 259
R-value of fines collected		11 817 860	7 426 889.91
Roadblocks held		19	12
Complaints attended to by Traffic Officers		109	236
Number of officers in the field on an average day		7	7
Number of officers on duty on an average day		7	7

Table 133: Service Statistics for Traffic Services

3.17.5 Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	4	3	1	25
7 – 9	6	6	0	0
10 - 12	9	7	2	22.22
13 – 15	1	0	1	100
16 – 18	0	0	0	0
19 – 20	0	0	0	0
P.T.I	2	2	0	0
Admin Support	1	1	0	0
Total	23	19	4	17.39

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*P.T.I. – personal to incumbent
Employees and Posts numbers are as at 30 June

Table 134: Employees: Traffic Services

3.17.6 Capital: Traffic Services

The following table indicates the capital expenditure for this division:

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Monitor for reception	10	2	0	2	0
Total	10	2	0	2	0

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table 135: Capital Expenditure 2020/21: Traffic Services

3.18 COVID-19

3.18.1 Introduction to Sport and Recreation

On 15 March 2020 President Cyril Ramaphosa declared South Africa Covid-19 epidemic a national state of disaster under the Disaster Management Act of 2002. This was done primarily, as the President stated it to enable the government to "have an integrated and coordinated disaster management mechanism that will focus on preventing and reducing the outbreak of this virus." The declaration enabled the government to issue a slew of regulations, directions, and guidelines to contain and mitigate the impact of the pandemic.

During a state of disaster, the Disaster Management Act allows the government to issue regulations to restrict, inter alia, movement of persons and goods "to, from or within the disaster-stricken or threatened area, the suspension or limiting of the sale, dispensing or transportation of alcoholic beverages in the disaster-stricken or threatened area or any other steps that may be necessary to prevent an escalation of the disaster, or to alleviate, contain and minimise the effects of the disaster..." (section 27(2).)

Similarly, the Disaster Management Regulations of 2004 (DMR) (as amended) state that:

"any Minister may issue and vary directions, as required, within his or her mandate, to address, prevent and combat the spread of COVID-19, from time to time, as may be required, including...steps that may be necessary to prevent an escalation of the national state of disaster, or to alleviate, contain and minimise the effects of the national state of disaster." (Section 10(8).)

These regulations and the pandemic itself have had a major impact on the basic service delivery and operations of local government, who had to adjust with immediate effect not only identified risks, projects, man power but also budgets.

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The COVID-19 coordination and preparedness has been ongoing until present as the Country were placed on different lockdown levels during this time. The HR section was delegated by the Municipal Manager to coordinate all the appropriate COVID -19 measures and processes to protect the employees, community members and service providers who visit and make use of municipal facilities.

3.18.2 COVID-19 Committee

As a result of the pandemic, Swellendam Municipality established the Swellendam Disaster Management (COVID-19) committee. The committee is chaired by the Municipal Manager and comprises of the senior management team of the Municipality as well as representatives from key sector departments.

The Swellendam Disaster management (COVID-19) committee met on a weekly basis and has the following functions:

- Assess the impact of the pandemic on the Municipality and the public
- Identify the needs and requirements to combat the spread of the virus
- Implement awareness campaigns to ensure all information regarding the virus is known and available to all
- Strategic planning and assessment on the controls in place as well as the way forward
- Ensuring all measures are in place to continue rendering basic services to the public

3.18.3 COVID-19 Committee Members

Name of representative	Representative forum	Meeting dates
A.M. Groenewald	Municipal Manager Chairperson	01 July 2020 08 July 2020
Municipal Senior Management Team	Corporate services Infrastructure services Financial services Community services	15 July 2020 22 July 2020 29 July 2020 05 August 2020
Key municipal staff	Media; Public Relations; etc.	12 August 2020 19 August 2020
Dr J du Toit	Medical Representative Overberg	26 August 2020
Swellendam, Barrydale and Suurbrak	SAPS	02 September 2020 09 September 2020
Municipal and Provincial	Traffic services	16 September 2020
VRT Primary School Bontebok Primary School Swellendam Senior Secondary School	Principles/ Headmasters	23 September 2020 30 September 2020 07 October 2020 14 October 2020
Disaster Management	Overberg District Municipality	21 October 2020 28 October 2020
Community Action Partnership		04 November 2020 11 November 2020
Taxi Organisations		18 November 2020 25 November 2020

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Name of representative	Representative forum	Meeting dates
		02 December 2020
		09 December 2020
		13 January 2021
		20 January 2021
		27 January 2021
		03 February 2021
		10 February 2021
		17 February 2021
		24 February 2021
		03 March 2021
		10 March 2021
		17 March 2021
		24 March 2021
		31 March 2021
		07 April 2021
		14 April 2021
		21 April 2021
		28 April 2021
		05 May 2021
		12 May 2021
		26 May 2021
		09 June 2021
		23 June 2021
		28 June 2021
		30 June 2021

Table 136: COVID-19 Committee Members

3.18.4 COVID-19 Statistical Information

The tables below indicate the documented statistical information for covid-19 within the Swellendam area from **01 July 2020 – 30 June 2021**.

	July 2020	August 2020	September 2020
Infections	26	1	2
Deaths	0	0	0
Recoveries	26	1	2
Number of tests done	34	4	10

	October 2020	November 2020	December 2020
Infections	4	1	7
Deaths	1	0	0
Recoveries	3	1	7
Number of tests done	5	11	12

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	January 2021	February 2021	March 2021
Infections	3	0	0
Deaths	0	0	0
Recoveries	3	0	0
Number of tests done	5	1	2

	April 2021	May 2021	June 2021
Infections	0	0	8
Deaths	0	0	0
Recoveries	0	0	8
Number of tests done	2	0	26

Table 137: COVID-19 Statistical Information

3.18.5 Challenges: COVID-19

Description	Actions to address
Separate collection and disposal service for waste management at isolated and quarantine cases	Arrange service with appropriate safety gear and protocols in place
Collections of waste in general without knowing if it might be contaminated waste	Put safety and protective protocols in place
Disposal of possible contaminated waste at landfill sites unknown to team	Risks to team address through protection protocols
Dealing with contaminated waste by the community	Education and information to community to minimize the risks
Dealing with homebased medical waste	Inform the broader community and arrange special collections as and when needed

Table 138: Challenges COVID-19

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3.18.6 COVID-19 Action Plan

The table below provide the actions implemented/that will be implemented to address the COVID-19 associated risks:

Risk Action Plan
Strategic Risk
Inability to respond to disease outbreaks/pandemics
Risk Background
Business continuity compromised/or inadequate plan in existence
Containment measures ineffective
Safe disposal of human remains
Ongoing changes in the development in relation to the outbreak
Longer term impact of the pandemic
Current Controls
Implement and monitor compliance with Regulations and lockdown restrictions
Contingency Plan in place
Occupational health and safety measures implemented
Provincial and district JOC meetings
SAPS/SANDF support where required
Risk Action
Municipal Manager to chair and coordinate the JOC (all key functions represented) and provide necessary direction
Continue to deliver essential services as defined in line with the lockdown regulations
Activation of Municipal Recess Powers in line with disaster declaration to expedite decision-making
Review contingency plan (at town and organisation level) and COVID-19 risk assessment as the lockdown eases
Monitor and asses the financial implications of pandemic on the sustainability of the municipality

Table 139: COVID-19 Risk Action Plan

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COMPONENT K: SPORT AND RECREATION



3.19 SPORT AND RECREATION

3.19.1 Introduction to Sport and Recreation

In terms of our mandate, we make facilities, such as sport fields, available to the broader community. The Municipality is responsible for development of the facilities and the upgrade thereof whilst the sport club's lease the facilities and as agreed, must maintain it.

The Municipality develops and maintains community parks, halls, camp sites and the caravan park. This places an enormous financial burden on the Municipality, with its limited staff capacity and finances.

The vastness of the municipal footprint demands a duplication of all services throughout the area and poses to be a well-oiled machine due to strict adherence to planning and implementation schedules.

The following infrastructure presently exists. Sport grounds for rugby, soccer and netball in Swellendam, Barrydale, Suurbraak, Buffelsjagsriver and cricket pitch within the municipal region. Community Halls are the Swellendam Town Hall, Railton Community Hall, Suurbraak Community Hall, Buffeljagsrivier Community Hall and Barrydale Community Hall.

The Municipality is also responsible for maintaining community parks throughout the area and the Swellendam Caravan Park is in the process of being upgraded and beautified.

3.19.2 Highlights: Sport and Recreation

The table below specifies the highlights for the year:

Highlights	Description
Maintenance programme	Maintenance programmes performed on a monthly basis
Bowling court	Bowling court has been redone

Table 140: Sport and Recreation Highlights

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3.19.3 Challenges: Sport and Recreation

The table below specifies the challenges for the year:

Description	Actions Plan
Pitch rolling machine	Funding request submitted to add to the 2020/21 budget
Vandalism (Railton, Barrydale, Buffeljagsrivier, Suurbrak)	<ul style="list-style-type: none"> Repairs were conducted Use of security guards required

Table 141: Sport and Recreation Challenges

3.19.4 Service Statistics for Sport and Recreation

The table below specifies the service delivery levels for the year:

Type of service	2019/20	2020/21
Community parks		
Number of parks with play park equipment	3	6
Number of wards with community parks	6	6
Sport fields		
Number of wards with sport fields	3	3
R-value collected from utilization of sport fields	0	0

Table 142: Service Statistics for Sport and Recreation

3.19.5 Employees: Parks and Recreation

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	6	5	1	16.67
4 – 6	32	24	8	25
7 – 9	11	9	2	18.18
10 - 12	0	0	0	0
13 – 15	1	1	0	0
16 – 18	0	0	0	0
19 – 20	0	0	0	0
Total	50	39	11	22

*P.T.I. – personal to incumbent
Employees and Posts numbers are as at 30 June

Table 143: Employees: Parks and Recreation

3.19.6 Capital: Sport and Recreation: Halls

There were no capital projects for the 2020/2021 financial year.

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3.19.7 Capital: Sport and Recreation: Parks

The following table indicates the capital expenditure for this division:

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
3-ton skip trailer with 5 skips - Swellendam	220	213	211	2	211
1 × loader for skip tractor - Swellendam	180	115	115	0	115
1 bakkie for skip trailer - LDV - Swellendam	280	284	284	0	284
2 × telescopic pruner - Swellendam and Barrydale (2020/21)	30	15	15	0	15
2 x one handheld chain saw - Swellendam and Barrydale (2020/21)	20	14	14	0	14
2 X Open air gyms - Swellendam	550	412	382	30	382
Lopper - Buffeljagsrivier	7	3	3	0	3
Drill – Buffeljagsrivier	6	8	8	0	8
Grinder - Buffeljagsrivier	2	7	7	0	7
Chainsaw- Buffeljagsrivier (2020/21)	8	8	8	0	8
Refrigerator - Buffeljagsrivier	3	2	2	0	2
Microwave - Buffeljagsrivier	2	2	2	0	2
Street furniture benches x10	30	20	20	0	20
Playground Equipment (Wood)	50	35	35	0	35
Total	1 388	1 138	1 106	32	1 106
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table 144: Capital Expenditure 2020/21: Sport and Recreation: Parks

3.19.8 Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

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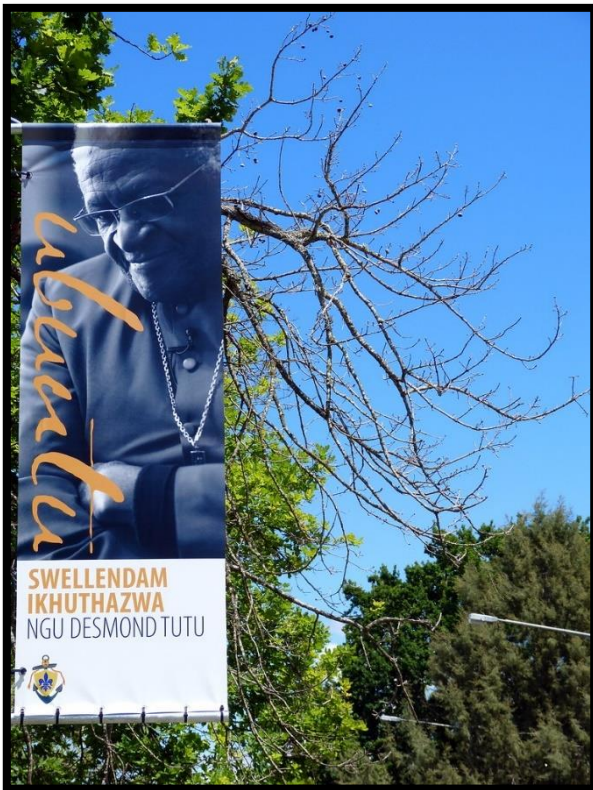
Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
BJS Parke - Fencing of Clubhouse (Sportsgrounds)	40	33	33	0	33
Construction of 2 Netball Courts	0	522	0	522	0
Total	40	555	33	522	33
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table 145: Capital Expenditure 2020/21: Sport and Recreation

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COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES



3.20 EXECUTIVE AND COUNCIL

This component includes: Executive Office (Mayor; Councillors; and Municipal Manager).

3.20.1 Introduction to Executive and Council

The Council consists of 11 councillors, including the Executive Mayor, Deputy Executive Mayor and Speaker as determined by the MEC for Local Government in the Western Cape. It is a category B municipality with a mayoral executive system combined with a ward participatory system as provided for in the Western Cape Determination of Types of Municipalities Act, 2000. In terms of Section 57 of the MSA the Municipal Council elects an Executive Mayor and Deputy Executive Mayor. The Executive Mayor is entitled to receive reports from council committees and to forward it to Council with a recommendation or dispose of the matter in terms of his delegated powers.

3.20.2 Highlights: Executive and Council

The table below specifies the highlights for the year:

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Highlights	Description
Administrative authority	Council and its committees continued to meet albeit in the face of the restrictions of the Pandemic, thus reaching its compliance deadlines.
Legislative authority	<ul style="list-style-type: none"> • Council continued to make, review and administer by-laws for effective administration of the functions assigned to it. • Land Use Management By-Law approved. • Outdoor Advertising and Signage By-Law approved
Oversight	Oversight structures met regularly (MPAC and Section 32 Irregular Expenditure Committee)

Table 146: Executive and Council Highlights

3.20.3 Challenges: Executive and Council

The table below specifies the challenges for the year:

Description	Action Plan
COVID-19	The COVID-19 pandemic and the regulations promulgated continues to be a challenge to hold in person meetings, because of connectivity problems, but the threat has been managed and all meetings took place as scheduled. Another challenge is the accessibility of political offices for brief intervals. Adjusting as the pandemic changes
Electronic meetings	Upgrade to the laptops of councillors. It is outdated (old generation) this requires upgrading / replacement pending an analysis and available funding

Table 147: Executive and Council Challenges

3.20.4 Employees: Executive and Council

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	7	3	4	57.14
7 – 9	5	5	0	0
10 - 12	12	10	2	16.67
13 – 15	2	2	0	0
16 – 18	2	1	1	50
MM and Directors	4	4	0	0
Risk Management	1	1	0	0
P.T.I	1	1	0	0

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Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
Admin Support: Political Offices	4	4	0	0
Total	38	31	7	18.42

*P.T.I. – personal to incumbent
Employees and Posts numbers are as at 30 June

Table 148: Employees: Executive and Council

3.20.5 Capital: Executive and Council

There were no capital projects for the 2020/2021 financial year.

3.21 FINANCIAL SERVICES

3.22.1 Introduction to Financial Services

Sound financial management practises are essential for municipalities. The major challenge for municipalities is long term financial sustainability. The MFMA aims at directing municipalities in a sustainable financial environment and to modernise financial management practices. The act places municipalities on a financially sustainable footing and supports co-operative government between all spheres of government.

Successful implementation of the provisions of the act will maximise the capacity of municipalities to deliver services to their residents, users and customers.

It is critical for the Municipality to review how we conduct our business to ensure that value for money is obtained in all our expenditures, that revenue administration systems are operating effectively, and that creditors (including bulk service providers) continue to be paid timeously and in full.

3.21.2 Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Payment percentage	The payment percentage for the 2020/21 financial year was 94.77% in spite of the impact of the COVID-19 pandemic
Implementation of mSCOA	The Municipality does comply currently with the conditions of National Treasury in spite of ongoing versions
Staff turnover	No staff turnover, as well as stable management

Table 149: Financial Services Highlights

3.21.3 Challenges: Financial Services

The table below specifies the challenges for the year:

Challenges	Description
Cashflow	Cashflow constraints due to COVID-19 pandemic
Decentralised procurement	Centralised procurement process

Table 150: Financial Services Highlights

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3.21.4 Employees: Financial Services

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	6	4	2	33.33
7 – 9	11	8	3	27.27
10 - 12	10	8	2	20
13 – 15	4	4	0	0
16 – 18	1	1	0	0
CFO	1	1	0	0
P.T.I	9	9	0	0
Financial Interns	5	5	0	0
Total	47	40	7	14.89

*P.T.I. – personal to incumbent
Employees and Posts numbers are as at 30 June

Table 151: Employees: Financial Services

3.21.5 Capital: Financial Services

The following table indicates the capital expenditure for this division:

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Computer equipment (2020/21)	800	900	885	15	885
Office furniture - All departments (2020/21)	100	100	97	3	97
ICT network (2020/21)	200	100	77	23	77
Pallet Jack	80	74	74	0	74
Vehicle - Financial services (2020/21)	0	0	0	0	0
Money Counter	0	0	0	0	0
Improved SCM entrance area	0	0	0	0	0
10 × tables – Suurbraak	10	9	9	0	9
1 × urn - Swellendam Town Hall	3	1	1	0	1

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Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Microwave - Suurbraak	3	2	2	0	2
Upgrading of Floor – Barrydale	80	0	0	0	0
Changing Rooms – Barrydale	40	0	0	0	0
10 × tables - Barrydale	10	9	9	0	9
Kitchen Cupboards - Town Hall	60	20	0	20	0
1 × Microwave - Swellendam	3	2	2	0	2
1 × Stove - Suurbraak	5	5	5	0	5
Total	1 394	1 221	1 161	61	1 161
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table 152: Capital Expenditure 2020/21: Financial Services

3.22 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

3.22.1 Introduction to ICT Services

Information and Communication Technology (ICT) forms part of the Directorate: Financial Services. The ICT Department is responsible to plan, coordinate and render ICT services to the Municipality to ensure efficient operations and support services in terms of the ICT Strategy and Policy.

The functions of the ICT Department include:

- Develop and implement an ICT Strategy and policy for the Municipality
- Provide operations and support services
- Research, develop and maintain ICT systems
- Ensure network connectivity so that users have access to the network
- Install ICT equipment and appropriate software programmes to ensure the availability of services and licensing
- Provide expert advice regarding the acquisitions of maintenance of ICT equipment and systems
- Maintain ICT systems to ensure the efficient operations of all systems

3.22.2 Highlights: ICT Services

The highlights for the year under review were as follows:

Highlights	Description
Cabling of network at Head Office/Engineering Offices	All cables were replaced with Cat6 cables at the Head Office, as well as the Engineering Offices

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Highlights	Description
New Wi-Fi equipment	New high-speed Wi-Fi equipment were installed between Head Office and towers, as well as at several of the outer offices
New IT equipment	New PC's and laptops were purchased

Table 153: Highlights: ICT Services

3.22.3 Challenges: ICT Services

The challenge that was experienced includes the following:

Description	Actions to address
COVID-19 pandemic	Delay in delivery time of orders from other countries due to border closure

Table 154: Challenge: ICT Services

3.22.4 Service Delivery Levels: ICT Services

The following table indicates the data services for ICT:

Details	2019/20	2020/21
Provide ICT support to all municipal departments by attending to requests within 4 working days	732	1249
Total number of support requests/enquiries	732	1249
Total number of support requests/enquiries solved within 4 days	732	1249

Table 155: Service Data for ICT Services

3.22.5 Governance: ICT Services

The table below indicates the current ICT Policies in place:

Policy	Date Approved
ICT User Access Management Policy 2019/20	29 August 2019
ICT Strategic Plan 2019/20	29 August 2019
ICT Security Controls Policy 2019/20	29 August 2019
Municipal Corporate Governance of ICT Policy 2019/20	29 August 2019
ICT Disaster Recovery Plan 2019/20	29 August 2019

Table 156: ICT Governance

3.22.6 ICT Services Steering Committee

The following table indicates the members that were on the ICT Steering Committee and the dates of the meetings held:

Name of representative	Designation	Meeting dates
Ms E Wassermann	Chairperson	

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Name of representative	Designation	Meeting dates
Ms Z Van Der Vent	Committee Member	30 September 2020
Mr J Bester	Committee Member	11 December 2020
Ms W Bekker	Committee Member	31 March 2021
Mr JP Rossouw	Committee Member	
Ms J Etzebeth	Committee Member	
Mr GJ Louw	Committee Member	

Table 157: ICT Steering Committee

3.23 HUMAN RESOURCE SERVICES

3.23.1 Introduction to Human Resource Services

The Human Resource Unit at Swellendam Municipality is a relatively small collection of professionals who were trained in Human Resource Management and Organisational Development. Due to the limited number of professionals, various functions are coordinated and performed by the same individuals. The continuous financial constraints facing Swellendam Municipality resulted in a decision in 2019 to add even more functions like Ethics Management and Fraud Management to the mandate of this Unit. The Coordination of the EPWP -project still takes up more time and resources from the Human Resource Unit because of the lack of a LED Unit at the municipality.

In March 2020 the national government declared Level 5 lockdown which in essence meant that the entire economy had to be aligned to very strict protocols to prevent the spread of the Coronavirus. For local government these regulations introduced enormous challenges because certain functions like water, sewerage, waste removal, law enforcement are regarded as essential services and had to continue even under these most trying circumstances. HR was delegated by the Municipal Manager to coordinate all Covid-19 processes throughout the municipality and to advise middle and senior management on appropriate actions to manage the pandemic. Work rotation schedules, working from home arrangements, protection of the vulnerable employees older than 60 and /or with comorbidities and measures to protect the public against infection became the main focus during the period March 2020 till August 2020. Even when the country was downgraded to level 1 lockdown, HR still had to ensure appropriate response plans within the Regulations to protect employees and the public while service delivery continues unhampered. The Covid -19 Coordination Function has been ongoing till the present time (July 2021) as we find ourselves in the heat of the 3rd wave of this world-wide pandemic.

Regardless of the challenges, HR has managed this responsibility with upmost care and compassion to ensure that officials who are Covid –positive and their families are supported while in isolation and those who loose family members to Covid -19 complications are supported in their hour of bereavement. Personal and telephonic follow-ups, support to contact medical aid schemes, assistance with funeral arrangements, submission of documentation to provident / funeral funds and related activities of HR staff to infected employees and those who have lost dear ones, were widely welcomed and acknowledged during these dark and painful times. Visits of the Department of Labour to inspect our preventative and control measures to manage the Covid -19 risks at the workplace had positive outcomes with inspectors leaving

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Swellendam satisfied that the municipality has the necessary and appropriate measures in place to ensure legal compliance and compassion to those infected and affected by the pandemic.

With the pandemic raging havoc around us, we had to ensure that the normal HR –functions continue to offer quality service to all employees and the public. These functions include:

- Recruitment, appointment, and retention of staff
- Recording, maintenance and updating of compensation and benefits information
- Offering staff members, a physical environment that is free from safety, health and psychological hazards
- Review and maintain an Organisational Structure that promotes productivity and sustains high levels of morale
- Creating a culture of discipline, equality, transparency and fairness in the workplace and ensure the organisation is free from all forms of discrimination and prejudice. Training and development of staff, Interns and WIL-students
- Support staff through appropriate "Employee Assistance" and wellbeing -interventions
- Ensure Performance Management
- Employment equity is implemented through Change Management -practices
- EPWP is coordinated and managed
- Ethics awareness is raised among all staff
- Fraud awareness and prevention activities is ongoing to ensure clean governance and management practices
- COVID -19 Coordination and Preparedness

Here follows a brief outline of these main themes in the Human Resources Unit.

Organisational Efficiency and Improvement

This function endeavours to develop, implement and maintain a structure that is effective and can maintain the organisational and individual productivity required for efficient service delivery to the community. A HR strategy was drafted in the previous year to enable effective HRM practices. It provides for effectively communicating with all parties concerned and routes how human resources will be managed throughout the organisation. This provides the basis for strategic plans and enables the Municipality to measure progress made and evaluate the outcomes, thereof.

The organizational structure is a living document that requires continuous reviews and amendments. It remains one of the main discussion points at the LLF meetings. Regular reviews were done by the Restructuring Committee during the past year and the necessary adjustments where needed, were made. Posts are continuously evaluated by the Overberg TASK Evaluation Committee and audited by the Provincial TASK Committee to ensure they are aligned to their sector norms.

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Staffing Function

It is evident from the employment statistics elsewhere in this report that several new appointments were made during the past year. Human Resources reports on vacant posts and the filling thereof monthly at the Corporate Portfolio Committee. Changes to the Employment Policy in 2017 allowed councillors to be represented on selection panels when appointments are finalized.

Some of the challenges that remain unresolved include:

- the scarcity of local candidates with appropriate skills to fill vacant posts
- the ever-increasing costs to appoint candidates with relevant qualifications and experience
- the costs of advertising and the additional cost that relocation of new staff can bring about
- the shortage of candidates meeting the "equity profile" who apply for vacant posts

The focus of this function remains the filling of posts which are related to service delivery and to meet all the legal requirements in the context of the Employment Equity Plan 2020 /22.

Financial Interns

At the end of the reporting period, there were on average five "Finance Interns" in the system. Their general conditions of employment were set out in the MFMA and the guidelines supplied by the National Treasury. The Internship Programme is funded by the National Treasury. These contracts continue to provide much needed capacity to the Finance Department of Swellendam Municipality while the Interns are accumulating valuable on-the-job experience.

Work-Integrated Learning Students

During the year under review, an average of eighteen students were doing their Work Integrated Learning (WIL) in different departments. These students have all completed their N6 –theory at a Technical and Vocational Education and Training (TVET) College and must do 18 months practical to obtain their national diplomas. Whilst we offer these students the platform to gain valuable practical experience, they provide the Municipality with much needed administrative and clerical skills. Most of these students are part of the WIL-project funded by the LGSETA and were paid monthly stipends of R2500 to cover their transport and accommodation costs. Also, two students studying Electrical Engineering at different TVET Colleges were placed in the Electrical Department to gain first-hand practical exposure in order to prepare them for future trade tests and advanced studies. These WIL-students proved to be invaluable, especially now during the COVID -19 "lock-down"-period.

The following table indicates the summary of WIL-students placed at Swellendam Municipality:

Programme	Total students	Funders
12 Months Internship	10	Department of Economic Development and Tourism
4 x Month Internship	10	Department of Economic Development and Tourism
WIL Students (2018/19)	7	LGSETA
WIL Students (2020/21)	10	LGSETA
WIL Student (2020/21) Boland College	1	PSETA

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Programme	Total students	Funders
Finance Interns	5	National Treasury
Electrical Engineering Student	1	EPWP
Civil Engineering Student	1	EPWP

Table 158: WIL students placed at Swellendam Municipality

Expanded Public Works Programme (EPWP)

The Human Resources Unit also administers the Expanded Public Works Programme (EPWP) which is funded by the national- and provincial government and other short-term job creation projects.

During the EPWP –cycle for 2020/21, Swellendam Municipality met all the targets which were set in terms of “number of work opportunities” to be created as well as the “full time equivalent”.

It is obvious from the above that the number of EPWP-workers and those on either short-term training or project-based contracts, are steadily rising. This continues to add to the already heavy administrative and technical burden of the Unit. However, these projects are the biggest attempts to alleviate unemployment and poverty in our community and must therefore be supported. The HR Unit is fully committed to grow this leg of our work and to support our community in the creation of learning and work opportunities for especially the youth and women. This we will do in an ethical and transparent manner with only the interest of the Swellendam –community at heart.

The salary payments and benefits of the EPWP –employees are administered through the same software systems as that of the permanent staff and they receive similar rights and benefits to ensure that they are not in any way discriminated against or disadvantaged. This programme is a powerful mechanism to alleviate unemployment in this municipal area and offer participants short term financial relief during trying times.

The following table indicates the EPWP municipal achievements:

Target work opportunities created	Work Opportunities Achieved	Target FTE's	FTE's Achieved
193	353	70	104

Table 159: EPWP Achievements

Administration of Employee Compensation and Benefits

The administration of the various types of leave and benefits is done on SAMRAS-software. During the past financial year, further progress was made in this functional area. All leave is daily captured and stored electronically. Information or leave status reports can now be generated when required. It is envisaged that the number of leave days available to employees will in future be printed on monthly pay-slips, as soon as the payroll- and leave systems are synchronized. This function meets all the legal requirements and the staff is the beneficiaries of this improved user-friendly system. Awareness sessions to explain the benefit structures of both medical aid schemes and retirement funds were held regularly and forms part of a compulsory induction session for new employees.

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Skills Development and Training

The Municipality has an obligation in terms of the Skills Development Act, 97 of 1998, to develop its employees by providing training and development opportunities for them. A workplace skills plan (WSP) which outlines the needs with regards to training and skills development was submitted before the due date of 30 April. The biggest challenges facing this function remained the same for the past number of years and include:

- LGSETA is inconsistent and functions irresponsive to the needs of municipalities
- The Western Cape office is hampered due to capacity problems and cannot manage its workload in a manner that will offer better and more support to municipalities in rural areas
- There is a limited internal budget available for training and development
- LGSETA funds are conditional to volumes of paperwork and bureaucratic processes with endless delays and uncertainties

Despite the challenges, during the period under review, the following courses were offered:

Course	Service Provider	Number of participants
Ethics in the Public Service Course	School of Government (Online)	25
Writing for Government: Basic Writing Skills	School of Government (Online)	15
Ethics for Internal Auditors	School of Government (Online)	6
Public Sector Risk Management	National Treasury (Online Programme)	9
Records Management for Registry Clerks	Western Cape Provincial Training Institute (Online Course)	6
Electronic Records Management Course	Western Cape Government (Online Course)	2
Water and Wastewater Treatment Process Operations NQF 2	The Water Academy	4
TLB Tractor Loader Backhoe) Training	Venice Machinery Training and Trading (PTY) LTD	1
HRD for Good Municipal Governance	School of Public Leadership (SPL) (Two-Day Online Workshop Programme)	2
Water and Wastewater Process Control NQF 3	The Water Academy	2
AARTO Implementation (Seminar)	Adworth	1
Accredited Municipal Performance Management Training Programme workshop for the Management Stream (Virtual MS Teams)	SALGA	1
Housing Inspectors Training 2021	National Department of Human Settlements	2
Information (POPI) Act Training Webinar (MS Teams)	SALGA / Department of the Premier	2
Electrical Prep Training / Trade Test	BELCOMEC	2

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Course	Service Provider	Number of participants
Bruschcutter Operator	Triple S Training & Development	8
Chainsaw Operator	Triple S Training & Development	4

Table 160: Courses offered with learner statistical information

The academic knowledge that these qualifications offer in the fields of financial management, strategic governance, ethics and legislation, will go a long way to better equip officials to understand the challenges in local government and to offer fresh and different solutions to overcome them.

The supervisory courses also contributed significantly to the management of staff, assets and operational budgets. Supervisors are now better equipped to fulfil their tasks and to ensure that all resources are utilized to the maximum and that waste is minimized. All these courses are linked to priority areas in the spectrum of services that the Municipality must deliver to its constituency. Improved knowledge and understanding will inevitably enhance the outcomes of the service delivery process.

Occupational Health and Safety

The Occupational Health and Safety Act (85 of 1993) and the Compensation for Occupational Injuries and Diseases Act (130/1993) govern this field in South Africa. The first law intends to protect employees against accidents and diseases and the second set procedures in place to compensate employees who suffered injury or contracted diseases when control measures fail. Both these laws have stiff penalties and even prison sentences when it is proven that the employer was negligent or deliberately ignored his duties and responsibilities as outlined in these laws.

The Municipality made consistent efforts during the year under review to meet its legal obligations in terms of these laws. The maintenance and upgrade of the fire equipment at the municipal buildings are a continued priority and most of the community halls and clubs were supplied with sufficient firefighting equipment. The designated service provider will also assist with the emergency evacuation plans at buildings. Quarterly Health and Safety Committee Meetings are held, and the Health and Safety Representatives are actively involved in all aspects. Health and Safety "Inspection Reports" of the different departments and the "Injury on Duty Reports" are tabled at these meetings for monitoring and discussion. The number of injuries on duty and the causes thereof is monitored and these statistics are made available to the health and safety committee and the LLF. We are lucky to report that we had no serious injuries and must thank our employees for their effort in this regard.

The minutes of the Health and Safety Committee is tabled for discussion at LLF meetings and issues raised are taken up with the relevant line management to ensure that corrective action is taken.

The risk audit of the municipal buildings showed that some of the buildings could pose a health and safety risk for employees and visitors to those buildings. The risk will be assessed by a professional engineer and depending on the report and also availability of funds decisions must be made on the use of those buildings. The Infrastructure Directorate already moved into new premises in Lourens Street.

The audit also shows that a number of the municipal buildings are not accessible for people with disabilities or wheelchair friendly and must be addressed in the new financial year.

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The supply and issuing of protective clothing and other safety equipment is an important component of occupational health and safety that is monitored by the health and safety representatives and supervisors of the different departments. The Municipality through its supply chain management system ensures that all protective clothing and safety equipment complies with the required safety standards.

The COVID-19 pandemic added a major responsibility to the Health and Safety functions as the Senior HR Practitioner, Mr J Kapp, was also nominated by the Municipal Manager as the COVID Coordinator for the entire Municipality with all the physical risks, legal, human and financial challenges that this nomination brought about.

Labour Relations

All labour relations administration matters are dealt with in accordance with the relevant collective agreements and applicable legislation. The section is promoting and maintaining sound labour relations by rendering appropriate advice and guidance on labour relations matters to managers, supervisors and employees, as well as consulting with unions on matters of interest, when required.

This professional manner in which labour relations are dealt with contributes to the building of relationships amongst all levels of employees and most importantly the trust relationship between the Municipality as employer, and the employees. Workshops with employees on the Code of Ethics, Code on Conduct and Discipline in the workplace and an Anti-Corruption Campaign were held in all towns and departments. The workshops ensure that employees are updated with all new policies, procedures and employees get the opportunity to give input in this regard.

The correct interpretation and application of legislation, collective agreements and policies are essential to ensure compliance therefore the municipality relies on good and effective communication with all role players in this regard, especially the labour unions. There are also matters that are not regulated by collective agreements that need to be consulted with organized labour in the LLF. The functionality of the LLF ensures continued deliberation on matters of mutual interest between the Municipality and organised labour. The forum meets monthly and parties are focused on resolving issues. The training and development of employees, occupational health and safety and the consultation of new and revised policies are standing items on the agenda of the LLF due to the fact that these items have a direct impact on the organisation and the functionality of employees.

This function includes assisting and advising employees, managers and unions on labour relations issues and by doing so, ensures sound labour relations in the workplace.

Fraud Prevention and Ethics Awareness activities have become an integrated part of this function. Regular discussions with management and staff promote awareness in these fields and contribute directly towards building clean corporate management and sound organisational practices.

Employee Wellness

The COVID -19 pandemic has placed huge focus and added immense pressure on this function as employees are anxious and afraid for their own safety and that of their families. Constant emotional support is necessary in addition to the measures prescribed by the Regulations. This function will face mayor challenges even after the pandemic when employees must pick-up their lives again and adjust to a new normal.

