



### GREENING CAPE WINELANDS PROJECT

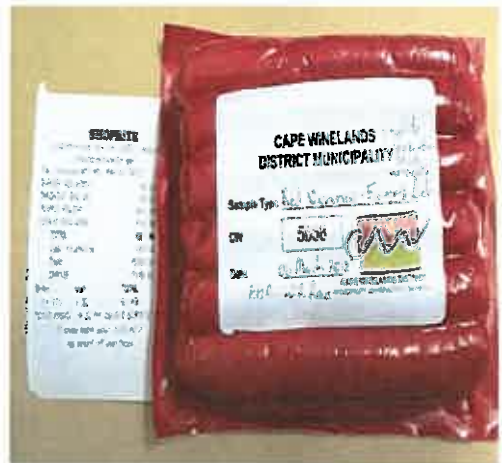
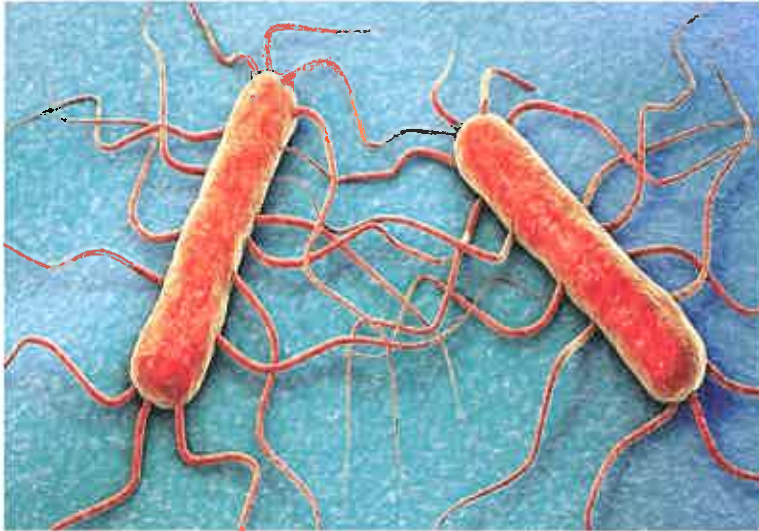
This project has the following aims:

- Promoting a greener environment;
- Establishing environmental awareness amongst communities through environmental education;
- Improving the quality of life of all inhabitants of the District;
- Creating income opportunities; and
- Getting communities involved in environmental protection actions through the planting of trees.

A total budget of R258 000 was allocated to the project and the funds were used to plant 1 225 trees and shrubs throughout the district.



**LISTERIA MONOCYTOGENES OUTBREAK**



The MHS division of the CWDM was actively involved during the recent outbreak of listerioses in South Africa. The division ensured that all suspect food products were removed from the market and engaged in the active sampling of a wide range of products. Inspections were also conducted at high-risk facilities. MHS were notified of and investigated five cases of listeria in the district:

AREA	GENDER	AGE	COMMENT	OUTCOME
Stellenbosch	Female	35	Hepatitis B	Fully recovered
Breede Valley	Male	59	Health status compromised	Fully recovered
Drakenstein	Female	5	None	Fully recovered
Drakenstein	Male	29	Health status compromised	Died of an unrelated cause
Drakenstein	Female	10 days	None	Fully recovered

- Since 2017, MHS have tested 112 samples for the presence of listeria monocytogenes, of which 77 samples were taken in 2018.
- MHS had only one positive result for ready-to-eat products when the product Farmers Deli Viennas were sampled on 6 March 2018 at Shoprite Worcester.

MHS subsequently contacted the Shoprite & Checkers Group and directed them to recall the product, which they adhered to immediately and recalled the specific batch nationally. A portion of the sample was submitted to the NICD to determine whether the specimen was of the ST6 strain.

**PHELOPHEPA HEALTHCARE TRAIN VISIT – DE DOORNS, 14 TO 25 AUGUST 2017**

From 14 August to 25 August 2017, the Phelophepa Healthcare train was once again stationed at De Doorns where much needed general and specialised health services were provided to residents of De Doorns, the greater Hex Valley and Cape Winelands District, including Touwsriver and Worcester.

The train has several onboard clinics such as the Health Clinic, the Roche Pharmacy Clinic, the Educational Clinic, the Dental Clinic, the Eye Clinic and the Psychology Clinic, each with a dedicated train carriage specifically designed to meet the respective healthcare needs. In addition to the onboard facilities, each clinic has an outreach programme to visit surrounding areas and schools so that those who are unable to go to the train, can be reached. Although attendance during the first three days of the visit was slow and concerns were raised about the success of the visit, attendance greatly increased towards the end of the first week and especially during the second week. All attendance targets set for the visit, with the exception of the psychology clinic, were achieved and exceeded and the visit is considered to have been a successful one.

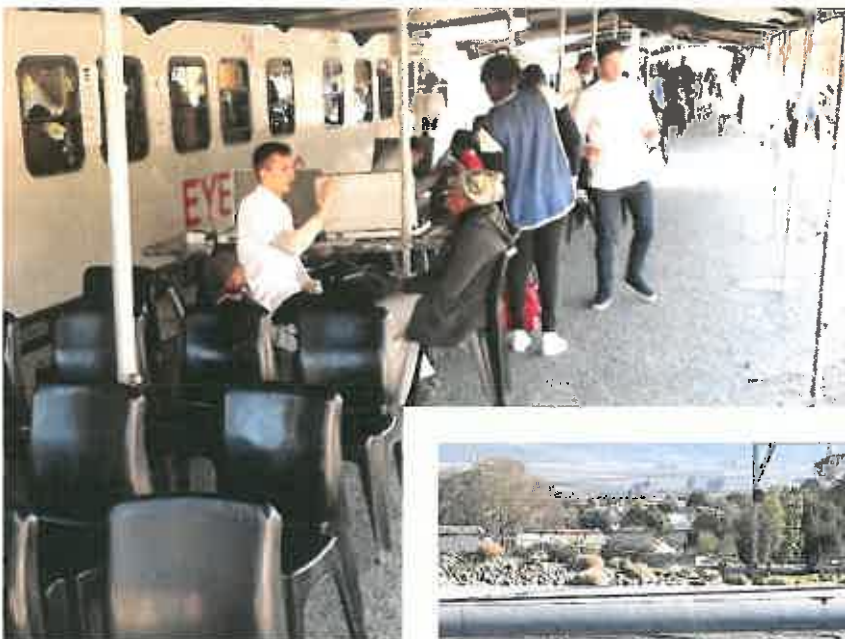
The CWDM Council was represented on the local organising committee by Deputy Executive Mayor Councillor D. Swart and Councillor L.W. Niehaus, who were both to welcome the service providers when the train arrived at De Doorns on Saturday 12 August 2017. Officials of the MHS and Rural and Social Development divisions also formed part of the local organising committee. The Council of Breede Valley Municipality was represented by Deputy Mayor Councillor J.D. Levendal.

MHS provided the train organisers with water quality reports for De Doorns and also drafted transport plans in collaboration with the local municipality. These transport plans were funded by the CWDM in the amount of R47 000 that was made available from votes in the Division: Rural and Social Development. Transport was provided to and from the train by means of taxis and buses. Residents were picked up from strategic points throughout the Hex Valley and taxis were also provided on Monday 14 and 21 August 2017 to the residents of Touwsriver departing from the Touwsriver Clinic.

**The following statistics reflect the services rendered over the two-week period:**

<b><u>SERVICES RENDERED</u></b>	<b><u>14 – 18 August 2017</u></b>	<b><u>21 – 25 August 2017</u></b>	<b><u>TOTAL</u></b>
<b><u>Health Clinic patients seen</u></b>	<b>947</b>	<b>1 072</b>	<b>2 019</b>
Breast examinations	124	110	234
Pap smears	102	91	193
PSA	38	21	59
Cancer referrals	11	16	27
HCT	87	138	225
Condom distributions	1 790	5 560	7 350
TB	1 034	1 136	2 170
Adult hypertension (old cases)	297	333	630
Adult hypertension (new cases)	68	56	124
Adult diabetes (new)	20	37	57
Adult diabetes (old)	110	97	207
Diabetes child (new)	0	0	0
Diabetes new (old)	0	33	33
<b><u>Eye Clinic patients seen</u></b>	<b>735</b>	<b>842</b>	<b>1 577</b>
Eye tests done	735	842	1 577
Total glasses dispensed	579	626	1 205
Glaucoma (existing)	0	3	3

Glaucoma (new)	14	15	29
<b><u>Dental Clinic patients seen</u></b>	<b>364</b>		
Tooth extractions	396	451	847
Restorations	26	70	96
Toothpaste distributed	440	400	840
Toothbrushes distributed	440	400	840
Dental/fissure sealants	0	7	7
<b><u>Psychology Clinic patients seen</u></b>	<b>59</b>	<b>42</b>	
Psychology adult workshop (outreach)	156	272	428
Psychology learner workshop (outreach)	497	703	1 200
<b><u>Pharmacy indicators</u></b>			
Total items dispensed	2 844	3 054	5 898
Rand value of items dispensed	R 117 221	R 96 893	R214 114



**COMPONENT G: ENVIRONMENTAL PROTECTION****AIR QUALITY MANAGEMENT 2017/2018**

The CWDM air quality management legislative functions resort under the Directorate: Community and Development Services within the MHS Division.

**2nd Generation CWDM AQMP**

In order to ensure proactive and effective air quality management and planning within the CWDM, MHS embarked on a process to evaluate, review and update the 2009 CWDM AQMP and to develop a 2nd Generation AQMP for the CWDM.

The CWDM 2nd Generation AQMP was developed based on the strengths and successes of the 2009 AQMP. Ultimately, the planning was aimed at ensuring that sources with significant impacts on air quality within the CWDM are controlled by means of the best air quality management practices in order to ensure that the air quality in the District are not harmful to human health and to minimise adverse impacts on receptor communities and the environment.

The 2009 CWDM AQMP was assessed, evaluated and reviewed in accordance with the requirements of the National Environmental Management: Air Quality Act (Act No. 29 of 2004) (NEM:AQA), and involved the following steps:

- Assessing the progress made in air quality management by the CWDM;
- Establish whether the identified goals and targets have been effectively met;
- To reassess whether the goals and targets were still valid; and
- Identifying air quality management gaps and risks from the assessment that could be translated into new goals and objectives, where required.

The vision, mission and the goals included in the CWDM AQMP 2009 were still deemed relevant with one additional goal being added. The four goals of the 2nd Generation CWDM AQMP support the vision and mission, and each goal is underpinned by objectives to achieve them through a series of activities. These activities were included in an action plan with timeframes for implementation, and indicators to monitor implementation and the efficiency of these interventions.

**VISION**

To be a District within which the constitutional right of all inhabitants to clean and healthy air is maintained in a sustainable manner without compromising economic and social development for the benefit of present and future generations.

**MISSION**

To implement sustainable air quality management practices throughout the District to progressively achieve air quality goals.

**GOALS**

Goal 1: Effective air quality management

Goal 2: Promote communication in relation to air quality management

Goal 3: Compliance monitoring and enforcement

Goal 4: Support climate change protection programmes (new goal)

The 2nd Generation CWDM AQMP was tabled and adopted at a Council meeting on 31 May 2018.

**Air Quality Training**

Air Quality Officers (AQO) and/or CWDM officials attended the following training/workshops:

- Department of Environmental Affairs and Development Planning (DEA&DP) Noise Training Course – November 2017
- Department of Environmental Affairs (DEA) National Atmospheric Emissions Inventory System (NAEIS) Training – February 2018.
- DEA Emissions Management Training – May 2018.

**Air Quality Monitoring**

The DEA&DP's Directorate: Air Quality Management (DEA&DP D:AQM) operates three ambient air quality monitoring stations within the CWDM as part of the Western Cape Ambient Air Quality Monitoring Network situated in Stellenbosch, Paarl and Worcester respectively.

Air quality parameters measured at each monitoring station are primarily determined by the air quality conditions at the location and can provide an indication of the possible causes of air pollution in an area. To provide a perspective on air quality within the Drakenstein Municipality's jurisdiction, the DEA&DP commissioned a new ambient air quality monitoring station in Drakenstein at the beginning of 2018. This station ran for a trial period and captured data was deemed reliable as from 1 June 2018.

CWDM officials assist the DEA&DP D.AQM in monitoring activities and perform minor maintenance tasks at these stations.