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In addition to the COVID-19 challenges, the other social ills also continue to put pressure on the psychological wellbeing of employees like:

- Stressed and depressed due to work or personal circumstances
- Depended on drugs / alcohol
- Experience trauma like divorce, domestic violence or death of family
- Diagnosed with chronic and live threatening diseases
- Loss of family members due to Covid-19
- Rehabilitation from long Covid-19
- Trauma brought on by Covid-19

The Human Resource Unit continues to coordinate support for employees in distress. Ongoing counselling sessions were done with employees whose personal circumstances affect their work performance negatively. The concerned employee's spouses and their union representatives were involved in these sessions and the outcomes are very positive.

The Human Resources Unit organised "Wellness Days" where employees were given the opportunity to be tested for HIV/AIDS, TB and other illnesses. As in previous years, the staff of Swellendam Hospital played an important role to make a success of the wellness programs.

Employees are encouraged to make use of the wellness programs and can also privately discuss any problems that may affect their functionality and productivity in the workplace. Human Resources plays an active part to ensure that all vulnerable employees are dealt with and accommodated in the best possible way.

Employment Equity

The Employment Equity Plan (EEP) must be taken into consideration when posts are filled and race classification, gender and disability status must be in line with the goals set for the specific occupational level in which the vacant post falls.

A new EEP was drafted and finalized in 2019. The formulation process was done in full consultation with all the stakeholders, including the two unions. A number of awareness sessions were arranged to highlight the importance and purpose of the EEP before it was submitted to the LLF for final approval. Annual "Employment Equity Reports" will be submitted to the Department Labour in January of each year to report on progress.

The main challenges regarding the equity profile of the Municipality include:

- The low application rate of candidates meeting the equity profile
- The poor quality of applications from target groups
- High cost of living in Swellendam to attract persons in target groups
- Lack of rental properties to accommodate candidates who would like to move to Swellendam from the target groups.

Change Management

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A popular definition of change management reads as follows: "Change management is the process, tools and techniques to manage the people-side of business change to achieve the required business outcome and to realize that business change effectively within the social infrastructure of the workplace."

From the above it is clear that change management consists of efforts that aim to change or redirect human perceptions, attitudes and actions to achieve improved organisational and/or individual performance. In many respects, Human Resources is the best positioned to play this role to bring about new thought in the way we manage and utilize our organisational and human resources. In harmony with other departments, it continuously strives to bring about innovative and creative ways to maximize service delivery to the community whilst minimizing labour and organisational costs.

Reporting and Provision of Statistical Data

This has now become a fully-fledged function that demands dedicated time and energy from Human Resources. Monthly, quarterly, semester and annual reports to COGTA, national and provincial government and National and Provincial Treasury has become the order of the day. Often different government departments request the same information in different formats or templates. This function also put pressure on the software to provide faster and more accurate statistics more often. We can only hope that a more standardized approach will be followed in future by those seeking information from municipalities in order to ease the pressure on Human Resource staff and resources.

3.23.2 Employees: Human Resource Services

The following table indicates the staff composition for this division:

Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	0	0	0	0
4 – 6	1	0	1	100
7 – 9	2	2	0	0
10 - 12	4	3	1	25
13 – 15	1	1	0	0
16 – 18	1	1	0	0
19 - 20	0	0	0	0
Total	9	7	2	22.22

*P.T.I. – personal to incumbent
Employees and Posts numbers are as at 30 June

Table 161: Employees: Human Resources

3.23.3 Employees: Office Cleaners and Messengers

The following table indicates the staff composition for this division:

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Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as % of total posts)
0 – 3	5	4	1	20
4 – 6	1	1	0	0
7 – 9	0	0	0	0
10 - 12	0	0	0	0
13 – 15	0	0	0	0
16 – 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.	1	1	0	0
Total	7	6	1	14.29

*P.T.I. – personal to incumbent
Employees and Posts numbers are as at 30 June

Table 162: Employees: Office Cleaners and Messengers

3.23.4 Capital: Human Resource Services

The following table indicates the capital expenditure for this division:

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Vacuum cleaner	8	6	6	2	6
Total	8	6	6	2	6

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table 163: Capital Expenditure 2020/21: Human Resource Services

3.24 PROCUREMENT SERVICES

3.24.1 Highlights: Procurement Services

The table below specifies the highlights for the year:

Highlights	Description
Deviations	Improved internal controls over deviations, however due to the landfill site tender that could not be awarded a deviation process was necessary which resulted in a steep increase in the total deviations value
Capital expenditure	Monthly monitoring of capital expenditure
Bid Committee System	System improvement is an ongoing process by ensuring stricter adherence to rules and processes

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Table 164: Procurement Services Highlights

3.24.2 Challenges: Procurement Services

The table below specifies the challenges for the year:

Description	Action Plan
Lack of proper procurement planning	Improve planning requirements for procurement
Decentralised procurement	Centralise procurement
Contract management and administration	Further improve on contract management and administration
Technology	Utilise procurement technology

Table 165: Procurement Services Challenges

3.24.3 Service Statistics for Procurement Services

The table below indicates a summary of deviations from the SCM Policy:

Description	Total	Monthly Average	Daily Average
Requests processed	4820	402	20
Orders processed	4820	402	20
Requests cancelled or referred back	94	8	0.4
Extensions	18	1.5	0.08
Bids received (number of documents)	444	37	1.85
Bids awarded	53	4.42	0.22
Bids awarded ≤ R200 000	29	2.42	0.12
Appeals registered	3	0.25	0.01
Successful Appeals	0	0	0

Table 166: Service Statistics for Procurement Services

3.24.4 Details of Deviations for Procurement Services

The following table indicates the deviations from SCM Policy:

Type of deviation	Value of deviations (R)	Percentage of total deviations value (%)	Value of deviations (R)	Percentage of total deviations value (%)
	2019/20		2020/21	
Clause 36(1)(a)(i)- Emergency	85 429.64	3.49	359 304.90	4.76
Clause 36(1)(a)(ii)- Sole Supplier	129 637.76	5.29	107 138.55	1.42
Clause 36(1)(a)(iii) - Historical	18 500	0.74	-	-

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Type of deviation	Value of deviations (R)	Percentage of total deviations value (%)	Value of deviations (R)	Percentage of total deviations value (%)
	2019/20		2020/21	
Clause 36(1)(a)(v)- Impractical/impossible	2 210 132.12	90.26	7 078 553.81	93.76
Clause 36(1)(b) - Minor breaches	5 144.68	0.21	4 280.97	0.06
Total	2 448 494.20	100	7 549 278.23	100

Table 167: Statistics of Deviations from the SCM Policy

3.24.5 Capital: Supply Chain Management

There were no capital projects for the 2020/21 financial year.

3.25 OTHER CAPITAL PER DIVISION

The following tables indicates the capital expenditure for different divisions:

3.25.1 Capital: Municipal Manager

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Data Projector	8	9	6	3	6
Data Projector Screen	5	2	2	0	2
Sound System	25	25	7	18	7
PPE i.r.o. COVID	0	51	44	7	44
Total	38	87	59	28	59
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table 168: Capital Expenditure 2020/21: Municipal Manager

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3.25.2 Capital: Office Buildings

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
HR Building Repairs	100	0	0	0	0
Air conditioners (2020/21)	22	17	17	0	17
Total	122	17	17	0	17
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table 169: Capital Expenditure 2020/21: Office Buildings

3.25.3 Capital: Infrastructure Services

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Radios x33	225	206	206	0	206
Vehicles - Engineering Service (2020/21)	240	284	284	0	284
Emergency Capital (2020/21)	185	597	359	238	359
Canopy and Rubberizing New LDV	0	33	32	1	32
Total	650	1 120	881	239	881
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table 170: Capital Expenditure 2020/21: Infrastructure Services

3.25.4 Capital: Corporate Services

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Office Equipment (2020/21)	40	35	35	0	35
Total	40	35	35	0	35
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table 171: Capital Expenditure 2020/21: Corporate Services

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3.25.5 Capital: Thusong Centre

Capital Projects	2020/21				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
2 x 10 000L Water tank	20	20	20	0	20
Garden Benches	10	9	9	0	9
Total	20	29	29	0	29
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table 172: Capital Expenditure 2020/21: Thusong Centre

COMPONENT M: SERVICE DELIVERY PRIORITIES FOR 2021/22

The main development and service delivery priorities for 2021/22 forms part of the Municipality's Top Layer SDBIP for 2021/22 and are indicated in the table below:

3.26 DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2021/22

3.26.1 To create a capacitated, people-centered institution

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL26	Approve an action plan to address all the issues raised in the management letter of the Auditor-General by 31 December 2021	Action plan approved by the MM by 31 December 2021	All	1
TL27	Spend 90% of the capital budget allocated for the purchase of a new Server by 30 June 2022 [(Amount actually spent on the project/ Amount budgeted for the project)x100]	% of the budget spent by 30 June 2022	All	90.00%
TL28	Spend 90% of the capital budget allocated for the purchase of computer equipment by 30 June 2022 [(Amount actually spent on the project/ Amount budgeted for the project)x100]	% of the budget spent by 30 June 2022	All	90.00%
TL29	The number of people from employment equity target groups employed in the three highest levels of management in compliance with the equity plan by 30 June 2022	Number of people employed	All	1
TL30	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2022 {(Actual amount spent on training/total personnel budget)x100}	% of the personnel budget spent on implementing the workplace skills plan by 30 June 2022	All	0.5%

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Ref	KPI	Unit of Measurement	Ward	Annual Target
TL31	Limit quarterly vacancy rate to less than 10% of funded posts [(Number of funded posts vacant / number of funded posts) x100]	% quarterly vacancy rate	All	10.00%

Table 173: To create a capacitated, people-centered institution

3.26.2 To create a safe and healthy living environment

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL43	Spend 90% of the capital budget allocated for the upgrade of Barrydale Bulk Water Supply (Phase 2) by 30 June 2022 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent by 30 June 2022	All	90.00%

Table 174: To create a safe and healthy living environment

3.26.3 To enhance access to basic services and address maintenance backlogs

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL7	Number of residential properties that receive piped water that is connected to the municipal water infrastructure network as at 30 June 2022	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2022	All	6 556
TL8	Number of residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering and excluding Eskom areas) as at 30 June 2022	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2022	All	6 598
TL9	Number of residential properties connected which have access to a sewerage network or septic tank irrespective of the number of water closets (toilets) as at 30 June 2022	Number of residential properties which are billed for sewerage as at 30 June 2022	All	6 568
TL10	Number of residential properties for which refuse is removed once per week as at 30 June 2022	Number of residential properties which are billed for refuse removal as at 30 June 2022	All	6 200
TL11	Provide access of 6kl free basic water to indigent and poor households in terms of the approved indigent policy	Number of indigent and poor households receiving or that have access to free basic water	All	2 291
TL12	Provide access of 50kwh free basic electricity to indigent households in terms of the approved indigent policy	Number of indigent households receiving or that have access to free basic electricity	All	1 967
TL13	Provide access of 20kwh free basic electricity to poor households in terms of the approved indigent policy	Number of poor households receiving or that have access to free basic electricity	All	324
TL14	Provide free basic sanitation to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic sanitation	All	1 967

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Ref	KPI	Unit of Measurement	Ward	Annual Target
TL15	Provide discounted basic sanitation to poor households in terms of the approved indigent policy (50% discount)	Number of poor households receiving discounted basic sanitation	All	324
TL16	Provide free basic refuse removal to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic refuse removal	All	1 967
TL17	Provide discounted basic refuse removal to poor households in terms of the approved indigent policy (50% discount)	Number of poor households receiving free basic refuse removal	All	324
TL23	Limit unaccounted for water to less than 25% by 30 June 2022 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100}	% unaccounted for water by 30 June 2022	All	25.00%
TL24	Limit unaccounted for electricity to less than 12% by 30 June 2022 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) x100}	% unaccounted for electricity by 30 June 2022	All	12.00%
TL36	Spend 90% of the roads and stormwater maintenance (excluding general vehicles-streets) budget by 30 June 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	All	90.00%
TL37	Spend 90% of the electricity maintenance (excluding general vehicles-electricity) budget by 30 June 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	All	90.00%
TL38	Spend 90% of the waste water maintenance (excluding general vehicles-sewerage network & general vehicles sewerage administration) budget by 30 June 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	All	90.00%
TL39	Spend 90% of the water maintenance (excluding general vehicles-water purification, general vehicles-irrigation water & vehicle costs-water dams) budget by 30 June 2022 {(Actual expenditure on maintenance divided by the total approved maintenance budget x100)}	% of the maintenance budget spent by 30 June 2022	All	90.00%
TL40	Spend 95% of the MIG funding allocated for completion of projects by 30 June 2022 {(Actual expenditure on MIG funding received divided by the total MIG funding received)x100}	% of MIG funding received spent	All	95.00%
TL41	Spend 90% of the capital budget allocated to upgrade the Bulk Water Infrastructure (Phase 2) in Suurbraak by 30 June 2022 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent	2	90.00%

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Ref	KPI	Unit of Measurement	Ward	Annual Target
TL42	Spend 90% of the MIG allocation received for the Smitsville upgrade of gravel roads and stormwater infrastructure Phase 1,2 by 30 June 2022 {(Actual expenditure on MIG funding received divided by the total MIG funding received for the project)x100}	% of the budget spent	2	90.00%
TL44	Spend 90% of the capital budget allocated for energy efficient street lights in Swellendam Municipality by 30 June 2022 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent by 30 June 2022	All	90.00%
TL45	Spend 90% of the capital budget allocated for the upgrade of Railton Bulk water Pipeline Phase 1,1 by 30 June 2022 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent	4	90.00%
TL46	Spend 90% of the capital budget allocated for the installation of basic services in Panorama Street housing project (Electricity, Water, Streets lights, Sewerage) by 30 June 2022 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent	2	90.00%
TL47	Spend 90% of the capital budget allocated for the rehabilitation of Resiesbaan street by 30 June 2022 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	% of the budget spent	2	90.00%
TL48	95% microbiological quality level achieved for water as per SANS 241	% microbiological water quality level achieved as per SANS 241 criteria	All	95.00%
TL49	Spend 50% of the approved capital budget for the building of the new library in Swellendam by 30 June 2022 (multi-year project)	% of the budget spent by 30 June 2022	1	50.00%

Table 175: To enhance access to basic services and address maintenance backlogs

3.26.4 To enhance economic development with focus on both first and second economies

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL3	Review the Growth and Development Strategy and submit to Council for approval by 30 June 2022	Strategy reviewed and submitted to Council for approval by 30 June 2022	All	1
TL34	Create temporary work opportunities in terms of EPWP by 30 June 2022	Number of temporary work opportunities created	All	193

Table 176: To enhance economic development with focus on both first and second economies

3.26.5 To improve financial viability and management

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL18	The percentage of the municipality's capital budget actually (excluding budget for purchase	% of capital budget (excluding budget for	All	90.00%

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Ref	KPI	Unit of Measurement	Ward	Annual Target
	of new library) spent by 30 June 2022 {(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100}	purchase of new library) spent by 30 June 2022		
TL19	The percentage of the municipality's capital budget actually spent by 30 June 2022 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent by 30 June 2022	All	90.00%
TL20	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2022 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant) x 100	Debt to revenue as at 30 June 2022	All	25.30%
TL21	Financial viability measured in terms of the outstanding service debtors as at 30 June 2022 (Total outstanding service debtors/ revenue received for services) x 100	Service debtors to revenue as at 30 June 2022	All	18.00%
TL22	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2022 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Cost coverage as at 30 June 2022	All	1.80%
TL25	Achieve a debtors payment percentage of 95% by 30 June 2022 ((Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue) x 100	Debtors payment percentage as at 30 June 2022	All	95.00%

Table 177: To improve financial viability and management

3.26.6 To promote good governance and community participation

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL1	Compile the Risk Based Audit Plan (RBAP) and submit to the Audit Committee by 30 June 2022	RBAP submitted to the Audit Committee by 30 June 2022	All	1
TL2	90% of the RBAP for 2021/22 implemented by 30 June 2022 [(Number of audits and tasks completed for the period /Number of audits and tasks identified in the RBAP) x 100]	% of the RBAP implemented by 30 June 2022	All	90.00%
TL4	Conduct annual customer care survey by 30 June 2022	Customer care survey conducted by 30 June 2022	All	1
TL5	Compile and submit the draft 5th generation IDP for the 2022/23 financial year to Council by 31 March 2022	Draft IDP compiled and submitted to Council	All	1
TL6	Review the Basic Municipal Services Charter and submit to Council for approval by 31 March 2022	Basic Municipal Services Charter reviewed and submitted to Council for approval	All	1

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Ref	KPI	Unit of Measurement	Ward	Annual Target
TL32	Submit the draft Annual Report for 2020/21 in terms of the MFMA to Council by 31 January 2022	Draft report submitted to Council by 31 January 2022	All	1
TL33	Complete the annual risk assessment and submit to the Audit Committee by 30 June 2022	Completed risk assessment submitted to the Audit Committee	All	1
TL35	Amend the SDF and submit to Council for consideration by 31 March 2022	SDF amended and submitted to Council for consideration	All	1
TL50	Review the Disaster Mangement Plan and submit to Council by 31 March 2022	Disaster Management Plan reviewed and submitted to Council	All	1
TL51	Review the Human Settlements Plan and submit to Council by 31 March 2022	Human Settlements Plan reviewed and submitted to Council	All	1
TL52	Develop an Integrated Waste Management Plan and submit to Council by 30 June 2022	Integrated Waste Management Plan developed and submitted to Council	All	1

Table 178: To promote good governance and community participation

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CHAPTER 4

4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organizational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2019/20	2020/21
The percentage of a municipality's budget spent on implementing its workplace skills plan	0.40%	0.21%

Table 179: National KPIs– Municipal Transformation and Organisational Development

COMPONENT N: INTRODUCTION TO THE MUNICIPAL WORKFORCE

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs 279 (including fixed term contract) officials, who individually and collectively contribute to the achievement of municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan".

a) Employment Equity vs. Population

The table below indicates the employment equity vs. population:

Description	African	Coloured	Indian	White	Total
Population numbers	4 455	24 716	113	6 239	35 523
% Population	12.54	69.58	.32	17.56	100
Number for positions filled	30	218	0	31	279

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Description	African	Coloured	Indian	White	Total
% For Positions filled	10.75%	78,14%	0	11.11%	100%

Table 180: EE Population 2020/21 (including non-permanent officials)

b) Specific Occupational Categories - Race

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Categories	Race				Total
	A	C	I	W	
Legislators, senior officials and managers	1	6	n/a	11	18
Professionals	1	8	n/a	7	16
Technicians & Associate Professionals	0	4	n/a	2	6
Clerical and Administrative Workers	4	76	n/a	9	89
Service and sales workers	2	7	n/a	0	9
Craft and related trades workers	2	30	n/a	1	33
Plant and machine operators and	6	17	n/a	0	23
Elementary occupations	14	70	n/a	1	85
Total	30	218	n/a	31	279

Table 181: Occupational Categories

c) Specific Occupational Levels - Race

The table below categories the number of employees by race within the occupational levels:

Occupational Levels	Race				Total
	A	C	I	W	
Top Management	0	2	n/a	3	5
Senior management	1	4	n/a	10	15
Professionally qualified and experienced specialists and mid- management	1	12	n/a	6	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	49	n/a	7	60
Semi-skilled and discretionary decision making	13	84	n/a	4	101
Unskilled and defined decision making	11	67	n/a	1	79
Total	30	218	n/a	31	279

Table 182: Occupational Levels

d) Departments – Race

The following table categories the number of employees by race within the different departments:

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Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	0	6	n/a	0	1	5	n/a	1	13
Corporate Services	0	4	n/a	5	4	11	n/a	3	27
Financial Services	0	14	n/a	2	0	19	n/a	5	40
Community Services	14	51	n/a	2	2	29	n/a	5	103
Engineering Services	9	76	n/a	7	0	3	n/a	1	96
Total	23	151	n/a	16	7	67	n/a	15	279

Table 183: Department – Race

4.2.2 Vacancy Rate

The approved organogram for the municipality had **375** posts at the end of the 2020/21 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. **96** Posts were vacant at the end of 2020/21.

Below is a table that indicates the vacancies (as per organogram) within the municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	5	0
T19 - T13	24	4
T12 – T4	169	76
T3 – T1	44	16
Personal-to-incumbent	19	0
Financial Interns	5	0
Admin support (traffic fines)	1	0
Risk Management Intern	1	0
Library (Conditional Grant)	7	0
Admin. Support: Political Offices	4	0
Total	279	96
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	13	6
Corporate Services	27	6
Financial Services	40	7
Community Services	103	28
Infrastructure Services	96	49
Total	279	96

Table 184: Vacancy Rate per Post and Functional Level

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The table below indicates the number of current critical vacancies:

Salary Level	Number of current critical vacancies	Vacancy job title
Senior / Middle Management (T14-T19)	2	Manager: Tourism & Economic Development Chief Traffic & Law Enforcement Services
Highly skilled supervision (T4-T13)	9	Assistant Superintendent: Water Purification Buyer Clerk: Acquisition Management Senior Clerk: Customer Care (Reception) Traffic Officer Law Enforcement Officers (x4)

Table 185: Vacancy Rate per Salary Level

4.3 MANAGING THE MUNICIPAL WORKFORCE

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

4.3.1 Injuries

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

The injury rate shows a **decrease** for the 2020/2021 financial year to **38** employees injured against **46** employees in the 2019/20 financial year.

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

Directorates	2019/20	2020/21
Municipal Manager	0	0
Corporate Services	0	3
Financial Services	3	1
Community Services	16	13
Engineering Services	16	9
Sub total	35	26
Contract personnel: EPWP	11	12
Total	46	38

Table 186: Injuries

4.3.2 Sick Leave

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

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The total number of employees that have taken sick leave during the 2020/21 financial year shows a **decrease** when compared to the 2019/20 financial year. The current 3-year sick leave cycle ends 31 December 2021.

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

Department	2019/20	2020/21
Municipal Manager	46	56
Corporate Services	205	184
Financial Services	363	350
Community Services	847	576
Engineering Services	1 024	558
Total	2 485	1 724

Table 187: Sick Leave

4.4 CAPACITATING THE MUNICIPAL WORKFORCE

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

4.4.1 Skills Matrix

The table below indicates the number of employees that received training (skills programs, short courses, etc.) in the year under review:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	2	0	1	0	1	0	0	4
Technicians and associate professionals	0	0	0	1	0	0	0	0	1
Clerks	0	4	0	0	2	6	0	0	12
Service and sales workers	0	0	0	0	0	1	0	0	1
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	2	17	0	0	0	0	0	0	19
Total	2	23	0	2	2	8	0	0	37

Table 188: Skills Matrix

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4.4.2 Skills Development - Budget Allocation

The table below indicates that a total amount of R 210 000 was allocated to the workplace skills plan and that 108% of the total amount was spent in the 2020/21 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
2019/20	104 118 180	200 000	79 198	40%
2020/21	110 750 425	210 000	227 511	108%

Table 189: Skills development budget summary

4.4.3 Municipal Minimum Competency Course Status

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

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

Swellendam Municipality must send officials on the Municipal Minimum Competency (MMC) course in terms of National Treasury Regulations. The MMC -training course consists of 15 modules for most candidates and the status of the process at the end of the financial year 2020/21 is as follows:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers (sect.56)	3	0	3	3
Managers: Finance	3	0	3	3
Any other financial officials	20	0	0	15
Supply Chain Management Officials				
Heads of supply chain management units	1	0	1	1

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Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Supply chain management senior managers	0	0	0	0
Total	29	2	9	24

Table 190: MMC Course Status

4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

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

4.5.1 Personnel Expenditure

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

Financial Year	Total Expenditure Salary and Allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2019/20	97 691	230 754	42.35
2020/21	101 306	286 522	35.36

Table 191: Personnel Expenditure Summary

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

Financial year	2019/20	2020/21		
Description	Actual Audited figure)	Original Budget	Adjusted Budget	Actual
R'000				
Councillors (Political Office Bearers Plus Other)				
All-inclusive package	5 292	5 638	5 638	5 318
Sub Total	5 292	5 638	5 638	5 318
% increase/ (decrease)	1.22%	6.5%	0%	5.67%
Senior Managers of the Municipality				
Basic Salaries	4 867	5 427	6 324	5 202
Pension Contributions	739	749	754	709
Medical Aid Contributions	74	74	74	65

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Financial year	2019/20	2020/21		
Description	Actual Audited figure)	Original Budget	Adjusted Budget	Actual
	R'000			
Motor vehicle allowance	363	327	363	321
Cell phone allowance	62	62	62	62
Housing allowance	0	0	0	0
Performance Bonus	619	0	0	0
Other benefits or allowances	247	117	87	852
In-kind benefits	0	0	0	0
Sub Total	6 971	6 757	7 664	7 211
% increase/ decrease	2.71%	3.06%	13.42%	5.91%
Other Municipal Staff				
Basic Salaries and Wages	55 890	70 326	66 179	59 352
Pension Contributions	9 360	11 323	10 963	9 582
Medical Aid Contributions	5 503	6 766	6 561	5 870
Motor vehicle allowance	4 829	5 942	5 538	5 216
Cell phone allowance	288	387	387	286
Housing allowance	468	688	690	461
Overtime	4 722	3 888	3 971	3 759
Other benefits or allowances	9 660	9 544	8 797	9 568
Sub Total	90 720	108 864	103 086	94 094
% increase/ decrease	3.09%	20%	5.31%	8.72%
Total Municipality	97 691	115 621	110 750	101 305
% increase/ decrease	3.06%	18.35%	4.21%	8.53%
<i>Information subject to audit</i>				

Table 192: Personnel Expenditure

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Chapter 5

This chapter provides details regarding the financial performance of the Municipality for the 2020/21 financial year.

Component O: Statement of Financial Performance

The Statement of Financial Performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2020/21 financial year:

The table below shows a summary of performance against budgets:

Financial Summary						
R'000						
Description	2019/20	2020/21		2020/21 %Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	39 858	42 117	42 373	42 797	1.59	0.99
Service charges	124 105	138 339	138 395	137 905	(0.31)	(0.35)
Investment revenue	5 240	4 715	3 500	3 514	(34.15)	0.41
Transfers recognised - operational	42 233	55 272	71 537	49 834	(10.91)	(43.55)
Other own revenue	43 826	57 226	44 652	65 065	12.05	31.37
Total Revenue -excluding capital transfers and contributions	255 262	297 668	300 456	299 116	0.48	(0.45)
Employee costs	97 691	115 621	110 750	108 007	(7.05)	(2.54)
Remuneration of councilors	5 292	5 638	5 638	5 319	(6.01)	(6.01)
Depreciation & asset impairment	10 170	11 419	10 663	13 532	15.62	21.20
Finance charges	4 938	6 097	6 097	4 771	(27.80)	(27.80)
Materials and bulk purchases	72 395	86 065	85 462	79 136	(8.76)	(7.99)
Transfers and grants	842	160	1 380	1 193	86.58	(15.73)
Other expenditure	70 719	97 890	96 687	97 712	(0.18)	1.05
Total Expenditure	262 047	322 891	316 678	309 670	(4.27)	(2.26)
Surplus/-Deficit	(6 786)	(25 223)	(16 222)	(10 553)	(139.01)	(53.71)
Transfers recognised - capital	25 232	16 124	40 232	18 452	12.62	(118.03)

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Financial Summary						
R'000						
Description	2019/20	2020/21		2020/21 %Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Contributions recognised - capital & contributed assets	27 377	-	-	14	100.00	100.00
Surplus/-Deficit after capital transfers & contributions	45 824	(9 099)	24 010	7 912	215.00	(203.45)
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	10 724	16 124	40 232	16 046	(0.49)	(150.72)
Public contributions & donations	27 377	-	-	14	100.00	100.00
Borrowing	-	-	-	-	0.00	0.00
Internally generated funds	17 477	6 000	6 000	5 346	(12.23)	(12.23)
Total sources of capital funds	55 578	22 124	46 232	21 406	(3.36)	(115.98)
Financial position						
Total current assets	117 841	70 135	92 674	141 494	50.43	34.50
Total non-current assets	379 469	358 465	413 102	391 145	8.36	5.61
Total current liabilities	63 366	50 778	48 437	85 733	40.77	43.50
Total non-current liabilities	96 334	102 403	97 675	101 385	(1.00)	3.66
Community wealth/Equity	337 609	275 420	359 664	345 521	20.29	(4.09)
Cash flows						
Net cash from -used operating	44 940	10 395	24 779	45 421	77.11	45.45
Net cash from -used investing	(27 565)	(20 624)	(45 177)	(20 800)	0.85	(117.20)
Net cash from -used financing	(3 413)	(3 530)	(3 530)	(3 746)	5.75	5.75
Cash/cash equivalents at the year end	88 907	47 942	64 973	109 782	56.33	40.82
Cash backing/surplus reconciliation						
Cash and investments available	88 907	47 942	65 675	109 782	56.33	40.18
Application of cash and investments	31 962	24 134	17 447	53 135	54.58	67.16
Balance - surplus -shortfall	56 945	23 809	48 228	56 647	57.97	14.86
Asset management						
Asset register summary -WDV	379 262	358 465	412 219	390 882	8.29	(5.46)
Depreciation & asset impairment	10 170	11 419	10 663	13 532	15.62	21.20
Renewal of Existing Assets	-	240	202	132	(81.91)	(53.06)
Repairs and Maintenance	19 665	23 003	22 999	24 798	7.24	7.26

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Financial Summary						
R'000						
Description	2019/20	2020/21			2020/21 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Free services						
Cost of Free Basic Services provided	10 797	13 939	13 138	12 390	(12.51)	(6.04)
Revenue cost of free services provided	3 630	4 403	4 147	4 114	(7.02)	(0.81)

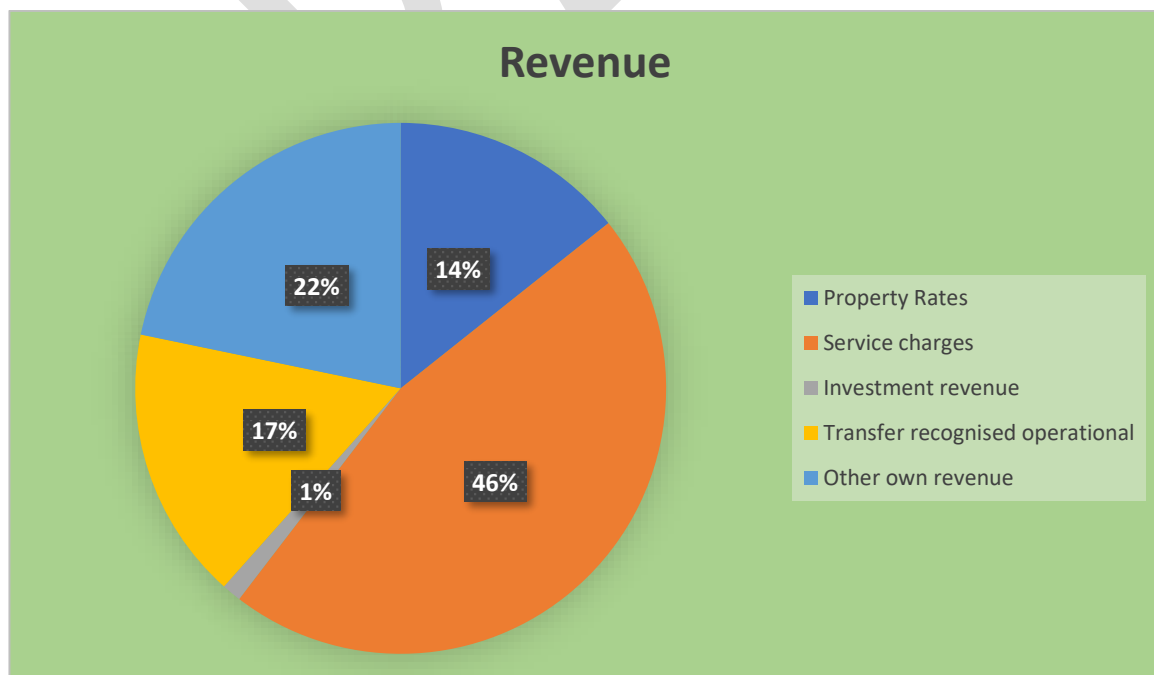
Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 193: Financial Performance 2020/21

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000				R'000			
2019/20	296 727	307 871	-11 144	(4.00)	297 077	262 047	35 030	12.00
2020/21	340 688	317 582	23 106	7.00	316 678	309 669	7 009	2.00

Table 194: Performance Against Budgets

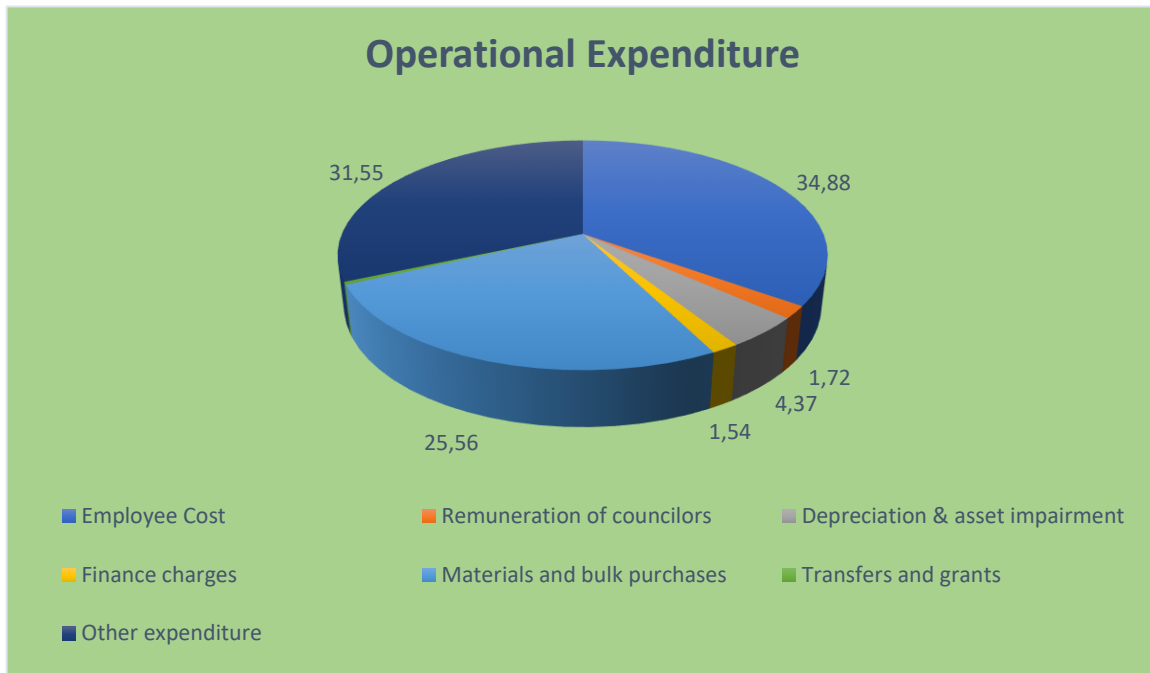
The following graph indicates the various types of revenue (excluding capital transfers and contributions) items in the municipal budget for 2020/21



Graph 6: Municipal Revenue

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The following graph indicates the various types of expenditure items in the municipal budget for 2020/21



Graph 7: Operational Expenditure

5.1.1 Revenue Collection by Vote

The table below indicates the revenue collection performance by vote:

Vote Description	2019/20	2020/21			2020/21% Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Vote 1 - Municipal Manager	818	400	1 396	797	49.78	(75.20)
Vote 2 - Corporate Services	33 180	36 664	25 604	16 582	(121.10)	(54.41)
Vote 3 - Finance Service	47 497	50 620	52 803	53 100	4.67	0.56
Vote 4 - Engineers Service	159 577	145 096	167 932	164 139	11.60	(2.31)
Vote 5 - Community Services	66 798	81 011	92 953	82 963	2.35	(12.04)
Total Revenue by Vote	307 871	313 792	340 688	317 582	1.19	(7.28)

Table 195: Revenue by vote

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5.1.2 Revenue Collection by source

The table below indicates the revenue collection performance by source for the 2020/21 financial year:

Description	2019/20	2020/21			2020/21 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Property rates	39 858	42 117	42 373	42 797	1.59	0.99
Property rates - penalties & collection charges	-	-	-	-	-	-
Service Charges - electricity revenue	82 058	90 701	88 704	89 078	(1.82)	0.42
Service Charges - water revenue	17 772	19 034	19 179	18 810	(1.19)	(1.96)
Service Charges - sanitation revenue	17 657	18 187	19 446	22 035	17.46	11.75
Service Charges - refuse revenue	9 478	10 416	11 066	10 978	5.12	(0.80)
Service Charges - other	-	-	-	-	-	-
Rentals of facilities and equipment	725	732	728	798	8.22	8.78
Interest earned - external investments	5 240	4 715	3 500	3 514	(34.15)	0.41
Interest earned - outstanding debtors	1 314	1 260	1 148	1 294	2.65	11.34
Dividends received	-	-	-	-	0.00	0.00
Fines	32 750	47 055	33 557	35 280	(33.38)	4.88
Licences and permits	1 270	1 440	1 192	1 248	(15.43)	4.50
Agency services	1 939	2 182	2 615	2 470	11.65	(5.89)
Transfers recognised - operational	42 233	55 272	71 537	49 834	(10.91)	(43.55)
Other revenue	2 846	3 056	3 658	16 072	80.99	77.24
Gains on disposal of PPE	124	1 500	1 615	4 908	69.44	67.09
Total Revenue (excluding capital transfers and contributions)	255 262	297 668	300 316	299 116	0.48	(0.40)

Table 196: Revenue by source

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5.1.3 Operational Services Performance

The table below indicates the operational services performance for the 2020/21 financial year:

Financial Performance of Operational Services						
Description	2019/20	2020/21			2020/21 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Operating Cost						
Water	10 837	15 318	10 030	10 348	(48.03)	3.08
Waste water (sanitation)	10 186	13 800	6 378	5 646	(144.43)	(12.97)
Electricity	77 264	87 815	87 361	78 669	(11.63)	(11.05)
Waste management	10 526	16 440	13 960	6 020	(173.07)	(131.87)
Housing	1 864	2 039	2 033	2 021	(0.90)	(0.61)
Component A: sub-total	110 678	135 413	119 762	102 704	(31.85)	(16.61)
Roads and stormwater	15 817	18 394	18 341	17 255	(6.60)	(6.30)
Component B: sub-total	15 817	18 394	18 341	17 255	(6.60)	(6.30)
Planning	3 882	4 286	3 935	3 181	(34.71)	(23.70)
Local Economic Development	10	18	18	10	(84.06)	(84.06)
Tourism	743	410	1 213	1 025	60.03	(18.30)
Component C: sub-total	4 636	4 713	5 166	4 216	(11.79)	(22.53)
Libraries	(217)	(622)	(1 836)	(212)	(193.45)	(766.57)
Cemeteries	8	789	81	(31)	2618.56	360.09
Child Care, Aged Care Social Programmes	-	-	-	-	0.00	0.00
Component D: sub-total	(209)	167	(1 755)	(243)	168.77	(621.44)
Environmental Protection	-	-	-	-	0.00	0.00
Component E: sub-total	-	-	-	-	0.00	0.00
Traffic Services and Law Enforcement	1 730	(6 278)	(4 205)	313	2 106.39	1 443.88
Component F: sub-total	1 730	(6 278)	(4 205)	313	2 106.39	1 443.88
Sport and Recreation	275	452	315	204	(120.88)	(54.16)
Component G: sub-total	275	452	315	204	(120.88)	(54.16)
Financial Services	14 024	15 729	13 898	16 950	7.20	18.01
Corporate Service	7 240	8 757	8 361	7 498	(16.79)	(11.52)
Other	19 418	28 332	37 106	45 355	37.53	18.19
Component G: sub-total	40 683	52 818	59 365	69 802	24.33	14.95
Total Expenditure	173 608	205 679	196 989	194 251	(5.88)	(1.41)

In this table, operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 197: Operational Services Performance

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5.2 FINANCIAL PERFORMANCE MUNICIPAL FUNCTION

The tables below indicate the financial performance per municipal function:

5.2.1 Water Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	17 447	19 994	34 054	22 537	11.28
Expenditure:					
Employees	5 366	8 263	8 199	7 435	(11.14)
Repairs and Maintenance	1 196	1 513	1 886	1 255	(20.52)
Other	4 274	5 705	4 645	4 845	(17.76)
Total Operational Expenditure	10 837	15 481	14 730	13 535	(14.38)
Net Operational (Service) Expenditure	6 610	4 513	19 325	9 002	49.87
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 198: Financial Performance: Water Services

5.2.2 Waste Water (Sanitation)

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	44 954	18 224	25 591	28 215	35.41
Employees	4 657	6 501	6 250	5 642	(15.23)
Repairs and Maintenance	1 206	1 844	2 005	1 535	(20.13)
Other	4 323	5 491	4 268	4 649	(18.13)
Total Operational Expenditure	10 186	13 837	12 523	11 826	(17.01)
Net Operational (Service) Expenditure	34 768	4 387	13 068	16 390	73.23
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 199: Financial Performance: Waste Water (Sanitation) Services

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5.2.3 Electricity

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget
	R'000				
Total Operational Revenue	85 343	92 797	91 849	97 151	4.48
Expenditure:					
Employees	6 753	7 419	7 127	6 901	(7.50)
Repairs and Maintenance	1 390	2 047	2 338	2 139	4.27
Other	69 821	78 766	79 305	75 706	(4.04)
Total Operational Expenditure	77 964	88 232	88 771	84 746	(4.11)
Net Operational (Service) Expenditure	7 379	4 565	3 078	12 405	63.20
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 200: Financial Performance: Electricity

5.2.4 Waste Management

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	9 478	10 416	15 000	19 907	47.68
Employees	2 733	4 494	4 112	3 741	(20.11)
Repairs and Maintenance	2 014	7 758	6 283	2 782	(178.91)
Other	5 779	4 188	7 499	8 427	50.30
Total Operational Expenditure	10 526	16 440	17 894	14 949	(9.97)
Net Operational (Service) Expenditure	(1 049)	(6 024)	(2 894)	4 957	221.50
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 201: Financial Performance: Waste Management

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5.2.5 Housing

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	12 897	8 300	19 630	14 786	43.87
Expenditure:					
Employees	1 836	1 980	1 980	1 990	0.49
Repairs and Maintenance	-	1	1	-	(100.00)
Other	91	8 358	15 236	14 761	43.38
Total Operational Expenditure	1 928	10 339	17 217	16 751	38.28
Net Operational (Service) Expenditure	10 969	(2 039)	2 413	(1 965)	(3.79)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 202: Financial Performance: Housing

5.2.6 Roads and Stormwater

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	365	372	321	296	(25.84)
Expenditure:					
Employees	9 330	9 552	9 552	9 222	(3.57)
Repairs and Maintenance	3 341	4 852	5 291	4 574	(6.10)
Other	3 186	4 073	3 598	3 515	(15.86)
Total Operational Expenditure	15 857	18 477	18 440	17 311	(6.73)
Net Operational (Service) Expenditure	(15 492)	(18 104)	(18 119)	(17 015)	(6.40)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 203: Financial Performance: Roads and Stormwater

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5.2.7 LED

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	-	-	-	-	0.00
Expenditure:					
Employees	-	-	-	-	0.00
Repairs and Maintenance	-	-	-	-	0.00
Other	10	18	18	10	(84.06)
Total Operational Expenditure	10	18	18	10	(84.06)
Net Operational (Service) Expenditure	10	18	18	10	(84.06)
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Table 204: Financial Performance: LED

5.2.8 Planning (Development Management Spatial Planning and Environmental Management Building Control and Property Management)

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	989	1 035	1 471	1 592	34.98
Expenditure:					
Employees	3 693	4 101	4 168	4 163	1.48
Repairs and Maintenance	320	185	9	1	(15 567.51)
Other	855	1 034	1 229	609	(69.73)
Total Operational Expenditure	4 868	5 321	5 406	4 774	(11.46)
Net Operational (Service) Expenditure	(3 882)	(4 286)	(3 935)	(3 181)	(34.71)
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Table 205: Financial Performance: Planning

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5.2.9 Tourism

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	-	-	-	-	0.00
Expenditure:					
Employees	-	-	-	-	0.00
Repairs and Maintenance	-	-	-	-	0.00
Other	743	410	1 213	1 025	60.03
Total Operational Expenditure	743	410	1 213	1 025	60.03
Net Operational (Service) Expenditure	743	410	1 213	1 025	60.03
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 206: Financial Performance: Tourism

5.2.10 Libraries

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	6 819	9 876	18 704	7 528	(31.19)
Expenditure:					
Employees	4 250	4 555	4 588	4 436	(2.67)
Repairs and Maintenance	11	155	340	109	(41.72)
Other	666	1 066	680	453	(135.49)
Total Operational Expenditure	4 926	5 775	5 609	4 998	(15.55)
Net Operational (Service) Expenditure	1 893	4 100	13 095	2 530	(62.09)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 207: Financial Performance: Libraries

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5.2.11 Cemeteries

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	49	50	80	82	39.65
Expenditure:					
Employees	-	-	-	-	0.00
Repairs and Maintenance	52	115	123	47	(144.93)
Other	6	724	38	4	(18 513.85)
Total Operational Expenditure	57	839	161	51	(1 548.28)
Net Operational (Service) Expenditure	(8)	(789)	(81)	31	2 618.56
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 208: Financial Performance: Cemeteries

5.2.12 Traffic Services and Law Enforcement

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	35 738	50 573	37 233	38 830	(30.24)
Expenditure:					
Employees	8 082	8 652	7 032	6 319	(36.93)
Repairs and Maintenance	436	567	721	649	12.66
Other	28 950	35 076	25 274	32 176	(9.01)
Total Operational Expenditure	37 468	44 294	33 028	39 143	(13.16)
Net Operational (Service) Expenditure	(1 729)	6 278	4 205	(313)	2 106.39
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 209: Financial Performance: Traffic Services and Law Enforcement

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5.2.13 Sport and Recreation

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	118	3	603	2	(6.00)
Expenditure:					
Employees	-	-	-	-	0.00
Repairs and Maintenance	158	369	259	83	(345.30)
Other	134	85	136	124	31.71
Total Operational Expenditure	292	454	396	207	(119.55)
Net Operational (Service) Expenditure	(174)	(452)	207	(204)	(120.88)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 210: Financial Performance: Sport and Recreation

5.2.14 Financial Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	47 497	50 620	52 803	53 100	4.67
Expenditure:					
Employees	12 453	13 688	13 569	13 081	(4.64)
Repairs and Maintenance	5	35	30	16	(122.91)
Other	9 125	10 510	10 730	14 157	25.76
Total Operational Expenditure	21 583	24 233	24 328	27 253	11.08
Net Operational (Service) Expenditure	25 914	26 388	28 475	25 847	(2.09)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 211: Financial Performance: Financial Services

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5.2.15 Corporate Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	165	-	260	311	100.00
Expenditure:					
Employees	5 487	6 146	5 454	5 359	(14.68)
Repairs and Maintenance	10	34	40	18	(88.86)
Other	1 909	2 577	3 127	2 432	(5.96)
Total Operational Expenditure	7 406	8 757	8 621	7 809	(12.14)
Net Operational (Service) Expenditure	(7 240)	(8 757)	(8 361)	(7 498)	(16.79)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 212: Financial Performance: Corporate Services

5.2.16 Other

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	46 014	50 032	41 471	33 243	(50.50)
Expenditure:					
Employees	33 049	40 271	38 720	39 717	(1.39)
Repairs and Maintenance	1 511	3 527	3 876	3 524	(0.10)
Other	22 835	24 687	24 110	22 040	(12.01)
Total Operational Expenditure	57 395	68 485	66 705	65 282	(4.91)
Net Operational (Service) Expenditure	(11 380)	(18 453)	(25 234)	(32 039)	42.40
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 213: Financial Performance: Other

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5.3 Grants

5.3.1 Grant Performance

Description	2019/20	2020/21			2020/21 Variance	
	Actual (Audited Outcome)	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Operating Transfers and Grants						
National Government:						
Local Government Equitable Share	31 579	34 118	38 697	36 221	5.81	(6.84)
Finance Management	1 770	1 770	1 770	1 770	0	0
EPWP Incentive	1 604	1 804	1 804	1 804	0	0
Municipal Infrastructure Grant	597	2 067	2 367	2 291	9.78	(3.32)
Integrated National Electrification Program	0	260	260	260	0	0
Municipal Disaster Relief Grant	75	0	216	216	100	0
Water Services Infrastructure Grant	0	0	1 396	82	100	(1602.44)
Provincial Government:	6 608	9 385	24 797	9 436	0.54	(162.79)
Community Library Service Grant	0	522	1 621	282	(85.11)	(474.82)
Library Service Grant	5 114		5 820	5 205	100	(11.82)
Capacity Building Grant	210	400	679	180	(122.22)	(277.22)
Electrical Master Plan	207	0	793	626	100	(26.68)
Human Settlement Development Grant	64	8 300	15 184	2 566	(223.46)	(491.74)
Financial Management Support Grant	330	0	0	0	0	0
Internship Grant	67	0	0	0	0	0
Main Road Subsidy	40	0	0	0	0	0
Economic Development Grant	0	0	100	100	100	0
Thusong Service Centre Grant	11	0	0	0	0	0
Tourism	100	0	0	0	0	0
Local Government Support Grant	300	0	200	200	100	0
SETA	165	0	237	257	100	7.78
Draught Relief Grant		163	163	20	(715)	(715)
Other grant providers:	0	0	100	100	100	0
Wesgro	0	0	100	100	100	0
Total Operating Transfers and Grants	42 233	49 404	71 407	52 240	5.32	(36.85)

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

Table 214: Grant Performance for 2020/21

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5.3.2 Conditional Grants

Details	2019/20	2020/21			2020/21 Variance	
	Actual (audited outcome)	Budget	Adjusted Budget	Actual	Variance	
					Budget	Adjusted Budget
	R'000				%	
Finance Management	1 770	1 770	1 770	1 770	0	0
EPWP Incentive	1 604	1 804	1 804	1 804	0	0
Municipal Infrastructure Grant	597	2 067	2 367	2 291	9.78	(3.32)
Integrated National Electrification Program	0	260	260	260	0	0
Municipal Disaster Relief Grant	75	0	216	216	100	0
Water Services Infrastructure Grant	0	0	1 396	82	100	(1602.44)
Community Library Services Grant	0	522	1 621	282	(85.11)	(474.82)
Library Service Grant	5 114		5 820	5 205	100	(11.82)
Capacity Building Grant	210	400	679	180	(122.22)	(277.22)
Electricity Master Plan	207	0	793	626	100	(26.68)
Human Settlement Development Grant	64	8 300	15 184	2 566	(223.46)	(491.74)
Financial Management Support Grant	330	0	0	0	0	0
Internship Grant	67	0	0	0	0	0
Main Road Subsidy	40	0	0	0	0	0
Economic Development Grant	0	0	100	100	100	0
Thusong Services Centre Grant	11	0	0	0	0	0
Tourism	100	0	0	0	0	0
Local Government Support Grant	300	0	200	200	100	0
SETA	165	0	237	257	100	7.78
Draught Relief Grant		163	163	20	(715)	(715)
Total	10 858	15 286	32 710	15 959	4.22	(104.96)

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

Table 215: Conditional Grant

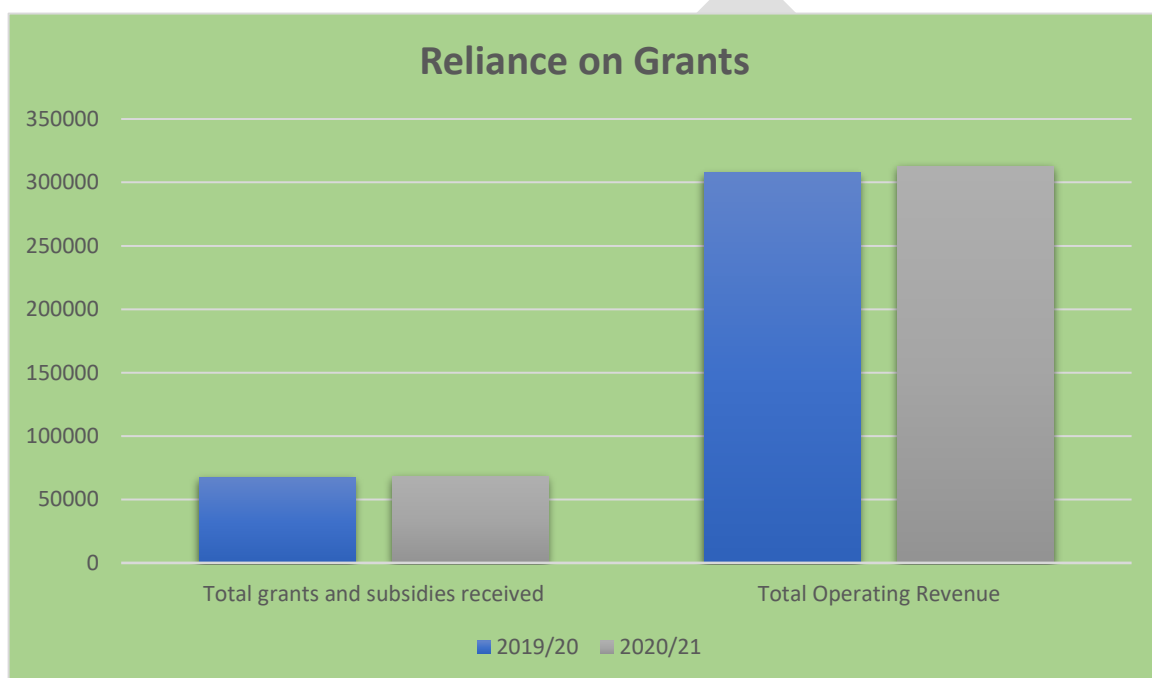
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5.3.3 Level of Reliance on Grant & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2019/20	67 465	307 747	22
2020/21	68 286	312 674	22

Table 216: Reliance on Grants

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



Graph 8: Reliance on Grants

5.4 ASSEST MANAGEMENT

5.4.1 Three Largest Assets:

Asset 1		
Name	Sewerage Treatment Works: Swellendam	
Description	Sewage Treatment Works	
Asset Type	Infrastructure	
Key Staff Involved	Engineers Services	
Asset Value as at 30 June	2019/20 R million	2020/21 R million
	38 015	36 795
Capital Implications	n/a	

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Future Purpose of Asset	Sewerage Treatment: Swellendam
Describe Key Issues	n/a
Policies in Place to Manage Asset	Financial Asset Management policy

Table 217: Asset 1

Asset 2		
Name	Sewerage Treatment Works: Suurbraak	
Description	Sewage Treatment Works: Suurbraak	
Asset Type	Infrastructure	
Key Staff Involved	Engineers Services	
Asset Value as at 30 June	2019/20 R million	2020/21 R million
	10 601	10 281
Capital Implications	n/a	
Future Purpose of Asset	Sewerage Treatment: Swellendam	
Describe Key Issues	n/a	
Policies in Place to Manage Asset	Financial Asset Management Policy	

Table 218: Asset 2

Asset 3		
Name	Water Treatment Works: Swellendam	
Description	Water Treatment Works	
Asset Type	Infrastructure	
Key Staff Involved	Engineering Services	
Asset Value as at 30 June	2019/20 R million	2020/21 R million
	10 690	10 318
Capital Implications	n/a	
Future Purpose of Asset	Water Treatment: Swellendam	
Describe Key Issues	n/a	
Policies in Place to Manage Asset	Financial Asset Management Policy	

Table 219: Asset 3

5.4.2 Repairs and Maintenance

Description	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			
Repairs and Maintenance Expenditure	19 665	23 003	23 003	24 798	(8%)

Table 220: Repairs and Maintenance

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5.5 FINANCIAL RAIOS BASED ON KEY PERFORMANCE INDICATORS

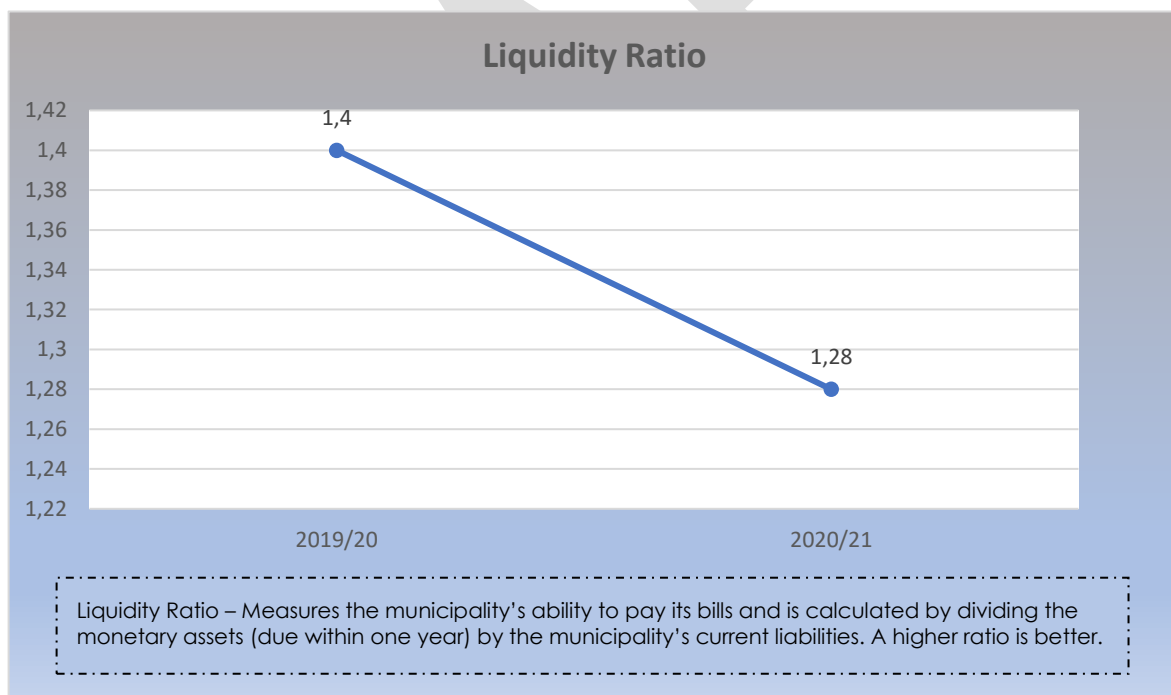
5.5.1 Liquidity Ratio

Description	Basis of calculation	2019/20	2020/21
Current Ratio	Current assets/current liabilities	1.88	1.65
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.66	1.44
Liquidity Ratio	Monetary Assets/Current Liabilities	1.40	1.28

Table 221: Liquidity Financial Ratio

The current ratio indicates a Council's ability to meet its financial obligations such as payment for goods and services supplied. A ratio of 1:1 indicates that unrestricted current assets are available on hand to meet unrestricted current liabilities. It is furthermore an indication of a Council's solvency. Swellendam's current ratio is 1.65 (1.88 in 2019/20) which is above the norm and indicates that Council has sufficient cash on hand to meets its short-term liabilities.

The following graph indicates the liquidity financial ratio for 2020/21:



Graph 9: Liquidity Ratio

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5.5.2 IDP Regulation Financial Viability Indicators

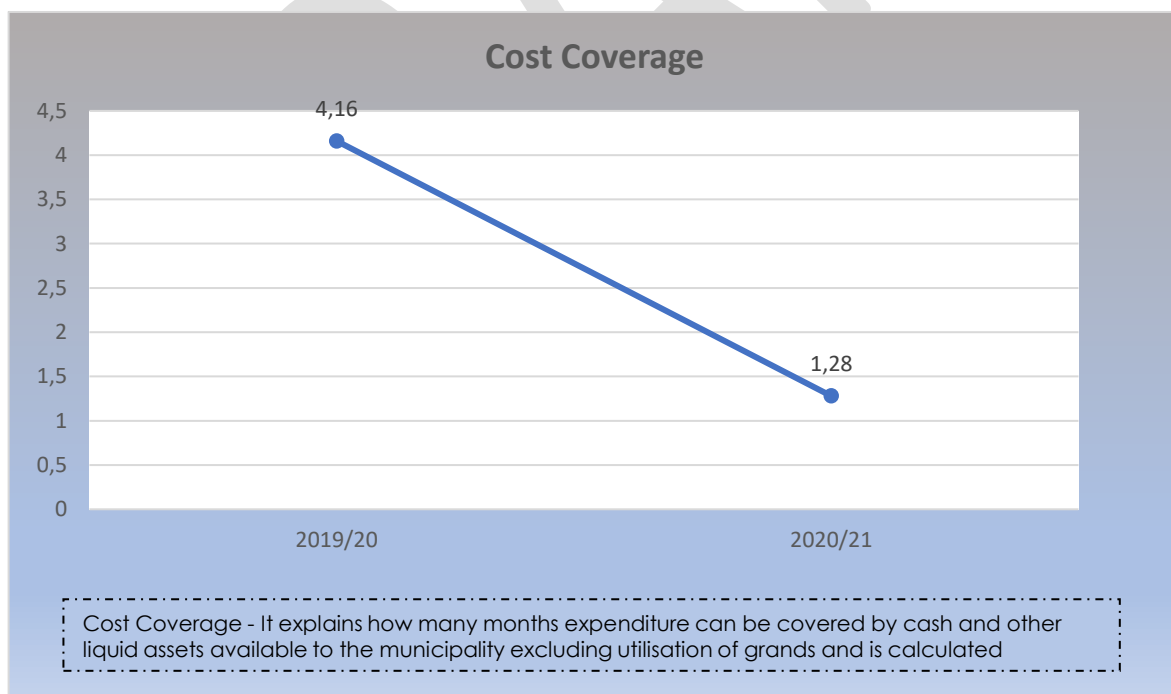
Description	Basis of calculation	2019/20	2020/21
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.16	3.66
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	15	14.5
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	39.17	39.81

Table 222: Financial Viability National KPA's

a) Cost Coverage

This ratio indicates the Municipality's ability to meet its short-term (monthly) expenditures. It takes into consideration all available cash at a particular time including income from investments. The ratio has to be in excess of 1:1. Strict application of the Credit Control Policy and measures implemented to collect outstanding debtors should improve the ratio. However, this ratio should be read in conjunction to other ratios

The following graph indicates the cost coverage financial viability indicator:



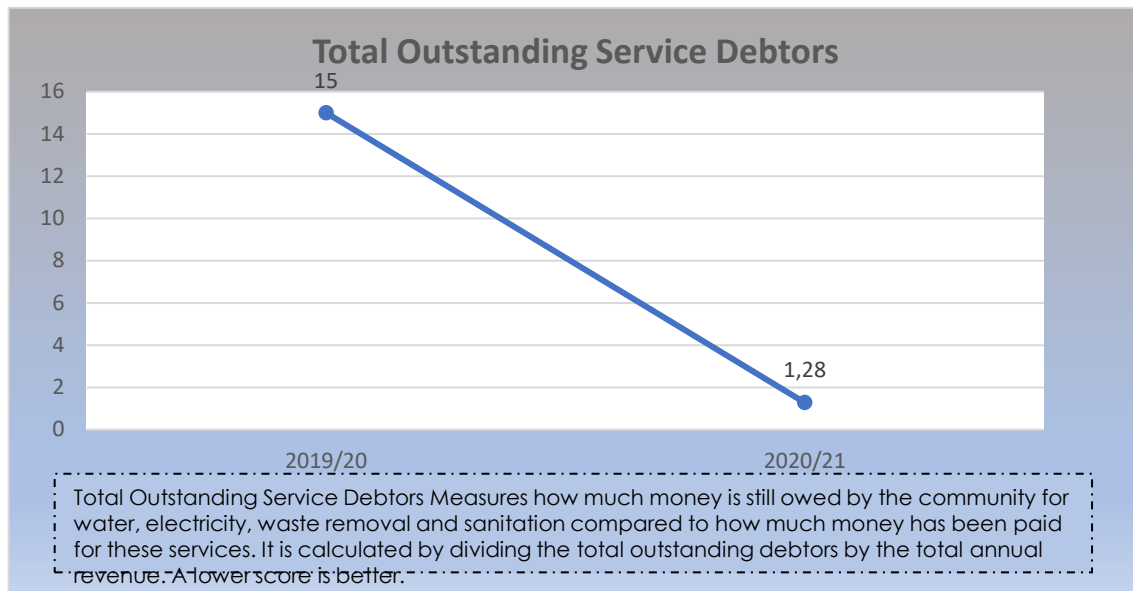
Graph 10: Cost Coverage

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b) Outstanding Service Debtors Revenue

This ratio indicates how effective revenue collection is being executed by the Municipality. The Municipality should continuously enhance revenue collection mechanisms and enforce debt collection policies.

The following graph indicates the outstanding service to revenue financial viability indicator:

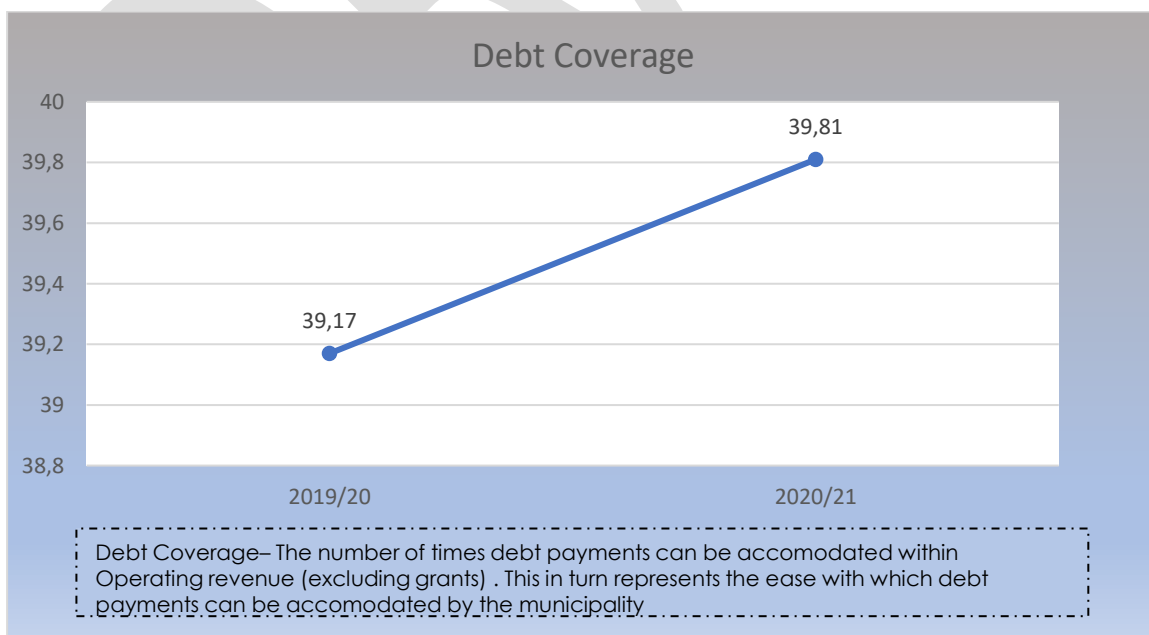


Graph 11: Total Outstanding Services Debtors

c) Debt Coverage

The debt coverage ratio shows the Municipality's ability to service its debt payments. A debt coverage ratio of 2 is generally considered acceptable assuming the other tests of safety have been met. The higher the debt service ratio, the lower the risk. The Municipality's ratio increased from 39.17% in 2019/20 to 39.81% in 2020/21.

The following graph indicates the debt coverage financial viability indicator:



Graph 12: Debt Coverage

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5.5.3 Borrowing Management

The ratio gives an indication of the total percentage paid on external loans.

Description	Basis of calculation	2019/20	2020/21
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.46%	2.17%

Table 223: Borrowing Management

5.5.4 Employee Costs

Description	Basis of calculation	2019/20	2020/21
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.44%	37.89%

Table 224: Employee Cost

The ratio gives an indication of the total percentage paid on employee cost. The ratio increased from 36.44% in 2019/20 to 37.89% in 2020/21 and is outside the norm of 35%. This is still below 40% which is an acceptable norm for smaller municipalities.

5.5.5 Repair & Maintenance

Description	Basis of calculation	2019/20	2020/21
Repairs & Maintenance	R&M (Total Revenue excluding capital revenue)	6.95%	8.29%

Table 225: Repairs and Maintenance

The ratio gives an indication of the total percentage paid on repairs and maintenance. The ratio increased from 6.95% in 2019/20 to 8.29% in 2020/21. The Municipality should consider maintaining their assets as impairments of these assets might have an effect on service delivery and should increase repairs and maintenance to at least the 8% norm.

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COMPONENT P: SPENDING AGAINST CAPITAL BUDGET

5.6 SOURCE OF FINANCE

5.6.1 Capital Expenditure: Funding Sources

The table below indicates the capital expenditure by funding source for the 2020/21 financial year

Capital Expenditure: Funding Sources						
Details	2019/20	2020/21				
	Audited outcome	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of Finance						
Description	R'000				%	
External loans	0	-	-	-	-	-
Public contributions and donations	27 377	-	-	14	0	100
Grants and subsidies	10 724	16 124	40 232	16 046	(0.49)	(150.73)
Own funding	17 477	6 000	6 000	5 346	(12.23)	(12.23)
Total	55 578	22 124	46 232	21 406	52.15	(3.35)
% Percentage of Finance						
External loans	0	0	0	0		
Public contributions and donations	49	0	0	0.7%		
Grants and subsidies	19	73%	87%	75%		
Own funding	31	27%	13%	25%		
Capital Expenditure						
Description	R'000				%	
Water and sanitation	4 415	6 974	18 404	8 129	14.21	(126.40)
Electricity	2 608	1 749	1 747	1 746	(0.17)	(0.06)
Housing	0		4 446	0	0	
Roads and Stormwater	6 466	6 872	7 305	7 056	2.61	(3.53)
Other	14 713	6 528	14 329	4 460	(45.90)	(220.22)
Total	28 202	22 123	46 291	21 391	52.21	(3.42)
% Percentage of Expenditure						
Water and sanitation	16	32	40	38		
Electricity	9	8	4	8		
Housing	0	0	10	10		
Roads and stormwater	23	31	16	33		
Other	52	29	31	20		

Table 226: Capital Expenditure by Funding Source

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5.6.2 Capital on Largest Capital Projects

Name of Project	2020/21				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
Smitsville upgrading of gravel roads	5 217	5 217	5 213	(0.08)	(0.08)
Purchase of land Swellendam Railton Transnet	0	4 446	0	100	100
Suurbraak Upgrading of Bulk Water Infrastructure	1 175	4 480	4 209	72.08	(6.44)
New Library - Swellendam	3 478	10 807	1 881	(84.90)	(474.53)
Swellendam Pressure Management	0	9 310	541	100	(1620.89)
Name of Project - A	Smitsville upgrading of gravel roads				
Objective of Project	Upgrading of Smitsville gravel roads and stormwater				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Better roads and stormwater drainage				
Name of Project - B	Purchase of land Swellendam Railton Transnet				
Objective of Project	Purchase of land for housing project				
Delays	Delays from Transnet				
Future Challenges	Delays from Transnet				
Anticipated citizen benefits	Building of houses				
Name of Project - C	Suurbraak Upgrading of Bulk Water Infrastructure P				
Objective of Project	Upgrading of Suurbraak Bulk Water Infrastructure				
Delays	Additional funds only approved in second half of year. Tenders could only commence after February 2022.				
Future Challenges	None				
Anticipated citizen benefits	Increased treatment of water				
Name of Project - D	New Library – Swellendam				
Objective of Project	Building new library for Swellendam				
Delays	Budget commitment only received in December. Tender process could only commence after gazette amount and adjustment budget.				
Future Challenges	None				
Anticipated citizen benefits	Better library services to the community				
Name of Project - E	Swellendam Pressure management				
Objective of Project	Upgrading of water pressure management system				
Delays	Budget gazette in December and tender process could only commence after adjustment budget.				