**(Table: Ambient Air Monitoring Stations in CWDM)**

Location	Air quality parameters measured	Date commenced
Worcester	SO <sub>2</sub> , O <sub>3</sub> , NO <sub>2</sub> , CO, PM <sub>10</sub> , H <sub>2</sub> S, full metrological parameters	July 2009
Stellenbosch	SO <sub>2</sub> , O <sub>3</sub> , NO <sub>2</sub> , CO, CO <sub>2</sub> , PM <sub>10</sub> , PM <sub>2.5</sub> , full metrological parameters	October 2011
Paarl	SO <sub>2</sub> , O <sub>3</sub> , NO <sub>x</sub> , CO, full metrological parameters	June 2018

Since the promulgation of the National Atmospheric Emission Reporting Regulations in 2015, it has become compulsory for AEL holders to report data and information to an internet-based National Atmospheric Emissions Inventory System (NAEIS) for the compilation of atmospheric emission inventories. All AEL holders in the CWDM have registered with NAEIS as a condition of authorisation in their licences.

**Air Quality Forum / Industry Working Groups**

Municipality	Designated AQO	Developed AQMP	AQ Bylaw	Attend AQO Forums
Breede Valley	Designated	Adopted - 2017	Final Draft for PPP	Yes
Drakenstein	Designated	Adopted - 2011	Yes -2007	Yes
Langeberg	Designated	Adopted - 2017		Yes
Stellenbosch	Designated	Adopted -2013	Final Draft for PPP	Yes
Witzenberg	Designated	Adopted - 2014	Draft for Council	Yes

(Table 1 2: Local Municipalities' commitment to AQM in terms of the NEM.AQA)

Good cooperation exists between the CWDM and the local municipalities rendering air quality management within the District. Although no formal service level agreement exists between the local authorities and the CWDM, the CWDM assists these municipalities with handling more complex air quality complaints.

The AQO informs the CWDM Industrial Air Quality Forum members on air quality legislation amendments or new legislation. Good communication has been established between the CWDM and AEL holders on air quality-related matters. The CWDM aims to assist and provide AEL holders with technical information to ensure compliance with AEL conditions.

The CWDM aims to ensure that where industries may potentially impact on the health and wellbeing of people residing in receptor areas, these companies create communication platforms and meet with residents on agreed upon intervals. The setting up of these structures is also included as a condition on the AELs of these AEL holders. The CWDM AQO also attended AEL holder forum meetings.

**Emissions Inventory**

Emissions inventory of all Section 21 listed activities within the CWDM is up to date. Four industries with boilers declared as controlled emitters under Section 23 submitted emission reports to the CWDM in 2017 as required in terms of Government Notice 831 of November 2013. One Section 21 listed activity has boilers declared as controlled emitters but these boilers have been included within their AEL.

At local level, Drakenstein Municipality has a comprehensive database of non-listed fuel burning appliances within their municipality. Other municipalities are in the process of creating a database of the fuel-burning appliances within their respective municipalities.



**Table : Section 23 Controlled Emitters within the CWDM**

<b>Industry</b>	<b>Activity description</b>
Ceres Fruit Juices	14,5 ton HFO-fired boiler - Ceres
	21 ton Coal-fired boiler - Ceres
Ceres Fruit Processors	20 ton Coal-fired boiler - Ceres
	20 ton Coal-fired boiler - Ceres
	21 ton Coal-fired boiler - Ceres
Distell	16 ton Coal-fired boiler - Worcester
	21 ton Coal-fired boiler - Worcester
	16 ton Coal-fired boiler - Robertson (mothballed)
Ashton & Langeberg Foods	20 ton Coal-fired boiler - Ashton

**SECTION 21 LISTED ACTIVITIES – ATMOSPHERIC EMISSION LICENSING**

All fourteen Section 21 listed activities within the CWDM were in operation during the reporting period. The listed activities were visited to assess compliance with conditions of authorisation set within their AELs.

Meetings included the local AQOs, DEA&DP and the CWDM and were conducted with AEL holders to provide assistance with proposed changes to processes for cleaner emissions and the installation of more advanced abatement equipment. Guidance was offered by the CWDM on mitigation measures at some industries and assisted these industries to capacitate their employees involved in administering the AQM function.

All AEL holders attended a DEA&DP NAEIS refresher training course to enable industries to submit their annual emission inventory report as required in terms of the National Atmospheric Emission Reporting Regulations. The training ensured that all AEL holders within the CWDM were able to submit their annual emissions report from the preceding year (2017) into the NAEIS by 31 March 2018.

**(Table : Section 21 listed activities within the CWDM)**

Listed activity	Activity description
IC-SA Crematorium	Crematorium
Rainbow Chicken Farms	Animal rendering plant
Worcester Bakstene	Clamp kilns for brick production
Naude Bakstene Bk	Clamp kilns for brick production
Provincial Veterinary Laboratory	Veterinary waste incinerator
Cape Lime	Lime production
Twohill Co	Clamp kilns for brick production
Drakenstein Crematorium	Crematorium
Paarl Brickfields	Clamp kilns for brick production
De Hoop Brickfields	Brick production
Rheinmetall Denel Munition	Ammunition production
McMillan Bricks	Clamp kilns for brick production
Boland Bricks	Clamp kilns for brick production
Cabrico Brickfields	Clamp kilns for brick production

An administrative amendment was made to the Rheinmetall Denel Munition AEL to include the equipment upgrade on their nitrocellulose plant at the Wellington Rheinmetall Denel Munition site.

An application was submitted for an integrated environmental authorisation process for proposed industries within the CWDM and provisional comment on air quality management was supplied by the AQO on the following:

- Comments on the Basic Assessment Report for a proposed expansion to increase the number of operating hours and number of cremations at Drakenstein Crematorium in Paarl.
- Comments on a temporary departure application for primary sand stockpiling and distribution of sand by Tip Trans on Erf 33010 Paarl.

- Comments on a draft Basic Assessment Report for Distell Limited for the proposed development of a beverage production, bottling, warehousing and distribution facility and a mixed-use development near Klapmuts on Farm RE/736 in Paarl.
- Comments on the Basic Assessment Report from the Trigen Group (Pty) Ltd adaptation of RCL Foods waste-to-value plant for the purposes of digesting manure on Erf 4396 Worcester.
- Comments on the draft Basic Assessment Report: Compost Facility and Feedlot on Portion 6 of Farm Middelburg 10 in Robertson.
- Comments on a temporary departure in terms of the Langeberg Municipal Zoning Scheme, to allow sand mining on Portion 1 of Farm Clarenceworld Annex 95.
- Comments on a rezoning application for portions of farm Klaas Voogds Rivier Nr 37 in Robertson.

### AIR QUALITY-RELATED COMPLAINTS

The CWDM reported on complaints received from within the District, which are captured on the MHS electronic database and dealt with within certain timeframes. In addition, the CWDM was actively involved in handling complaints and assisting B-Municipalities in this regard.

It must be noted that the provided statistics on complaints are as received by the CWDM or as reported by AEL holders. As the air quality complaint reporting statistics do not include those received by the local municipalities, the complaints within this District are most likely under-reported.

**(Figure: Air Quality Complaints)**

Complaints	1 Jul-30 Sept 2017	1 Oct-31 Dec 2017	1 Jan-31 March 2018	1 Apr-30 June 2018
Fumes	2	2	3	1
Smoke	5	3	4	4
Dust	6	1	5	5
Burning waste/Tyres	0	0	0	0
Farm land burning	1	0	0	1
Crop spraying		0	0	0
Offensive odours	6	24	18	6
<b>TOTAL</b>	<b>20</b>	<b>30</b>	<b>30</b>	<b>17</b>

❖ Note that the noise complaints resort under the local municipalities within the CWDM.



**Image: Illegal burning of farmland**



**Image: Illegal burning of waste**



**Image: Fugitive dust complaint**

**Inter-governmental Task Team****(Table: Inter-governmental Task Team)**

<b>Name of Industry</b>	<b>Nature of complaint</b>
<b>ICSA Worcester Crematorium</b>	<p>The DEA&amp;DP and the CWDM performed a joint environmental compliance inspection on 27 June 2018 at Independent Crematoriums South Africa, Worcester Crematorium in respect of the cremation of human remains and the incineration of animal carcasses under Sub-category: Crematoria and Veterinary Waste Incineration and Veterinary Waste.</p> <p>The inspection entailed ascertaining that ICSA Worcester Crematorium complied with the applicable environmental legislation and authorisation issued under the NEMA and NEM:AQA.</p> <p>The inspection also served as a review of the current AEL in order to renew the ICSA Worcester Crematorium AEL.</p>

## CO-OPERATIVE GOVERNANCE

The CWDM has been implementing the purpose of their AQMP, namely to promote communication in relation to air quality management through close cooperation with the local municipalities. Local municipalities were assisted in performing the function of air quality management if and when required. Local AQOs were included in meetings with the DEA&DP, industry and the public on air quality matters within the local jurisdictions. Both district and local municipalities work together to address complaints in terms of municipal legislation over and above the NEM:AQA.

The CWDM successfully partook in AQM information sharing at national and provincial level with regard to the following:

- Input into new or amended legislation under the NEMA and its SEMAs (specific environmental management acts).
- Distribution and sharing of air quality-related articles.
- Governance Lekgotla and the NACA Conference in Gauteng.
- Quarterly and Special Western Cape AQO Forum Meetings
- PSG4. Sustainable Ecological and Agricultural Resource Base Working Group
- PSG4: Climate Change Response Forum Meeting
- Local Government Climate Change Support Programme
- Western Cape State of the Environment Outlook Report: Air Quality and Climate Change Workshop

Meetings were held with different DEA&DP directorates on:

- NEMA Section 30 incidents
- Environmental authorisations
- Outbreak of the Avian Flu

## SUCCESSSES

- All the boilers declared as Section 23 controlled emitters within the CWDM submitted their 2017 monitored emission results to the CWDM.
- All AEL holders within the CWDM submitted their annual air quality data for the preceding year onto NAEIS.
- RCL Foods animal rendering plant in Worcester did a major upgrade of their odour abatement plant to minimise the release of odours to the receptor community. The project was finalised in 2017 and, if successful, the same system will be implemented at all the company's animal rendering plants.
- Cape Lime maintained the low average PM emissions monitored from the vertical shaft lime kiln with the introduction of a bag filter as mitigation measure downstream from the kiln.
- The CWDM received the Most Improved District Municipality for Air Quality Management in the 2017 DEA&DP Greenest Municipality Competition.

**COMPONENT H: SECURITY AND SAFETY****FIRE SERVICES**

Effective planning and coordination of specialised firefighting services throughout the CWDM.

In terms of Section 84(1) (j) of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), Fire Services renders a firefighting service to the district municipal area as a whole, which includes—

- the planning, coordination and regulation of fire services;
- specialised firefighting services such as mountain, veld and chemical fire services;
- coordination of the standardisation of infrastructure, vehicles, equipment and procedures; and
- the training of fire officers.



The veld fire season has not been the most challenging fire season ever endured, but it was still a busy and rough season. The Fire Services responded and attended to more than 1 200 fires in the period from 1 October 2017 to 30 April 2018. Although the figure is not extraordinary, the major problem was the number of fires occurring simultaneously, which resulted in available resources being stretched beyond the limits.

Apart from the sheer number of fires, the extreme weather conditions over prolonged periods of time, high temperatures and strong winds also contributed to making suppression operations very difficult. The intensity of the fires was greatly influenced by the prolonged drought, which when combined with the high temperatures and winds, resulted in areas that rarely burn becoming tinder dry. Drought conditions also made the availability of water in certain areas difficult, which also contributed to difficulties during suppression.

Firefighting personnel and equipment from various agencies were tested and stretched to the limit on numerous occasions and full incident command teams were deployed to manage a number of the operations. A unified command post was established at all the major fires to ensure the safety of the fire crews, and to manage and coordinate the incident action plans.

The high number of fires and especially the major and devastating fires could only be attended to in many instances with the assistance of the local municipalities, MTO, WOF, Cape Nature, FPA members, contracted ground veld fire crews and aerial firefighting support.

The most devastating and destructive fires were in the vicinity of the Koue Bokkeveld, Witzenberg, Bonnievale/Ashton, La Motte/Franschhoek, Wolfkloof/Simonsberg, Stetynskloof/Breede Valley, Montague and the game farms near Barrydale. The majority of the other larger fires were brought under control and extinguished within a period of two days.

The extent of the areas of vegetation burned amounts to more than 100 000 hectares. Aerial resources were called out on 45 occasions. The total cost to the CWDM for the use of aerial support and ground veld fire crews amounts to approximately R11 million. The WCG also assisted the municipality by providing aerial support as initial attack on a number of occasions at a cost of R598 000 and also provided a specialised ground firefighting team.

A possible disaster to the community of Montague was prevented by the rapid response and effective fire suppression operations by all agencies involved. The incident command team and fire crews did extremely well to manage the incidents, contain the devastating blazes and avoid catastrophic fires. Serious damage to property was experienced and a number of thatched roof houses and other farm buildings were destroyed. Other damages include vineyards, orchards, water pipes, water tanks, fences, etc.