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Future Challenges	None
Anticipated citizen benefits	Improved water supply

Table 227: Capital Spending on Largest Capital Projects

5.6.3 Municipal Infrastructure Grant (MIG) Expenditure on Service Backlogs

The table below indicates the MIG Expenditure on Service Backlogs:

MIG Expenditure on Service Backlogs					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustment Budget
	R'000			%	%
Other Specify: Recreational facilities & Roads	5 217	5 217	5 214	(0.06)	(0.06)
Roads	4 602	6 656	6 380	27.87	(4.33)
Total	9 819	11 873	11 594	15.31	(2.41)

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 228: MIG Expenditure on Service Backlogs

Component Q: Cash Flow Management and Investments

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

5.7 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2019/20	2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
	R'000			
Ratepayers and other	174 972	200 312	196 791	208 686
Government - operating	74 461	71 396	98 030	86 260
Interest	5 365	5 975	4 648	3 641
Dividends	-	-	-	-
Payments				
Suppliers and employees	(205 579)	(264 101)	(270 282)	(248 993)

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Finance charges	(3 432)	(3 026)	(3 026)	(2 980)
Transfers and Grants	(847)	(160)	(1 380)	(1 192)
Net cash from/(used) operating activities	44 940	10 395	24 779	45 421
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	636	1 500	1 755	591
Decrease (increase) in non-current debtors	-	-	-	-
Decrease (increase) other non-current receivables	-	-	(701)	-
Decrease (increase) in non-current investments	-	-	-	-
Payments				
Capital assets	(28 201)	(22 124)	(46 232)	(21 392)
Net cash from/(used) investing activities	(27 565)	(20 624)	(45 178)	(20 800)
Cash flows from financing activities				
Receipts				
Increase / (Decrease) in Consumer Deposits	-	210	210	-
Borrowing long term/refinancing	-	-	-	-
Payments				
Repayment of borrowing	(3 413)	(3 741)	(3 741)	(3 746)
Net cash from/(used) financing activities	(3 413)	(3 530)	(3 530)	(3 746)
Net increase/ (decrease) in cash held	13 962	(13 759)	(23 928)	20 875
Cash/cash equivalents at the year begin:	74 945	61 701	88 902	88 907
Cash/cash equivalents at the yearend:	88 907	47 942	64 974	109 782

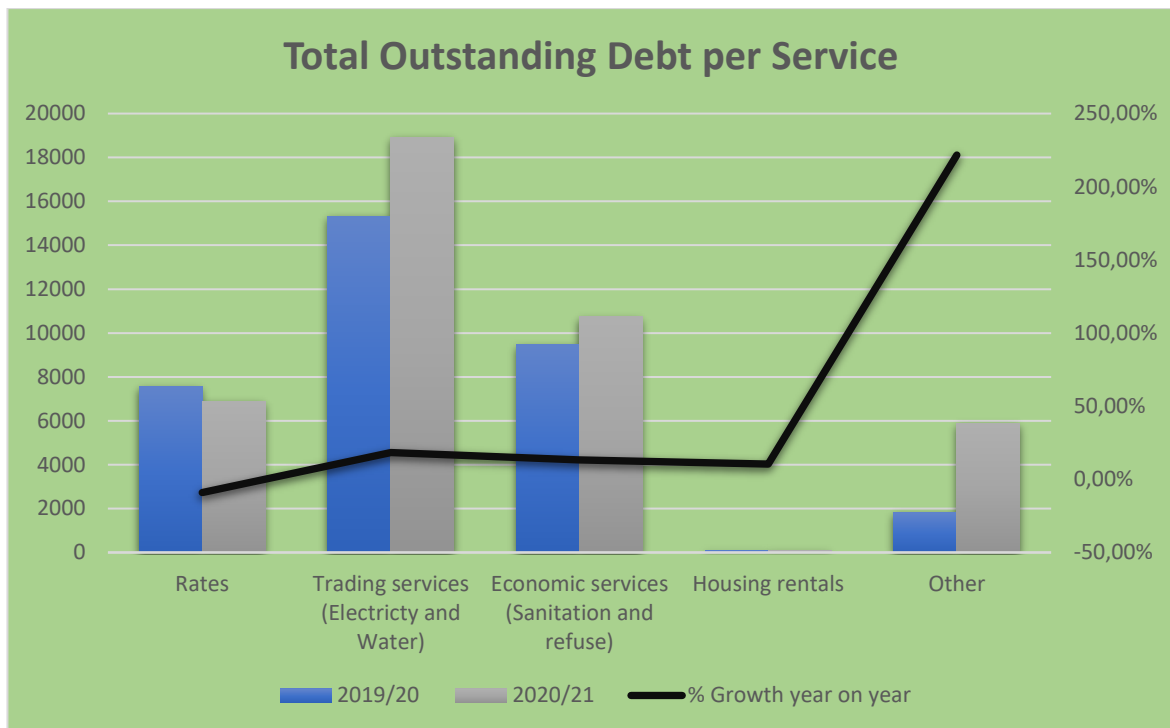
Table 229: Cash flow

5.8 GROSS OUTSTANDING DEBTORS PER SERVICES

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
R'000						
2019/20	7 577	15 313	9 478	95	1 830	34 293
2020/21	6 891	18 911	10 745	105	5 886	42 538
Difference	(686)	3 598	1 267	10	4 056	8 245
% growth year on year	(9%)	23%	13%	10%	221%	24%
Note: Figures exclude provision for bad debt						

Table 230: GROSS OUTSTANDING DEBTORS PER SERVICES

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Graph 13: Total Outstanding Debt per Service

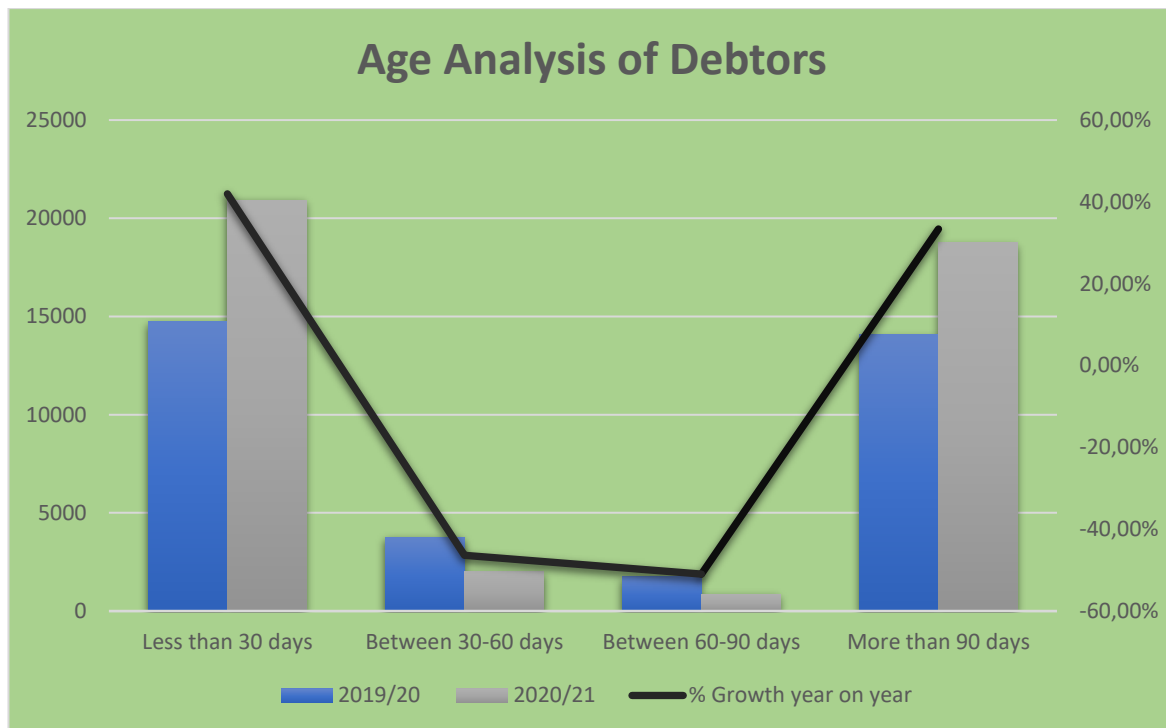
5.9 TOTAL AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000				
2019/20	14 731	3 759	1 743	14 060	34 293
2020/21	20 914	2 016	855	18 753	42 538
Difference	6 183	(1 743)	(888)	4 693	8 245
% growth year on year	41%	(46%)	(51%)	33%	24%

Note: Figures exclude provision for bad debt.

Table 231: Service Debtor Age Analysis

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Graph 14: Age Analysis of Debtors

5.10 MUNICIPAL COST CONTAINEMENT MEASURES

5.10.1 MUNICIPAL COST CONTAINMENT REGULATIONS (MCCR)

National Treasury first published the draft MCCR for public comment on 16 February 2018, with the closing date being 31 March 2018. Comments were received, from the Department of Cooperative Governance and Traditional Affairs, SALGA, municipalities and other stakeholders. After extensive consultation and consideration of all comments received, the MCCR were finalised and promulgated on 7 June 2019 in the Government Gazette, with the effective date being 1 July 2019.

5.10.2 MUNICIPAL COST CONTAINMENT POLICY

The MCCR do not apply retrospectively, therefore will not impact on contracts concluded before 1 July 2019. If municipalities and municipal entities decided to extend current contracts, such contracts should have been aligned with the principles outlined in the MCCR and SCM regulations.

Regulation 4(1) of the MCCR requires municipalities and municipal entities to either develop or review their cost containment policies. The MCCR require municipalities to adopt the cost containment policies as part of their budget related policies prior to 30 September 2019. The Swellendam Municipality adopted cost containment policies on 29 August 2019 per item A91.

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In terms of Regulation 15(1) of the MCCR, the municipality must disclose cost containment measures applied by the municipality in the municipal in-year reports and annual cost savings disclosed in the annual report. The following cost containment measures were applied by the municipality for the period under review:

- The Municipal Council adopted its Cost Containment Measures Policy on 29 August 2019 per item A91
- The Cost Containment Measures were detailed in the policy and applied by the municipality
- Cost Containment measures are also included in the Municipal Public Accounts Committee (MPAC) Agenda as a standing item and discussed on quarterly basis.
- Various additional monitoring mechanisms were introduced in the form of Annual Consultancy Assessment; Consultancy reduction Plans; Review of Various policies to be in line with the Cost Containment regulations; monitoring of private and official calls; restriction of year-end function; and electronic distribution of Council Agenda documentation.

5.10.3 COST CONTAINMENT MEASURE AND ANNUAL COST SAVING

The effective implementation of the MCCR is the responsibility of the municipal council and the municipal accounting officer. In terms of the cost containment framework provided in the MCCR, which is consistent with the provisions of the MFMA and other government pronouncements, the following cost savings for the financial year are disclosed:

Cost Containment			
Cost Containment Measure	Budget	Total Expenditure	Savings
	R'000	R'000	R'000
Use of consultants	R 5 376	R3 996	R 1 380
Travel and subsistence	R 340	R 96	R 243
Domestic accommodation	R 117	R 26	R90
Sponsorships, events and catering	R1 317	R 967	R349
Communication	R2 321	R 1 630	R691
Total	R 9 473	R 6 717	R 2 755

Table 232: Cost Containment

5.11 BORROWING AND INVESTMENTS

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

5.11.1 Actual Borrowings

Actual Borrowings
R' 000

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Instrument	2019/20	2020/21
	R'000	
Long-Term Loans (annuity/reducing balance)	28 523	24 777
Instalment Credit	-	-
Financial Leases	-	-
Total	28 523	24 777

Table 233: Actual Borrowings

5.11.2 Actual Investments

Investment Type		
R' 000		
Instrument	2019/20	2020/21
	R'000	
Fixed Term Investments	701	30 945
Total		

Table 234: Actual Investments

5.11.3 Grants Made by the Municipality

All Organisation or Person in receipt of Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2020/21
			R'000
Third party institutions	Contribution to the community	The organisation needs to supply the municipality with their Budget and AFS	200
Cycling institution	Contribution to develop tourism	The organisation needs to supply the municipality with their Budget and AFS	350
COVID-19 support/ relief	Contribution to the community	The organisation needs to supply the municipality with their Budget and AFS	992

Table 235: Grants Made by the Municipality

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Chapter 6

Component R: AUDITOR GENERAL OPINION 20219/20

6.1 AUDITOR GENERAL REPORT 2019/20

2019/20	
Findings	Corrective steps implemented/ to be implemented
Financial Statements	
Unqualified Audit Opinion with No Findings	No further actions required
Annual Performance Report	
No Material Findings identified	No further actions required
Report on the audit of compliance with legislation	
No Material Findings identified	No further actions required

Table 236: AG Report on Financial Performance 2019/20

COMPONENT S: AUDITOR GENERAL OPINION 2020/21

6.2 AUDITOR GENERAL REPORT 2020/21

2020/21	
Findings	Corrective steps implemented/ to be implemented
Financial Statements	
Unqualified Audit Opinion with No Findings	No further actions required
Annual Performance Report	
No Material Findings identified	No further actions required
Report on the audit of compliance with legislation	
No Material Findings identified	No further actions required

Table 237: AG Report on Financial Performance 2020/21

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LIST OF ABBREVIATIONS

AG	Auditor-General	IZS	Integrated Zoning Scheme
AFS	Annual Financial Statements	KPA	Key Performance Area
CAPEX	Capital Expenditure	KPI	Key Performance Indicator
CBP	Community Based Planning	LED	Local Economic Development
CFO	Chief Financial Officer	LED	Light-emitting diode
CMTF	Council Meets the People	LGSETA	Local Government Sector Education and Training Authority
COGHSTA	Department of Cooperative Governance, Human settlements and Traditional Affairs	LV	Low Voltage
COVID-19	Coronavirus 2019	LUPA	Land Use Planning Act
DAFF	Department of Agriculture, Forestry and Fisheries	MAYCOM	Executive Mayoral Committee
DEADP	Department of Environmental Affairs and Development Planning	MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
DPLG	Department of Provincial and Local Government	MIG	Municipal Infrastructure Grant
DOE	Department of Energy	MM	Municipal Manager
DWA	Department of Water Affairs	MMC	Member of Mayoral Committee
DWS	Department Water and Sanitation	MSA	Municipal Systems Act No. 32 of 2000
EE	Employment Equity	MTECH	Medium Term NBR National Building Regulations
EPWP	Extended Public Works Programme	NCOP	National Council of Provinces
EXCO	Executive Committee	NERSA	National Energy Regulator South Africa
FBS	Free Basic Services	NGO	Non-governmental organisation
FLIPS	Finance Linked Individual Subsidy Programme	NT	National Treasury
GAMAP	Generally Accepted Municipal Accounting Practice	OPEX	Operating expenditure
GRAP	Generally Recognised Accounting Practice	PMS	Performance Management System
GIS	Geographic Information System	PT	Provincial Treasury
HV	High Voltage	SALGA	South African Local Government Association
HR	Human Resources	SAMDI	South African Management Development Institute
ICT	Information Communication Technology	SCM	Supply Chain Management
IDP	Integrated Development Plan	SDBIP	Service Delivery and Budget Implementation Plan
IFRS	International Financial Reporting Standards	SDF	Spatial Development Framework
INEP	Integrated National Electrification Programme	SPLUMA	Spatial Planning Land Use and Management Act
IMFO	Institute for Municipal Finance Officers	WDF	Waste Disposal Facility
IRD	Integrated Residential Development Programme	WTW	Water Treatment Works
		WWTW	Waste Water Treatment Works

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ANNUAL FINANCIAL STATEMENTS



SWELLENDAM MUNICIPALITY



Unaudited

**Annual Financial Statements for the
year-ended 30 June 2021**

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

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SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 GENERAL INFORMATION

INFORMATION ABOUT THE MUNICIPALITY

NATURE OF BUSINESS:	Swellendam Municipality is a local municipality performing the functions as set out in the Constitution OF THE Republic of South Africa, 1996.		
COUNTRY OF ORIGIN AND LEGAL FORM:	South Africa	Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)	
MUNICIPAL JURISDICTION:	PROVINCE:	Western Cape	DISTRICT: Overberg District
	The Swellendam Municipality includes the following areas:		
	Barrydale	Rheenendal	
	Buffeljagsrivier	Rietkuil	
	Infanta	Stormsvlei	
	Malgas	Suurbraak	
	Ouplaas/Wydgelee	Swellendam	
DESCRIPTION OF THE NATURE OF OPERATION:	<p>The nature of operations of the municipality, in relation to the objects of local government (as stated in chapter 7, section 152(1) of the Constitution of South Africa) are as follows:</p> <ul style="list-style-type: none"> a) The provision of a democratic and accountable government for local communities; b) The provision of services to communities in a sustainable manner; c) The promotion of social and economic development; d) The promotion of a safe and healthy environment; e) The encouragement of community involvement in the matters of local government. 		
DESCRIPTION OF PRINCIPAL ACTIVITIES:	<ul style="list-style-type: none"> a) The provision of good government structures, financial viability and human resource management; b) The provision of electricity, water, refuse and sewerage services are funded through the collection of service charges at approved tariffs; c) The management of housing programmes through approved beneficiaries, as well as the hand-over of houses to such beneficiaries which are facilitated by the municipality; d) The promotion of health and safety through the purification of water and bio-treatment of domestic sewerage, roads and stormwater system, parks and recreational areas, libraries and other facilities, the control of traffic, control over nuisances and keeping of animals, illegal dumping etc; e) The establishment of public participation platforms and regular communication to the communities. f) Integrated development planning and spatial planning and land use management functions; g) The promotion of local tourism. 		
RELEVANT LEGISLATION:	<p>Basic Conditions of Employment Act, (Act no 75 of 1997) Division of Revenue Act, (Act no 4 of 2020) Electricity Act, (Act no 41 of 1987) Employment Equity Act, (Act no 55 of 1998) Housing Act, (Act no 107 of 1997) Municipal Finance Management Act and Regulations, (Act no 56 of 2003) Municipal Property Rates Act, (Act no 6 of 2004) Municipal Structures Act, (Act no 117 of 1998) Municipal Systems Act and Regulations, (Act no 32 of 2000) Skills Development Levies Act, (Act no 9 of 1999) Unemployment Insurance Act, (Act no 30 of 1966) Value Added Tax Act, (Act 89 of 1991) Water Services Act, (Act no 108 of 1997)</p>		
ABBREVIATIONS:	DORA	Division of Revenue Act	
	EEDM	Energy Efficiency Demand Management	
	EPWP	Expanded Public Works Program	
	FMG	Finance Management Grant	
	GRAP	Generally Recognised Accounting Practice	
	IAS	International Accounting Standards	
	IFRS	International Financial Reporting Standards	
	INEP	Integrated National Electricity Programme	
	IPSAS	International Public Sector Accounting Standards	
	MFMA	Municipal Finance Management Act	
	MIG	Municipal Infrastructure Grant	
	MPRA	Municipal Property rates Act	
	MSA	Municipal Systems Act	
	SoFP	Statement of Financial Position	
	SoFPPer	Statement of Financial Performance	
	WSIG	Water Services Infrastructure Grant	

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 GENERAL INFORMATION

EXECUTIVE MANAGEMENT OF THE MUNICIPALITY

EXECUTIVE MAYOR:	Mr N.G. Myburgh
MEMBERS OF THE EXECUTIVE COMMITTEE:	
Executive Mayor	Mr N.G. Myburgh
Deputy Executive Mayor	Mr A.M. Pokwas
Executive Councillor	Ms E.J. Lambrecht
Executive Councillor	Mr H.F. du Rand
MUNICIPAL MANAGER:	Mr A.M. Groenewald
CHIEF FINANCIAL OFFICER:	Miss E Wassermann
DIRECTOR COMMUNITY SERVICES:	Mr K.D. Stuurman
DIRECTOR CORPORATE SERVICES:	Mr D. du Plessis
DIRECTOR INFRASTRUCTURE SERVICES:	Mr F.P. Erasmus

MEMBERS OF THE SWELLENDAM LOCAL MUNICIPALITY

WARD 1:	Cllr E.J. Lamprecht
WARD 2:	Cllr A.M. Pokwas
WARD 3:	Cllr M.G. du Plessis
WARD 4:	Cllr H.F. du Rand
WARD 5:	Cllr G. Lebazi
WARD 6:	Cllr J.A. Matthysen
PROPORTIONAL	Cllr B.O. Sonqwenqwe
PROPORTIONAL	Cllr G. Mangcu-Qotyiwé
PROPORTIONAL	Cllr M.J. Koch
PROPORTIONAL	Cllr M.T. Swart
PROPORTIONAL	Cllr N.G. Myburgh

CONTACT INFORMATION FOR THE MUNICIPALITY

REGISTERED OFFICE:	49 Voortrek Street Swellendam 6740
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FACSIMILE NUMBER:	028 514 2694
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WEBSITE:	www.swellenmun.co.za

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NAME OF AUDITOR:	Auditor-General of South Africa, Western Cape
PHYSICAL ADDRESS:	No 19 Park Lane Building Park Lane Century City 7442
TELEPHONE NUMBER:	021 528 4100
FACSIMILE NUMBER:	021 528 4200
WEBSITE:	www.agsa.co.za

CONTACT INFORMATION FOR BANKERS

PRINCIPLE BANKERS:	ABSA Bank, Swellendam Branch
PHYSICAL ADDRESS:	67 Voortrek Street Swellendam 6740
TELEPHONE NUMBER:	028 514 8000
WEBSITE:	www.absa.co.za

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 GENERAL INFORMATION

CONTACT INFORMATION FOR ATTORNEYS

ATTORNEYS:	Powell, Kelly, Veldman Attorneys
PHYSICAL ADDRESS:	13 Baker Street Swellendam 6740
TELEPHONE NUMBER:	028 514 1184
FACSIMILE NUMBER:	028 514 1782

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 APPROVAL

ACCOUNTING OFFICER'S APPROVAL OF ANNUAL FINANCIAL STATEMENTS

Section 60 of the MFMA states that the Municipal Manager is the Accounting Officer, thus as the Accounting Officer of the municipality I hereby certify that I'm responsible for-

Financial Management and Administration

The top management of the municipality have assisted me with the management and co-ordination regarding the financial administration of the municipality. An appropriate system of delegation has been developed in order to both maximise administrative and operational efficiency, as well as provide adequate checks and balances in the municipality's financial administration.

Preparation of AFS and submission for audit purposes

I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 1 to 98 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

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

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

Other matters

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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2021 and am satisfied that the municipality can continue in operational existence for the foreseeable future.

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

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

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

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports. Please refer to note 54 for more detail.

AM Groenewald
Accounting Officer

Date

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION

		2021	2020 Restated
	Notes	R	R
ASSETS			
Non-Current Assets		391 145 432	379 468 662
Property, Plant and Equipment	2	378 296 653	364 085 233
Investment Property	3	11 673 330	14 457 909
Intangible Assets	4	741 194	547 968
Heritage Assets	5	170 979	170 979
Non-Current Receivables from Exchange Transactions	8	88 571	155 005
Non-Current Receivables from Non-Exchange Transactions	9	79 043	27 089
Operating Lease Asset	6.2	95 662	24 480
Current Assets		141 493 801	117 841 056
Inventory	7	5 211 974	3 781 880
Receivables from Exchange Transactions	10	14 740 422	12 189 143
Receivables from Non-exchange Transactions	11	10 873 250	11 712 210
Operating Lease Asset	6.2	42 735	61 828
Taxes	21	843 232	1 188 968
Cash and Cash Equivalents	12	109 782 187	88 907 027
Total Assets		532 639 233	497 309 712
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		101 385 144	96 334 489
Long-term Borrowings	13	21 998 723	24 779 744
Non-current Provisions	14	45 316 421	41 654 389
Employee Benefits	15	34 070 000	29 892 000
Operating Lease Liability	6.1	-	8 357
Current Liabilities		85 732 600	63 366 080
Consumer Deposits	16	3 186 848	2 754 740
Current Employee Benefits	18	14 711 969	12 736 567
Trade and Other Payables from Exchange Transactions	19	33 209 942	30 264 285
Unspent Transfers and Subsidies	20	31 836 716	13 863 145
Current Portion of Long-term Borrowings	13	2 778 768	3 743 326
Operating Lease Liability	6.1	8 357	4 018
Total Liabilities		187 117 744	159 700 570
Net Assets		345 521 484	337 609 144
Capital Replacement Reserve	22	14 000 000	12 000 000
Accumulated Surplus/(Deficit)		331 521 484	325 609 144
TOTAL NET ASSETS AND LIABILITIES		532 639 232	497 309 712

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL PERFORMANCE

		2021	2020
	Notes	R	Restated R
REVENUE			
Revenue from Non-exchange Transactions		149 468 011	170 558 232
Taxation Revenue		42 796 663	39 858 145
Property Taxes	23	42 796 663	39 858 145
Transfer Revenue		68 300 005	94 841 964
Government Grants and Subsidies-Capital	24	18 451 958	25 232 225
Government Grants and Subsidies-Operating	24	49 834 419	42 232 761
Contributed Property, Plant and Equipment	25	13 627	27 376 977
Other Revenue		38 371 343	35 858 123
Fines, Penalties and Forfeits		35 279 606	32 749 936
Interest Earned - Non-exchange Transactions		95 590	248 925
Availability Charges	29	2 996 146	2 859 262
Revenue from Exchange Transactions		151 042 640	137 188 877
Service Charges	28	137 905 362	124 105 294
Sales of Goods and Rendering of Services	30	3 282 253	2 658 949
Rental from Fixed Assets	31	797 732	724 803
Interest Earned - External Investments	32	3 514 479	5 239 528
Interest Earned - Exchange Transactions	33	1 198 792	1 065 105
Licences and Permits	27	1 247 947	1 269 728
Agency Services		2 469 621	1 938 743
Operational Revenue	34	626 454	186 727
Revenue from Construction Contracts	26	12 163 271	-
Total Revenue		312 673 922	307 747 110
EXPENDITURE			
Employee related costs	35	108 006 744	97 690 665
Remuneration of Councillors	36	5 318 691	5 292 281
Bad Debts Written Off		1 217 360	3 435 079
Contracted Services	37	34 576 955	15 965 403
Depreciation and Amortisation	38	13 532 380	10 170 040
Finance Costs	39	4 771 049	4 938 270
Bulk Purchases	40	68 851 823	64 599 689
Inventory Consumed	7.1	10 284 134	7 795 690
Operating Leases		1 253 803	572 729
Transfers and Subsidies	41	1 192 592	841 834
Operational Cost	42	24 272 236	19 577 305
Total Expenditure		273 277 768	230 878 984
Operating Surplus/(Deficit) for the Year		39 396 155	76 868 125
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		10 921	(2 962)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	43	(34 743 474)	(28 522 345)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	45	4 896 913	123 860
(Gains/Loss) on Sale of Fixed Assets and Inventory	44	(1 648 172)	(2 642 986)
NET SURPLUS/(DEFICIT) FOR THE YEAR		7 912 342	45 823 692

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 STATEMENT OF CHANGES IN NET ASSETS

	Notes	Capital Replacement Reserve R	Housing Development Fund R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 01 July 2018		11 000 000	394 861	278 380 981	289 775 842
Correction of Errors - note 46		-	-	2 009 606	2 009 606
Restated balance 2019	46.2.1	11 000 000	394 861	280 390 587	291 785 448
Net Surplus/(Deficit) for the year		-	-	45 823 692	45 823 692
Transfer to/from CRR		6 194 523	-	(6 194 523)	-
Property, Plant and Equipment purchased		(5 194 523)	-	5 194 523	-
Transfer from Housing Development Fund			(394 861)	394 861	-
Restated balance 2020	46.2.1	12 000 000	-	325 609 140	337 609 141
Net Surplus/(Deficit) for the year		-	-	7 912 342	7 912 342
Transfer from CRR for Capital Expenditure		(5 345 983)	-	5 345 983	-
Transfer to CRR		7 345 984		(7 345 984)	-
Transfer from Housing Development Fund					-
Balance at 30 June 2021		14 000 000	-	331 521 484	345 521 480

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 CASH FLOW STATEMENT

		2021	2020
	Notes	R	Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		298 586 939	254 798 888
Property Tax, Service Charges and Other Revenue		208 686 342	174 972 325
Government Grants		86 259 950	74 460 866
Interest		3 640 648	5 365 697
Cash payments		(253 165 860)	(209 858 632)
Suppliers and Employees		(248 993 057)	(205 579 491)
Finance Charges		(2 980 212)	(3 432 307)
Transfers and Grants		(1 192 592)	(846 834)
Net Cash from Operating Activities	47	45 421 079	44 940 256
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(21 006 904)	(28 055 725)
Proceeds on Disposal of Fixed Assets		591 841	635 718
Purchase of Intangible Assets		(385 276)	(126 257)
Purchase of Investment Properties		-	(19 116)
Net Cash from Investing Activities		(20 800 339)	(27 565 380)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Borrowing		(3 745 579)	(3 413 010)
Net Cash from Financing Activities		(3 745 579)	(3 413 010)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20 875 164	13 961 866
Cash and Cash Equivalents at the beginning of the year		88 907 027	74 945 161
Cash and Cash Equivalents at the end of the year	48	109 782 187	88 907 027
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20 875 163	13 961 866

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL POSITION

		2021							
Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virements	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget %	
	R	R	R	R	R	R	R	%	
ASSETS									
Current Assets									
Cash	47 942 310	17 031 028	64 973 338			64 973 338	109 782 187	69.0%	
Consumer Debtors	7 100 379	8 904 595	16 004 974			16 004 974	18 297 546	14.3%	
Other Debtors	11 369 485	(3 225 544)	8 143 941			8 143 941	8 202 093	0.7%	
Inventory	3 722 394	(171 024)	3 551 370			3 551 370	5 211 974	46.8%	
Total Current Assets	70 134 568	22 539 055	92 673 623	-	-	92 673 623	141 493 801	52.7%	
Non-Current Assets									
Investment Property	16 999 457	(3 732 308)	13 267 149			13 267 149	11 673 330	(12.0%)	
Investments	-	701 284	701 284			701 284	-	(100.0%)	
Property, Plant and Equipment	340 941 271	57 360 618	398 301 889			398 301 889	378 296 653	(5.0%)	
Intangible Assets	353 481	100 607	454 088			454 088	741 194	63.2%	
Consumer Debtors	-	182 093	182 093			182 093	88 571	100.0%	
Other Debtors	-	-	-			-	79 043	100.0%	
Other Non-Current Assets	170 978	24 480	195 458			195 458	266 641	36.4%	
Total Non-Current Assets	358 465 187	54 636 774	413 101 961	-	-	413 101 961	391 145 432	(5.3%)	
TOTAL ASSETS	428 599 755	77 175 829	505 775 584	-	-	505 775 584	532 639 233	5.3%	
LIABILITIES									
Current Liabilities									
Borrowing	2 783 601	-	2 783 601			2 783 601	2 778 768	(0.2%)	
Consumer Deposits	2 925 450	39 659	2 965 109			2 965 109	3 186 848	7.5%	
Trade and Other Payables	28 403 489	(1 548 833)	26 854 656			26 854 656	65 046 659	142.2%	
Provisions	16 665 139	(831 992)	15 833 147			15 833 147	14 711 969	(7.1%)	
Operating Lease Liability	-	-	-			-	8 357	100.0%	
Total Current Liabilities	50 777 679	(2 341 166)	48 436 513	-	-	48 436 513	85 732 600	77.0%	
Non-Current Liabilities									
Borrowing	21 998 285	12 900	22 011 185			22 011 185	21 998 723	(0.1%)	
Provisions	80 404 289	(4 740 291)	75 663 998			75 663 998	79 386 421	4.9%	
Operating Lease Liability	-	-	-			-	-	100.0%	
Total Non-Current Liabilities	102 402 574	(4 727 391)	97 675 183	-	-	97 675 183	101 385 144	3.8%	
TOTAL LIABILITIES	153 180 253	(7 068 557)	146 111 696	-	-	146 111 696	187 117 744	28.1%	
NET ASSETS									
Accumulated Surplus/(Deficit)	264 024 640	83 639 248	347 663 888			347 663 888	331 521 484	(4.6%)	
Reserves	11 394 862	605 138	12 000 000			12 000 000	14 000 000	16.7%	
TOTAL NET ASSETS	275 419 502	84 244 386	359 663 888	-	-	359 663 888	345 521 488	(3.9%)	

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE

2021								
Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
REVENUE								
Property Rates	42 116 924	255 608	42 372 532			42 372 532	42 796 663	1.0%
Service Charges - Electricity Revenue	90 701 183	(1 997 666)	88 703 517			88 703 517	89 078 047	0.4%
Service Charges - Water Revenue	19 034 278	145 035	19 179 313			19 179 313	18 810 148	(1.9%)
Service Charges - Sanitation Revenue	18 186 995	1 259 389	19 446 384			19 446 384	22 035 444	13.3%
Service Charges - Refuse Revenue	10 416 259	649 345	11 065 604			11 065 604	10 977 870	(0.8%)
Rental of Facilities and Equipment	732 174	(4 500)	727 674			727 674	797 732	9.6%
Interest Earned - External Investments	4 714 720	(1 214 654)	3 500 066			3 500 066	3 514 479	0.4%
Interest Earned - Outstanding Debtors	1 260 091	(112 470)	1 147 621			1 147 621	1 294 382	12.8%
Fines, Penalties and Forfeits	47 055 060	(13 498 266)	33 556 794			33 556 794	35 279 606	5.1%
Licences and Permits	1 440 487	(248 700)	1 191 787			1 191 787	1 247 947	4.7%
Agency Services	2 181 800	433 200	2 615 000			2 615 000	2 469 621	(5.6%)
Transfers and Subsidies-Operational	55 271 956	16 265 374	71 537 330			71 537 330	49 834 419	(30.3%)
Other Revenue	2 948 913	708 768	3 657 681			3 657 681	15 917 199	335.2%
Gains	1 500 000	115 000	1 615 000			1 615 000	5 410 185	235.0%
Total Revenue (excluding capital transfers and contributions)	297 560 840	2 755 463	300 316 303	-	-	300 316 303	299 463 743	(0.3%)
EXPENDITURE								
Employee related costs	115 621 287	(4 870 862)	110 750 425			110 750 425	108 006 744	(2.5%)
Remuneration of Councillors	5 638 262	-	5 638 262			5 638 262	5 318 691	(5.7%)
Debt Impairment	36 921 200	(11 589 475)	25 331 725			25 331 725	35 960 834	42.0%
Depreciation and Asset Impairment	11 418 988	(756 139)	10 662 849			10 662 849	13 532 380	26.9%
Finance Charges	6 097 221	-	6 097 221			6 097 221	4 771 049	(21.8%)
Bulk Purchases	72 733 271	60 000	72 793 271			72 793 271	68 851 823	(5.4%)
Other Materials	13 332 112	(663 111)	12 669 001			12 669 001	10 284 134	(18.8%)
Contracted Services	35 755 799	6 845 665	42 601 464			42 601 464	34 576 955	(18.8%)
Transfers and Subsidies	160 000	1 220 180	1 380 180			1 380 180	1 192 592	(13.6%)
Other Expenditure	25 213 185	3 422 260	28 635 445			28 635 445	25 515 118	(10.9%)
Losses	-	118 000	118 000			118 000	2 161 445	100.0%
Total Expenditure	322 891 325	(6 213 482)	316 677 843	-	-	316 677 843	310 171 766	(2.1%)
Surplus/(Deficit)	(25 330 485)	8 968 945	(16 361 540)	-	-	(16 361 540)	(10 708 023)	(34.6%)
Transfers and Subsidies-Capital	16 124 044	24 107 589	40 231 633			40 231 633	18 451 958	(54.1%)
Contributions Recognised - Capital	107 036	32 900	139 936			139 936	168 406	100.0%
Transfers and Subsidies-capital in kind	-	-	-			-	-	0.0%
Surplus/(Deficit) for the year	(9 099 405)	33 109 434	24 010 029	-	-	24 010 029	7 912 342	(67.0%)

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT

2021									
Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget %	
	R	R	R	R	R	R	R	%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property Tax, Service Charges and Other Revenue	200 311 996	(3 521 057)	196 790 939			196 790 939	208 686 342	6.0%	
Government - Operating	55 271 956	12 913 652	68 185 608			68 185 608	56 420 559	(17.3%)	
Government - Capital	16 124 044	13 719 919	29 843 963			29 843 963	29 839 391	(0.0%)	
Interest	5 974 811	(1 327 224)	4 647 587			4 647 587	3 640 648	(21.7%)	
Payments									
Suppliers and Employees	(264 100 813)	(6 180 780)	(270 281 593)			(270 281 593)	(248 993 057)	(7.9%)	
Finance costs	(3 026 943)	-	(3 026 943)			(3 026 943)	(2 980 212)	(1.5%)	
Transfers and Grants	(160 000)	(1 220 180)	(1 380 180)			(1 380 180)	(1 192 592)	(13.6%)	
Net Cash from/(used) Operating Activities	51.3.1	10 395 051	14 384 330	24 779 381	-	-	24 779 381	45 421 078	83.3%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	1 500 000	255 036	1 755 036			1 755 036	591 841	(66.3%)	
Decrease (increase in non-current receivables)	-	(701 284)	(701 284)			(701 284)	-	(100.0%)	
Payments									
Capital Assets	(22 124 044)	(24 107 589)	(46 231 633)			(46 231 633)	(21 392 180)	(53.7%)	
Net Cash from/(used) Investing Activities	51.3.2	(20 624 044)	(24 553 837)	(45 177 881)	-	-	(45 177 881)	(20 800 339)	(54.0%)
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Increase/(Decrease) in Consumer Deposits	210 368	-	210 368			210 368	-	(100.0%)	
Payments									
Repayment of Borrowing	(3 740 658)	-	(3 740 658)			(3 740 658)	(3 745 579)	0.1%	
Net Cash from/(used) Financing Activities	51.3.3	(3 530 290)	-	(3 530 290)	-	-	(3 530 290)	(3 745 581)	6.1%
NET INCREASE/(DECREASE) IN CASH HELD									
Cash and Cash Equivalents at the year begin:	(13 759 283)	(10 169 507)	(23 927 790)	-	-	(23 927 790)	20 875 158	(187.2%)	
	61 701 593	27 200 434	88 902 027			88 902 027	88 907 027	0.0%	
Cash and Cash Equivalents at the year end:	47 942 310	17 030 927	64 974 237	-	-	64 974 237	109 782 185	69.0%	

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

SEGMENTS REPORTING

	2021					Total R
	Governance and Administration R	Community and Public Safety R	Economic and environmental services R	Trading services R	Unallocated R	
SEGMENT REVENUE						
External revenue from exchange transactions	5 067 383	1 892 508	5 241 935	144 251 000	-	156 452 826
Service Charges - Electricity Revenue	-	3 520	-	87 972 023	-	87 975 543
Service Charges - Water Revenue	-	-	-	17 849 845	-	17 849 845
Service Charges - Sanitation Revenue	-	-	-	21 102 105	-	21 102 105
Service Charges - Refuse Revenue	-	-	-	10 977 870	-	10 977 870
Sales of Goods and Rendering of Services	781 083	733 566	1 604 451	163 154	-	3 282 253
Rental of Facilities and Equipment	2 765	794 966	-	-	-	797 732
Interest Earned - External Investments	3 514 479	-	-	-	-	3 514 479
Interest Earned - Exchange Transactions	4 200	-	-	1 194 592	-	1 198 792
Licences and Permits	46 084	-	1 201 863	-	-	1 247 947
Agency Services	-	34 000	2 435 621	-	-	2 469 621
Operational Revenue	205 499	326 455	-	94 500	-	626 454
Gains	513 273	-	-	4 896 913	-	5 410 185
External revenue from non-exchange transactions	80 318 006	10 113 986	35 192 570	23 843 449	-	149 468 011
Property Rates	42 796 663	-	-	-	-	42 796 663
Fines, Penalties and Forfeits	66 132	11 008	35 192 570	9 896	-	35 279 606
Interest Earned - Non-exchange Transactions	95 590	-	-	-	-	95 590
Availability Charges	-	-	-	2 996 146	-	2 996 146
Transfers and Subsidies-Capital	11 650 212	4 385 071	-	2 416 676	-	18 451 959
Contributed Property, Plant and Equipment	-	13 627	-	-	-	13 627
Transfers and Subsidies-Operational	25 709 408	5 704 281	-	18 420 730	-	49 834 418
Revenue from Construction Contracts	-	12 163 271	-	-	-	12 163 271
Total Segment Revenue	85 385 389	24 169 765	40 434 505	168 094 448	-	318 084 108
SEGMENT EXPENDITURE						
Employee Related Costs	45 976 706	18 606 303	15 927 974	27 495 761	-	108 006 744
Remuneration of Councillors	5 318 691	-	-	-	-	5 318 691
Debt Impairment	1 943 994	-	29 367 628	4 649 212	-	35 960 834
Depreciation and Asset Impairment	1 371 266	482 205	2 137 496	9 541 413	-	13 532 380
Finance Charges	2 980 212	-	-	1 790 838	-	4 771 049
Bulk Purchases	-	-	-	68 851 823	-	68 851 823
Other Materials	938 838	655 241	3 561 751	5 128 304	-	10 284 134
Contracted Services	8 096 627	15 713 254	3 371 705	7 395 370	-	34 576 955
Transfers and Subsidies	1 192 592	-	-	-	-	1 192 592
Other Expenditure	17 056 768	1 383 821	1 513 284	5 561 245	-	25 515 118
Losses	2 161 445	-	-	-	-	2 161 445
Total Segment Expenditure	87 037 139	36 840 823	55 879 838	130 413 965	-	310 171 766
Surplus/(Deficit) for the year	(1 651 750)	(12 671 058)	(15 445 333)	37 680 483	-	7 912 342

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

SEGMENTS REPORTING

	2020					Total
	Governance and Administration	Community and Public Safety	Economic and environmental services	Trading services	Unallocated	
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	7 006 158	1 757 134	4 134 999	124 290 586	-	137 188 877
Service Charges - Electricity Revenue	-	22 082	-	80 972 963	-	80 995 045
Service Charges - Water Revenue	-	-	-	16 854 105	-	16 854 105
Service Charges - Sanitation Revenue	-	-	-	16 778 491	-	16 778 491
Service Charges - Refuse Revenue	-	-	-	9 477 653	-	9 477 653
Sales of Goods and Rendering of Services	581 921	961 190	992 622	123 215	-	2 658 949
Rental of Facilities and Equipment	6 984	717 819	-	-	-	724 803
Interest Earned - External Investments	5 239 528	-	-	-	-	5 239 528
Interest Earned - Exchange Transactions	1 065 105	-	-	-	-	1 065 105
Licences and Permits	29 372	-	1 240 356	-	-	1 269 728
Agency Services	-	36 722	1 902 021	-	-	1 938 743
Operational Revenue	83 249	19 320	-	84 158	-	186 727
Gains	-	-	-	-	-	-
External revenue from non-exchange transactions	86 410 404	18 150 264	32 635 151	33 362 413	-	170 558 232
Property Rates	39 858 145	-	-	-	-	39 858 145
Fines, Penalties and Forfeits	142 192	12 494	32 595 250	-	-	32 749 936
Interest Earned - Non-exchange Transactions	248 925	-	-	-	-	248 925
Availability Charges	-	-	-	2 859 262	-	2 859 262
Transfers Recognised - Capital	8 015 694	12 933 726	-	2 607 607	-	23 557 027
Contributed Property, Plant and Equipment	79 474	-	-	27 297 503	-	27 376 977
Transfers Recognised - Operational	38 065 973	5 204 044	39 901	598 041	-	43 907 960
Total Segment Revenue	93 416 563	19 907 398	36 770 151	157 652 999	-	307 747 110
SEGMENT EXPENDITURE						
Employee Related Costs	38 960 340	18 115 555	16 716 095	23 898 675	-	97 690 665
Remuneration of Councillors	5 292 281	-	-	-	-	5 292 281
Debt Impairment	942 038	-	26 563 054	4 452 333	-	31 957 425
Depreciation and Asset Impairment	1 312 707	539 206	1 898 543	6 419 584	-	10 170 040
Finance Charges	3 368 110	-	-	1 570 160	-	4 938 270
Bulk Purchases	-	-	-	64 599 689	-	64 599 689
Other Materials	549 350	528 895	2 805 106	3 912 338	-	7 795 690
Contracted Services	6 775 828	823 077	2 960 375	5 406 124	-	15 965 403
Transfers and Subsidies	841 834	-	-	-	-	841 834
Other Expenditure	11 333 828	1 560 374	1 560 819	4 951 525	743 487	20 150 034
Loss on Disposal of PPE	2 522 088	-	-	-	-	2 522 088
Total Segment Expenditure	71 898 404	21 567 107	52 503 992	115 210 427	743 487	261 923 417
Surplus/(Deficit) for the year	21 518 159	(1 659 710)	(15 733 842)	42 442 572	(743 487)	45 823 692

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

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

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by the National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.4, on which the municipality was required to transact for periods after 1 July 2020. The result of this process was a reclassification and naming of items in the annual financial statements.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements will be adjusted in accordance with GRAP 3.

The following GRAP standards became effective on 1 April 2020:

- GRAP 18 Segment Reporting
- GRAP 110 Living and non-living resources
- GRAP 34 Separate financial statements
- GRAP 35 Consolidated financial statements
- GRAP 36 Investment in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of Interest in Other Entities

GRAP 34 - 38 will not have an influence on the operations of the municipality.

Amendments were made to the following GRAP interpretations:

- iGRAP 1 Applying the Probability Test on Initial Recognition of Revenue
- iGRAP 20 Accounting for Adjustments to Revenue

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by the National Treasury. The comparisons of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

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

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Comparable information includes the following:

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

Explanations for differences between the approved and final budget are included in the notes to the Financial Statements OR on the Statement of Budget Comparison.

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

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 5% of the budgeted value as material, provided that such variance exceeds materiality as indicated in section 1.6 above. All variances less than that, is considered immaterial.

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

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

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

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 104 (Revised – April 2020)	<u>Financial Instruments</u> The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Guideline	<u>Landfill sites</u> No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Guideline	<u>Application of Materiality of Financial Statements</u> The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.9. RESERVES

Capital Replacement Reserve (CRR)

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

1.10. LEASES

1.10.1. Municipality as Lessee

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

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

1.10.2. Municipality as Lessor

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

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.14. UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

1.15. PROVISIONS

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

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

1.16. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

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

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

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

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

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

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

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Past-service costs are recognised immediately in income unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as a contribution, and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as employee cost in the Statement of Financial Performance. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is included under employee cost and charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Long Service Awards

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

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

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(d) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(e) Staff Bonuses

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

(f) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(g) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises 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; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;

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- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;
- Property held by the municipality for strategic purpose

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on the acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

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

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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.

1.17.3. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins

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when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

<u>Land and Buildings</u>	Years
Land	Indefinite
Buildings	10-100
<u>Infrastructure</u>	
Roads and Streets	7-80
Electricity Mains	20-66
Water Mains and Purification	8-102
Sewerage Mains & Purification	10-100
Solid Waste	15-57
Storm Water	20-100
Communication	6-30
Community Assets	0-100
Other Assets	0-100
<u>Finance lease assets</u>	
Office equipment	3-8
<u>Other</u>	
Motor Vehicles	7-43
Furniture and Office Equipment	3-38
Machinery and Equipment	3-24
Information and communication infrastructure	10-30
Computer equipment	3-31

The depreciation charge is recognised in the Statement of Financial Performance.

Changes to the useful life of assets and residual value are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

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1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost. For Other Assets, the depreciation cost method was used to establish the deemed cost.

1.17.6. Decommissioning and restoration asset

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.26 of the policy.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e., is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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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 expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure the expenditure attributable to the intangible asset reliably during its development.

Intangible assets are initially recognised at cost.

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

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e., when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	5-16

The amortisation charge is recognised in the Statement of Financial Performance.

Changes to the useful life and residual values of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

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1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciation cost method was used to establish the deemed cost.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

At initial recognition, the Municipality measures investment property at cost, including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e., where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If the owner-occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses.

1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	10-100

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost.

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1.20. HERITAGE ASSETS

1.20.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.20.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3. Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.20.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost.

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1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset;
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
 - A decision to halt the construction of the asset before it is complete or in a usable condition
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate.

A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to

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its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

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1.22. CONSTRUCTION CONTRACTS

Construction contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group of items) must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably.

Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

The municipality assessed all of the contracts in place and found that only those contracts pertaining to Housing Arrangements as those described in ASB's Accounting for Arrangements Undertaken in terms of the National Housing Programme would meet the definition on Construction Contracts.

All of these contracts for the municipality are fixed-price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs are met and the stage of contract completion can be measured.

In exceptional cases, if any, for a cost-plus or cost-based contract, the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits or service potential associated with the contract will flow to the entity and the contract costs can be clearly identified and measured reliably.

An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.

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1.23. INVENTORIES

1.23.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilolitre of purified water by the amount of water in storage.

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

1.23.2. Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, land, materials and supplies and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.24. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

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1.24.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.24.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.24.2.1. Receivables

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.24.2.2. Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.24.3. De-recognition

1.24.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised, and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option

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(including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.24.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.24.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

1.25. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.25.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

1.25.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that

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it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

The municipality considers the following as indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied)
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.25.3. Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - i. derecognise the receivable; and
 - ii. recognise separately any rights and obligations created or retained in the transfer.

1.25.4. Transitional Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables. Over time our understanding and insights as to the requirements of a new standard improves, therefore the municipality is choosing to make use of the transitional provision.

The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

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1.26. REVENUE

1.26.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset, and there is no liability to repay the amount.

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment qualify for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties, i.e., insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualify for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June.

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Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition.

Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed, and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality, therefore, recognises an expense and related revenue for the consumption of services in-kind.

1.26.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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- 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;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods is recognised when:

- The amount of revenue can be measured reliably;
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality;
- The stage of completion at the reporting date can be measured reliably;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue, this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

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Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents, and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold, or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.27. ACCOUNTING BY PRINCIPALS AND AGENTS

A principal-agent arrangement exists where there is a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

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Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

1.28. 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.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

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- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm’s length and not on normal commercial terms are disclosed.

1.29. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality’s Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure.

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Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality.

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

Management judgement is required when recognising and measuring contingent liabilities.

1.33. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

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Post-retirement medical obligations, Long service awards

The cost of post-retirement medical obligations, long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in the notes of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical, useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings, management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method, which was based on assumptions about the remaining duration of the assets.

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The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method, which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Water Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of

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the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of the time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historical patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by the Council.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused. The average pre-paid electricity sold per day during the year under review is used, and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the Standards of GRAP.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) that is expected to become effective on 1 July 2021. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

1.34. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value-added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.35. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date

1.36. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.37. TAXATION

1.37.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.37.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.37.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.38. . SEGMENT REPORTING

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

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The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2021

	Cost						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure													
Roads	79 913 858	-	3 720 002		(109 780)	83 524 080	13 137 001	-	1 834 780	(6 064)	(42 465)	14 923 252	68 600 828
Storm Water	40 854 843	-	2 261 210			43 116 053	5 721 225	-	753 929	(219)		6 474 935	36 641 119
Electricity	41 394 023	-	1 741 115	4 366		43 139 504	10 809 223	-	864 475	3 814		11 677 512	31 461 992
Water Supply	64 712 327	-	3 502 431	676 859	(115 450)	68 776 167	12 233 584	-	1 607 032	4 013	(55 286)	13 789 343	54 986 824
Sanitation	115 639 961	-	27 272		(78 823)	115 588 410	16 440 317	-	2 426 599	(1 420)	(64 793)	18 800 703	96 787 707
Solid Waste	222 359	-				222 359	153 638	-	6 221	(125)		159 734	62 625
Work in progress	1 450 867	-	4 268 853	(681 225)		5 038 495	-	-				-	5 038 495
	344 188 238	-	15 520 883	-	(304 053)	359 405 068	58 494 988	-	7 493 036	-	(162 544)	65 825 479	293 579 589
Community Assets													
Community Assets	43 045 658	-	437 183		(13 597)	43 469 244	7 619 244	-	336 409		(4 293)	7 951 360	35 517 884
Work in progress	0	-	2 072 148			2 072 148	-	-				-	2 072 148
	43 045 658	-	2 509 331	-	(13 597)	45 541 392	7 619 244	-	336 409	-	(4 293)	7 951 360	37 590 032

	Cost						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Other Assets													
Other	37 001 014	-	295 286			37 296 300	10 401 077	-	101 694			10 502 771	26 793 529
Libraries	(1)	-				0	(0)	-	-			(0)	0
Computer Equipment	4 446 155	-	529 520	(618 635)	(142 347)	4 214 693	2 040 972	-	290 940	(157 428)	(108 462)	2 066 022	2 148 671
Furniture and Office Equipment	5 638 071	-	291 754	730	(113 135)	5 817 420	3 099 906	-	335 158	700	(88 893)	3 346 871	2 470 549
Machinery and Equipment	4 499 662	-	869 353	(45 800)	(93 277)	5 229 938	2 556 271	-	325 856	(21 505)	(59 060)	2 801 561	2 428 376
Information and Communication Assets	288 780	-	70 994	617 906		977 680	215 610	-	68 686	156 728		441 024	536 656
Transport Assets	14 567 884	-	933 410	45 800	(2 346)	15 544 747	7 248 167	-	330 707	21 505	(2 199)	7 598 180	7 946 567
	66 441 565	-	2 990 317	-	(351 106)	69 080 778	25 562 002	-	1 453 041	-	(258 614)	26 756 429	42 324 349
Leases													
Furniture and Office Equipment	1 969 945	-			(1 969 945)	0	1 438 188	-	531 756		(1 969 944)	0	0
	1 969 945	-			(1 969 945)	0	1 438 188	-	531 756		(1 969 944)	0	0
Capitalised Restoration Cost													
	21 639 746	-	6 768 107			28 407 854	20 085 497	-	3 519 672			23 605 169	4 802 685
	21 639 746	-	6 768 107			28 407 854	20 085 497	-	3 519 672			23 605 169	4 802 685
Total	477 285 153	-	27 788 638	-	(2 638 700)	502 435 093	113 199 920	-	13 333 914	-	(2 395 395)	124 138 437	378 296 653

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

2.2 30 JUNE 2020

	Cost						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/ Impairment	Restated Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure													
Roads	67 809 268		11 732 892	486 578	(114 881)	79 913 858	11 614 709		1 578 880	-	(56 588)	13 137 001	66 776 857
Storm Water	37 209 632		3 523 445	121 766	-	40 854 843	5 030 941		690 284	-	-	5 721 225	35 133 619
Electricity	36 556 028		4 616 461	221 533	-	41 394 023	10 035 913		773 310	-	-	10 809 223	30 584 800
Water Supply	60 425 833		4 177 448	122 556	(13 510)	64 712 327	10 807 293		1 438 765	-	(12 474)	12 233 584	52 478 743
Sanitation	86 208 304		29 071 898	3 220 859	(2 861 100)	115 639 961	15 924 827		1 917 560	-	(1 402 070)	16 440 317	99 199 644
Solid Waste	232 461		-	-	(10 101)	222 359	150 982		6 359	-	(3 703)	153 638	68 721
Work in progress	5 100 139	(39 673)	720 898	(4 330 497)	-	1 450 867	-		-	-	-	-	1 450 867
	293 541 666	(39 673)	53 843 043	(157 205)	(2 999 592)	344 188 238	53 564 666		6 405 158		(1 474 836)	58 494 988	285 693 250
Community Assets													
Community Assets	38 433 438	272 000	154 665	4 185 555	-	43 045 658	5 594 643		313 622	1 710 979	-	7 619 244	35 426 414
Work in progress	0	-	-	-	-	0	-		-	-	-	-	0
	38 433 438	272 000	154 665	4 185 555	-	43 045 658	5 594 643		313 622	1 710 979	-	7 619 244	35 426 414

	Cost						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/ Impairment	Restated Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Other Assets													
Other Land	37 283 781	812 468	46 032	(663 903)	(477 364)	37 001 014	11 823 892	(16 738)	90 596	(1 093 566)	(403 107)	10 401 077	26 599 937
Libraries	4 471 754	-	-	(4 471 755)	-	(1)	1 710 979	-	-	(1 710 979)	-	(0)	0
Computer Equipment	3 838 264	14 589	743 667	-	(150 366)	4 446 155	1 823 445		321 750	-	(104 223)	2 040 972	2 405 183
Furniture and Office Equipmen	5 402 286	86 321	207 711	168	(58 415)	5 638 071	2 860 033		304 680	(20)	(64 787)	3 099 906	2 538 165
Machinery and Equipmen	4 375 571	65 560	130 400	3	(71 872)	4 499 662	2 352 303		296 932	1 827	(94 791)	2 556 271	1 943 391
Information and Communicator	284 380	4 399	-	-	-	288 780	207 067		8 543	-	-	215 610	73 170
Transport Assets	14 515 127	-	307 185	(171)	(254 257)	14 567 884	7 047 713		332 523	(1 807)	(130 262)	7 248 167	7 319 717
	70 171 164	983 338	1 434 995	(5 135 658)	(1 012 274)	66 441 565	27 825 431	(16 738)	1 355 024	(2 804 545)	(797 170)	25 562 002	40 879 564
Leases													
Furniture and Office Equipmen	1 969 945	-	-	-	-	1 969 945	858 521	-	579 667	-	-	1 438 188	531 757
	1 969 945	-	-	-	-	1 969 945	858 521	-	579 667	-	-	1 438 188	531 757
Capitalised Restoration Cost													
	19 560 178	773 984	1 305 584	-	-	21 639 746	17 521 658	567 620	1 329 259	-	666 961	20 085 497	1 554 249
Total	423 676 392	1 989 648	56 738 287	(1 107 308)	(4 011 867)	477 285 153	105 364 919	550 882	9 982 730	(1 093 566)	(1 605 046)	113 199 920	364 085 233

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R		2020 R
PROPERTY, PLANT AND EQUIPMENT (CONTINUE)				
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:				Restated
Infrastructure Assets		5 038 494		1 450 867
Roads		-		4 366
Water Supply		4 026 990		676 859
Sanitation		1 011 504		769 642
Community Assets		2 072 148		-
Other Assets		-		-
Total Property, Plant and Equipment Under Construction		7 110 642		1 450 867
The figures for 2020 which were previously stated as Roads R44 039 is now restated due to correction of error of R39 673. See prior year correction of errors - note 46.2.1				
2.4 Property, Plant and Equipment where construction or development has been halted:				
Infrastructure Assets		769 642		769 642
Sanitation		769 642		769 642
Community Assets		-		-
Other Assets		-		-
Total		769 642		769 642
The upgrading of the Barrydale Waste Water Treatment Works was halted due to counter funding availability.				
2.5 Expenditure incurred to repair and maintain Property, Plant and Equipment:				
Employee related costs		8 266 996		8 015 460
Other materials		6 996 634		5 322 369
Contracted Services		8 540 827		6 018 475
Other Expenditure		993 748		298 353
Total Repairs and Maintenance		24 798 205		19 654 657
2.6 Assets pledged as security:				
Carrying value of leased Property, Plant and Equipment secured for leases as set out in Note 2.		-		531 757
2.7 Impairment losses of Property, Plant and Equipment				
Impairment losses on Property, Plant and Equipment recognised in the Statement of Financial Performance are as follows:				
Capitalised Restoration cost - Landfill Site		-		666 961
Total Impairment Losses		-		666 961
2.8 Reversal of Impairment losses of Property, Plant and Equipment				
Reversal of Impairment losses on Property, Plant and Equipment recognised in the Statement of Financial Performance are as follows:				
Capitalised Restoration cost - Landfill Site		4 896 913		123 860
Total Reversal of Impairment losses		4 896 913		123 860
2.9 Effect of changes in accounting estimates				
During the current year the useful lives of assets were re-assessed. The effect on the current and future periods are as follows:				
Effect on Property, Plant and Equipment		2021 R (183 687)	2022 R (110 966)	2023 R (5 921)
2.10 Contractual commitments for acquisition of Property, Plant and Equipment:				
Approved and contracted for:		31 648 797		8 738 281
Infrastructure		20 119 566		8 738 281
Community		11 529 232		-
Total		31 648 797		8 738 281

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note reference	2021 R	2020 R
This expenditure will be financed from:		
Capital Replacement Reserve	1 015 450	-
Government Grants	30 633 347	8 738 281
Total	31 648 797	8 738 281

2.11 Land is controlled, but Swellendam Municipality is not the legal owner/custodian

Carrying value at year-end:

Erf 470 - Suurbraak (Library)	961 784	971 274
Erf 310 - Suurbraak (Stores)	586 015	591 348
10 Erven - Swellendam (Street corridors)	9 100	10 100
Total	1 556 899	1 572 722

Key judgements and assumptions applied

The Provincial Government - Western Cape transferred Erf 420 Suurbraak, however, this erf consists out of two properties that are built on the property. One is the clinic and one is the main building (other assets) with the library (community assets) and post office (rented out as investment property). The erf should have been subdivided before it was transferred, Swellendam Municipality is in the process to address with Province to rectify as the main building with a library and rented offices is under their control.

Erf 310 Suurbraak consists out of the municipal stores (mainly) and a building that is let out. Swellendam Municipality utilises the stores to perform their mandated functions and they receive the income of the building which is let out. They are responsible for the insurance and municipal accounts for this property. Swellendam Municipality controls Erf 310 Suurbraak and exercise the right to direct access to the property and generate future economic and service potential of the property. A process will be initiated to address the ownership of this property.

10 Erven is situated in Swellendam which consists out of streets, which is part of Swellendam Municipality's mandated functions. These erven still have to be transferred to Swellendam Municipality.

2.12 Land is not controlled, but Swellendam Municipality is the legal owner/custodian

Valuation as reflected on the 2019 valuation roll:

148 properties still to be transferred to owners	13 344 000	11 009 000
Total	13 344 000	11 009 000

Key judgements and assumptions applied

148 Erven still to be transferred to private owners as they control the assets, they can exercise the right to direct access to the property and generate future economic and service potential of the property. The private owners is responsible for the municipal accounts.

3. INVESTMENT PROPERTY

3.1 Net carrying value at 1 July

Restated

	14 457 910	16 210 026
Cost	17 707 955	18 438 371
Accumulated Depreciation	(877 212)	(932 720)
Accumulated Impairment Loss	(2 372 833)	(1 295 626)
Transfer from/(to) Property, Plant and Equipment	-	(182 554)
Cost	-	911 012
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	(1 093 566)
Transfer from/(to) Inventory	(781 453)	31 500
Cost	(1 777 120)	31 500
Accumulated Depreciation	39 388	-
Accumulated Impairment Loss	956 279	-
Disposals	(1 931 950)	(1 532 408)
Cost	(2 628 302)	(1 692 044)
Accumulated Depreciation	270 738	143 279
Accumulated Impairment Loss	425 613	16 358
Additions	-	19 116
Depreciation for the year	(71 177)	(87 772)
Impairment loss	-	-
Reversal of Impairment loss	-	-
Net carrying value at 30 June	11 673 330	14 457 909
Cost/Valuation	13 302 533	17 707 955
Accumulated Depreciation	(638 262)	(877 212)
Accumulated Impairment Loss	(990 940)	(2 372 833)

See prior year correction of errors - note 46.2.1

SWELLENDAM MUNICIPALITY

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	Note reference	2021 R		2020 R
3.2 Revenue from Investment Property				Restated
Revenue derived from the rental of Investment Property		2 765		6 984
3.3 Operating Expenditure incurred on properties:				
Repairs and Maintenance				
Revenue Generating		-		10 000
Improved Property		-		10 000
Unimproved Property		-		-
Total Repairs and Maintenance		-		10 000
3.4 Reversal of Impairment losses of Investment Property				Restated
Reversal of Impairment losses on Investment Property recognised in the Statement of Financial Performance are as follows:				
Revenue Generating		-		386 806
Improved Property		-		210 806
Unimproved Property		-		176 000
Non-revenue Generating		-		21 322
Improved Property		-		21 322
Unimproved Property		-		-
Total Reversal of Impairment losses		-		408 128
See prior year correction of errors - note 46.2.1				
3.5 Investment Property (land) is controlled, but the municipality is not the legal owner/custodian				
Carrying value at year-end:				
Erf 420 - Suurbraak (Post Office rented out)		287 281		290 297
Total		287 281		290 297

Key judgements and assumptions applied

The Provincial Government - Western Cape transferred Erf 420 Suurbraak to the Municipality. However, this erf consists out of two properties that are improved with buildings on it. One is the clinic and one is the main building (other assets) with the library (community assets) and post office (rented out as investment property). The erf should have been subdivided before it was transferred, Swellendam Municipality is in the process to address this with Province to rectify as the main building with a library and rented offices is under their control.

There are no Investment Property (land) which is not controlled, of which the municipality is the legal owner/custodian.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

4. INTANGIBLE ASSETS

		547 968		505 535
4.1 Net carrying value at 1 July				
Cost		874 134		911 125
Accumulated Amortisation		(326 166)		(405 590)
Accumulated Impairment Loss		-		-
Additions		385 276		126 257
Amortisation		(127 290)		(79 886)
Disposals		(64 760)		(3 937)
Cost		(98 031)		(163 248)
Accumulated Amortisation		33 270		159 310
Transfers		-		-
Amortisation written back on disposal		-		-
Impairment Loss/ Reversal of Impairment Loss		-		-
Net carrying value at 30 June		741 194		547 968
Cost		1 161 379		874 134
Accumulated Amortisation		(420 186)		(326 166)
Accumulated Impairment Loss		-		-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
4.2 Effect of changes in accounting estimates			
During the current year the useful lives of assets were re-assessed. The effect on the current and future periods are as follows:			
		2021 R	2022 R
Effect on Intangible Assets		(3 903)	(2 608)
		(3 903)	(1 514)
4.3 Material Intangible Assets included in the carrying value:			
Description	Remaining Amortisation Period		Restated R
Microsoft Office and software	5 - 14 years	339 235	308 871
Esri	10 years	105 544	132 158
No intangible asset has an indefinite useful life.			
There are no internally generated intangible assets at reporting date.			
There are no intangible assets of which the title is restricted.			
There are no intangible assets pledged as security for liabilities.			
There are no contractual commitments for the acquisition of intangible assets.			
There are no impairment losses on intangible assets.			
There are no reversal of impairment losses of intangible assets.			
5. HERITAGE ASSETS			
5.1 Net carrying value at 1 July		170 979	170 979
Cost		170 979	170 979
Accumulated Impairment Loss		-	-
Additions		-	-
Disposals		-	-
Transfers		-	-
Impairment Loss/ Reversal of Impairment Loss		-	-
Net carrying value at 30 June		170 979	170 979
Cost		170 979	170 979
Accumulated Impairment Loss		-	-
There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposals.			
There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.			
There are no Heritage Assets pledged as security for liabilities.			
There are no Heritage Assets that are used by the municipality for more than one purpose.			
There are no expenditure incurred for repairs and maintenance on Heritage Assets.			
There are no impairment or reversal of impairment on Heritage Assets.			
There are no disposals of Heritage Assets.			
6. OPERATING LEASE ARRANGEMENTS			
6.1 The municipality as Lessee			
Operating Lease Liability		8 357	12 374
Disclosed as follows:			
Non-Current Operating Lease Liability		-	8 357
Current Operating Lease Liability		8 357	4 018
		8 357	12 374
Reconciliation			
Balance at the beginning of the year		12 374	4 098
Movement during the year		(4 018)	8 276
Balance at the end of the year		8 357	12 374
As at year-end, the municipality will pay operating lease expenditure as follows:			
Up to 1 Year		150 473	217 191
1 to 5 Years		-	150 473
More than 5 Years		-	-
Total Operating Lease Arrangements		150 473	367 664
This operating lease expenditure is determined from contracts that have a specific expenditure condition.			