The firefighters and pilots displayed tremendous dedication, commitment and skills during the fires that ravaged the District over the past season. Was it not for their exceptional work, the CWDM would have experienced far greater damage and losses of property and risks to lives.

The Fire Service prides itself on efficient and effective service delivery to the entire community and to comply with our primary goal of eliminating loss of life and reducing property loss.

## **CHALLENGES**

Many incidents and their expansion into complex and costly suppression operations were as a direct result of a few common denominators, such as:

- excessively large fuel loads as a result of poorly managed alien clearing operations and poor vegetation
- vegetation management by landowners;
- inadequate clearance around structures has been repeatedly identified as a major factor in the destruction of homes and other buildings;
- repetitive, deliberate ignitions by members of certain communities;



- negligence by members of the public and landowners who make open fires during adverse weather conditions (hot, dry and windy);
- extended periods of extreme fire weather, i.e. hot, dry and high-velocity winds. There were at least three extended heatwave periods during the season, and
- the general lack of adherence to national legislation by landowners and government institutions, in particular the National Veld and Forest Fire Act (Act No. 101 of 1998).

### **FIRE AND RESCUE TRAINING ACADEMY**

The academy is primarily responsible for the professional and continual skills development of firefighters from the CWDM and our neighboring B-municipalities.

Since July 2017, the Cape Winelands Fire and Rescue Training Academy has trained more than 450 learners.

A challenge we face is the shortage of permanent instructors. Despite this challenge, we are committed to providing quality, lifelong learning experiences to individuals, the industry and community through innovative and customised training to achieve their aspirations.

### **INTRODUCTION TO DISASTER MANAGEMENT**

Introduction to the Cape Winelands Disaster Management Centre

The Cape Winelands Disaster Management Centre (CWDMC) consists of a Disaster Management Centre and three permanent staff members assisted by two interns whose contracts expire in July 2018 and September 2018 respectively. The purpose of the CWDMC is to ensure the coordination of multidisciplinary and multisectoral risk reduction through integrated institutional capacity for disaster risk management, disaster risk assessment, response and recovery.

The CWDMC is fully functional and compliant with the Disaster Management Act, 2002 (Act No. 57 of 2002), as amended by the Disaster Management Amendment Act, 2015 (Act No. 16 of 2015).

The functions of Disaster Management include:

- Risk assessment, which is a process to determine the nature and extent of risk by analysing potential hazards and evaluating existing conditions of vulnerability that could pose a potential threat or harm to people, property, livelihoods and the environment on which they depend.
- Planning includes the development of disaster management plans, standard operating procedures, seasonal preparedness plans, and contingency plans.

- Risk reduction, which entails:
  - Prevention: How to avoid the adverse impacts of a hazard – this includes awareness and education programmes.
  - Mitigation: This can include structural or non-structural measures taken to limit the adverse impacts of a hazard – such as policies or physical structures.
  - Preparedness: Activities and measures taken in advance to ensure effective response to the impacts of hazards, including the issuing of early warnings and evacuation of people.
- Response: Providing assistance during or immediately after a disaster. This can be short-term such as the provision of relief items, e.g. food parcels and blankets, or of a protracted duration such as setting up of temporary shelters.
- Recovery: Decisions and actions taken after a disaster with a view to restoring the situation to normality or improving the pre-disaster conditions.

## **OVERVIEW OF DISASTER MANAGEMENT ACTIVITIES FOR 2017/2018**

### **DISASTER MANAGEMENT ADVISORY FORUM**

In terms of Section 51 of the Disaster Management Act, 2002 (Act No. 57 of 2002), the CWDMC established a Disaster Management Advisory Forum consisting of representatives from the five local municipalities, provincial and national departments and other role-players in disaster management. The forum meets on a bi-annual basis, which gives the CWDMC an opportunity to engage role-players on the Disaster Management-related activities taking place in the District. This is an important platform to provide members with important information such as seasonal forecasts, status of the drought and reports on significant incidents or disasters that have occurred in the District. The meetings for 2017/2018 took place in November 2017 and June 2018 and were well attended by the Advisory Forum members.

### **PROJECT**

#### Revision of Risk Assessment Project

During the 2017/2018 financial year, the CWDMC continued with its multi-year Revision of Risk Assessment project. The aim of this project is to complete risk assessments in each municipality utilising the Ward-based Risk Assessment (WBRA) methodology. This methodology was developed by the CWDMC and fundamentally differs in approach from previous risk assessments. The methodology is based on the understanding that all wards in the municipal area are not uniform and therefore do not have the same risks. Risk assessments are conducted at ward level to ensure all risks facing communities are recorded. The data collection process for the WBRA included consultation sessions with relevant local and provincial officials, focus group meetings with the respective Councillors and the Ward Committees, as well as community workshops and transect walks.

The Ward-based Risk Assessment process was successfully completed in the Witzenberg Municipality (2014/2015), Langeberg Municipality (2015/2016) and Breede Valley Municipality (2016/2017). The focus of the project in the 2017/2018 financial year was the Drakenstein Municipality. This will be a two-year project due to the number of wards within this municipality.

### **TRAINING PROGRAMME**

#### Disaster and Emergency Management Training for School Safety Coordinators

Section 44 of the Disaster Management Act, 2002 (Act No. 57 of 2002) stipulates that the Disaster Management Centre must promote disaster management capacity building, training and education in the municipal area. The CWDMC continued to strive in its effort to make schools safer with the rollout of Disaster and Emergency Management training for school safety coordinators. Seven training sessions were held for 180 school safety coordinators during the 2017/2018 financial year. Following the training, the CWDMC assisted schools with the development of emergency plans, where needed, and officials from Disaster Management visited schools for one-on-one assistance.



School Safety Coordinators participating in the training



## **AWARENESS INITIATIVES**

### **'Gevare deur die oë van 'n kind' awareness campaign**

The CWDM continued with the 'Gevare deur die oë van 'n kind' awareness campaign during the 2017/2018 year. The aim of the campaign is to teach Grade 7 learners about hazards and risks that are evident within their communities. Three schools were visited in August and September 2017, namely Aan De Doorns NGK, Glen Heatlie AME and Overhex NGK Primary Schools.

The Disaster Management officials visit the schools over two days, utilising three Life Orientation lessons. During the first two lessons, the learners are taught about risks and hazard using examples photographed in their community. The learners are required to identify risks in their school, their homes and in their communities during a group work exercise, and participate in a risk mapping exercise. In many instances, it is the first time that learners see their school and surrounding area on a Google Earth map. The follow-up lesson is the opportunity for the Disaster Management officials to teach learners the prevention and preparedness measures for the risks they identified.

A drawing competition in which learners were required to submit a drawing of a hazard in their community was held at each school. Three learners from each school that submitted a drawing which best illustrated a hazard, won a hamper of stationery for the school year.



Awareness campaigns at Aan De Doorns and Glen Heatlie

### **International Day for Disaster Risk Reduction**

In honour of the UNISDR's International Day for Disaster Reduction held on 13 October 2017, the Disaster Management Division collaborated with Disaster Management Solutions (DMS) to hold a disaster management awareness event for Grade 11 learners at Noorder-Paarl Secondary School.

This year's theme was Home-Safe-Home and the intention was to introduce learners to the concept of disaster management, and the priority risks their households and school are exposed to. These risks include fire, crime, drought and transport accidents. In addition, the opportunity was used to introduce disaster management to the learners as a potential career option. The Head: Disaster Management Centre informed the learners of what a day in the life of a Disaster Management official consists of.

Drakenstein Municipality's Fire Services and Traffic Department and the South African Police Services (SAPS) also contributed to the event.



CWDMC, SAPS and Drakenstein Municipality participating in International Day for Disaster Risk Reduction

## DISASTER RISK REDUCTION

### Drought interventions

The CWDM suffered from the effects of the worst drought in 105 years. In order to coordinate the response to the drought and mitigate the effects thereof, the CWDMC initiated the following:

- o Establishment of a Drought Monitoring Committee for the District, which comprises representatives from the local municipalities (Disaster Management and Water Services), Water User Associations and relevant national and provincial government departments.
- o Assistance with the establishment and support of Drought Monitoring Committees in local municipalities. These committees are vital for the coordination of drought response and reporting.
- o Weekly reporting of the status of water resources and drought mitigation projects.
- o All municipalities, national and provincial government departments were requested to compile contingency plans for the two scenarios, namely very little water and no water. A generic contingency plan was distributed for guidance.
- o In conjunction with the Drakenstein Municipality's Water Services, guidance was provided to Allendale Correctional Services on drought planning and drought interventions for their facility.
- o A drought awareness campaign was rolled out in the District to support the local municipalities with co-branded awareness material such as banners, toilet tummies, two-minute shower timers, colouring-in books and pamphlets.



Handover of the Toilet Tummies at Rusthof Old Age Home (left) and Robertson Primary (right)

**Drought Awareness Campaign**

The CWDMC implemented a number of awareness initiatives in collaboration with the Communications Division to encourage communities to save water. The campaigns included:

- Two-minute shower timers that were distributed to various sectors within the District.
- Toilet Tummies (water displacement devices) were distributed to various role-players across the District, including schools, daycare centres, guesthouses, hospices, old age homes and Correctional Services.
- To encourage communities to save water, banners were placed in highly visible areas across the District, such as town entrances, libraries and sporting events that included domestic T20 cricket games and the Cape Epic.
- Health and hygiene awareness materials, namely an A5 flyer and a Z-fold pamphlet, were developed and designed by Disaster Management and MHS. The purpose of these materials is to educate communities on the different types of water and to provide water saving tips.



Examples of drought awareness materials

## **ASSISTANCE AT EVENTS**

The Safety at Sports and Recreational Events Act, 2010 (Act No. 2 of 2010) stipulates the role of disaster management during events. The Disaster Management Division provided support at numerous community, school and sporting events throughout the financial year. This included guidance to event organisers, attending local organising committee meetings for medium- to high-risk events, representation in the venue operations centre at high-risk events and assistance with equipment such as portable toilets.

## **EARLY WARNINGS**

The Disaster Management Division provides early warnings to all Disaster Management Advisory Forum members, including local municipalities and internal departments. During the 2017/2018 financial year, information distributed included:

- Weekly dam level reports.
- Weather alerts on flooding, damaging winds, heavy rain, snow, veld fires, extreme heat, high discomfort values, heat waves and severe weather were disseminated on 69 occasions.
- Weekly weather outlooks were sent to local municipalities.
- Impact-based severe weather warnings were sent to local municipalities.
- Various health communications, situation reports, etc.

## **RESPONSE AND RELIEF ACTIVITIES**

### **Drought**

The CWDM suffered from the effects of the worst drought in 105 years and the five local municipalities were affected in various degrees. Four of the municipalities, namely Langeberg, Drakenstein, Stellenbosch and Witzenberg all declared local states of disaster. In order to coordinate the response to the drought and mitigate the effects of the drought, the CWDMC initiated the following:

- Establishments of Drought Monitoring Committee for the District:
- This committee comprise of representatives from the local municipalities (Disaster Management and Water Services), Water User Associations and relevant National and Provincial Departments
- Assistance with the establishment and support of Drought Monitoring Committees in local municipalities:
- The CWDMC assisted the local municipalities with the establishment of drought monitoring committees. These committees were vital for the co-ordination of drought response and reporting
- Weekly reporting of the status of water resources and drought mitigation projects
- Requested for all municipalities, National and Provincial Departments to put in place contingency plans for the following scenarios; namely very little water and no water. A generic contingency plan was distributed for guidance
- Providing guidance to the Allendale Correctional Services on drought planning and drought interventions for their facility. This was done in conjunction with the Drakenstein Municipality's Water Services
- Roll out of a drought awareness campaign in the district which supported the local municipalities with co-branded awareness materials such as banners, toilet tummies, two-minute shower timers, colouring-in books and pamphlets



### **Water release from Misverstand Dam**

Low levels of the Misverstand Dam threatened the Saldanha Bay Municipality of running out of water. In order to avert such a disaster, the Department of Water and Sanitation decided to release water from the Berg River Dam.

On 18 April 2018, the Department of Water and Sanitation commenced with the release of 5 million m<sup>3</sup> of water from the dam. A multi-agency approach was used to ensure that water released from the Berg River reached the Misverstand Dam. This involved national and provincial government departments and the municipalities of Saldanha Bay, Drakenstein, Swartland, Stellenbosch, West Coast District and Cape Winelands District.