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R		2020 R
6.2 The municipality as Lessor				
Operating Lease Asset		138 397		86 307
Disclosed as follows:				
Non-Current Operating Lease Asset		95 662		24 480
Current Operating Lease Asset		42 735		61 828
		138 397		86 307
Reconciliation				
Balance at the beginning of the year		86 307		45 890
Movement during the year		52 090		40 417
Balance at the end of the year		138 397		86 307
As at year-end, the municipality will receive operating lease income as follows:				
			Restated	
Up to 1 Year		459 288		475 773
1 to 5 Years		1 218 982		1 403 015
More than 5 Years		1 032 819		1 308 073
Total Restated Operating Lease Arrangements		2 711 089		3 186 861
This operating lease income is determined from contracts that have a specific income condition.				
See prior year correction of errors - note 46.2.1				
Restated				
7. INVENTORY				
Consumables		3 982 876		3 345 155
Unsold Plots		1 166 850		385 397
Opening Balance		385 397		380 306
Transferred from / (to) Property, Plant and Equipment		-		39 091
Transferred from/ (to) Investment Properties		781 453		(31 500)
Plots sold		-		(2 500)
Loss on Plots sold		-		-
Water		62 249		51 328
Total Inventory		5 211 974		3 781 880
See prior year correction of errors - note 46.2.1				
Inventory (Land) is controlled, but the municipality is not the legal owner/custodian		591		-
Erf 30 Buffeljagsrivier is still registered as Mun Overberg District, but is under the control of Swellendam Municipality. This erf is situated in Buffeljagsrivier in the residential part of the town. Council has decided to transfer this property once the legal processes were followed.				
Restated				
7.1 Inventories recognise as an expense during the year:				
Consumables		1 020 594		729 168
Materials and Supplies		9 263 540		7 066 521
Total		10 284 134		7 795 690
Included under Consumables are COVID-19 expenses funded by the municipality.				
See prior year correction of errors - note 46.2.1				
8. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Receivables with repay arrangements - At amortised cost		2 005 641		1 672 571
Electricity		357 513		260 968
Water		547 771		470 841
Refuse		361 925		323 866
Sewerage		589 593		520 533
Rentals		90		566
Sundry Receivables		148 749		95 798
Less: Current portion transferred to Receivables from Exchange Transactions		(686 938)		(511 215)
		1 318 703		1 161 356
Less: Provision for Debt Impairment		(1 230 131)		(1 006 351)
Total Non-Current Receivables from Exchange Transactions		88 571		155 005

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note reference	2021 R	2020 R
9. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Receivables with repay arrangements - At amortised cost	352 728	246 857
Taxes - Rates	352 728	246 857
Less: Current portion transferred to Receivables Non-Exchange Transactions	(120 450)	(72 994)
	232 278	173 863
Less: Provision for Debt Impairment	(153 234)	(146 775)
Total Non-Current Receivables from Non-Exchange Transactions	79 043	27 089
10. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	12 021 778	9 274 442
Water	6 889 554	6 038 125
Refuse	4 296 389	3 649 330
Sewerage	6 448 276	5 828 917
Rentals	105 189	95 242
Sundry Receivables	5 347 977	1 565 326
Receivables from Exchange Transactions	35 109 163	26 451 383
Other debtors not billed	538 305	264 589
Receivables from Exchange Transactions including other not billed	35 647 468	26 715 972
Less: Provision for Debt Impairment	(20 907 046)	(14 526 828)
Total Net Receivables from Exchange Transactions	14 740 422	12 189 143
<p>Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.</p> <p>The fair value of receivables approximate their carrying value.</p>		
(Electricity): Ageing		
Current (0 - 30 days)	7 162 454	6 128 923
31 - 60 Days	1 155 687	1 693 372
61 - 90 Days	89 521	220 320
+ 90 Days	3 614 116	1 231 827
Total	12 021 778	9 274 442
(Water): Ageing		
Current (0 - 30 days)	2 396 081	2 303 744
31 - 60 Days	254 070	502 879
61 - 90 Days	240 011	292 085
+ 90 Days	3 999 391	2 939 417
Total	6 889 554	6 038 125
(Refuse): Ageing		
Current (0 - 30 days)	1 378 757	1 241 051
31 - 60 Days	155 956	224 696
61 - 90 Days	138 256	182 317
+ 90 Days	2 623 420	2 001 266
Total	4 296 389	3 649 330
(Sewerage): Ageing		
Current (0 - 30 days)	2 017 967	1 956 538
31 - 60 Days	223 776	361 894
61 - 90 Days	195 192	290 688
+ 90 Days	4 011 341	3 219 798
Total	6 448 276	5 828 917
(Rentals): Ageing		
Current (0 - 30 days)	47 662	36 867
31 - 60 Days	3 478	2 666
61 - 90 Days	235	471
+ 90 Days	53 814	55 238
Total	105 189	95 242

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Note reference	2021 R	2020 R
<u>(Sundry Receivables): Ageing</u>		
Current (0 - 30 days)	4 131 327	95 574
31 - 60 Days	35 279	110 216
61 - 90 Days	39 622	44 249
+ 90 Days	1 141 749	1 315 288
Total	5 347 977	1 565 326

<u>(Total): Ageing</u>		
Current (0 - 30 days)	17 134 248	11 762 697
31 - 60 Days	1 828 246	2 895 723
61 - 90 Days	702 838	1 030 129
+ 90 Days	15 443 831	10 762 834
Total	35 109 163	26 451 383

Summary of Debtors by Customer Classification (Current and Non-Current)	Residential	Industrial/ Commercial/ Other	National and Provincial Government
30 June 2021			
Current (0 - 30 days)	6 312 182	10 156 245	665 822
31 - 60 Days	708 157	1 120 089	-
61 - 90 Days	614 582	88 255	-
+ 90 Days	13 666 409	3 086 959	9 165
Sub-total	21 301 330	14 451 548	674 987
Less: Provision for Debt Impairment	(15 213 925)	(6 842 108)	(81 143)
Total Debtors by Customer Classification	6 087 405	7 609 441	593 844

30 June 2020			
Current (0 - 30 days)	10 231 023	1 458 037	73 636
31 - 60 Days	2 471 524	417 031	7 167
61 - 90 Days	864 855	158 174	7 100
+ 90 Days	10 501 585	1 373 089	49 516
Sub-total	24 068 988	3 406 332	137 420
Less: Provision for Debt Impairment	(13 572 875)	(1 889 667)	(70 638)
Total Debtors by Customer Classification	10 496 113	1 516 665	66 781

<u>Reconciliation of Provision for Debt Impairment (Current and Non-Current)</u>		
Balance at beginning of year	15 533 180	13 747 296
Contribution to provision	5 742 606	2 019 192
VAT on provision	861 391	173 040
Reversal of provision	-	(406 349)
Balance at end of year	22 137 176	15 533 180

The total amount of this provision consists of:

Services	18 352 916	14 017 488
Other Debtors	3 784 260	1 515 692
Total Provision for Debt Impairment on Receivables from Exchange Transactions	22 137 176	15 533 180

The provision for doubtful debts on debtors exists due to the possibility that not all debts will be recovered.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Restated
Taxes - Rates	7 576 768
Fines	58 053 605
Other	337 628
	75 444 001
Less: Provision for Debt Impairment	(64 570 751)
Total Receivables from Non-Exchange Transactions	10 873 250

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

See prior year correction of errors - note 46.2.1

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note reference	2021 R	2020 R	
(Rates): Ageing			
Current (0 - 30 days)	3 780 356	2 968 744	
31 - 60 Days	188 602	864 067	
61 - 90 Days	153 119	713 244	
+ 90 Days	2 769 574	3 030 713	
Total	6 891 651	7 576 768	
Summary of Debtors (Rates) by Customer Classification (Current and Non-Current)			
	Residential	Industrial/ Commercial/ Other	National and Provincial Government
30 June 2021			
Current (0 - 30 days)	2 579 223	1 181 748	19 385
31 - 60 Days	122 909	65 318	376
61 - 90 Days	100 610	51 604	906
+ 90 Days	2 382 820	473 947	145 084
Sub-total	5 185 561	1 772 617	165 751
Less: Provision for Debt Impairment	(2 921 707)	(714 916)	(151 178)
Total Debtors by Customer Classification	2 263 855	1 057 702	14 572
30 June 2020			
Current (0 - 30 days)	3 452 710	366 439	13 662
31 - 60 Days	376 141	32 047	1 619
61 - 90 Days	279 877	22 272	1 288
+ 90 Days	2 628 974	532 585	43 018
Sub-total	6 737 702	953 343	59 587
Less: Provision for Debt Impairment	(3 483 577)	(627 901)	(43 082)
Total Debtors by Customer Classification	3 254 125	325 442	16 505
Reconciliation of Provision for Debt Impairment			Restated
Balance at beginning of year		54 402 567	54 900 247
Contribution to provision traffic fines		10 688 178	-
Contribution to provision		-	86 473
Reversal of provision		(366 759)	(584 153)
Balance at end of year		64 723 986	54 402 567
The total amount of this provision consist of:			
Taxes		3 787 800	4 154 560
Fines		60 936 185	50 248 007
Total Provision for Debt Impairment on Trade Receivables from Non-Exchange Transactions		64 723 985	54 402 567
See prior year correction of errors - note 46.2.1			
The provision for doubtful debts on debtors exists due to the possibility that not all debts will be recovered.			
Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.			
The outstanding fines receivable balance at year-end is reduced to its recoverable amount by recognising a provision for impairment. This is considered to be a subsequent event. The provision for impairment is based on current collection rates applicable to fines.			
12. BANK ACCOUNTS			
Cash and Cash Equivalents			Restated
Current Accounts		78 830 114	88 199 572
Call Deposits and Investments		30 945 902	701 284
Cash On-hand		6 171	6 171
Total Cash and Cash Equivalents - Assets		109 782 187	88 907 027
Cash and cash equivalents comprise of cash held and short term deposits. The carrying value of these assets approximates their fair value.			
The municipality has the following bank accounts:			
Current Accounts			
First National Bank - Account number 53840005730		3 853 298	5 594 438
ABSA - Account Number 2390560039 (Primary Bank)		74 639 235	82 239 155
		78 492 533	87 833 593
Cash book balance at beginning of year		88 199 572	74 238 990
Cash book balance at end of year		78 830 114	88 199 572
Bank statement balance at beginning of year		87 833 593	73 784 415
Bank statement balance at end of year		78 492 533	87 833 593

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021	2020
Note reference	R	R
Guarantees held		
In Favour of Eskom - First National Bank	2 000	2 000
In Favour of Department of Minerals and Energy (RSA) - First National Bank	20 000	20 000
In Favour of Powell Kelly Veldman - ABSA	700 000	700 000
13. LONG-TERM BORROWINGS		
Annuity Loans - At amortised cost	24 777 494	27 380 710
Hire Purchase - At amortised cost	-	529 696
Capitalised Lease Liability - At amortised cost	-	612 667
	24 777 492	28 523 070
Less: Current Portion transferred to Current Liabilities	2 778 768	3 743 326
Annuity Loans - At amortised cost	2 778 768	2 600 963
Hire Purchase - At amortised cost	-	529 696
Capitalised Lease Liability - At amortised cost	-	612 667
Total Non-Current Long-Term Borrowings	21 998 723	24 779 744
13.1 The obligations under annuity loans are scheduled below:		
Minimum Payments:		
Amounts payable under annuity loans:		
Payable within one year	5 432 650	5 530 123
Payable within two to five years	18 968 527	20 939 630
Payable after five years	13 401 129	16 851 673
	37 802 306	43 321 426
Less: Future finance obligations	(13 024 815)	(15 940 717)
Present value of annuity loans obligations	24 777 492	27 380 710
The annuity loans consist of the following contracts:		
Unsecured annuity loans at amortised cost consist of 6 contracts with DBSA, with interest rates between 8,08% and 12,20%, with maturity dates between 2021 and 2030.		
An unsecured loan from ABSA - A principle amount of R6 595 800 at a fixed interest rate of 9% (capitalised monthly) and a maturity date of 2025.		
13.2 The obligations under hire purchases are scheduled below:		
Minimum Payments:		
Amounts payable under hire purchases:		
Payable within one year	-	557 614
Payable within two to five years	-	-
Payable after five years	-	-
	-	557 614
Less: Future finance obligations	-	(27 918)
Present value of Hire Purchases Obligations	-	529 695
The hire purchase consist of the following contracts:		
A Hire Purchase agreement at amortised cost was entered with ABSA. The principle amount is R2 320 262,95 at a fixed interest rate of 8% (capitalised monthly) and a maturity date of 2021. The loan is secured.		
13.3 The obligations under finance leases are scheduled below:		
Minimum Payments:		
Amounts payable under finance leases:		
Payable within one year	-	643 724
Payable within two to five years	-	-
Payable after five years	-	-
	-	643 724
Less: Future finance obligations	-	(31 057)
Present value of finance lease obligations	-	612 667

The capitalised lease liability consist out of the following contracts:

The municipality has entered into lease agreements with Centrafin for copiers, shredders and printers with a rental period of 36 months, starting 1 June 2018. Rental instalments are payable monthly. An annual escalation of 5% is applicable.

Hire Purchases and leases are secured by Property, Plant and Equipment - Note 2.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R		2020 R		
14. NON-CURRENT PROVISIONS				Restated		
Provision for Rehabilitation of Landfill-sites		45 316 421		41 654 389		
Total Non-current Provisions		45 316 421		41 654 389		
Landfill Sites				Restated		
Balance 1 July		41 654 389		39 538 841		
Contribution for the year: Rehabilitation cost		8 533 403		1 446 299		
Contribution for the year :Post Rehabilitation cost		25 541		30 626		
Change in Provision for Rehabilitation Cost		(4 896 913)		638 624		
Total provision 30 June		45 316 421		41 654 389		
Less: Transfer of Current Portion to Current Provisions - Note 17		-		-		
Balance 30 June		45 316 421		41 654 389		
The estimated rehabilitation costs for each of the existing sites are based on the current construction costs. The assumptions used are as follows:						
See prior year correction of errors - note 46.2.1						
		R	R	R	R	R
		<u>Malagas</u>	<u>Swellendam</u>	<u>Infanta</u>	<u>Suurbraak</u>	<u>Barrydale</u>
Rehabilitation Area (m ²)		4 167	49 919	3 816	4 708	10 214
Preliminary and General		315 669	2 938 439	268 380	374 130	847 099
Site Clearance and Preparation		5 125	61 400	4 694	5 791	12 563
Stormwater Control Measures		395 397	2 211 822	572 230	595 930	1 317 326
Capping		923 000	14 966 736	846 026	1 030 483	2 471 892
Gas Management		-	72 841	-	-	-
Leachate Management		182 363	1 237 601	260 375	200 647	478 563
Fencing		488 231	12 066	12 066	530 575	1 070 881
Other		944 225	906 223	894 257	959 371	980 886
Contingencies		230 979	2 150 091	196 377	273 756	619 832
Engineering Professional Fees		314 412	2 292 575	268 738	370 877	827 699
Site Supervision		186 474	621 738	163 830	156 297	212 594
The municipality has a legal obligation to rehabilitate landfill sites at the end of the expected useful life. The estimated future cost of decommission is calculated at an inflation rate of 5.02% as follows:						
Location			Estimated decommission date		Estimated Cost	Estimated Cost
Malagas			2022 ***		4 185 966	8 994 964
Swellendam			2025		33 417 267	28 310 169
Infanta			2037		7 634 854	5 319 921
Suurbraak			2022 ***		4 723 649	4 166 252
Barrydale			2022 ***		9 283 068	7 561 300
					59 244 805	54 352 603
*** Rehabilitation is planned to commence between July 2022 to December 2022.						
Provision has been made at net present value using the Government Bond rate as discount rate.						
Post closure monitoring costs of landfill sites are applicable due to the permit requirements and is included in the total provision.						
15. NON-CURRENT EMPLOYEE BENEFITS						
Provision for Post Retirement Health Care Benefits		28 603 000		23 700 000		
Provision for Long Service Awards		5 467 000		6 192 000		
Total Non-current Employee Benefits		34 070 000		29 892 000		
Post Retirement Health Care Benefits						
Balance 1 July		24 660 000		26 125 163		
Contribution for the year		3 731 000		3 810 677		
Expenditure for the year		(920 746)		(816 879)		
Actuarial loss		2 183 746		(4 458 961)		
Total provision 30 June		29 654 000		24 660 000		
Less: Transfer of Current Portion to Current Provisions - Note 18		(1 051 000)		(960 000)		
Balance 30 June		28 603 000		23 700 000		
Long Service Awards						
Balance 1 July		6 700 000		5 920 503		
Contribution for the year		995 000		947 873		
Expenditure for the year		(370 747)		(336 019)		
Actuarial gain		(207 253)		167 643		
Total provision 30 June		7 117 000		6 700 000		
Less: Transfer of Current Portion to Current Provisions - Note 18		(1 650 000)		(508 000)		
Balance 30 June		5 467 000		6 192 000		

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
15.1 Provision for Post Retirement Health Care Benefits			
The Post Retirement Health Care Benefit Plan is a defined benefit plan, with the following members:			
In-service (employee) members		194	195
In-service (employee) non-members		50	50
Continuation members (e.g. Retirees, widows, orphans)		21	19
Total Members		265	264
The liability in respect of past service has been estimated to be as follows:			
In-service members		15 835 000	13 206 000
In-service non-members		1 715 000	1 391 000
Continuation members		12 104 000	10 063 000
Total Liability		29 654 000	24 660 000
The liability in respect of periods prior to the comparative year has been estimated as follows:			
	2019 R	2018 R	2017 R
In-service members	14 250 442	19 302 079	17 677 645
In-service non-members	1 509 643	2 967 357	3 357 770
Continuation members	10 365 078	8 942 378	9 556 718
Total Liability	26 125 163	31 211 814	30 592 133
The municipality makes monthly contributions for Health Care to the following medical aid schemes:			
Bonitas			
Hosmed			
LA Health			
Key Health, and			
SAMWU Medical Aid			
The current service cost and interest cost for the following year are estimated to be R1 438 000 and R2 952 000 respectively.			
Key actuarial assumptions used:		%	%
i) Rate of interest			
Discount rate		10.13%	10.48%
Health Care Cost Inflation Rate		6.83%	6.53%
Net Effective Discount Rate		3.09%	3.71%
ii) Mortality rates			
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.			
iii) Normal retirement age			
The normal retirement age for employees of the municipality is 62 years for males and 59 years for females.			
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations		29 654 000	24 660 000
Net liability		29 654 000	24 660 000
Reconciliation of present value of fund obligation:			
Present value of fund obligation at the beginning of the year		24 660 000	26 125 163
Total expenses		2 810 254	2 993 798
Current service cost		1 196 000	1 384 789
Interest cost		2 535 000	2 425 888
Benefits paid		(920 746)	(816 879)
Actuarial (gains)/losses		2 183 746	(4 458 961)
Present value of fund obligation at the end of the year		29 654 000	24 660 000
Sensitivity Analysis on the Accrued Liability on 30 June 2019			
	In-service members liability	Continuation members liability	Total liability
	R	R	R
Assumption			
Central Assumptions	17 550 000	12 104 000	29 654 000

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
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The effect of movements in the assumptions are as follows:

	Change	In-service members liability R	Continuation members liability R	Total liability R	% change R
Assumption					
Health care inflation	1.0%	21 366 000	13 275 000	34 641 000	17.0%
Health care inflation	(1.0%)	14 549 000	11 089 000	25 638 000	(14.0%)
Discount rate	1.0%	14 651 000	11 126 000	25 777 000	(13.0%)
Discount rate	(1.0%)	21 275 000	13 248 000	34 523 000	16.0%
Mortality	1 year	17 087 000	11 688 000	28 775 000	(3.0%)
Mortality	-1 year	18 009 000	12 522 000	30 531 000	3.0%
Average retirement age	-1 year	19 118 000	12 104 000	31 222 000	5.0%
Continuation of membership at retirement	(10.0%)	15 343 000	12 104 000	27 447 000	(7.0%)

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(472 000)	1 308 000
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The liability in respect of periods prior to the comparative year has been estimated as follows:

	2019 R	2018 R	2017 R
Liabilities: (Gain) / loss	(928 000)	(701 000)	1 427 000

15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year-end 254 employees were eligible for Long Service Bonuses.

The current service cost for the year is estimated to be R527 000, whereas the cost for the following year is estimated to be R528 000.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	8.98%	7.25%
General Salary Inflation (long-term)	5.74%	3.92%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.07%	3.20%

The amount recognised in the Statement of Financial Position is as follows:

Present value of fund obligations	7 117 000	6 700 000
Net liability/(asset)	7 117 000	6 700 000

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	6 700 000	5 920 503
Total expenses	624 253	611 854
Current service cost	527 000	487 864
Interest cost	468 000	460 009
Benefits paid	(370 747)	(336 019)
Actuarial (gains)/losses	(207 253)	167 643
Present value of fund obligation at the end of the year	7 117 000	6 700 000

Sensitivity Analysis on the Accrued Liability on 30 June 2020

	Change	Service cost R	Interest cost R	Total R	% change
Assumption		527 000	468 000	995 000	
Central assumptions					
General salary inflation	1.0%	567 000	496 000	1 063 000	7.0%
General salary inflation	(1.0%)	491 000	442 000	933 000	(6.0%)
Discount rate	1.0%	494 000	501 000	995 000	0.0%
Discount rate	(1.0%)	563 000	429 000	992 000	0.0%
Average retirement age	-2 yrs	588 000	536 000	1 124 000	13.0%
Average retirement age	2 yrs	469 000	405 000	874 000	(12.0%)
Withdrawal rates	x2	398 000	383 000	781 000	(22.0%)
Withdrawal rates	x 0.5	623 000	524 000	1 147 000	15.0%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(221 253)	431 643
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The liability in respect of periods prior to the comparative year has been estimated as follows:

	2019 R	2018 R	2017 R
Liabilities: (Gain) / loss	297 838	123 313	233 573

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R		2020 R
15.3 Retirement funds				
The municipality requested detailed employee and pensioner information as well as information on the municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the municipality is unable to determine the value of the plan assets as defined in GRAP 25.				
As part of the municipality's process to value the defined benefit liabilities, the municipality requested pensioner data from the fund administrator. The fund administrator advised that the pensioner data is confidential and were not willing to share the information with the municipality. Without detailed pensioner data the municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.				
Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.				
CAPE JOINT RETIREMENT FUND				
The contribution rate paid by the members is (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100,5% (30 June 2015 - 100,4%).				
Contributions paid recognised in the Statement of Financial Performance		<u>8 055 197</u>		<u>7 826 487</u>
DEFINED CONTRIBUTION FUNDS				
Council contribute to the SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.				
Contributions paid recognised in the Statement of Financial Performance		<u>2 230 101</u>		<u>2 103 259</u>
16. CONSUMER DEPOSITS				
Water & Electricity		952 415		732 182
Other		2 234 432		2 022 558
Total Consumer Deposits		<u>3 186 848</u>		<u>2 754 740</u>
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.				
17. PROVISIONS				
Current Portion of Rehabilitation of Landfill Sites		-	Note 14	-
Total Provisions		<u>-</u>		<u>-</u>
18. CURRENT EMPLOYEE BENEFITS				
Performance Bonuses		879 866		880 582
Staff Bonuses		2 332 629		2 213 630
Staff Leave		8 798 474		8 174 355
Current Portion of Non-Current Provisions		2 701 000		1 468 000
Current Portion of Post Retirement Benefits		1 051 000	Note 15	960 000
Current Portion of Long-Service Provisions		1 650 000	Note 15	508 000
Total Provisions		<u>14 711 969</u>		<u>12 736 567</u>
The movement in current provisions are reconciled as follows:				
18.1 Performance Bonuses				
				Restated
Balance at beginning of year		880 582		843 040
Contribution to current portion		808 801		656 427
Expenditure incurred		(809 517)		(618 885)
Balance at end of year		<u>879 866</u>		<u>880 582</u>
Performance bonuses are payable to the Municipal Manager and Directors after a performance evaluation. See prior year correction of errors - note 46.2.1				
18.2 Staff Bonuses				
Balance at beginning of year		2 213 630		2 013 313
Contribution to current portion		5 332 381		4 887 625
Expenditure incurred		(5 213 382)		(4 687 307)
Balance at end of year		<u>2 332 629</u>		<u>2 213 630</u>
Bonuses are payable to municipal staff, excluding section 57 employees. The balance at year-end represent the portion of the bonus that have already vested for the current salary cycle.				
18.3 Staff Leave				
Balance at beginning of year		8 174 355		6 423 221
Contribution to current portion		1 030 692		1 827 967
Expenditure incurred		(406 572)		(76 833)
Balance at end of year		<u>8 798 474</u>		<u>8 174 355</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R		2020 R
19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS				
			Restated	
Trade Payables		27 288 779		27 062 936
Accrued Interest		539 970		577 034
Advance Payments		1 689 362		1 681 890
Pre-Paid Electricity		733 823		667 935
Other Payables		2 696 789		4 401
Retentions		261 220		270 088
Total Trade Payables		33 209 942		30 264 285
See prior year correction of errors - note 46.2.1				
Payables are recognised net of any discounts.				
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.				
The carrying value of trade and other payables approximates its fair value.				
All payables are unsecured.				
20. UNSPENT TRANSFERS AND SUBSIDIES				
Unspent Transfers and Subsidies		31 836 716		13 863 145
National Government Grants		12 857 842		2 717 181
Provincial Government Grants		18 894 201		11 061 291
District Municipality		-		-
Other Sources		84 673		84 673
Total Unspent Transfers and Subsidies		31 836 716		13 863 145
The unspent grants are cash-backed. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.				
Unspent grants can mainly be attributed to projects that are work-in-progress on the relevant financial year-ends.				
21. TAXES				
VAT Payable				
VAT Output in Suspense		(1 215 690)		(3 378 693)
Less: Contribution to Provision for Doubtful Debt Impairment		-		-
Total VAT Payable		(1 215 690)		(3 378 693)
VAT Receivable				
VAT Input in Suspense		2 058 922		4 567 661
Total VAT Receivable		2 058 922		4 567 661
Net VAT (Payable)/Receivable		843 232		1 188 968
VAT is payable on the receipts basis. VAT is paid over to SARS after payments received from debtors.				
22. NET ASSET RESERVES				
Reserves		14 000 000		12 000 000
Capital Replacement Reserve		14 000 000		12 000 000
Total Net Asset Reserve and Liabilities		14 000 000		12 000 000
The Capital Replacement Reserve is used to finance future capital expenditure.				
23. PROPERTY TAXES				
Actual				
Rateable Land and Buildings				
Business and Commercial Property		4 864 852		4 594 998
Industrial Property		1 231 350		1 119 494
Residential Properties		30 345 424		27 992 398
State-owned Properties		2 077 599		1 975 848
Agricultural Property		8 322 104		7 726 051
Other Categories		69 217		79 380
Less: Rebates		(4 113 883)		(3 630 022)
Total Property Rates		42 796 663		39 858 145

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note reference	2021 R	2020 R
Valuations		
Residential Properties	2 144 803 000	2 120 644 000
Industrial Properties	135 288 000	132 789 000
Business and Commercial Properties	548 128 001	556 470 002
Farm Agricultural Purposes	3 723 193 500	3 695 662 500
Government Properties	-	78 989 000
Municipal Properties	156 532 651	156 467 651
Private Open Space	71 100	67 100
Private Road	41 100	40 100
Public Road	2 000	3 000
Properties owned by an organ of state and used for Public Service Purpose (PSP)	174 170 001	166 510 000
Protected Areas	5 700 000	5 700 000
Public Service Infrastructure Properties (PSI)	24 114 300	4 385 300
Public Worship	71 890 000	60 230 000
Property Owned by Public Benefit Organisations used for specified public benefit activities (PBO)	40 993 000	40 713 000
Property used for Multiple Purpose	158 960 000	158 960 000
Vacant Land	163 099 500	163 315 500
Vacant Land Res - 30% discount	1 045 405 000	1 038 405 000
Vacant Land - 30% discount	110 320 000	111 620 000
Total Valuations	8 502 711 153	8 490 971 153

Assessment Rates are levied on the value of land and improvements, of which the valuation is performed every 5 years. The last valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base, due mostly to private development.

Basic Rate

Residential	0.901c/R	0.842c/R
Commercial and Businesses	0.904c/R	0.845c/R
Industrial	0.904c/R	0.845c/R
Agriculture	0.225c/R	0.210c/R
Government	-	0.845c/R
Public Service Purposes	0.904c/R	0.845c/R

Rates are levied annually and monthly. Monthly rates are payable by the 28th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding amounts.

Rebates can be defined as any income that the municipality is entitled by law to levy, but which has subsequently been forgone by way of rebates.

24. GOVERNMENT GRANTS AND SUBSIDIES

	49 834 419	42 232 761
Government Grants and Subsidies-Operating		
Expanded Public Works Programme	1 804 000	1 604 000
Equitable Share	36 221 394	31 579 000
Local Government Financial Management Grant	1 770 000	1 770 000
Western Cape Financial Management Support Grant	-	330 000
Human Settlements Development Grant	2 566 523	63 700
Financial Assistance to municipalities for maintenance and construction of Transport Infrastructure	-	39 901
Integrated National Electrification Programme (Municipal) Grant	-	-
Municipal Infrastructure Grant	586 951	596 850
Library Service Replacement Funding for most vulnerable B3 municipalities	5 205 180	5 114 261
Thusong Service Centre Grant	-	11 019
Local Government Internship Grant	-	66 952
Western Cape Financial Management Capacity Building Grant	180 000	210 000
Municipal Electrical Master Plan Grant	626 750	207 000
Economic Development Grant	100 000	-
Local Government Support Grant	200 180	299 820
Community Library Service Grant	-	-
Wesgro	100 000	-
Resources for Cycle Infrastructure Project	-	100 000
Water Service Infrastructure	-	-
Seta	257 108	165 332
Municipal Disaster Relief Grant	216 335	74 925
Government Grants and Subsidies-Capital	18 451 959	25 232 225
Municipal Service Delivery and Capacity Building Grant	-	377 392
Equitable Share	56 256	-
Integrated National Electrification Programme (Municipal) Grant	2 000 000	2 998 648
Municipal Infrastructure Grant	13 298 876	8 840 656
Municipal Disaster Relief Grant	-	66 740
Water Service Infrastructure	622 528	-
Draught Relief Grant	156 650	-
Library Service Replacement Funding for most vulnerable B3 municipalities	155 000	-
Community Library Service Grant	2 162 649	-
Human Settlements Development Grant	-	12 833 299
Development of Sport and Recreation Facilities	-	115 490
Total Government Grants and Subsidies	68 286 378	67 464 986

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note reference	2021 R	2020 R
Included in above are the following grants and subsidies received:		
Unconditional	36 277 650	31 579 000
Equitable Share	36 277 650	31 579 000
Conditional	32 008 729	35 885 986
Grants and donations	32 008 729	35 885 986
Total Government Grants and Subsidies	68 286 378	67 464 986
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	36 277 650	31 579 000
Community Services	10 089 352	18 137 770
Corporate Services	257 108	165 332
Engineers Service	19 095 754	14 664 448
Finance Service	1 770 000	2 100 000
Municipal Manager	796 515	818 437
Total Government Grants and Subsidies	68 286 378	67 464 986
Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.		
24.1 Equitable Share		
Opening balance	-	-
Grants received	38 697 000	31 579 000
Expenditure - Operating	(36 221 394)	(31 579 000)
Conditions met - Capital	(56 256)	-
Conditions still to be met	2 419 350	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by National Treasury. However for the 2021 Financial year a portion of the grant was conditional to cover prescribed cost pertaining to COVID 19 expenses.		
24.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	-
Grants received	1 770 000	1 770 000
Conditions met - Operating	(1 770 000)	(1 770 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The Local Government Financial Management Grant is paid by National Treasury to municipalities to implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003.		
24.3 Expanded Public Works Programme (EPWP)		
Opening balance	-	-
Grants received	1 804 000	1 604 000
Conditions met - Operating	(1 804 000)	(1 604 000)
Conditions met - Capital	-	-
Conditions still to be met	(0)	-
The Expanded Public Works Programme (EPWP) was used for job creation projects.		
24.4 Municipal Infrastructure Grant (MIG)		
Opening balance	2 499 494	23 778
Grants received	11 739 000	11 937 000
Repaid to National Revenue Fund	-	(23 778)
Conditions met - Operating	(586 950)	(596 850)
Conditions met - Capital	(13 298 876)	(8 840 656)
Conditions still to be met	352 668	2 499 494
The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		
24.5 Integrated National Electrification Programme (Municipal) Grant		
Opening balance	1 352	55 632
Grants received	2 000 000	3 000 000
Repaid to National Revenue Fund	-	(55 632)
Conditions met - Operating	-	-
Conditions met - Capital	(2 000 000)	(2 998 648)
Conditions still to be met	1 352	1 352
The Integrated National Electrification Programme (Municipal) Grant was used for electrical connections in previously disadvantaged areas.		

SWELLENDAM MUNICIPALITY

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R		2020 R
24.6 <u>Human Settlements Development Grant</u>				
Opening balance		4 729 865		5 763 915
Grants received		2 558 769		11 862 949
Conditions met - Operating		(2 566 523)		(63 700)
Conditions met - Capital		-		(12 833 299)
Conditions still to be met		4 722 111		4 729 865
The Human Settlements Development Grant was utilised for the development of erven and the erection of top structures.				
24.7 <u>Library Service Replacement Funding for most vulnerable B3 municipalities</u>				
Opening balance		455 365		126 626
Grants received		5 817 000		5 443 000
Conditions met - Operating		(5 205 180)		(5 114 261)
Conditions met - Capital		(155 000)		-
Conditions still to be met		912 185		455 365
The Library Service Replacement Funding for most vulnerable B3 municipalities received from Provincial Government was used for the unfunded mandate of libraries.				
24.8 <u>Municipal Disaster Relief Grant</u>				
Opening balance		216 335		-
Grants received		-		358 000
Conditions met - Operating		(216 335)		(74 925)
Conditions met - Capital		-		(66 740)
Conditions still to be met		0		216 335
The Municipal Disaster Relief Grant was received from National Government, exclusively to fund COVID-19 expenses the municipality has occurred in an effort to manage and support the National Disaster measurements instituted by the Government.				
24.9 <u>Local Government Support Grant</u>				
Opening balance		200 180		-
Grants received		-		500 000
Conditions met - Operating		(200 180)		(299 820)
Conditions met - Capital		-		-
Conditions still to be met		0		200 180
The Local Government Support Grant was received from the Western Cape Provincial Government, exclusively to fund COVID-19 expenses the municipality has occurred in an effort to manage and support the National Disaster measurements instituted by the Government.				
24.10 <u>Other Grants</u>				
Opening balance		5 760 555		1 145 581
Grants received		21 874 181		6 406 917
Repaid to Provincial Revenue Fund		-		(168 857)
Conditions met - Operating		(1 263 858)		(1 130 204)
Conditions met - Capital		(2 998 083)		(492 882)
Conditions still to be met		23 372 795		5 760 555
24.11 <u>Total Grants</u>				
Opening balance		13 863 146		7 115 532
Grants received		86 259 950		74 460 866
Repaid to National Revenue Fund		-		(248 267)
Conditions met - Operating		(49 834 419)		(42 232 760)
Conditions met - Capital		(18 451 958)		(25 232 225)
Conditions still to be met/(Grant expenditure to be recovered)		31 836 716		13 863 146
<u>Disclosed as follows:</u>				
Unspent Conditional Government Grants and Receipts		31 836 716		13 863 146
Unpaid Conditional Government Grants and Receipts		-		-
Total		31 836 716		13 863 146
25. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT				
Private sector		-		-
Government		13 627		27 376 977
Total Contributed Property, Plant and Equipment		13 627		27 376 977
The contributed assets received are:				
Department of Rural Development and Land Reform - Waste Water Treatment works (Suurbraak)		-		27 297 503
Department of Water, Sanitation and Human Settlements - Water Tanks		-		79 474
Department of Social Development - Office Furniture - Thusong Centre		13 627		-
Total		13 627		27 376 977

SWELLENDAM MUNICIPALITY

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021	2020
Note reference	R	R
26. CONSTRUCTION CONTRACTS AND RECEIVABLES/ (PAYABLES)		
Contracts in progress at Statement of Financial Position date	12 163 271	-
Total Revenue from Construction Contracts	12 163 271	-
Contract revenue is fixed based on the arrangement with the Provincial Department of Housing. Revenue is recognised in terms of the stage of completed houses built as per the engineers completion certificates		
The following project is included in the balance reported above.		
Opening Balance due to contractor	-	-
Advances Received	12 163 271	-
Revenue recognised	(12 163 271)	-
Total	0	-
Completion % (82 Houses)	100%	-
Total approved funding	14 249 442	-
Total Funding received	(12 163 271)	-
Total Remaining Funds to be Received in Future	2 086 171	-
The construction contracts relates to the 87 houses of which 82 is completed and handed over for Smitsville, Barrydale. Included in the remaining funds are transfer fees which is not part of the construction process cost and can be claimed only after the expense in this regard has realised.		
27 LICENCES AND PERMITS		
Drivers Licence Application	373 367	471 110
Drivers Licence Certificate	372 540	358 193
Instructor Certificate	2 046	-
Learner Licence Application	71 977	55 964
Learners Certificate	22 884	20 109
Motor Vehicle Licence	304 089	284 660
Operators and Public Drivers Permits	54 960	50 320
Trading	46 084	29 372
Total Licences and Permits	1 247 947	1 269 728
Disclosed as follows:		
Revenue from Non-Exchange Transactions	-	-
Revenue from Exchange Transactions	1 247 947	1 269 728
Total Licences and Permits	1 247 947	1 269 728
28. SERVICE CHARGES		Restated
Electricity	87 975 543	80 995 045
Service Charges	93 017 076	85 707 691
Less: Free Basic Services	(5 041 533)	(4 712 646)
Water	17 849 845	16 854 105
Service Charges	20 797 278	19 525 448
Less: Free Basic Services	(2 947 433)	(2 671 343)
Refuse Removal	10 977 870	9 477 653
Service Charges	14 586 164	12 625 519
Less: Free Basic Services	(3 608 294)	(3 147 865)
Sewerage and Sanitation Charges	21 102 105	16 778 491
Service Charges	26 936 323	21 757 199
Less: Free Basic Services	(5 834 218)	(4 978 708)
Total Service Charges	137 905 362	124 105 294
A correction of error is made in the disclosure of the electricity charges to indicate the revenue forgone, previously erroneously not included.		
Free Basic Services is rebates provided by the municipality to qualifying households as defined by council policy.		
29. AVAILABILITY CHARGES		
Electricity	1 102 505	1 062 878
Water	960 303	918 167
Sewerage and Sanitation Charges	933 339	878 217
	2 996 146	2 859 262

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R		2020 R
30. SALES OF GOODS AND RENDERING OF SERVICES				
Advertisements		60 885		17 712
Building Plan Approval		1 087 789		631 295
Camping Fees		650 539		894 687
Cemetery and Burial		82 213		49 155
Development Charges		168 406		111 943
Encroachment Fees		860		860
Exempted Parking		393		420
Legal Fees		131 760		298 707
Photocopies and Faxes		814		17 349
Removal of Restrictions		504 399		354 467
Sale of Goods		356 647		120 021
Valuation Services		237 547		162 333
Total Sales of Goods and Rendering of Services		3 282 253		2 658 949
31. RENTAL FROM FIXED ASSETS				
Heritage Assets		2 400		2 400
Investment Property		795 332		722 403
Property, Plant and Equipment		-		-
Total Rental from Fixed Assets		797 732		724 803
32. INTEREST EARNED - EXTERNAL INVESTMENTS				
Financial assets		3 514 479		5 239 528
Other		-		-
Total Interest Earned - External Investments		3 514 479		5 239 528
33. INTEREST EARNED - EXCHANGE TRANSACTIONS				
Trade Receivables		1 198 792		1 065 105
Total Interest Earned - Outstanding Receivables		1 198 792		1 065 105
34. OPERATIONAL REVENUE				
Administrative Handling Fees		23 136		-
Breakages and Losses Recovered		1 613		1 286
Commission		44 023		43 618
Discounts and Early Settlements		27		36
Incidental Cash Surpluses		18 395		4 476
Merchandising, Jobbing and Contracts		422 752		101 734
Staff Recoveries		48 474		17 543
Recovery Maintenance		50 000		-
Sale of Property		18 034		18 034
Total Operational Revenue		626 454		186 727
35. EMPLOYEE RELATED COSTS				
Basic Salaries and Wages		64 554 097		60 756 570
Pension and UIF Contributions		10 786 298		10 098 571
Medical Aid Contributions		5 933 506		5 577 185
Overtime		3 759 072		4 722 474
Bonuses		5 331 665		4 925 166
Motor Vehicle Allowance		5 537 012		5 191 976
Cell Phone Allowance		348 750		350 300
Housing Allowances		461 080		468 076
Other benefits and allowances		3 562 080		3 305 148
Payments in lieu of leave		1 030 692		1 827 967
Contribution to provision - Long Service Awards		787 747		1 115 516
Current Service Cost		527 000		487 864
Interest Cost		468 000		460 009
Actuarial Gains and Losses		(207 253)		167 643
Contribution to provision - Post Retirement Medical		5 914 746		(648 284)
Current Service Cost		1 196 000		1 384 789
Interest Cost		2 535 000		2 425 888
Actuarial Gains and Losses		2 183 746		(4 458 961)
Total Employee Related Costs		108 006 744		97 690 665

Covid-19 expenses funded by the municipality is included under employee related cost (Basic salaries and wages and overtime).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note reference	2021 R	2020 R
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on fixed-term contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager - Mr A.M. Groenewald		
Annual Remuneration	1 210 821	1 212 519
Rural Allowance	50 683	50 683
Performance Bonus	177 389	135 581
Car Allowance	35 882	36 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	22 489	20 672
Cell phone allowance	14 400	14 400
Total	1 511 664	1 469 855
Remuneration of Director: Engineering Services - Mr F.P. Erasmus		
Annual Remuneration	770 148	770 148
Performance Bonus	114 436	91 079
Travelling Allowance	120 000	120 000
Rural allowance	83 226	83 226
Contributions to UIF, Medical, Pension Funds and Bargaining Council	152 304	152 304
Cell phone allowance	-	12 000
Total	1 240 114	1 228 757
Remuneration of Director: Community Services - Mr K.D. Stuurman		
Annual Remuneration	825 864	825 864
Performance Bonus	158 685	55 130
Travelling Allowance	100 104	100 104
Rural allowance	113 346	113 346
Contributions to UIF, Medical, Pension Funds and Bargaining Council	209 621	209 621
Cell phone allowance	12 000	12 000
Total	1 419 620	1 316 065
Remuneration of Director: Financial Services - Mr H. Schiebusch (1 July 2020 - 28 February 2021)		
Annual Remuneration	717 012	1 010 449
Performance Bonus	179 503	168 548
Car Allowance	39 325	58 988
Contributions to UIF, Medical, Pension Funds and Bargaining Council	172 130	241 653
Cell phone allowance	8 000	12 000
Leave payout	230 508	-
Total	1 346 478	1 491 638
Remuneration of Director: Financial Services - Ms E Wassermann (1 March 2021 - 30 June 2021)		
Annual Remuneration	283 492	-
Rural allowance	13 871	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	55 989	-
Cell phone allowance	4 000	-
Total	357 352	-
Remuneration of Director: Corporate Services - Mr D. du Plessis		
Annual Remuneration	1 133 161	1 047 692
Performance bonus	179 503	168 548
Car Allowance	26 000	48 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	205 265	188 599
Cell phone allowance	12 000	12 000
Total	1 555 929	1 464 839
36. REMUNERATION OF COUNCILLORS		
Cllr E.J. Lamprecht	654 706	654 706
Cllr G. Mangcu-Qotywe	299 491	256 443
Cllr M.G. du Plessis	299 491	299 491
Cllr H.F. du Rand	654 706	654 706
Cllr G. Lebazi	299 491	299 491
Cllr J.A. Matthysen	299 491	299 491
Cllr N.G. Myburgh	850 466	850 466
Cllr A.M. Pokwas	689 253	689 253
Cllr B.O. Sonqwenqwe	689 253	689 253
Cllr M.J. Koch	299 491	299 491
Cllr M.T. Swart (1 July 2020- 10 June 2021)	282 852	299 491
Total Councillors' Remuneration	5 318 691	5 292 281

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
Remuneration paid to councillors can be summarised as follows:			
2021			
	Salary	Travel Allowance	Other Allowances
	Contributions	Total	
Executive Mayor	809 666	-	40 800
Executive Deputy-Mayor	564 342	-	40 800
Speaker	546 496	60 000	40 800
Executive Committee Members	1 120 327	24 000	81 600
Councillors	1 209 915	227 198	242 533
Total Councillors' Remuneration	4 250 746	311 198	446 533
		310 214	5 318 691
2020			
	Salary	Travel Allowance	Other Allowances
	Contributions	Total	
Executive Mayor	809 666	-	40 800
Executive Deputy-Mayor	564 342	-	40 801
Speaker	497 142	60 000	40 802
Executive Committee Members	1 120 327	24 000	81 600
Councillors	1 174 741	223 198	238 000
Total Councillors' Remuneration	4 166 218	307 198	442 003
		376 864	5 292 281

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the municipality.

37. CONTRACTED SERVICES

Outsourced Services	6 464 302	5 165 997
Consultants and Professional Services	3 167 345	3 635 490
Contractors	24 945 308	7 163 917
Total Contracted Services	34 576 955	15 965 403

The contracted services paid are for the following services:

Accounting and Auditing	1 983 295	1 905 804
Alien Vegetation Control	398 357	367 296
Building	14 722 040	61 690
Burial Services	2 522	2 500
Business and Advisory	102 793	466 957
Catering Services	17 267	4 203
Cleaning Services	44 467	-
Commissions and Committees	-	96 692
Connection/Dis-connection	-	3 170
Electrical	545 000	-
Encroachment Fees	350	-
Fire Services	322 558	-
Geoinformatics Services	-	-
Graphics designers	7 200	-
Human Resources	12 500	15 850
Laboratory Services	321 572	375 892
Legal Cost	671 492	647 506
Maintenance of Buildings and Facilities	3 089 568	2 356 312
Maintenance of Equipment	108 096	58 687
Maintenance of Unspecified Assets	5 327 149	3 290 876
Meter Management	156 000	156 000
Mini Dumping Sites	776 765	891 145
Occupational Health and Safety	34 568	22 137
Pest Control and Fumigation	119 006	7 421
Plants, Flowers and Other Decorations	576	-
Project Management	-	153 284
Research and Advisory	46 467	140 763
Security Services	1 567 827	1 252 704
Town Planner	32 019	360 467
Tracing Agents and Debt Collectors	1 555 659	1 386 328
Translators, Scribes and Editors	14 489	-
Traffic Fines Management	1 952 660	1 466 658
Valuer	66 498	74 492
Valuer and Assessors	28 759	80 572
Water Takers	227 676	-
Total Contracted Services	34 255 195	15 645 406

COVID-19 expenses funded by the municipality is included under pest control and fumigation and cleaning services.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
38. DEPRECIATION AND AMORTISATION			Restated
Property, Plant and Equipment		13 333 914	10 002 380
Intangible Assets		127 290	79 886
Investment Property		71 177	87 772
Total Depreciation and Amortisation		13 532 380	10 170 040
See prior year correction of errors - note 46.2.1			
39. FINANCE COSTS			
Long-term Borrowings		2 980 212	3 368 110
Non-current Provisions		1 790 838	1 570 160
Total Finance Costs		4 771 049	4 938 270
40. BULK PURCHASES			
Electricity		68 851 823	64 599 689
Total Bulk Purchases		68 851 823	64 599 689
41. TRANSFERS AND SUBSIDIES			Restated
Operational		1 192 592	841 834
Allocations In-kind		-	-
Monetary Allocations		1 192 592	841 834
Households		992 592	570 634
Third party- Institutions		200 000	271 200
Total Transfers and Subsidies		1 192 592	841 834
See prior year correction of errors - note 46.2.1			
COVID-19 expenses funded by the municipality is included under households.			
42. OPERATIONAL COST			
Advertising, Publicity and Marketing		415 212	218 540
Bank Charges, Facility and Card Fees		672 550	1 026 766
Bursaries (Employees)		180 000	-
Cleaning Services		35 696	81 330
Commission		2 714 734	1 997 903
Communication		1 703 385	1 500 631
Entertainment		47 141	48 594
External Audit Fees		5 441 564	2 269 366
External Computer Service		2 847 060	2 712 462
Full Time Union Representative		74 539	71 695
Hire Charges		151 578	663 661
Indigent Relief		40 000	50 000
Insurance Underwriting		1 088 545	888 570
Levies Paid - Water Resource Management Charges		202 423	179 775
Learnerships and Internships		65 283	-
Licences		463 963	410 893
Management Fee		1 083 746	825 161
Printing, Publications and Books		306 516	256 995
Professional Bodies, Membership		15 798	-
Registration Fees		1 671 498	1 409 644
Remuneration to Ward Committees		21 028	17 100
Resettlement Cost		40 000	-
Road Worthy Test		4 725	4 488
Servitudes and Land Surveys		320	-
Skills Development Fund Levy		848 457	801 533
Signage		13 604	29 474
System Access and Information		50 192	51 131
Travel and Subsistence		130 535	265 406
Uniform and Protective Clothing		518 309	328 596
Vehicle Tracking		164 444	209 712
Wet Fuel		2 772 636	2 751 302
Workmen's Compensation Fund		486 756	506 577
Total Operational Costs		24 272 236	19 577 305
43. REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON RECEIVABLES			Restated
Receivables from Exchange Transactions		5 742 606	1 552 943
Receivables from Non-exchange Revenue		29 000 868	26 969 403
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables		34 743 474	28 522 345
See prior year correction of errors - note 46.2.1			

SWELLENDAM MUNICIPALITY

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
44. (GAINS/LOSS) ON SALE OF FIXED ASSETS AND INVENTORY			
Heritage Assets		-	-
Intangible Assets		64 760	-
Investment Property		1 931 950	(16 218)
Property, Plant and Equipment		(348 538)	2 659 204
Inventory		-	-
Total Gains/ (Loss) on Sale of Fixed Assets		1 648 172	2 642 986
45. REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FIXED ASSETS			
Investment Property		-	-
Property, Plant and Equipment		4 896 913	123 860
Other		-	-
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets		4 896 913	123 860
46. CORRECTION OF ERRORS AND RECLASSIFICATIONS			
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from prior period errors.			
46.1 RECLASSIFICATION OF PRIOR PERIOD ERRORS CORRECTED		2020	
Statement of Financial Position		Balance previously reported	Reclassified Balance
Accumulated Surplus/(Deficit)		(323 653 861)	(323 653 862)
Capital Replacement Reserve		(12 000 000)	(12 000 000)
Cash and Cash Equivalents		88 902 027	88 902 027
Consumer Deposits		(2 754 741)	(2 754 741)
Current Employee Benefits		(12 736 567)	(12 736 567)
Employee Benefits		(29 892 000)	(29 892 000)
Heritage Assets		170 979	170 979
Intangible Assets		547 968	547 968
Inventory		3 579 380	3 579 380
Investment Property		13 374 909	13 374 909
Long-term Borrowings		(24 779 743)	(24 779 743)
Non-Current Provisions		(40 880 406)	(40 880 406)
Operating Lease Liability		(8 357)	(8 357)
Operating Lease Asset		24 480	24 480
Property, Plant and Equipment		362 646 465	362 646 465
Receivables from exchange transactions		12 189 143	12 189 143
Receivables from non-exchange transactions		10 315 355	10 315 355
Current Portion of Operating Lease Asset		61 828	61 828
Current Portion of Long-term Borrowing		(3 743 326)	(3 743 326)
Current Portion of Operating Lease Liability		(4 018)	(4 018)
Current Portion of Receivables from Exchange transactions		155 005	155 005
Current Portion of Receivables from Non- Exchange transactions		27 089	27 089
Taxes		1 188 968	1 188 968
Trade and Other Payables from exchange transactions		(28 867 431)	(28 867 431)
Unspent Transfers and Subsidies		(13 863 146)	(13 863 146)
		<u>0</u>	<u>(0)</u>
Statement of Financial Performance		Balance previously reported	Reclassified Balance
Bulk Purchases		64 599 689	64 599 689
Availability Charges		(2 859 262)	(2 859 262)
Contracted Services		15 965 403	15 965 403
Depreciation and Amortisation		10 150 390	10 150 390
Employee related costs		97 690 665	97 690 665
Inventory Consumed		7 756 016	7 756 016
Operating Leases		572 729	572 729
Remuneration of Councillors		5 292 281	5 292 281
Transfers and Subsidies		846 834	846 834
Operational Cost		19 577 305	19 577 305
Bad Debts Written Off		3 435 079	3 435 079
Finance Costs		4 938 270	4 938 270
Reversal of Impairment Loss/(Impairment Loss) on Receivables		28 517 145	28 517 145
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(123 860)	(123 860)
Agency Services		(1 938 743)	(1 938 743)
Contributed Property, Plant and Equipment		(27 376 977)	(27 376 977)
Fines, Penalties and Forfeits		(32 744 736)	(32 744 736)
Interest Earned - external investments		(5 239 528)	(5 239 528)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		2 962	2 962
Licences and Permits		(1 269 728)	(1 269 728)
Operational Revenue		(186 727)	(186 727)
Property Taxes		(39 858 145)	(39 858 145)
Rental from Fixed Assets		(724 803)	(724 803)
Service Charges		(124 105 294)	(124 105 294)
Government Grants and Subsidies-Capital		(25 232 225)	(25 232 225)
Government Grants and Subsidies-Operating		(42 232 761)	(42 232 761)
Sales of Goods and Rendering of Services		(2 658 949)	(2 658 949)
(Gains/Loss) on Sale of Fixed Assets and Inventory		2 642 986	2 642 986
Interest Earned - Exchange Transactions		(1 065 105)	(1 065 105)
Interest Earned - Non-exchange Transactions		(248 925)	(248 925)
Net Surplus/(Deficit) for the year		(45 878 015)	(45 878 015)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note reference	2021 R	2020 R
	2020 R	2019 R
46.2 CORRECTION OF ACCUMULATED SURPLUS ERRORS		
46.2.1 Accumulated Surplus		
Balance previously reported	323 653 861	278 380 981
Property Plant and Equipment -First time recognition-see note (i) .	(567 620)	(525 129)
Property Plant and Equipment -First time recognition-see note (ii) .	170 870	149 424
Property Plant and Equipment Correction of WIP-see note (iii) .	(39 673)	-
Property Plant and Equipment Correction of Community Assets-see note (iv) .	280 000	280 000
Property Plant and Equipment Correction of Other Assets-see note (v) .	965 000	965 000
Property Plant and Equipment Correction of Other Assets-see note (vi) .	(124 189)	(124 189)
Property Plant and Equipment Correction of Other Assets-see note (vi) .	1 395	-
Property Plant and Equipment Correction of Other Assets-see note (vii) .	(8 000)	(8 000)
Property Plant and Equipment Correction of Other Assets-see note (vii) .	(13 000)	(13 000)
Inventory Correction-see note (viii)	202 500	202 500
Investment Properties Correction-see note (ix)	1 083 000	1 083 000
Cash and Cash Equivalents-see note (x)	5 000	-
Restated Balance	<u>325 609 138</u>	<u>280 390 587</u>

The post closure cost after the rehabilitation of the landfill site was erroneously excluded in the past years provision calculations. This cost is now available and is the cost and accumulated depreciation now retrospectively corrected with the following entries:

- (i) (Dt) Accumulated Surplus-prior years R525 128,53
- (i) (Dt) Accumulated Surplus-current year (Depreciation) R42 491,26
- (i) (Cr) Accumulated Depreciation R567 619,79
- (i) (Dt) Property Plant and Equipment R743 357,62 -prior years
- (i) (Dt) Property Plant and Equipment R30 626,33-previous year
- (i) (Cr) Provision for Rehabilitation R773 983,95

First time recognition of assets previously not found during the annual assets count as well as assets written-off which were found or repaired. These assets are now retrospectively corrected with the following entries:

- (ii) (Dt) Property, Plant and Equipment (Cost) R170 869,62
- (ii) (Cr) Accumulated Surplus prior years R149 423,65
- (ii) (Cr) Accumulated Surplus - current year R21 445,97

- (iii) During the unbundling of the infrastructure assets of completed projects it were noted that some cost were of operational nature. This is now retrospectively corrected with the following entries:
- (iii) (Cr) Property, Plant and Equipment (Cost) R39 673,25
- (iii) (Dt) Accumulated Surplus - current year R39 673,25

- (iv) With the annual review of the properties it was identified that property was erroneously excluded from Community Assets. This error is now retrospectively corrected

- (v) With the annual review of the properties it was identified that property was erroneously excluded from Other Assets. This error is now retrospectively corrected

- (vi) With the annual review of the properties it was identified that property was erroneously excluded from Other Assets. This error is now retrospectively corrected

- (vii) With the annual review of the properties it was identified that property was erroneously excluded from Other Assets. This error is now retrospectively corrected

- (viii) With the annual review of the properties it was identified that property was erroneously excluded from Inventory. This error is now retrospectively corrected

- (vix) With the annual review of the properties it was identified that property was erroneously excluded from Investment Properties. This error is now retrospectively corrected

- (x) During the year it was found that an outstanding EFT of R5 000 which was a Transfer and Subsidy was evident in the bank reconciliation. The payment was applicable to the previous year and are now written back retrospectively.

- (xi) With the reconciliation of the outstanding fine debtors register and the TMT reports, it was found that previous years outstanding traffic fines were incorrectly excluded. This error is now retrospectively corrected.

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R		2020 R
46.2.2 Property, Plant and Equipment				
Balance previously reported		362 646 465		318 311 472
Cost		1 989 648		1 977 249
First time recognition - Landfill Site -Post closure-see noted (i)		773 984		743 358
First time recognition - Other Assets -see note (ii)		170 870		149 424
Correction of WIP -see note (iii)		(39 673)		-
Correction of Community Assets-see note (iv) .		280 000		280 000
Correction of Other Assets-see note (v) .		965 000		965 000
Correction of Other Assets-see note (vi) .		(139 532)		(139 532)
Correction of Other Assets-see note (vii) .		(8 000)		(8 000)
Correction of Other Assets-see note (vii) .		(13 000)		(13 000)
Accumulated Depreciation		(550 882)		(506 995)
First time recognition - Landfill Site -Post closure-see note (i)		(567 620)		(525 129)
Correction of Other Assets-see note (vi) .		18 133		18 133
Correction of Other Assets-see note (vi) .		(1 395)		-
Accumulated Impairment		-		-
Restated Balance		364 085 232		319 781 726
Non Current Provision				
Balance previously reported		40 880 406		38 795 483
First time recognition - Landfill Site -Post closure-see note (i)		773 984		743 358
Restated Balance		41 654 390		39 538 841
Cash and Cash Equivalents				
Balance previously reported		88 902 027		74 945 161
Correction-see note (x)		5 000		-
Restated Balance		88 907 027		74 945 161
Inventory				
Balance previously reported		3 579 380		3 394 616
Correction -see note (viii)		202 500		202 500
Restated Balance		3 781 880		3 597 116
Investment Property				
Balance previously reported		13 374 909		15 127 025
Cost		1 083 000		1 083 000
Restated Balance		14 457 909		16 210 025
Receivables from non- exchange transactions				
Balance previously reported		10 315 355		11 415 042
Correction of error traffic fines- see note (xi)		1 396 855		707 960
Debtors -outstanding fines		5 619 900		5 614 700
Correction of Accumulated Impairment on traffic fines		(5 619 900)		(5 614 700)
Correction of unallocated fines		1 396 855		707 960
Restated Balance		11 712 210		12 123 002
Trade and Other Payables from Exchange Transactions				
Balance previously reported		28 867 431		24 348 200
Correction of unallocated receipts on traffic fines-see note (xi)		1 396 855		707 960
Restated Balance		30 264 286		25 056 160
46.2.3 Changes to Statement of Financial Performance				
		2020		
Movement on operating account as a result of prior period corrections:	Balance previously	Adjustments	Restated Balance	
Revenue				
Property Taxes	(39 858 145)	-		(39 858 145)
Availability Charges	(2 859 262)	-		(2 859 262)
Government Grants and Subsidies-Capital	(25 232 225)	-		(25 232 225)
Government Grants and Subsidies-Operating	(42 232 761)	-		(42 232 761)
Contributed Property, Plant and Equipment	(27 376 977)	-		(27 376 977)
Fines, Penalties and Forfeits	(32 744 736)	(5 200)		(32 749 936)
Interest Earned - Non-exchange Transactions	(248 925)	-		(248 925)
Service Charges	(124 105 294)	-		(124 105 294)
Sales of Goods and Rendering of Services	(2 658 949)	-		(2 658 949)
Rental from Fixed Assets	(724 803)	-		(724 803)
Interest Earned - External Investments	(5 239 528)	-		(5 239 528)
Interest Earned - Exchange Transactions	(1 065 105)	-		(1 065 105)
Licences and Permits	(1 269 728)	-		(1 269 728)
Agency Services	(1 938 743)	-		(1 938 743)
Operational Revenue	(186 727)	-		(186 727)
Total	(307 741 910)	(5 200)		(307 747 110)

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
Expenditure			
Employee related costs		97 690 665	97 690 665
Remuneration of Councillors		5 292 281	5 292 281
Bad Debts Written Off		3 435 079	3 435 079
Contracted Services		15 965 403	15 965 403
Depreciation and Amortisation		10 150 390	10 170 040
Finance Costs		4 938 270	4 938 270
Bulk Purchases		64 599 689	64 599 689
Inventory Consumed		7 756 016	7 795 690
Operating Leases		572 729	572 729
Transfers and Subsidies		846 834	841 834
Operational Cost		19 577 305	19 577 305
Total		230 824 661	230 878 984
Gains and Losses			
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		2 962	2 962
Reversal of Impairment Loss/(Impairment Loss) on Receivables		28 517 145	28 522 345
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(123 860)	(123 860)
(Gains/Loss) on Sale of Fixed Assets and Inventory		2 642 986	2 642 986
Total		31 039 233	31 044 433
Net Surplus/(Deficit) for the year		(45 878 015)	(45 823 691)
47. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS			
			Restated
Surplus/(Deficit) for the year		7 912 342	45 823 692
Adjustments for:			
Depreciation and Amortisation		13 532 380	10 170 040
Loss/(Gain) on Sale of Fixed Assets		1 648 172	2 642 986
Impairment Loss/(Reversal of Impairment Loss)		34 743 474	28 522 345
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(10 921)	2 962
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(4 896 913)	(123 860)
Contributed Property, Plant and Equipment		(13 627)	(27 376 977)
Government Grants and Subsidies received		86 259 950	74 460 866
Government Grants and Subsidies recognised as revenue		(68 286 378)	(67 464 985)
Government Grants and Subsidies repaid to National Treasury		-	(248 267)
Change in Provision for Rehabilitation Cost		1 790 838	1 570 160
Contribution from/to provisions - Non-Current Employee Benefits		4 178 000	(758 681)
Contribution from/to - Current Employee Benefits		1 975 402	2 062 007
Bad Debt written off		1 217 360	3 435 079
Operating lease income accrued		(52 089)	(40 417)
Operating lease expenses accrued		(4 017)	8 276
Operating Surplus/(Deficit) before changes in working capital		79 993 973	72 685 226
Changes in working capital		(34 572 895)	(27 744 970)
Increase in Trade and Other Payables		2 945 658	4 519 230
Decrease in Taxes Receivable		345 736	1 390 673
Increase in Inventory		(637 721)	14 241
Increase in Trade and other Receivables		(37 658 675)	(33 909 890)
Increase in Consumer Deposits		432 108	240 776
Cash Generated/(Absorbed) by Operations		45 421 078	44 940 256
48. CASH AND CASH EQUIVALENTS			
			Restated
Cash and cash equivalents included in the cash flow statement comprise of the following:			
Current Accounts		78 830 114	88 199 572
Call Deposits and Investments		30 945 902	701 284
Cash Floats		6 171	6 171
Total Cash and Cash Equivalents	Note 12	109 782 187	88 907 027
49. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES			
			Restated
Cash and Cash Equivalents	Note 48	109 782 187	88 907 027
Less:		(30 993 484)	(12 674 177)
Unspent Transfers and Subsidies	Note 20	(31 836 716)	(13 863 145)
VAT	Note 21	843 232	1 188 968
Net cash resources available for internal distribution		78 788 703	76 232 850
Allocated to:			
Capital Replacement Reserve		(14 000 000)	(12 000 000)
Resources available for Working Capital Requirements		64 788 703	64 232 850

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
50. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION			
Long-term Liabilities	Note 13	24 777 492	28 523 070
Used to finance property, plant and equipment - at cost		(24 777 492)	(28 523 070)
Cash set aside for the repayment of long-term liabilities		-	-
Cash Invested for Repayment of Long-Term Liabilities		-	-
Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act.			
51. BUDGET INFORMATION			
Explanation of variances between approved and final budget amounts			
Explanations for differences more than 5% between the final budget and actual amounts are included in the Notes to the Financial Statements. Amounts lower than material differences as set out in accounting policy note 1.6 are excluded.			
Explanation of variances in excess of R3.1 million: Final Budget and Actual Amounts			
51.1 Statement of Financial Position			
51.1.1 Current Assets			
Cash		More cash realised for the year due to unspent conditional grants of R17,6m and cash surplus on operating account.	
51.1.2 Non-Current Assets			
Property, Plant and Equipment		Actual capital expenditure did not realized as planned in the budget on government grants received to the amount of R19,6m	
51.1.3 Current Liabilities			
Trade and Other Payables		Increase in unspent grants to the amount of R17,9m which was not anticipated with the budget.	
51.1.4 Non-Current Liabilities			
Provisions		The outcome of the actual actuarial calculations for the final provision was more than budgeted.	
51.1.5 Net Assets			
Accumulated Surplus/(Deficit)		This the combined effect of the deviations on the statement of position and performance.	
51.2 Statement of Financial Performance			
51.2.1 Revenue			
Transfers Recognised – Operational		Reclassification of housing grant received budgeted under operational transfers to construction contracts (other revenue) according to GRAP 11 for the amount of R12 163 271. The remaining balance is mostly the Covid Relief equitable share unspent portion and library replacement grant.	
Other Revenue		Reclassification of housing grant received budgeted under operational transfers to construction contracts (other revenue) according to GRAP 11 for the amount of R12 163 271.	
Gains		Reversal of impairment on landfill site per engineering report	
51.2.2 Expenditure			
Debt Impairment		Impairment of traffic fines was R7,2m more than anticipated in budget due to Covid-19.	
Bulk Purchases		Bulk purchases from Eskom R3,6m less than planned in the budget.	
Contracted Services		Planned refuse removal to new landfill site did not realised as budgeted for to the amount of R3,4m, Savings on maintenance of buildings and equipment R1,2m and Fire Services R0,3m	
Other Expenditure		Savings on banking fees R0,49m, bursaries applications less than planned R0,49m, Savings on communications of R0,61m, R0,8m for external computer services, straight-line of hire charges to the amount of R1,5m	
51.2.3 Transfers and Subsidies-Capital			
		Actual capital expenditure did not realized as planned in the budget on government grants received to the amount of R19,6m, resulting in the recognition of unspent funds.	
51.3 Cash Flow Statement			
51.3.1 Cash Flow from Operating Activities			
Property Tax, Service Charges and Other Revenue		The construction contracts were budgeted under government grants was moved to other revenue according to GRAP 11.	
Government - Operating		The construction contracts were budgeted under government grants was moved to other revenue according to GRAP 11.	
Suppliers and Employees		Actual expense cash transactions less than plan in the budgeted. Combined result of Statement of Financial Performance of 90	

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
51.3.2 Cash Flow from Financing Activities			
Capital Assets	Actual capital expenditure did not realized as planned in the budget on government grants received to the amount of R19,6m.		
52. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			
52.1 Unauthorised expenditure			
Reconciliation of unauthorised expenditure:			
Opening balance		9 959 400	-
Unauthorised expenditure current year - operational		3 844 185	-
Unauthorised expenditure current year - capital		-	9 959 400
Approved by Council or condoned		(9 959 400)	-
Transfer to receivables for recovery		-	-
Unauthorised expenditure awaiting authorisation		<u>3 844 185</u>	<u>9 959 400</u>
Unauthorised expenditure can be summarised as follows:			
Incident	Disciplinary steps/criminal proceedings		
Accounting provision of audit fees, debt impairment and disposal of investment property.	None	3 844 185	-
Low cost housing services which was budgeted for as operational instead of capital.	None	-	9 959 400
		<u>-</u>	<u>9 959 400</u>
		<u>3 844 185</u>	<u>9 959 400</u>
		2021	
		Actual	Final Budget
		R	R
		Variance	Unauthorised
		R	R
<u>Unauthorised expenditure current year - operating</u>			
Municipal Manager		10 874 587	13 057 603
Finance Service		32 368 323	30 379 606
Corporate Services		39 871 519	38 016 050
Community Services		90 933 602	91 059 293
Engineers Service		136 134 656	144 166 691
		<u>310 182 686</u>	<u>316 679 243</u>
		<u>(6 496 557)</u>	<u>3 844 185</u>
<u>Unauthorised expenditure current year - capital</u>			
Municipal Manager		59 070	86 640
Finance Service		1 133 398	1 174 250
Corporate Services		52 847	52 870
Community Services		3 215 077	17 460 929
Engineers Service		16 931 786	27 456 944
		<u>21 392 179</u>	<u>46 231 633</u>
		<u>(24 839 455)</u>	<u>-</u>
52.2 Fruitless and wasteful expenditure			
Reconciliation of fruitless and wasteful expenditure:			
Opening balance		-	-
Fruitless and wasteful expenditure current year		-	-
Condoned or written off by Council		-	-
Transfer to receivables for recovery - not condoned		-	-
Fruitless and wasteful expenditure awaiting condonement		<u>-</u>	<u>-</u>
52.3 Irregular expenditure			
Reconciliation of irregular expenditure:			
Opening balance		2 700 141	34 135 463
Irregular expenditure current year		19 809 140	20 204 738
Expenditure authorised i.t.o. Section 32 of MFMA		(21 410 187)	(51 640 060)
Current year		<u>(18 737 047)</u>	<u>(17 504 597)</u>
Prior years		<u>(2 673 140)</u>	<u>(34 135 463)</u>
Irregular expenditure awaiting further action		<u>1 099 093</u>	<u>2 700 141</u>

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
Irregular expenditure can be summarised as follow:			
52.3.1 Prior year 2019/2020			
Asla Construction - non compliance with SCM regulations	Written off 2019/20		14 685 479
Asla Construction - non compliance with SCM regulations	Written off 2020/21		480 292
Esri - non compliance with SCM regulations	Written off 2019/20		86 241
Lucromsoft - non compliance with SCM regulations	Written off 2019/20		156 000
TMT Services - non compliance with SCM regulations	Written off 2019/20		1 196 539
TMT Services - non compliance with SCM regulations	Written off 2020/21		123 755
Mubesko Africa CC - non compliance with SCM regulations	Written off 2020/21		1 057 553
Agri World Recycling - non compliance with SCM regulations	Written off 2020/21		1 005 550
GeoDebt - non compliance with SCM regulations	Written off 2019/20		1 380 338
GeoDebt - non compliance with SCM regulations - May and June 2020 SMS's	Written off 2020/21		5 990
Hessequa Consulting Engineers - non compliance with SCM regulations			27 000
52.3.2 Current year 2020/2021			
Asla Construction - non compliance with SCM regulations	Written off 2020/21	17 196 452	-
Asla Construction - non compliance with SCM regulations		257 220	-
Esri - non compliance with SCM regulations	Written off 2020/21	228 658	-
Esri - non compliance with SCM regulations		151 749	-
Lucromsoft - non compliance with SCM regulations	Written off 2020/21	156 000	-
TMT Services - non compliance with SCM regulations	Written off 2020/21	86 072	-
Mubesko Africa - non compliance with SCM regulations	Written off 2020/21	1 069 865	-
Hessequa Consulting Engineers - non compliance with SCM		560 398	
PA appointment - Non compliance to HR policy and MSA		102 726	
		<u>19 809 140</u>	<u>20 204 738</u>
52.4 Material Losses			
Restated			
Water distribution losses			
Units purified (kl)		1 554 052	1 628 922
Units lost during distribution (ml)		278 914	315 617
Percentage lost during distribution		17.95%	19.38%
Electricity distribution losses			
Units purchased (Kwh)		57 036 795	56 304 826
Units lost during distribution (Kwh)		6 240 397	5 423 758
Percentage lost during distribution		10.94%	9.63%
53. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
53.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA Contributions)			
Opening balance		1 061 262	-
Council subscriptions		1 115 140	1 061 262
Amount paid - current year		-	-
Amount paid - previous years		-	-
Balance Unpaid (included in creditors)		<u>2 176 402</u>	<u>1 061 262</u>
53.2 Audit fees - [MFMA 125 (1)(c)]			
Restated			
Opening balance		1 844 659	847 750
Current year audit fee		4 002 410	3 362 966
External Audit - Auditor-General		3 933 833	3 266 274
Audit Committee		68 577	96 692
Amount paid - current year		(3 263 951)	(2 366 057)
Amount paid - previous year		-	-
Balance Unpaid (included in creditors)		<u>2 583 118</u>	<u>1 844 659</u>
53.3 VAT - [MFMA 125 (1)(c)]			
Total VAT receivable		843 232	1 188 968
Closing balance		<u>843 232</u>	<u>1 188 968</u>