Water released from Berg River Dam

The South African Police Service, law enforcement from Saldanha Bay, Swartland, Stellenbosch and Drakenstein municipalities and the Department of Environmental Affairs and Development Planning strictly monitored the water and farms adjacent to the river to ensure that no illegal pumping occurred.

On 24 April 2018, the first of the water reached the Misverstand Dam a distance of 144 km from the Berg River Dam. The water arrived the day before the Saldanha Bay Municipality was due to run out of water. On 30 April 2018, 2,51 million m<sup>3</sup> reached the dam, which far exceeded the aim of 2 million m<sup>3</sup>. It was anticipated that water would be lost to evaporation, absorption by the dry riverbed and vegetation, obstructions and illegal pumping by farmers. Farmers had been instructed by the Department of Water and Sanitation to not pump water for irrigation purposes for the duration of the operation.

A Joint Operations Centre was established and the Disaster Management Division assisted with an excavator to remove obstructions in the river and the use of a drone for aerial footage of the river to look for obstructions. Administrative assistance was also provided at the Joint Operations Centre by Disaster Management officials.

### **Relief activities**

Disaster Management provided relief assistance to a number of community members affected by fires or flooding. The division works closely with the local municipalities to ensure that there is no duplication of assistance.

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**COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES****EXECUTIVE AND COUNCIL**

This component includes the executive office (Executive Mayor, Councillors and Municipal Manager).

Introduction to the Executive and Council

**Vision**

A unified Cape Winelands of excellence for sustainable development

**Mission**

All structures of the Cape Winelands cooperate together towards effective, efficient and economically sustainable development.

**Core values**

The core values of the CWDM are largely shaped by the moral fibre of the administrative and political leadership of the organisation, guided by the Batho Pele service delivery principles and the strategic compass provided by the WCG through its Strategic Plan, which reflects the core values of the WCG.

The following core values reflect the character and organisational culture of the CWDM:

- Commitment to the development of people
- Integrity in the performance of our duty
- Respect for our natural resources
- Transparency in accounting for our actions
- Regular consultation with customers on the level and quality of services
- Higher levels of courtesy and professionalism in the workplace
- Efficient spending and responsible utilisation of municipal assets
- Celebrating diversity

**PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES****Introduction: Legal Services**

The CWDM takes many decisions that affect the residents in its area of jurisdiction. In order to ensure that everything is above board and falls within the ambit of the law, Legal Services provide a dedicated and quality support and advisory service to strengthen the CWDM in fulfilling its constitutional and other legislative mandates in a professional manner and to maintain a workforce that is well-disciplined and satisfied to render service delivery at an acceptable level.

**Legal priorities**

- Legal compliance
- Legal support to the Executive Mayor, Speaker and Municipal Manager, Heads of Department, Council, committees, departments and divisions
- Legal advice pertaining to draft policies and contracts
- Written and/or oral opinions
- Finalisation of legal documents
- Labour relation matters

**Legal impact**

Through the provision of legal support and advice to the Office of the Executive Mayor, the Speaker, the Municipal Manager, Heads of Department, Council as well as the various departments/divisions of the CWDM, many targets have been achieved, thereby strengthening the work relationship and effective teamwork between the various parties. Legal implications and opinions are provided on a continuous basis on all Council, Mayoral Committee and other committee agenda items.

**Introduction: Property Management**

Property management is the process of managing properties of the CWDM by maintaining and handling activities incidental to the properties, in order to maximise the use thereof as contained in the property register and to provide optimal financial, social, economic and operational benefit to the organisation.

The MSA specifically highlights the duty of municipalities to provide services in a manner that is sustainable. The MFMA requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner.

The MFMA places responsibility for the management of municipal immovable property with the Municipal Manager. Furthermore, the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its immovable property safe.

**Property Management priorities**

The Municipal Manager is also the principal custodian of the organisation's immovable assets, including the safeguarding and maintenance of those assets. He further ensures that the organisation has and maintains a management, accounting and information system that accounts for the immovable assets of the CWDM and ensures that property management is applied in a consistent manner and in accordance with legal requirements and recognised good practice. The CWDM's immovable property is valued in accordance with the standard of generally recognised accounting practice (GRAP). Furthermore, the organisation has and maintains a system of internal control for immovable assets, including an asset register.

In the exercise of financial responsibilities, the Chief Financial Officer is responsible for ensuring that:

- appropriate systems of financial management and internal control are established and carried out diligently;
- the financial and other resources of the organisation are utilised effectively, efficiently, economically and transparently;
- any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- all immovable asset-related revenue due to the CWDM is collected, for example rental income;
- the systems, procedures and registers required to substantiate the financial values of the organisation's immovable assets are maintained to standards sufficient to satisfy the requirements of the Auditor-General;
- financial processes are established and maintained to ensure the CWDM's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions; and
- the Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of immovable assets.

### **Property Management impact**

The CWDM demonstrates good governance and customer care through an efficient and sustainable process of property management. Councillors and officials are custodians of immovable municipal assets on behalf of the public. Key themes relating to municipal property management include:

- Long-term sustainability and risk management
- Service delivery efficiency and improvement
- Performance monitoring and accountability
- Community interaction and transparent processes
- Priority development of minimum basic services for all
- The provision of support in addressing the needs of the poor

A municipality has the right to do anything reasonably necessary for, or incidental to, the effective performance of its functions and the exercise of its powers in terms of Section 156(5) of the Constitution of the Republic of South Africa, 1996 and Section 8(2) of the MSA. Furthermore, a municipal council, within the municipality's financial and administrative capacity, and having regard to practical considerations, has the duty to use the resources of the municipality in the best interests of the local community in terms of Section 4(2)(a) of the MSA.

Property management at the CWDM incorporates best practice methodologies and is aligned with the latest national and provincial legislation such as the MFMA and the Municipal Asset Transfer Regulations, 2008 as published in the Government Gazette No. 31346 of 22 August 2008, which apply to the transfer and disposal of certain immovable property owned by municipalities and the granting by municipalities of rights to use, control or manage certain immovable property.

Comprehensive property management maximises the CWDM's property assets by procuring strategically, managing and maintaining assets throughout their useful lifecycle and providing asset visibility through data capturing during the use and disposition phases.

#### **Comment on the performance of Property Services overall**

No capital projects.

### **INFORMATION AND COMMUNICATION TECHNOLOGY**

Information and Communication Technology (ICT) forms an integral part of the backbone of the organisation and is essential for all activities performed by the municipality. Below follows an overview of the achievements reached and challenges experienced in this division during the financial year.

#### **IT SYSTEMS AND APPLICATIONS**

##### **• STORAGE AND SERVERS**

Subsequent to the upgrade of the server and storage environments, virtual machines and data have all been successfully migrated to the new hardware. The file server has also been virtualised. Performance in terms of speed and available resources has improved significantly.

The only server that remains physical is the access control server due to the nature of the system requirement that a hardware piece (controller) must be attached to it.

##### **• VEEAM BACKUP AND REPLICATION**

The Veeam Backup and Replication software is used to manage the backups and replication (also known as mirroring) of all servers.

The system allows for disk-to-disk backup, offsite tape backup as well as production and disaster recovery site replication. In addition, Veeam has significantly reduced the time to backup the environment.

##### **• NETWORKING AND SECURITY**

###### **Wireless WAN & LAN**

During this financial year the performance in respect of the network of all sites has been fairly good and stable.

- **ANTIVIRUS**

Scheduled weekly scans are performed, where reports are auto generated and sent via email to the Senior Systems Administrator. Notifications for infections and vulnerabilities are received in real time.

- **WINDOWS PATCHING**

Aggressive servers and workstations patching/updating is ongoing.

- **FIREWALL**

Taking into account that the firewall device is old with constrained capacity when major business activities such as Windows updates and other user activities are downloaded, a new firewall will be purchased in the 2018/2019 financial year. That being the case, the current firewall performance and administration are ongoing and functioning as required.

- **PROJECTS**

- **SERVER INFRASTRUCTURE REFRESH (UPGRADE OF SERVER AND STORAGE INFRASTRUCTURE)**

**Project objective**

- Increased storage capacity and resources
- High availability of IT services

The project was successfully implemented on 29 June 2018.

The one outstanding task is moving disaster recovery (DR) equipment to the hosted DR site, and testing of DR thereafter. This project will be concluded during the next financial year.

- **WIRELESS WIDE AREA NETWORK (WAN) REDESIGN**

The project commenced on 26 January 2018 and after several discussions between stakeholders (SCM and Bid Evaluation Committee) after the evaluation of tenders, it was unanimously agreed that the tender be cancelled and revised.

**Project objective**

- Upgrade (redesign) the wireless WAN to provide faster, stable and redundant connectivity for the effective and optimal transmission of information between the head office in Stellenbosch and satellite branches, including depots.

This project will be concluded during the next financial year.

- **REVIEW AND UPDATE OF ICT 5-YEAR STRATEGIC PLAN**

The project commenced in July 2018 following the appointment of the service provider that could assist the ICT Deputy Director in reviewing and updating the ICT 5-year strategic plan. The review was concluded at the end of July 2018.

**COMPONENT J: MISCELLANEOUS**

This component includes the provision of airports, abattoirs, municipal courts and forestry as municipal enterprises.

Not applicable.



**CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)****INTRODUCTION**

Organisational development within the CWDM continuously focuses on the increase of the organisation's effectiveness and efficiency in order to develop the CWDM to its full potential and seeks to increase effectiveness in terms of the strategic objectives as defined in the IDP within an approved budget.

Furthermore, the objective of organisational development is to improve the CWDM's capacity to handle its internal and external functioning and relationships, inclusive of effective communication, enhanced ability to cope with organisational challenges, effective decision-making processes, appropriate leadership styles, improved skills and higher levels of trust and cooperation among employees.

Employee performance management is a vital process of a municipality. It is therefore important that performance management principles are integrated into the organisational processes and aligned with the CWDM's IDP. Organisational processes such as planning, budgeting, monitoring and evaluation should be aligned with departmental and employee performances to ensure improved community services and improved quality of life for all living within the municipal borders. To achieve the aforementioned, the measurement of individual performance is important. Organisational KPIs are continuously developed, updated and aligned to organisational objectives. The CWDM consistently attempts to ensure that these KPIs are specific, measurable, achievable, realistic and linked to a specific timeframe (SMART).

During the 2016/17 year, the CWDM established an Individual Performance Management Steering Committee to guide the implementation of individual performance management in the organisation in terms of an approved Individual Performance Management (IPM) Policy (adopted by Council in June 2016).

The implementation of the IPM Policy is informed and guided by the CWDM Performance Management Improvement Framework (CWDM PMIF) and the related Individual Performance Management Project Plan (IPM Project Plan).

Flowing from the above, the following processes were implemented during the 2016/2017 financial year:

- (a) Individual performance management rollout – commencing with employees reporting directly to the Municipal Manager and Heads of Departments that include levels T19 to T16.
- (b) The finalisation of a Peer Learning Agreement with Mossel Bay Municipality, highlighting bilateral cooperation, assistance and guidance between the two municipalities.
- (c) The expansion of the current performance management system (Collaborator) – to accommodate an individual performance management system.
- (d) A draft Communication Strategy for IPM – ensure effective communication of IPM-related matters and assist in addressing all underlying change management initiatives.

Upon analysis of the CWDM IPM implementation process and due to various organisational and operational challenges, it was recommended by the IPM Steering Committee that the cascading of the implementation of individual performance management be postponed. Operationally, the challenges vary from the stability of the current electronic system being utilised for the implementation of individual performance management to the refinement of organisational and individual KPIs.

Thus, in order to give effect to the abovementioned recommendation, for the 2017/2018 financial year, the CWDM kept the IPM at the same level, being that of all employees reporting to the Municipal Manager and/or Heads of Department. With the approval of Council, the original two-year implementation timeframe was extended for a further two years.

IPM Pilot Project Plan – see amendments: Rows 19 and 20, Columns G and H.

## COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

EMPLOYEES					
Description	YEAR -1: 30 JUNE 2017	YEAR 0: 30 JUNE 2018			
	Number of employees	Number of approved posts	Number of employees	Number of vacancies	Vacancies %
Water	0	0	0	0	0%
Wastewater (Sanitation)	0	0	0	0	0%
Electricity	0	0	0	0	0%
Waste Management	0	0	0	0	0%
Housing	3	4	3	1	25%
Wastewater (Storm Water Drainage)	0	0	0	0	0%
Roads	174	362	166	196	54.14%
Transport	2	4	2	2	50%
Planning	1	1	1	0	0%
Local Economic Development	4	5	4	1	20%
Community and Social Services	9	13	8	5	38.46%
Environmental Protection	4	6	4	2	33.33%
Health	50	53	49	4	7.55%
Public Safety	68	82	66	16	19.51%
Sport and Recreation	0	0	0	0	0%
Corporate Policy Offices and other	116	141	116	21	14.89%
<b>TOTALS</b>	<b>431</b>	<b>667</b>	<b>419</b>	<b>248</b>	<b>37.18%</b>

<b>EMPLOYEES: ROAD SERVICES</b>					
<b>JOB LEVEL</b>	<b>YEAR -1: 30 JUNE 2017</b>	<b>YEAR 0: 30 JUNE 2018</b>			
	<b>Number of employees</b>	<b>Number of posts</b>	<b>Number of employees</b>	<b>Number of vacancies</b>	<b>Vacancies</b>
				<b>(Fulltime equivalents)</b>	<b>(as a % of total posts)</b>
T1 – T3	39	129	33	96	74.42%
T4 – T8	110	198	108	90	45.45%
T9 – T13	20	28	19	9	32.14%
T14 – T17	4	6	5	1	16.67%
T18 – T19	1	1	1	0	0%
<b>TOTAL</b>	<b>174</b>	<b>362</b>	<b>166</b>	<b>196</b>	<b>5.14%</b>

<b>EMPLOYEES: PLANNING SERVICES</b>					
<b>JOB LEVEL</b>	<b>YEAR -1: 30 JUNE 2017</b>	<b>YEAR 0: 30 JUNE 2018</b>			
	<b>Number of employees</b>	<b>Number of posts</b>	<b>Number of employees</b>	<b>Number of vacancies</b>	<b>Vacancies</b>
				<b>(Fulltime equivalents)</b>	<b>(as a % of total posts)</b>
T1 – T3	0	0	0	0	0%
T4 – T8	0	0	0	0	0%
T9 – T13	0	0	0	0	0%
T14 – T17	1	1	1	0	0%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0%</b>

<b>EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES</b>					
<b>JOB LEVEL</b>	<b>YEAR -1: 30 JUNE 2017</b>	<b>YEAR 0: 30 JUNE 2018</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (Fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
T1 – T3	0	0	0	0	0%
T4 – T8	1	2	1	1	50%
T9 – T13	2	2	2	0	0%
T14 – T17	1	1	1	0	0%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>20%</b>

<b>EMPLOYEES: HEALTH INSPECTION, ETC.</b>					
<b>JOB LEVEL</b>	<b>YEAR -1: 30 JUNE 2017</b>	<b>YEAR 0: 30 JUNE 2018</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (Fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
T1 – T3	0	0	0	0	0%
T4 – T8	0	0	0	0	0%
T9 – T13	40	44	40	4	9.09%
T14 – T17	9	9	9	0	0%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>49</b>	<b>53</b>	<b>49</b>	<b>4</b>	<b>7.55%</b>

<b>EMPLOYEES: DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC.</b>					
<b>JOB LEVEL</b>	<b>YEAR -1: 30 JUNE 2017</b>	<b>YEAR 0: 30 JUNE 2018</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (Fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
T1 – T3	0	0	0	0	0%
T4 – T8	0	0	0	0	0%
T9 – T13	3	4	2	2	50%
T14 – T17	1	2	1	1	50%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>4</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>50%</b>

<b>EMPLOYEES: ICT SERVICES</b>					
<b>JOB LEVEL</b>	<b>YEAR -1: 30 JUNE 2017</b>	<b>YEAR 0: 30 JUNE 2018</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (Fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
T1 – T3	0	0	0	0	0%
T4 – T8	1	1	1	0	0%
T9 – T13	4	5	4	1	20%
T14 – T17	2	2	2	0	0%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>7</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>12.5%</b>

<b>EMPLOYEES: FIRE SERVICES</b>					
<b>JOB LEVEL</b>	<b>YEAR -1: 30 JUNE 2017</b>	<b>YEAR 0: 30 JUNE 2018</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (Fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
Chief Fire Officer and Deputy	2	2	2	0	0%
Other Fire Officers	1	1	1	0	0%
T1 – T3	0	0	0	0	0%
T4 – T8	18	19	17	2	10.53%
T9 – T13	42	53	42	11	20.75%
T14 – T17	0	0	0	0	0%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>63</b>	<b>75</b>	<b>62</b>	<b>13</b>	<b>17.33%</b>

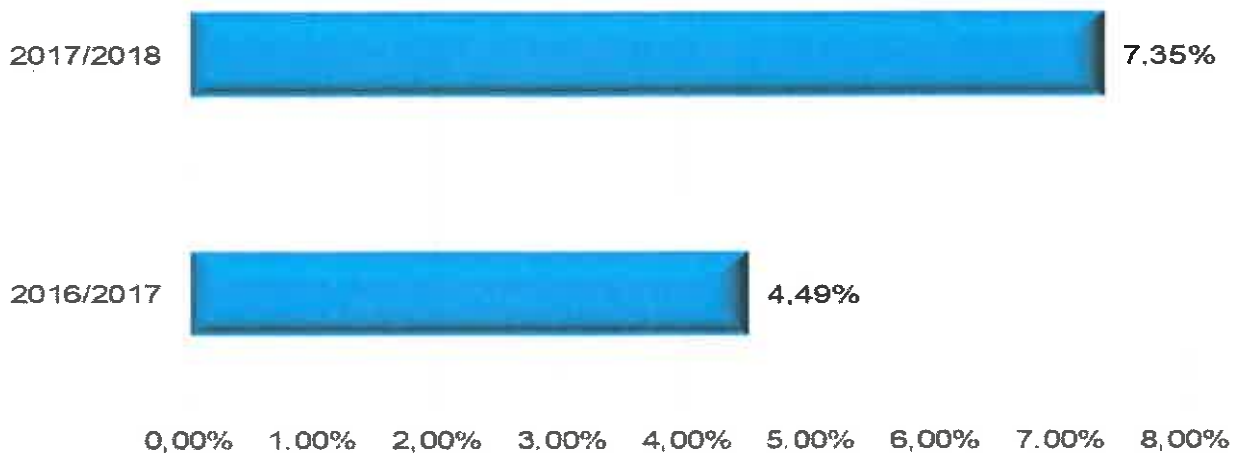
<b>EMPLOYEES: PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES</b>					
<b>JOB LEVEL</b>	<b>YEAR -1: 30 JUNE 2017</b>	<b>YEAR 0: 30 JUNE 2018</b>			
	<b>Number of employees</b>	<b>Number of posts</b>	<b>Number of employees</b>	<b>Number of vacancies (Fulltime equivalents)</b>	<b>Vacancies as a % of total posts)</b>
T1 – T3	15	17	15	2	11.76%
T4 – T8	14	16	14	2	12.5%
T9 – T13	8	8	8	0	0%
T14 – T17	3	3	3	0	0%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>40</b>	<b>44</b>	<b>40</b>	<b>4</b>	<b>9.09%</b>

<b>VACANCY RATE: 2017/2018</b>			
<b>Designation</b>	<b>Total approved posts</b>	<b>Vacancies (total time that vacancies exist using fulltime equivalents)</b>	<b>Vacancies (as a proportion of total posts in each category)</b>
	<b>No.</b>	<b>No.</b>	<b>%</b>
Municipal Manager	1	0	0%
Chief Financial Officer	1	0	0%
Other S56 Managers (excluding finance posts)	2	0	0%
Other S56 Managers (finance posts)	0	0	0%
Police Officers	0	0	0%
Firefighters	58	13	22.41%
Senior Management levels T18 – T19 (excluding finance posts)	4	0	0%
Senior Management levels T18 – T19 (finance posts)	1	0	0%
Professionally qualified levels T14 – T17 (excluding finance posts)	39	9	23.08%
Professionally qualified levels T14 – T17 (finance posts)	6	0	0%

**COMMENT ON VACANCIES AND TURNOVER**

The post of Municipal Manager was filled on 01 December 2017 after the contract of the former Municipal Manager terminated on 03 August 2017, and all Section 56 posts were filled during the 2017/2018 financial year.

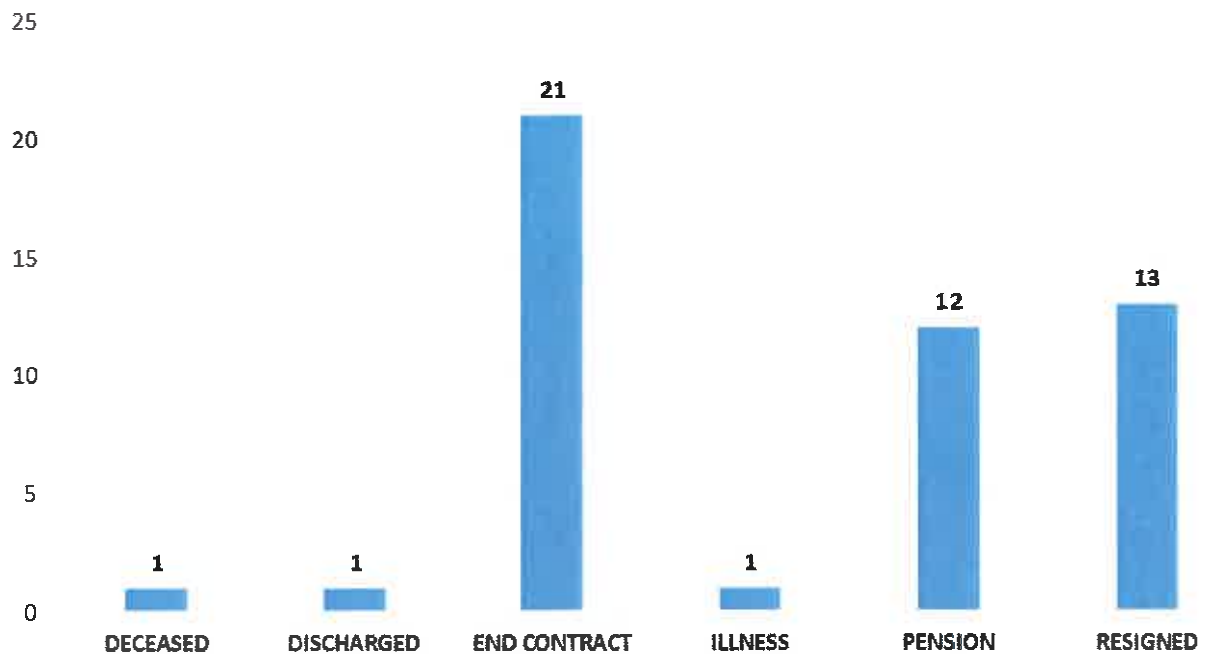
On 30 June 2018, the approved staff establishment of the CWDM consisted of a total of six hundred and sixty seven (667) posts, of which four hundred and nineteen (419) were filled and two hundred and forty eight (248) were vacant. Of the total of two hundred and forty eight (248) vacancies, only forty nine (49) were budgeted for during the 2017/2018 financial year, resulting in a vacancy rate of 7,35%. The vacancy rate over the past two financial years calculated on budgeted vacancies is best reflected as follows:





A total of forty nine (49) employees terminated services at the CWDM during this period, for the following reasons:

### Termination



TURNOVER RATE			
Details	Total number of employees as at beginning of financial year	Total number of terminations for the financial year	No.
2017/2018	418	49	11.72%
2016/2017	434	18	4.15%

## **COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE**

### **INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

All training initiatives implemented within the CWDM are directly linked via the SDBIPs to the CWDM IDP. For the 2017/2018 financial year, the CWDM continued the prioritisation of training on minimum municipal competency levels (MMCL) as required in terms of the MFMA: Municipal Regulation on MMCL.

The MFMA Exemption Notice 40593, issued on 3 February 2017, shifted the focus of the 2016/2017 financial year to all officials affected by the latter. Thus, almost 60% of the training budget was spent on this aspect. Apart from new appointees, all affected officials were to comply with the mentioned regulations by the due date of 2 August 2018.

Major regulatory developments affecting machine operators, as determined by the Driven Machinery Regulation 18(1) and the National Code of Practice for Training Providers to Lifting Machines, steered the CWDM into the implementation of various interdependent technical training programmes. This focus will continue for the next two years to ensure full compliance with the mentioned regulations and coupled Occupational Health and Safety legislative requirements.

With regard to the Environmental Health Section, the acquired Continuous Professional Development Online Training programmes now ensure the annual compliance of EHPs as required by the Health Professions Council of South Africa (HPCSA).

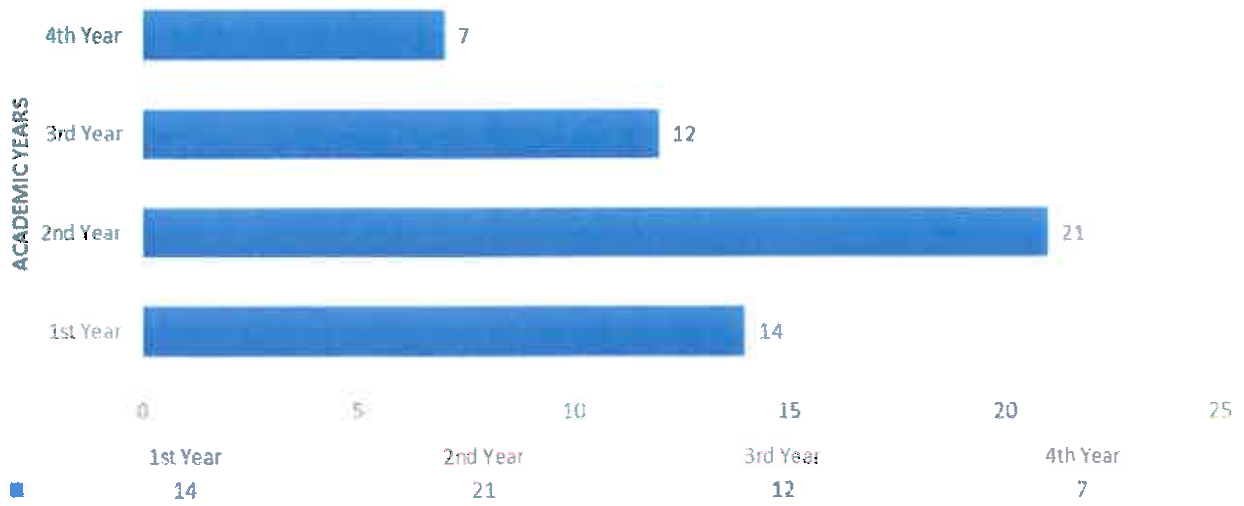
Internal ICT challenges necessitated the organisation to prioritise ICT training. To address these challenges and to upskill our ICT Unit, specialised ICT courses will be rolled out over the next three years.

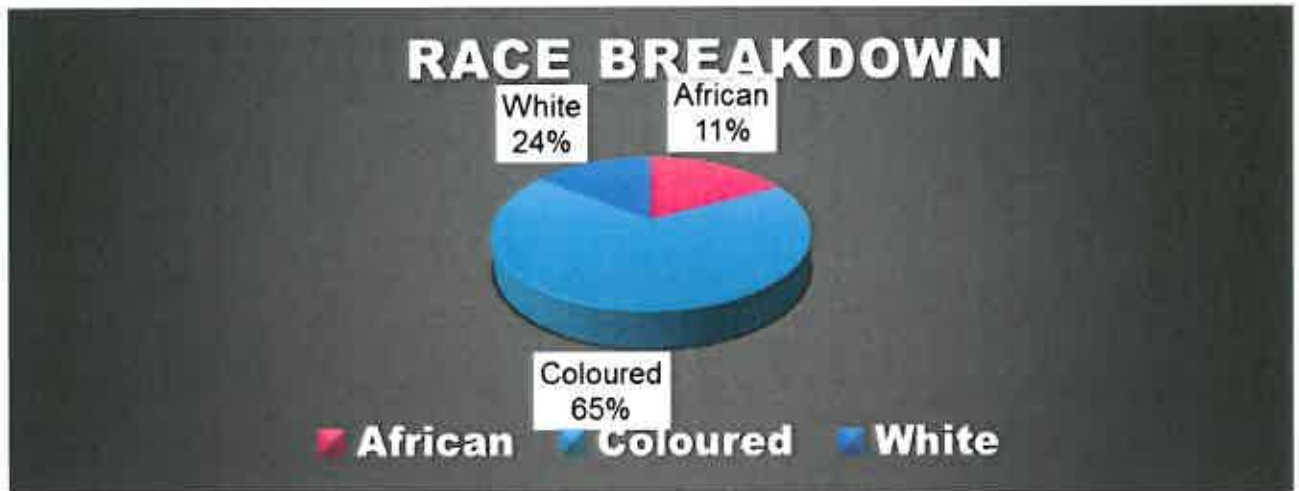
### **CAPE WINELANDS MAYORAL BURSARY FUND AWARDS**

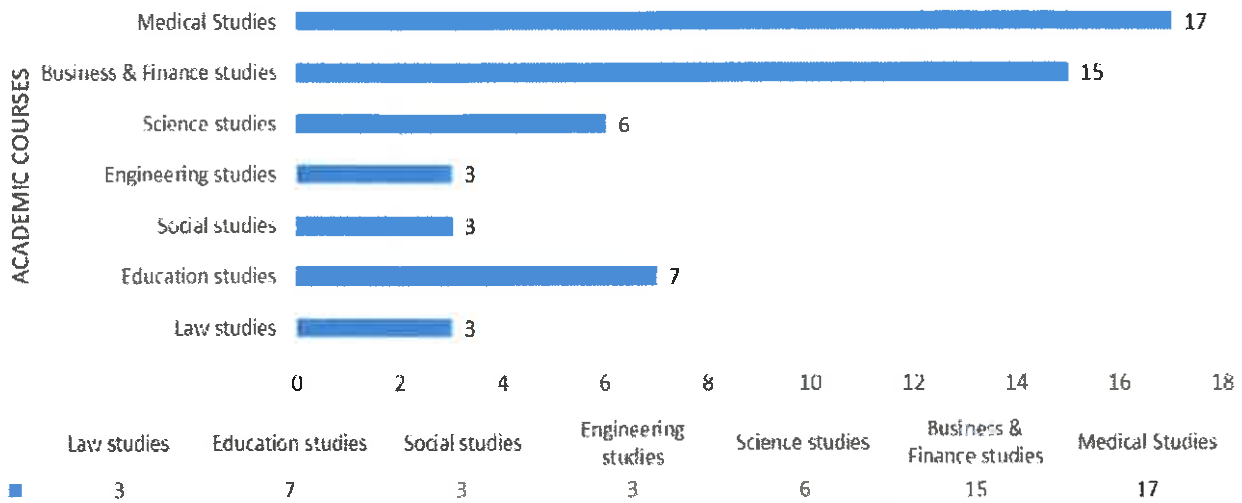
The CWDM awarded 54 full bursaries to well-deserving students throughout the region. A total amount of R1 713 709,90 was spent on these bursaries that covered a wide range of academic qualifications. Priority was given (not excluding other qualifications) to those students studying towards qualifications that fall within the local government scarce skills scope, as determined by the LGSETA as well as regional and provincial skills shortages. Please find a breakdown of the CWDM 2017/2018 bursary awards overleaf:

<b>ACADEMIC YEAR</b>	
1 <sup>st</sup> Year	26%
2 <sup>nd</sup> Year	39%
3 <sup>rd</sup> Year	22%
4 <sup>th</sup> Year	13%
<b>RACE BREAKDOWN</b>	
Coloured	65%
White	24%
African	11%
<b>GENDER BREAKDOWN</b>	
Female	63%
Male	37%
<b>QUALIFICATIONS BREAKDOWN</b>	
Law studies	5%
Education studies	13%
Social studies	6%
Engineering studies	6%
Science studies	11%
Business & Finance studies	28%
Medical Studies	31%

### ACADEMIC YEAR BREAKDOWN







**INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT**

In terms of Section 67(1)(a) of the MSA and in accordance with the Employment Equity Act, 1998 (Act No. 55 of 1998), the CWDM continuously develops and adopts appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the recruitment, selection and appointment of persons as staff members.

In terms of Section 20 of the Employment Equity Act, 1998 (Act No. 55 of 1998) the CWDM is a designated employer and must prepare and implement a plan to achieve employment equity, which must have objectives for each year of the plan, including affirmative action measures, have numerical goals for achieving equitable representation and have internal monitoring and evaluation procedures.

During the 2017/2018 financial year, the CWDM gave continuous effect to the implementation of the Employment Equity Plan.

As per the requirements of the Employment Equity Act, 1998 (Act No. 55 of 1998), the CWDM submitted employment equity reports in the prescribed format to the Department of Labour. Consultation with all relevant parties takes place monthly at the Local Labour Forum, where parties are offered an opportunity to continuously assess and monitor progress.

	MALE				FEMALE			
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE
<b>CWDM targets:</b>	<b>17.8%</b>	<b>27.1%</b>	<b>0.2%</b>	<b>7.8%</b>	<b>16.1%</b>	<b>23.9%</b>	<b>0.1%</b>	<b>7.0%</b>
Top management	0.0%	50.0%	0.0%	25.0%	0.0%	25.0%	0.0%	0.0%
Senior management	0.0%	20.0%	0.0%	40.0%	0.0%	20.0%	0.0%	20.0%
Professionally qualified and experienced specialists and mid-management	2.6%	36.1%	0.0%	39.5%	5.3%	13.2%	0.0%	7.9%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	6.5%	34.2%	0.0%	25.8%	11.0%	18.1%	0.0%	4.5%
Semi-skilled and discretionary decision making	23.5%	41.8%	0.0%	2.4%	7.1%	17.1%	0.0%	8.2%
Unskilled and defined decision making	32.6%	21.7%	0.0%	4.3%	17.4%	21.7%	0.0%	2.2%
<b>TOTAL: DISABLED – JUNE 2018</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.72%</b>	<b>0.24%</b>	<b>0.24%</b>	<b>0.0%</b>	<b>0.72%</b>
<b>TOTAL: ALL EMPLOYEES – JUNE 2018</b>	<b>15.8%</b>	<b>35.6%</b>	<b>0.0%</b>	<b>15.3%</b>	<b>9.3%</b>	<b>17.7%</b>	<b>0.0%</b>	<b>6.2%</b>

## All employees, including employees with disabilities

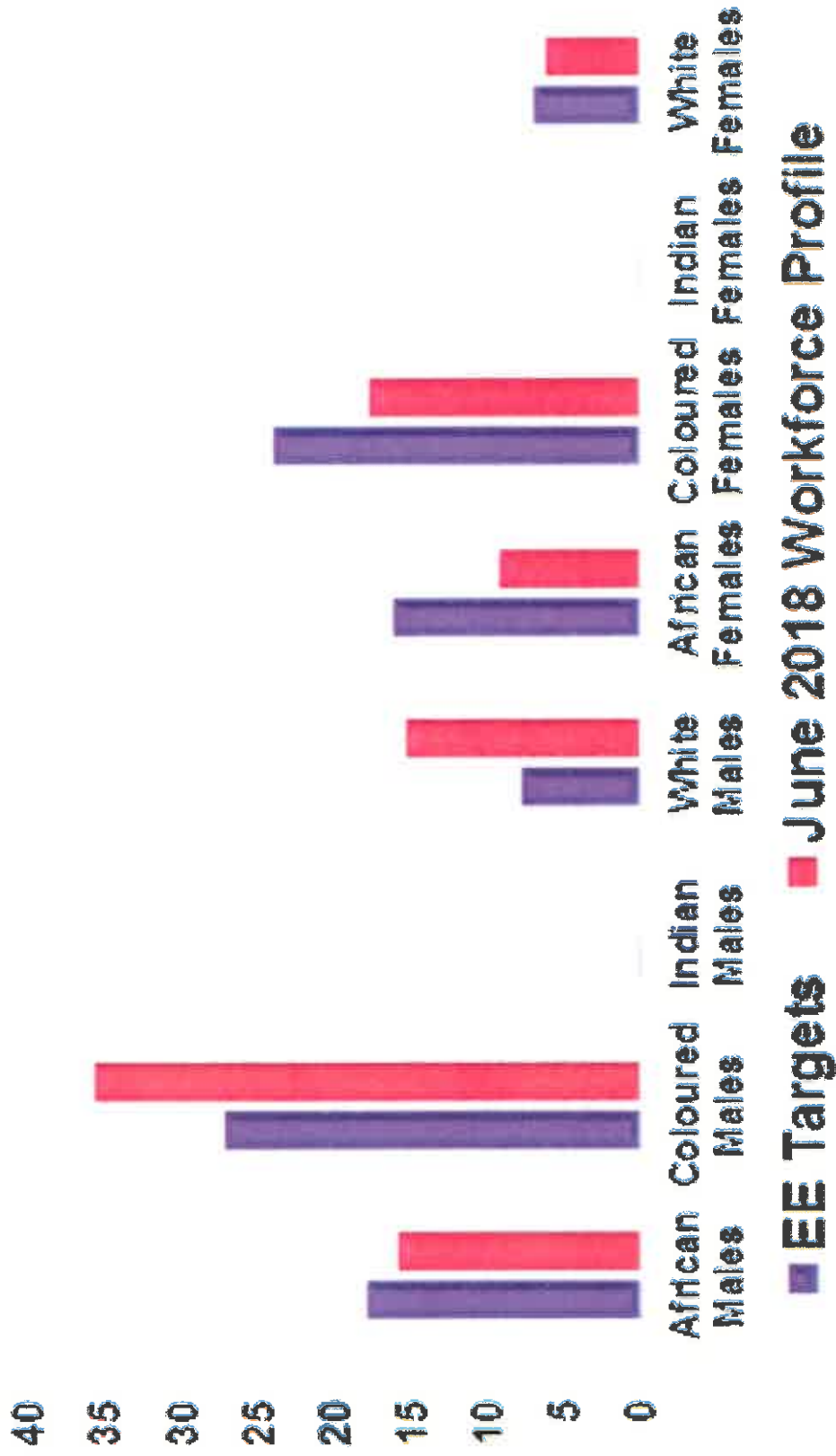
Occupational level	Male						Female						Foreign nationals		Total				
	A		C		I		W		A		C		I			W		Male	Female
Top management	1	2	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	4
Senior management	0	1	0	0	2	0	0	0	0	0	1	0	0	1	0	0	0	0	5
Professionally qualified and experienced specialists and mid-management	1	12	0	0	15	0	0	0	0	1	5	0	0	3	0	0	0	0	38
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	10	53	0	0	40	0	0	0	0	17	28	0	0	7	0	0	0	0	155
Semi-skilled and discretionary decision making	40	71	0	0	4	0	0	0	0	12	29	0	0	14	0	0	0	0	170
Unskilled and defined decision making	15	10	0	0	2	0	0	0	0	8	10	0	0	1	0	0	0	0	46
<b>TOTAL PERMANENT</b>	66	149	0	0	64	0	0	0	0	39	74	0	0	26	0	0	0	0	418
<b>TEMPORARY EMPLOYEES</b>	4	3	0	0	1	0	0	0	0	12	7	0	0	0	0	0	0	0	27
<b>GRAND TOTAL</b>	70	152	0	0	65	0	0	0	0	51	81	0	0	26	0	0	0	0	445