VAT is payable on the receipt basis. Only once payments are received from the debtors VAT is paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
53.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]			
Opening balance		-	-
Current year payroll deductions		15 916 296	15 152 213
Amount paid - current year		(15 916 296)	(15 152 213)
Balance Unpaid (included in creditors)		<u>-</u>	<u>-</u>

53.5 PENSION AND MEDICAL AID DEDUCTIONS - [MFMA 125 (1)(c)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	27 061 742	25 363 209
Amount paid - current year	(27 061 742)	(25 363 209)
Amount paid - previous year	-	-
Balance Unpaid (included in creditors)	<u>-</u>	<u>-</u>

53.6 COUNCILLOR'S ARREAR CONSUMER ACCOUNTS - [MFMA 124 (1)(b)]

	Outstanding more than 90 days	Outstanding more than 90 days
The following Councillors had arrear accounts for more than 90 days as at 30 June 2021:	-	-

53.7 MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS - PROMULGATED BY GOVERNMENT GAZETTE 27636 DATED 30 MAY 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):

		2021 R	2021 Percentage	2020 R	2020 Percentage
SCM Reg	Short Description	Amount	Percentage	Amount	Percentage
36(1)(a)(i)	Emergency / Urgent	359 305	4.76%	85 430	3.49%
36(1)(a)(ii)	Sole Supplier	107 139	1.42%	129 638	5.29%
36(1)(a)(iii)	Historical works	-	-	18 150	0.74%
36(1)(a)(iv)	Animals for zoo	-	-	-	0.00%
36(1)(a)(v)	Impractical / Impossible	7 078 554	93.76%	2 210 132	90.26%
36(1)(b)	Minor Breaches	4 281	0.06%	5 145	0.21%
		<u>7 549 279</u>	<u>100%</u>	<u>2 448 495</u>	<u>100%</u>

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total	Percentage
Summary per Quarter						
Procurement < R30k	38 181	16 716	151 813	97 005	303 715	4.02%
Procurement > R30k < R200k	0	62 726	404 674	118 162	585 562	7.76%
Procurement > R200k	740 000	5 920 000	0	0	6 660 000	88.22%
	<u>778 181</u>	<u>5 999 442</u>	<u>556 487</u>	<u>215 167</u>	<u>7 549 279</u>	<u>100%</u>

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total	Percentage
Summary per Department						
Municipal Manager	8 148	2 500	4 876	5 348	20 872	0.28%
Corporate Services	7 134.00	2 259	21 426	26 700	57 519	0.76%
Financial Services	368.00	-	35 198	-	35 566	0.47%
Infrastructure Services	0	66 308	436 633	109 701	612 642	8.12%
Community Services	762 531	5 928 376	58 355	73 419	6 822 681	90.38%
	<u>778 181</u>	<u>5 999 443</u>	<u>556 488</u>	<u>215 168</u>	<u>7 549 279</u>	<u>100.00%</u>

53.8 AWARDS ABOVE R2 000 TO SPOUSES, CHILDREN OR PARENTS OF A PERSON IN SERVICE OF THE STATE

Company	Employee Name	Relation	2021	2020
Hein's Auto Elektries	J. de Jager	Brother	176 747	31 311
Kemanzi	J.N. du Toit	Spouse	688 274	414 753
Lebazi Brothers (Pty) Ltd	Cllr G. Lebazi	Aunt	69 313	6 465
Khoi San Cave Holdings	G. Jansen / A. Jansen	Son / Daughter in law	24 991	19 923
Neldin Voorsieners	N. Pietersen	Wife	-	29 923
Masakhane Training	Q. Martin	Husband	38 223	28 648
Jonathan Oktober	M. Oktober	Wife	119 570	35 519
Molatuseli (Pty) Ltd	A. Sindloyi	Son	26 064	1 800
AH Windvogel	MPLR Windvogel	Mother	91 040	-
Andre Petersen	C Petersen	Wife	168 781	-
Barrydale Hermanus Swart	F. Swart	Brother	9 965	-
Bazil Koopman	K Mitchel	Wife	13 850	-
Desmond Prins	J.Francis	Daughter	107 145	-
Elmarie Goliath	N Goliath	Husband	27 523	-
Gert Coetzee	L. Coetzee	Wife	7 800	-
Paul Cupido	T. Cupido	Wife	15 750	-
Zutari	S. Seegers	Sibling	448 500	-

54 DISCLOSURES IN TERMS OF BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on Compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
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55. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

Restated

The potential impact on the entity's surplus/(deficit) for the year, due to changes in interest rates, is as follows:

(.5%) Increase in interest rates	13 392	6 029
(.25%) Decrease in interest rates	(6 696)	(3 015)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Credit risk arises mainly out of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers, but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to notes 9 to 12 for all balances outstanding longer than 30 days. These balances represent all debtors at year-end which defaulted on their credit terms.

	2021 %	2021 R	2020 %	2020 R Restated
Non-Exchange Receivables				
Rates	14.78%	3 464 023	22.88%	4 854 882
		3 464 023		4 854 882
Exchange Receivables				
Electricity	22.25%	5 216 837	16.06%	3 406 487
Water	21.50%	5 041 244	19.82%	4 205 222
Refuse	13.99%	3 279 556	12.88%	2 732 145
Sewerage	21.41%	5 019 903	20.71%	4 392 913
Rentals	0.25%	57 617	0.28%	58 941
Sundry Receivables	5.82%	1 365 399	7.38%	1 565 550
	100.00%	19 980 556	100.00%	16 361 257

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in notes 9 to 12 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
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The provision for bad debts could be allocated between the different classes of receivables as follows:

	2021 %	2021 R	2020 %	2020 R Restated
Non-exchange Receivables				
Rates	4.36%	3 787 800	5.94%	4 154 560
Traffic Fines	70.15%	60 936 185	71.85%	50 248 007
Exchange Receivables				
Services	25.49%	22 137 177	22.21%	15 533 180
	<u>100.00%</u>	<u>86 861 162</u>	<u>100.00%</u>	<u>69 935 747</u>

The provision for bad debts for rates and services could be allocated between the different categories of receivables as follows:

	2021 %	2021 R	2020 %	2020 R
Government	0.90%	232 322	0.58%	113 720
Industrial	29.15%	7 557 023	12.79%	2 517 568
Residential	69.95%	18 135 632	86.63%	17 056 452
	<u>100.00%</u>	<u>25 924 977</u>	<u>100.00%</u>	<u>19 687 740</u>

Ageing of amounts past due but not impaired are as follows:

	Exchange Receivables	Non-Exchange Receivables
2021		
Past due	(2 305 254)	(597 462)
2020		
Past due	581 450	480 554

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Other Debtors are individually evaluated annually at year-end for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year-end are as follows:

	2021	2020 Restated
Receivables from exchange transactions	36 427 866	27 612 739
Receivables from non-exchange transactions	75 676 279	66 141 865
Cash and Cash Equivalents	109 776 016	88 900 856
	<u>221 880 161</u>	<u>182 655 460</u>

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year-end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2021				
Long-term Liabilities	5 432 650	18 968 527	13 401 129	-
Trade and Other Payables	33 209 942	-	-	-
Provision for Landfill site rehabilitation	18 192 684	33 417 267	-	7 634 854
	<u>56 835 276</u>	<u>52 385 794</u>	<u>13 401 129</u>	<u>7 634 854</u>

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		Note reference	2021 R	2020 R
2020	Restated	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years
				More than 10 years
		6 731 460	20 939 630	16 851 673
		30 264 286	-	-
		20 722 516	28 310 169	5 319 921
		57 718 261	49 249 799	5 319 921

56. FINANCIAL INSTRUMENTS

In accordance with GRAP 104.45 the financial liabilities and assets of the municipality are classified as follows:

56.1 <u>Financial Assets</u>	<u>Classification</u>		
Investments		-	-
Non-Current Receivables			
Receivables with repay arrangements	Financial Instruments at amortised cost	1 318 703	1 161 356
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	12 021 778	9 274 442
Water	Financial Instruments at amortised cost	6 889 554	6 038 125
Refuse	Financial Instruments at amortised cost	4 296 389	3 649 330
Sewerage	Financial Instruments at amortised cost	6 448 276	5 828 917
Rentals	Financial Instruments at amortised cost	105 189	95 242
Sundry Receivables	Financial Instruments at amortised cost	5 347 977	1 565 326
Cash and Cash Equivalents	<u>Classification</u>		Restated
Bank Balances	Financial Instruments at amortised cost	78 830 114	88 199 572
Call Deposits	Financial Instruments at amortised cost	30 945 902	701 284
Total Financial Assets		146 203 882	116 513 595

SUMMARY OF FINANCIAL ASSETS

Financial Instruments at cost:		-	-
Financial Instruments at amortised cost:	<u>Classification</u>		Restated
Non-Current Receivables	Receivables with repay arrangements	1 318 703	1 161 356
Receivables from Exchange Transactions	Electricity	12 021 778	9 274 442
Receivables from Exchange Transactions	Water	6 889 554	6 038 125
Receivables from Exchange Transactions	Refuse	4 296 389	3 649 330
Receivables from Exchange Transactions	Sewerage	6 448 276	5 828 917
Receivables from Exchange Transactions	Rentals	105 189	95 242
Receivables from Exchange Transactions	Sundry Receivables	5 347 977	1 565 326
Cash and Cash Equivalents	Bank Balances	78 830 114	88 199 572
Cash and Cash Equivalents	Call Deposits	30 945 902	701 284
Total Financial Assets		146 203 882	116 513 595

The comparative information relating to receivables from exchange transactions have been restated due to inclusion of non current receivable previously included in the receivables from exchange transactions and not disclosed separately.

56.2 <u>Financial Liabilities</u>	<u>Classification</u>		<u>Restated</u>
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	24 777 494	27 380 710
Capitalised Lease Liability	Financial Instruments at amortised cost	-	612 667
Hire Purchase	Financial Instruments at amortised cost	-	529 696
Trade Payables	Financial Instruments at amortised cost	27 288 779	27 062 936
Accrued Interest	Financial Instruments at amortised cost	539 970	577 034
Advance Payments	Financial Instruments at amortised cost	1 689 362	1 681 890
Pre-Paid Electricity	Financial Instruments at amortised cost	733 823	667 935
Other Payables	Financial Instruments at amortised cost	2 696 789	4 401
Retentions	Financial Instruments at amortised cost	261 220	270 088
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		57 987 435	58 787 357

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021	2020
		R	R
SUMMARY OF FINANCIAL LIABILITIES			
			Restated
Financial instruments at amortised cost:	Classification		
Long-term Liabilities	Annuity Loans	24 777 494	27 380 710
Long-term Liabilities	Capitalised Lease Liability	-	612 667
Long-term Liabilities	Hire Purchase	-	529 696
Trade and Other Payables	Trade Payables	27 288 779	27 062 936
Trade and Other Payables	Accrued Interest	539 970	577 034
Trade and Other Payables	Advance Payments	1 689 362	1 681 890
Trade and Other Payables	Control, Clearing and Interface Accounts	733 823	667 935
Trade and Other Payables	Other Payables	2 696 789	4 401
Trade and Other Payables	Retentions	261 220	270 088
Cash and Cash Equivalents	Bank Overdraft	-	-
		57 987 435	58 787 357
57 STATUTORY RECEIVABLES			Restated
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
Taxes			
VAT Receivable		843 232	1 188 968
Receivables from Non-Exchange Transactions		75 328 784	65 804 237
Rates		7 123 929	7 750 632
Fines		68 204 855	58 053 605
Total Statutory Receivables (before provision)		76 172 016	66 993 205
Less: Provision for Debt Impairment		(64 723 985)	(54 402 567)
Total Statutory Receivables (after provision)		11 448 031	12 590 638
Statutory Receivables arises from the following legislation:			
Taxes	- Value Added Tax Act (No 89 of 1991)		
Rates	- Municipal Properties Rates Act (No 6 of 2004)		
Fines	- Criminal Procedures Act		
Statutory receivables are initially measured at transaction value and subsequently at cost.			
(Rates): Ageing			
Current (0 - 30 days)		3 780 356	2 968 744
31 - 60 Days		188 602	864 067
61 - 90 Days		153 119	713 244
+ 90 Days		3 001 851	3 204 576
Total		7 123 929	7 750 632
(Fines): Ageing			
Current (0 - 30 days)		6 224 525	1 986 300
31 - 60 Days		4 345 475	437 850
61 - 90 Days		3 477 000	3 010 700
+ 90 Days		54 157 855	52 618 755
Total		68 204 855	58 053 605
Reconciliation of Provision for Debt Impairment			
Balance at beginning of year		54 402 567	54 900 247
Contribution to provision		10 688 178	86 473
Reversal of provision		(366 759)	(584 153)
Balance at end of year		64 723 985	54 402 567
Interest Received from Statutory Receivables			
Taxes		95 590	248 925
		95 590	248 925

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021 R	2020 R
58	PRINCIPAL - AGENT ARRANGEMENTS		
58.1	Principal in Principal-Agent Arrangement		
	Compensation paid for agency activities		
	Commission - Oasis	16 132	26 122
	Commission - Syntell	2 113 879	1 837 262
	Commission - TMT	1 691 160	1 229 158
	Total Compensation paid	<u>3 821 171</u>	<u>3 092 541</u>
	Swellendam Municipality paid 5% commission on the rand value of pre-paid electricity sales as reflected in the Syntell Vending Gateway reports. Syntell exclusively dispense and sell pre-paid electricity on behalf of the municipality. As per the agreed terms of conditions of a contract entered between the parties for a 3 year period which is due to lapse on 30 June 2021.		
	Swellendam Municipality paid 2% commission on the rand value of pre-paid electricity sales. Oasis dispense and sell pre-paid electricity on behalf of the municipality. As per the agreed terms of conditions of a contract entered between the parties for a 3 year period which is due to lapse on 30 June 2021.		
	Swellendam Municipality entered into an agreement with TMT for the supply, deliver and administrative support of traffic fines collections and camera equipment with related operational support. The contract is for a 3 year period which lapsed on 30 June 2023. In terms of the agreement, the municipality pays R125, R92,01 (2020) per paid traffic fine as commission for services delivered.		
	Resources under custodianship of agent at year-end		
	Computer, printer and monitor	-	103
		<u>-</u>	<u>103</u>
	The above resources are under the custodianship of the agent and have not been recognised by the agent. Such resources will be remitted back to Swellendam Municipality.		
58.2	Agent in arrangement		
	Swellendam municipality is the agent in the Principal-Agent arrangement with the Western Cape Government: Department of Transport and Public Works.		
	The municipality is issuing motor vehicle licences and managing the NAVIS system on behalf of the Provincial Government. Commission is based on a percentage of the licence fees issued and are deducted from payments due to the Provincial Government. The net amounts are paid over on a prescribed timeframe in a dedicated bank account.		
	Compensation received for agency activities		
	Commission	2 469 621	1 938 743
	Total Compensation received	<u>2 469 621</u>	<u>1 938 743</u>
	Swellendam Municipality was paid 12% of vehicle licence renewals commission to the Department of Transport and Public Works for acting as an agent on its behalf during the financial year.		
	Resources under custodianship at year-end		
	None		
59	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality received assets as set out in note 25. No other in kind assistance to be recognised as revenue in terms of GRAP 23 was received during the year under review.		
60.	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
61.	CONTINGENT LIABILITY		
	Bank Guarantees		
	In Favour of Eskom	2 000	2 000
	In Favour of Department of Minerals and Energy (RSA)	20 000	20 000
	In Favour of Powell Kelly Veldman	700 000	700 000
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
	P Muller vs Swellendam Municipality - Case Number WCP 121714	750 000	750 000
	Unfair dismissal: Employee related cost R700 000 and legal cost of approximately R50 000.		
	JC Nortje vs MEC, IEC and Swellendam Municipality	-	50 000
	Review application to set aside the decision of the MEC to remove Alderman Nortje as a Councillor. Legal cost of approximately R50 000.		
	R van Rooi - Case number C385/2016	165 000	50 000
	Unfair labour practice dispute - Legal cost of approximately R165 000.		
	JH Barry & JG Loubser Lismore Trust	-	184 000
	Damages to property due to fire - Claim for damages R149 000 and legal cost of approximately R35 000.		
	Cancom Canfleet vs TMT and Western Cape	10 000	10 000
	Application for review and declaration order - Legal cost of approximately R10 000.		
	Total	<u>925 000</u>	<u>1 044 000</u>

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021	2020
		R	R

62. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

	2021		2020	
	R	R	R	R
62.1 Related Party Transactions	Rates and Services	Outstanding Balance	Rates and Services	Outstanding Balance
Councillors				
Cllr E.J. Lamprecht	31 622	2 690	28 879	3 005
Cllr J.A. Matthysen	13 306	1 300	20 007	1 017
Cllr M.G. du Plessis	14 544	1 291	13 062	1 030
Cllr M.G. Jonker-du Plessis	12 283	78	876	73
Cllr M.J. Koch	937	0	58 546	1 405
Cllr M.T. Swart	7 637	602	13 441	762
Cllr A.M. Pokwas	17 234	1 394	29 872	1 403
Cllr H.F. du Rand	14 351	1 164	21 851	1 140
Cllr G. Lebazi	8 636	719	11 060	655
	120 550	9 238	197 594	10 491
Senior Managers-Section 57 Employees				
F. Erasmus	11 670	1 725	10 900	9 482
H. Schlebusch	12 021	1 789	31 005	1 291
D. du Plessis	19 508	3 015	29 691	1 253
	43 199	6 529	71 596	12 026

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

The municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2021:

Name	Position	Staff Leave Obligations	Performance Bonus Obligations	Travel and Subsistence paid
A.M. Groenewald	Municipal Manager	92 579	184 833	4 121
H. Schlebusch	Director Financial Services	-	122 368	-
F.P. Erasmus	Director Engineering Services	144 023	157 595	1 039
K.D. Stuurman	Director Community Services	130 764	174 851	-
E. Wassermann	Director Financial Services	16 003	49 469	-
D. du Plessis	Director Corporate Services	104 776	191 020	-
		488 145	880 136	5 160

The municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2020:

Name	Position	Staff Leave Obligations	Performance Bonus Obligations	Travel and Subsistence paid
A.M. Groenewald	Municipal Manager	88 703	184 782	22 365
H. Schlebusch	Director Financial Services	147 182	183 553	7 393
F.P. Erasmus	Director Engineering Services	126 638	157 595	-
K.D. Stuurman	Director Community Services	111 339	174 851	3 405
D. du Plessis	Director Corporate Services	94 559	179 201	9 786
		568 422	879 982	42 950

62.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

62.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 35 of the Annual Financial Statements.

62.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

	-	-
	-	-
	-	-

SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 30 JUNE 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note reference	2021	2020
		R	R

63 EVENTS AFTER REPORTING PERIOD

None

64 FINANCIAL SUSTAINABILITY

National Treasury has issued circular 71 in terms of the Municipal Finance Management Act, with the purpose to provide a set of uniform key financial ratios and norms suitable and applicable to municipalities and municipal entities to assess and compare the financial health and performance of municipalities. These ratios are not a compulsory GRAP or other legal requirement, but management disclose this information to inform policy makers and the public to form a good sense of the financial status of the municipality.

	Norm	2021	2020 Restated
For this reason ,the following indicators are provided:			
Capital Expenditure to Total Expenditure	10% - 20%	6.79%	21.15%
Impairment of PPE, Investment Property and Intangible Assets (Carrying Value)	0.00%	1.25%	-0.03%
Repairs and Maintenance as % of PPE and Investment Property (Carrying Value)	8.00%	6.34%	5.18%
Collection Rate	> 95%	94.77%	98.21%
Bad Debts Written-off as % of Provision for Bad Debt	100.00%	1.40%	4.91%
Net Debtors Days	< 30 days	52.08	53.61
Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants)	1 - 3 months	3.66	4.16
Current Assets / Current Liabilities	1.5 - 2 : 1	1.65	1.22
Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	6% - 8%	2.17%	2.46%
Debt (Total Borrowings) / Revenue	< 45%	7.80%	9.26%
Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	> 100%	556.75%	625.37%
Net Operating Surplus Margin	> 0%	2.49%	14.88%
Net Surplus / Deficit Electricity	0 - 15%	17.73%	12.45%
Net Surplus / Deficit Water	> 0%	56.39%	54.91%
Net Surplus / Deficit Sanitation and Waste Water	> 0%	74.93%	195.24%
Net Surplus / Deficit Refuse	> 0%	33.16%	-9.97%
Revenue Growth	CPI	1.60%	4.81%
Revenue Growth (excluding Capital Grants)	CPI	4.14%	6.97%
Creditors Payment Period (Trade Creditors)	> 30 days	39.34	47.07
Remuneration as % of Total Operating Expenditure	25% - 40%	36.60%	39.30%
Contracted Services as % of Total Operating Expenditure	2% - 5%	11.17%	6.09%
Own Source Revenue to Total Operating Revenue (including Agency Revenue)	None	78.16%	78.08%

Other Indicators

Possible outflow of recourses due the contingent liabilities disclosed in note 61.

From the above information, management is of the opinion that the municipality is operating fairly well within the parameters of the norms and would therefore be able to continue to operate as a going concern and perform its duties as set out in the National Constitution.

APAC REPORT





SWELLENDAM MUNICIPALITY
2020/2021 ANNUAL REPORT OF THE AUDIT- AND
PERFORMANCE AUDIT COMMITTEE (APAC)



We are pleased to present our Annual Report for Swellendam Municipality for the 2020/2021 financial year.

1. Introduction

Section 166 of the Municipal Finance Management Act No. 56 of 2003, requires every Municipality to establish and maintain an audit committee, as an independent appraisal function. Experience has shown that a properly constituted Audit Committee can make an effective and valuable contribution to the process by which an organization is directed and controlled.

The Audit- and Performance Audit Committee of the Swellendam Municipality (hereafter referred to as *the Committee*) is well established and functioning as required. An updated Committee Charter has also been developed and reviewed by the Committee during the period under review and was approved by the Council on 24 June 2021. All the members of the Audit Committee are also members of the Performance Audit Committee. The committee met 5 times during the 2020/2021 financial year.

2. APAC Members and Attendance:

Members	Capacity	Dates of Meetings attended
Dr A Potgieter	Chairperson	22 September 2020 26 November 2020 18 February 2021 16 April 2021 4 June 2021
Mr. Richard Rhoda	Member From 1 July 2020	22 September 2020 26 November 2020 18 February 2021 16 April 2021 4 June 2021
Mr. SJ Adonis	Member (Contract expired on 31 December 2020)	22 September 2020 26 November 2020
Mr. D Farenhem	Member (Contract expired on 31 March 2021)	22 September 2020 26 November 2020 18 February 2021
Mr. Nino Hendricks	New Member (From 1 Feb 2021)	18 February 2021 16 April 2021 4 June 2021
Mr. Peter Silbernagl	New Member (From 1 April 2021)	16 April 2021 4 June 2021

The abovementioned meetings were well attended by the Municipal Manager, Chief Financial Officer, Chief Audit Executive, Chief Risk Officer and the Municipal Directors.

3. Internal Control Systems

Internal control is the system of controls and directives that are designed to provide cost effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that the municipality fulfills its mandate, in compliance with all relevant statutory and governance duties and requirements.

The committee has reviewed the Internal Audit Reports; the Auditor General's Audit Report; the Annual Financial Statements (AFS); and the Annual Performance Report (APR) of the municipality. Based on these reports the committee believes that the significant internal controls are in place, however certain control deficiencies have been

identified. The committee will monitor the progress made by Management towards the improvement of their internal control environment.

4. Risk Management/ Combined Assurance

The committee has reviewed the risk management processes implemented by management during the financial year, and is satisfied with the progress made with the implementation of risk management within the municipality. The Annual Risk Registers as well as the quarterly Risk Action Reports was submitted to the Committee during the period under review. The Chief Risk Officer of the Overberg District Risk Management Shared Services position was vacant from November 2020. The Risk Management tasks are being fulfilled internally with the support from Internal Audit.

The responsibility for coordinating combined assurance resorts within the Overberg District Risk Management Shared Services. The 2020/2021 Combined Assurance Framework was reviewed and approved by Council on 15 June 2020. The committee also reviewed the Combined Assurance Status reports on a quarterly basis.

Based on the discussions and assurances obtained, the committee is satisfied with the progress towards full implementation of the Risk Management System of the municipality. The committee further believes that the high-risk areas of the organization are covered in the scope of internal and external audits.

5. Performance Management

In terms of Section 14(4) (a) of the Regulations the Performance Audit Committee has the responsibility to –

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

The Committee is satisfied that the Swellendam municipality did utilize mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, including assessments of the functionality of the performance management system whether the system complied with the requirements of the MSA, and include assessments of the extent to which the performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

The committee has also reviewed the 2020/21 Mid-Year Performance Assessment Report and the 2020/21 Annual Performance Report of the municipality, as well as the quarterly SDBIP Performance Reports submitted to it by the Internal Audit Office. Based on the discussions and assurances obtained, the committee notes the progress towards full implementation of the Performance Management System of the municipality.

6. Accounting/ Financial Information

The committee believes that the Chief Financial Officer (CFO) possess the appropriate qualifications and experience to perform his responsibilities effectively. A new CFO was appointed on 1 March 2021. The CFO is more than capable to lead the financial department of the municipality, as required by the MFMA. The committee also found the expertise and adequacy of resources of the finance function appropriate.

The committee evaluated the AFS of the Swellendam Municipality for the period 1 July 2020 to 30 June 2021, using various financial ratios and the High-Level Internal Audit Review, the APAC is in a position to give an authoritative and credible view of the financial position of the municipality, its effectiveness and efficiency, and its overall level of compliance with relevant legislation.

The committee's view is that in general the financial position of the municipality is relatively positive and that the municipality has also complied with the required audit procedures and applicable legislation.

7. Auditor-General

Swellendam municipality has maintained its Unqualified audit opinion with no findings (Clean Audit) for the 2020/2021 financial year. The committee wishes to congratulate the Swellendam Municipal Council and Administration on achieving a "Clean Audit" Opinion from the Office of the Auditor General for the 2020/2021 Financial Year. This is truly a remarkable achievement for the municipality and it confirms the accuracy and

transparency with which finances of the municipality have been handled and reported. This is due to effective leadership and the positive commitment of senior management and officials. The Committee is also satisfied with the independence and objectivity of the Auditor-General.

8. Internal Audit

The Swellendam Municipality has an in-house Internal Audit function. The structure of the IAA makes provision for the following posts, namely: Chief Audit Executive (1 post: Filled) and Senior Internal Auditor (1 post: Filled) and Assistant Internal Auditor (1 Post: Vacant). There is currently 1 vacant post on the internal audit structure. In addition, an Internal Audit Intern is also allocated to IAA. It is recommended that the vacant position be prioritized for budgeting and filling of the post.

A number of audits have been completed during the year under review and these reports have been presented to the committee for discussion. The committee will monitor the progress on the implementation of the deficiencies identified by Internal Audit. The Internal Audit Department also managed to complete 94% of the 2020/2021 Risk-Based Internal Audit Plan (RBIAP). In addition to completing the RBIAP, a number of ad hoc activities were also performed by the Internal Audit function.

All amendments to the plan during the 2020/2021 financial year result from lockdown due to the Covid-19 pandemic and were approved by the Audit Committee. The Audit Committee is pleased that the internal audit team achieved the revised audit plan. The following internal audit engagements were approved by the audit committee and completed by internal audit during the year under review:

Assurance Engagements:

- Driver's Examination Review
- 2019/20 4th Quarter and Annual SDBIP Performance Review
- 2019/20 High-Level Annual Financial Statements Review
- 2019/2020 Annual Stock Count (Year-end)
- 2020/21 1st Quarter SDBIP Performance Review
- COVID-19 Review
- ICT (General Controls) Review
- 2020/21 2nd Quarter SDBIP Performance Review
- Direct Assistance to the AGSA: Physical Asset & Employee Verification
- 2020/21 3rd Quarter SDBIP Performance Review
- 2020/21 Compliance Reviews (MFMA, MSA & DORA)
- SCM Procurement Review
- Internal Quality Assurance Review

Consulting Engagements:

- Risk Assessment Facilitation
- Ongoing Risk Management Support
- Advisory Services in terms of the Municipal Disaster Relief Grant Processes

Ad Hoc Activities:

- Assistance with Auditor-Generals Enquiries
- Investigation for the Overberg District Municipality
- Audit of the Leave Balance of the Director: Financial Services
- Water Losses Review
- Review of Motor/ Electrical Pump Processes
- Overtime Policy & Instruction Review
- Protection of Personal Information Act (POPIA): Draft Policy Review & PI Inventory Workbook
- Cybersecurity Self-Assessment

- Assistance with a Parliamentary Response in terms of Reg 32 contracts; SIU Report; AGSA Report and Tourism enquiries
- Assistance with the Railton Water Crisis Report to Council
- Pre-Paid Electricity Meter Exception Report Analysis
- Barrydale Housing Project Review (Beneficiary Allocation Process)

Follow Up Audits:

Follow Up audits were performed on a quarterly basis. The status of implementation on corrective actions is a standing item on the quarterly Audit Committee agenda, and as such the Committee reviews progress on a quarterly basis. As at 30 June 2021, the implementation rate based on management action plans confirmed as implemented by Internal Audit was approximately 90%.

It is also noteworthy to mention that the Internal Audit function was externally assessed by an independent service provider and managed to achieved a “Generally Conforms (GC)” Independent Quality Assurance Rating (GC is the top rating and means the independent assessor has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects). Further to this achievement, the Chief Audit Executive was also named as the *Internal Auditor of the Year for 2020* by the Institute of Internal Auditors South Africa.

The committee also expresses their appreciation to the Internal Audit Office for the work done, and is satisfied with the current operation of the activity. The committee believes that the Internal Audit function has been effective in carrying out its function in the municipality. The committee is also satisfied with the organizational independence of the Internal Audit Activity.

The Internal Audit Unit was also evaluated by the Chairperson; the Committee Members and Senior management during the year under review, and came to the conclusion that it operates effectively.

9. Information and Communication Technology (ICT)

ICT is a rapidly advancing discipline within the public sector, and management should allocate sufficient resources to the effective functioning of the ICT environment. The committee has also reviewed the ICT General Controls Review conducted by Internal Audit, and based on the review the committee believes that the significant internal controls are in place, however certain control deficiencies have been identified. The committee will monitor the progress made by Management towards the improvement of the ICT governance and risk environment. The committee also recommends that the current ICT related policy documents be reviewed and approved by Council.

10. Governance

The Internal Audit function conducted a high-level Governance Review and no significant concerns were noted. The committee is pleased that most of the governance structures within the municipality are in place and functional.

11. Compliance with Key Legislation

The Internal Audit function conducted various Compliance Reviews, on compliance with the MFMA; MSA and DORA. These reports were tabled and discussed by the committee. The committee is pleased that no material non-compliance with legislation have been found, however the committee will monitor the progress made by Management towards resolving the minor non-compliance issues raised by Internal Audit.

12. Quarterly Reporting to Council

The committee submits quarterly reports to the Municipal Council on the matters referred to in Section 166 (2) of the Municipal Finance Management Act. These reports are also accompanied with the detailed minutes of the committee meetings held per quarter.

The quarterly reports and minutes are also tabled to the Municipal Public Accounts Committee (MPAC) for discussion. A separate detailed committee report is also submitted to MPAC as part of the annual report oversight process.

13. Concerns & Recommendations

The committee is concerned with regards to the capacity constraints faced by internal audit, and recommends that the vacant internal audit post be prioritized by Council and Management.

14. Conclusion

The committee is pleased with the continuous progress made by the Swellendam Municipality in improving the overall governance, internal control and risk management environment.

In light of the above, the committee recommends that the Audited Financial Statements, together with the Audit Report of the Auditor General be accepted by the Council of the Swellendam Municipality.

On behalf of the Audit and Performance Audit Committee

A handwritten signature in black ink, appearing to read 'A. Potgieter', is written over a faint, rectangular stamp or watermark.

Dr. A. Potgieter
APAC Chairperson
Date: 28 January 2022

AUDIT REPORT



Report of the auditor-general to the Western Cape Provincial Parliament and council on the Swellendam Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Swellendam Municipality set out on pages 5 to 90, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Swellendam Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 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 matters

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

Restatement of corresponding figures

7. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Material impairments

8. As disclosed in note 10 to the financial statements, the municipality provided for impairment of receivables from exchange transactions of R22,1 million (2019-20: R15,5 million).
9. As disclosed in note 11 to the financial statements, the municipality provided for impairment of receivables from non-exchange transactions of R64,7 million (2019-20: R54,4 million).

Underspending of capital budget

10. As disclosed in the statement of comparison of budget and actual amounts, the municipality spent R21,4 million of its capital assets of R46,2 million. This amounts to an underspending of 53,7%.

Unauthorised expenditure

11. As disclosed in note 52.1 to the financial statements, the municipality incurred unauthorised expenditure of R3,8 million, as a result of the accounting of audit fees, debt impairment and disposal of investment property.

Irregular expenditure

12. As disclosed in note 52.3 to the financial statements, the municipality incurred irregular expenditure of R19,8 million, resulting from non-compliance with supply chain management regulations.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA, and 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.
16. 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

17. 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.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

Report on the audit of the annual performance report

Introduction and scope

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
20. 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.
21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objective presented in the municipality’s annual performance report for the year ended 30 June 2021:

Strategic objective	Pages in the annual performance report
Strategic objective 4 – to enhance access to basic services and address maintenance backlogs	59 - 65

22. 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.

23. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic objective:
- Strategic objective 4 – to enhance access to basic services and address maintenance backlogs

Other matter

24. I draw attention to the matter below.

Achievement of planned targets

25. Refer to the annual performance report on pages 59 to 65 for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

26. 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.
27. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected strategic objective presented in the annual performance report that has been specifically reported in this auditor's report.
29. 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.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. If based on the work I performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
32. I have nothing to report in this regard.

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.
34. I did not identify any significant deficiencies in internal control.

Auditor - General

Cape Town

28 January 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic objective 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 Swellendam Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



SWELLENDAM MUNICIPALITY

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