**All employees with disabilities**

Occupational level	Male						Female						Foreign nationals		Total				
	A		C		I		W		A		C		I			W		Male	Female
Top management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	0	4
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	2
<b>TOTAL PERMANENT</b>	0	0	0	0	0	0	0	3	1	1	0	0	0	0	0	0	0	0	8
<b>TEMPORARY EMPLOYEES</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	0	0	0	0	0	0	0	3	1	1	0	0	0	0	0	0	0	0	8

JUNE 2018 WORKFORCE PROFILE COMPARED TO EE TARGETS



## 4.2 POLICIES

HR POLICIES AND PLANS				
	Name of Policy	Completed %	Reviewed	Date adopted by Council or comment on failure to adopt
1	Anti-Corruption Policy	100		06 November 2008
2	Acquisition and Use of Cellular Telephones by Councilors Policy	100		11 December 2002
3	Appointment of Consultants Policy	100		28 May 2015
4	Accounting Policy	100		23 May 2013
5	Asset Management Policy	100	22 May 2014 28 May 2015 25 May 2017	23 May 2013
6	Baseline Installation Procedures for Operating Systems Policy	100		25 July 2013
7	Benevolent Fund Policy	100	25 November 2010	27 August 2009
8	Budget Policy	100		14 April 2011
9	Branding Policy	100		28 May 2015
10	Cash Management Policy and Investment Policy	100	28 May 2015	26 August 2010
11	Change Management Process Policy	100		24 April 2014
12	Chronic Illness Policy	100		24 May 2005
13	Code of Conduct for Employees	100		MSA
14	Combating Abuse of Supply Chain Management System Policy	100		28 May 2015
15	Community Support Policy	100	28 May 2015	29 September 2005
16	Communication Policy and Strategy 2008-2011	100	20 August 2015	6 November 2008
17	Contract Management Policy	100		28 May 2015
18	Confidentiality Policy	100		24 May 2005
19	Corporate Gifts Policy	100		28 May 2015
20	Corporate Identity and Branding Policy	100		28 May 2015
21	Credit Control, Debt Collection and Indigent Policies	100	28 May 2015	30 September 2009
22	CWDM Sponsored Work Related Functions Policy	100		24 May 2005
23	Delegations, Authorisation and Responsibility Policy	100	Under review	15 July 2011
24	Determination of Policy for Internal Appeal Procedure ito Section 62 of the MSA	100		24 March 2003
25	Determination of Policy: Dress Code for Councillors	100		19 February 2004
26	Emergency Nutrition Provision Policy	100		31 January 2013

HR POLICIES AND PLANS				
	Name of Policy	Completed %	Reviewed	Date adopted by Council or comment on failure to adopt
27	Employee Assistance Programme Policy	100		25 April 2012
28	Employee Driver's Licence Assistance Policy	100	27 June 2014	17 February 2011
29	Employee Study Aid and Leave Policy	100	03 December 2013	24 May 2005
30	Enterprise Risk Management Policy	100	28 January 2014	27 March 2013
31	Electrification of Rural Housing Policy, Consolidate with Water and Sanitation Policy	100	25 February 2015	25 October 2012
32	Expanded Public Works Policy	100		31 January 2013
33	Education, Training and Development Policy	100	04 December 2014	24 May 2005
34	Expenditure Management Policy	100		28 May 2015
35	Fire and Rescue Training Academy Policy	100		04 December 2014
36	Financial Support for the Replacement and Construction of Fencing along the Provincial Roads Network in the jurisdiction area of CWDM	100		03 December 2013
37	Funding and Reserves Policy	100	28 May 2015	14 April 2011
38	GRAP Policy and Procedural Guide	100		31 January 2005
39	Grievance Procedure	100		SALGBC
40	HIV and Aids Policy	100	25 November 2010	24 May 2005
41	ICT Data Backup and Retention Policy	100		29 June 2017
42	ICT Service Level Agreement Management	100		29 June 2017
43	Identifiable and Protective Clothing Policy: Disaster Management	100		24 October 2006
44	Individual Performance Management Policy	100		28 June 2016
45	Induction Policy	100		24 May 2005
46	Information and Communication Backup Policy	100	24 April 2014	25 April 2012
47	Information Technology Security Policy	100		24 May 2005
48	Internship Policy	100		28 May 2015
49	Internet and e-mail Usage Policy	100		24 May 2005
50	International Relations Policy	100		27 August 2009
51	Inventory and Stock Management Policy	100		28 May 2015
52	Legal Aid Policy for Councillors and Employees	100		24 May 2005
53	Long-term Financial Policy	100		28 May 2015

HR POLICIES AND PLANS				
	Name of Policy	Completed %	Reviewed	Date adopted by Council or comment on failure to adopt
54	Maintenance Management Policy	100		28 May 2015
55	Mayoral Bursary Fund Policy	100		25 October 2012
56	Mobile Device Policy	100		04 December 2014
57	Municipal Corporate Governance of Information and Communication Technology (ICT) Policy	100		29 June 2017
58	Nepotism Policy	100		24 May 2005
59	Network Security Policy	100	24 April 2014 25 July 2013	25 April 2017
60	Occupational Health and Safety	100		24 May 2005
61	Official Vehicles and Fleet Management Policy	100	04 December 2014	25 March 2004
62	Performance Management System Policy and Framework Guide	100		20 August 2015
63	Personal Protective Equipment Policy for the Roads Agency Function	100		26 March 2015
64	Petty Cash Policy	100		28 May 2015
65	Physical Environmental Security Policy	100		25 July 2013
66	Policy for the Investigation of Allegations of Contraventions of Code of Conduct for Councilors	100		25 March 2004
67	Policy for the Provision of Basic Services to Rural Dwellings	100		25 February 2016
68	PPE Policy for Roads and Mechanical Workshop	100		26 March 2015
69	Preferential Procurement Policy	100		28 May 2015
70	Private Work Policy	100	Under review	24 May 2005
71	Property Rates Policy	100		23 May 2006
72	Protective Clothing for Environmental Health Practitioners	100		25 July 2006
73	Protective Clothing Policy for Personnel: Roads	100		25 July 2006
74	Public Participation Policy	100		20 August 2015
75	Recruitment and Selection Policy	100	25 November 2010	24 May 2005
76	Revenue Management Policy	100		20 May 2015
77	Sexual Harassment Policy	100		24 May 2005
78	Smoking Policy	100	25 November 2010	24 May 2005
79	Sponsorship Policy	100		28 May 2015

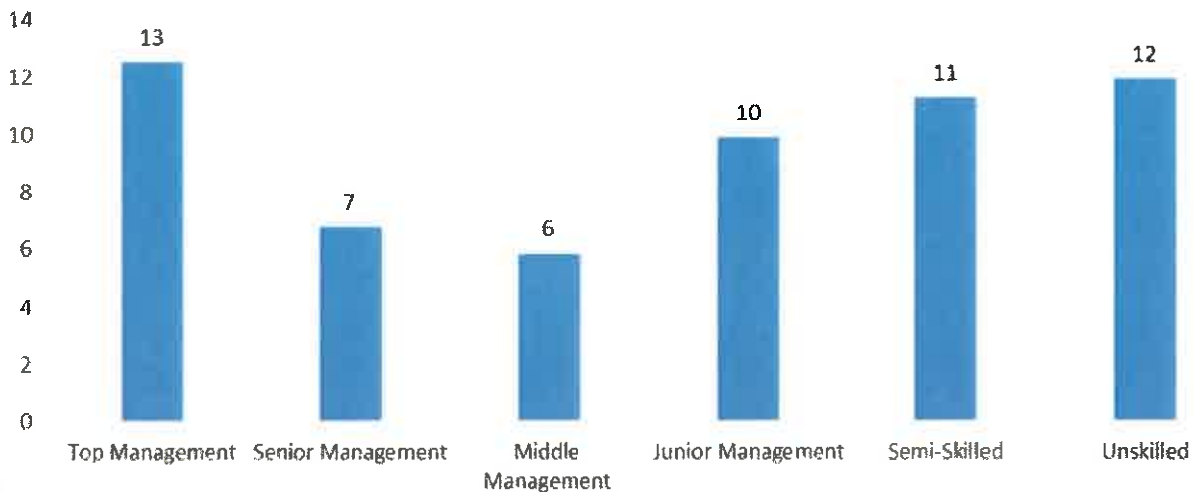
HR POLICIES AND PLANS				
	Name of Policy	Completed %	Reviewed	Date adopted by Council or comment on failure to adopt
80	Staff Statements to the Media Policy	100		24 May 2005
81	Student Assistance Policy	100	3 March 2008	24 May 2005
82	Subsistence and Travel Policy	100	25 November 2010 30 March 2012 25 July 2013	28 January 2010
83	Substance Abuse Policy	100		24 May 2005
84	Succession Planning and Career Pathing Policy	100		24 May 2005
85	Supply Chain Management Policy	100	31 July 2014 25 May 2017	27 March 2008
86	Tariff Policy and Tariff By-Law	100		13 November 2003
87	Telecommunications Policy	100	04 December 2014	24 May 2005
88	Telephone Policy for Councillors	100		30 June 2006
89	Time and Work Attendance Management Policy	100		27 October 2011
90	Transport Allowance Scheme	100	29 January 2015	26 April 2007
91	Transport Allowance Scheme for Essential Users	100		22 June 2007
92	Travel and Removal Expenses Policy	100		24 May 2005
93	Uniforms and Protective Clothing: Support Personnel	100		24 May 2005
94	Uniform Schedule for the Division: Fire Service	100		25 July 2006
95	Unauthorised, Fruitless and Wasteful Expenditure	100		28 May 2015
96	Unforeseen and Unavoidable Expenditure Policy	100		28 May 2015
97	Unpaid Leave Policy	100		24 May 2005
98	User Account Management Procedures	100		24 April 2014
99	User Security Policy	100		27 October 2011
100	Whistleblowing Policy	100		24 May 2005
101	Virement Policy	100	28 May 2015 25 May 2017	14 May 2010

## 4.3 INJURIES

Number and cost of injuries on duty					
Type of injury	Injury leave taken	Employees using injury leave	Proportion employees using sick leave	Average injury leave per employee	Total estimated cost
	Days	No.	%	Days	R'000
Required basic medical attention only	54	10	363	5.4	R47,417.83
Fatal	0	0	0	0	0
<b>Total</b>	<b>54</b>	<b>10</b>	<b>363</b>	<b>5.4</b>	<b>R47,417.83</b>

NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY)					
JOB LEVELS	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	Average sick leave per employees
	Days	%	No.	No.	Days
Top Management (MM & Section 56)	50	8%	4	4	13
Senior Management (T18 – T19)	27	30%	4	5	7
Professionally qualified and experienced specialists and mid-management (T14 – T17)	175	25%	30	36	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (T9 – T13)	1251	24%	127	155	10
Semi-skilled and discretionary decision making (T4 – T8)	1854	26%	165	178	11
Unskilled and defined decision making (T1 – T3)	535	41%	45	49	12
<b>Total</b>	<b>3892</b>	<b>154%</b>	<b>375</b>	<b>427</b>	<b>59</b>

Sum of Average Sick days per skill level



#### COMMENT ON INJURY AND SICK LEAVE

Eighty (80) days' sick leave is granted to employees in a three-year (3-year) leave cycle in terms of Clause 8.2.1 of Section B of the Main Collective Agreement. However, during the 2017/2018 financial year, an amendment was made in terms of which new appointees may not take more than 30 days' sick leave in the first year of employment. In terms of the Main Collective Agreement, the CWDM requires a medical certificate from a registered medical practitioner if more than two (2) consecutive days are taken as sick leave by an employee. Furthermore, the employer is not required to pay an employee if he or she is absent on more than two occasions during an eight-week period and, at the request of the employer, does not produce a medical certificate stating that he or she was unable to work for the duration of his or her absence on account of sickness or injury.

In an attempt to motivate employees not to abuse sick leave, amendments to the Collective Agreement on Conditions of Service for the Western Cape Division of the SALGBC now provide that employees who have not taken more than 20 days' sick leave at the end of a three-year cycle shall receive an additional 10 working days' paid sick leave to which they will be entitled in the ensuing cycle, provided that in respect of any sick leave cycle, no employee shall become entitled to more than 120 working days' sick leave on full pay in a sick leave cycle.

The CWDM also adopted an Employee Assistance Programme to offer confidential assistance to employees who have the potential to be adversely affected by personal and work-related problems, which may result in absence from the workplace as a result of sick leave. Through the Employee Assistance Programme, employees are assisted to resolve personal problems that affect job performance, motivated to seek help and directed to the best assistance possible.

Accident leave is granted to an employee who suffers an illness or injury in the course of his/her duties for the periods corroborated by a medical certificate and is restricted to 24 months in respect of any one illness or injury. All injuries on duty which result in accident leave is investigated by the relevant supervisors, in collaboration with the Occupational Health and Safety Officer to establish whether there was any negligent behaviour and to impose measures to avoid future incidents/injuries that may result in accident leave. All incidents and injuries are reported on a monthly basis to the Local Labour Forum.



NUMBER AND PERIOD OF SUSPENSIONS				
Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or status of case and reasons why not finalised	Date finalised
Team Supervisor: Roads	Alleged theft	5 August 2016	Disciplinary hearing was stayed due to the fact that the employee voluntarily retired on 8 August 2017 with immediate effect	8 August 2017
Team Supervisor: Roads	Alleged theft	5 August 2016	Disciplinary hearing was stayed due to the fact that the Employee voluntarily retired on 8 August 2017 with immediate effect	8 August 2017

DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT			
Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date finalised
NONE			

#### 4.3 PERFORMANCE REWARDS

PERFORMANCE REWARDS BY GENDER			
Designation	Beneficiary profile		
	Gender	Total number of employees in group	Proportion of beneficiaries within group
			%
Top Management (MM & Section 56)	Female	0	0
	Male	0	0
Senior Management (T18 – T19)	Female	0	0
	Male	0	0
Professionally qualified and experienced specialists and mid-management (T14 – T17)	Female	0	0
	Male	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (T9 – T13))	Female	0	0
	Male	0	0
Semi-skilled and discretionary decision making (T4 – T8)	Female	0	0
	Male	0	0
Unskilled and defined decision making (T1 – T3)	Female	0	0
	Male	0	0
<b>Total</b>		<b>0</b>	<b>0</b>
Has the statutory municipal calculator been used as part of the evaluation process?			Not applicable

### COMMENT ON PERFORMANCE REWARDS

In terms of Section 57(4B) of the MSA, bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council concerned.

Regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, states that in accordance with Regulation 32, a performance bonus, based on affordability, may be paid to the employee, after –

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

Regulation 23 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 states that the purpose of a performance agreement is to –

- comply with the provisions of Sections 57(1)(b), (4A), (4B) and (5) of the Act as well as the employment contract entered into between the parties;
- specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the IDP, SDBIP and the budget of the municipality;
- specify accountabilities as set out in a performance plan, which form an annexure to the performance agreement;
- monitor and measure performance against set targeted outputs;
- use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job,
- in the event of outstanding performance, to appropriately reward the employee; and
- give effect to the employer's commitment to a performance-orientated relationship with its employees in attaining equitable and improved service delivery.

Regulation 32 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, states that:

- The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance, and
- A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus, the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator.

However, note should be taken that the Council of the CWDM resolved at Item C.14.1 of its meeting held on 25 April 2012 that future performance bonuses of the Municipal Manager and Section 56 employees shall be capped to a maximum of 7% (seven per cent) in terms of Regulation 32(2) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

In view of the aforementioned Council resolution, the Municipal Manager as well as the managers directly accountable to the Municipal Manager accordingly agreed that future performance bonuses of their all-inclusive annual remuneration packages be capped to a maximum of 7% (seven per cent).

The Municipal Manager and Managers directly accountable to the Municipal Manager entered into performance agreements for the period from 01 July 2013 to 30 June 2014, which agreements, inter alia, govern the performance objectives and targets that must be met by the Municipal Manager and Managers directly accountable to the Municipal Manager, the timeframes within which those performance objectives and targets must be met as well as the reward paid to the employee by the employer as recognition of outstanding performance.

However, on 19 December 2013, the Executive Mayor in consultation with the Deputy Executive Mayor in terms of delegated powers resolved that no performance bonuses be paid to the Municipal Manager and Managers directly accountable to the Municipal Manager with effect from 01 February 2014, which was subsequently accepted by these category of employees by way of signing addendums to the principal performance agreements to effect this change.

On 29 June 2017 at Item C.15.1, the Council of the CWDM resolved that performance bonuses in respect of the Municipal Manager and Managers directly Accountable to the Municipal Manager be reinstated with effect from 1 July 2017 to 30 June 2018 and that the performance bonuses be considered annually based on financial affordability.

It was further resolved that performance bonuses ranging from 5% to 9% based on a score of 130% to 149% and a maximum of 10% based on a score of 150% and above, in terms of Regulation 32(2) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 be paid to the Municipal Manager and Managers directly accountable to the Municipal Manager and that addendums to the principal performance agreements be entered into between the Executive Mayor and the Municipal Manager and the Municipal Manager and the Managers directly accountable to the Municipal Manager.

On 28 June 2018 at Item C.15.2, the Council of the CWDM resolved that performance bonuses in respect of the Municipal Manager and Managers directly accountable to the Municipal Manager ranging from 5% to 9% based on a score of 130% to 149% and a maximum of 10% based on a score of 150% and above, be approved and that performance bonuses be considered annually based on financial affordability.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX																
Management level	Gender	Employees in post as at 30 June 2018		Number of skilled employees required and actual as at 30 June 2018						Total						
		No.	Learnerships			Skills programmes and other short courses			Other forms of training							
			Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target		
MM and S56	Female	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0
	Male	3	0	0	0	0	3	1	0	0	0	0	0	3	1	0
Councillors, senior officials and managers	Female	12	0	0	0	0	4	12	7	0	0	0	0	4	12	7
	Male	34	0	0	0	0	17	34	14	0	0	0	0	17	34	14
Technicians and associate professionals	Female	2	0	0	0	0	1	2	2	0	0	0	0	1	2	2
	Male	4	0	0	0	0	4	2	4	0	0	0	0	4	2	4
Professionals	Female	31	0	0	0	0	18	22	25	0	0	0	0	18	22	25
	Male	37	0	0	0	0	41	37	35	0	0	0	0	41	37	35
Sub-total	Female	46	0	0	0	0	24	36	34	0	0	0	0	24	36	34
	Male	78	0	0	0	0	65	74	53	0	0	0	0	65	74	53
<b>Total</b>		<b>124</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>110</b>	<b>87</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>110</b>	<b>87</b>
Registered with professional associate body e.g. CA (SA) = 55																
0																

FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(a) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4))
Accounting Officer	1	0	1	0	1	1
Chief Financial Officer	1	0	1	0	1	1
Senior Managers	2	0	2	0	2	2
Any other financial officials	31	0	31	0	0	16
Heads of Supply Chain Management Units	1	0	1	0	0	1
Supply Chain Management Senior Managers	1	0	1	0	0	1
<b>TOTAL</b>	<b>37</b>	<b>0</b>	<b>37</b>	<b>0</b>	<b>4</b>	<b>22</b>

SKILLS DEVELOPMENT EXPENDITURE													
R1 459 707,00													
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on Skills Development Year 1								Total		
			Learnerships		Skills programmes and other short courses		Other forms of training		Total				
			Original budget	Actual	Original budget	Actual	Original budget	Actual	Original budget	Actual			
No.													
MM and S56	Female	1	0	0	0	0	0	0	0	0	0	R 0	
	Male	3	0	0	0	1	1 800	0	0	0	1	1 800	R 1 800
Legislators, senior officials and managers	Female	11	0	0	0	12	78 327	0	0	0	12	78 327	R 78 327
	Male	36	0	0	0	34	89 138	0	0	0	34	89 138	R 89 138
Professionals	Female	27	0	0	0	22	187 612	0	0	0	22	187 612	R 187 612
	Male	47	0	0	0	37	104 778	0	0	0	37	104 778	R 104 778
Technicians and associate professionals	Female	2	0	0	0	2	16 725	0	0	0	2	16 725	R 16 725
	Male	4	0	0	0	2	312 045	0	0	0	2	312 045	R 312 045

Clerks	Female	50	0	0	0	40	R 137 325	0	0	40	R 137 325
	Male	13	0	0	0	6	R 1 125	0	0	6	R 1 125
Service and sales workers	Female	9	0	0	0	9	R 917	0	0	9	R 917
	Male	59	0	0	0	31	R 13 954	0	0	31	R 13 954
Plant and machine operators and assemblers	Female	2	0	0	0	1	R 2 525	0	0	1	R 2 525
	Male	65	0	0	0	27	R 158 092	0	0	27	R 158 092
Elementary occupations	Female	35	0	0	0	27	R 1 076	0	0	27	R 1 076
	Male	91	0	0	0	75	R 354 268	0	0	75	R 354 268
Subtotal	Female	137	0	0	0	117	R 424 507	0	0	117	R 424 507
	Male	318	0	0	0	233	R 1 035 200	0	0	233	R 1 035 200
<b>Total</b>		<b>455</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>360</b>	<b>R 1 459 707</b>	<b>0</b>	<b>0</b>	<b>360</b>	<b>R 1 459 707</b>
<b>1% and R1 310 000 value of municipal salaries (original budget) allocated for Workplace Skills Plan training budget + R200 000 (Roads)</b>											<b>R 1 510 000</b>
											<b>0</b>

**COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS**

The annual Workplace Skills Plan (WSP) submitted to the LGSETA aims to serve more as a guide than a strategic training plan. The actual implementation of planned training within the CWDM is influenced by an array of internal and external factors. With regard to the implementation of planned training at the CWDM, there is an 80% to 90% correlation between what is planned and what is implemented. The variance between budgeted and actual expenditure for training is a direct result of a combination of ineffective LGSETA administrative processes/procedures and the continuous change in various legislative process/procedures via new regulations.

Due to drastic regulatory changes with regard to the occupational health and safety and driven machinery legislation, training at the CWDM will focus on ensuring compliance with the legislative requirements as regulated. Training programmes embarked on in this financial year included flagman (traffic control), small plant machinery, earthmoving machinery and lifting equipment training. As evident in the above schedule, 42% of the training budget was spent on staff from the machine operators and elementary occupational levels. This priority focus area will continue for at least the next two years until full compliance is achieved.

Coupled with the above technical training programmes, the CWDM in 2016/2017 embarked on ensuring that the abovementioned officials were supported by various soft skills programmes to maximise learning and ensure that the skills learnt were effectively implemented. Thus, line managers in the technical departments underwent mentoring and coaching training, with some progressing to facilitation, assessor and moderator training. As part of the CWDM Succession Plan, the latter training programmes were specifically identified to ensure the transfer of technical skills, as experienced and qualified technicians and engineers at the CWDM is nearing retirement age. In 2016/2017, the latter was expanded to include all line managers in the organisation. The development of managerial soft skills will continue for the next three years with the rollout of a comprehensive soft skills programme in the 2018/19 year.

Apart from officials appointed after 3 February 2017, all officials affected by the MFMA Municipal Regulation on MMCL duly comply with the aforementioned regulations. The extensive Municipal Finance Management Programme (MFMP) implemented over the previous four years ensured organisational compliance. The continued MFMP now solely focuses on new appointees (affected by the MMCL regulations) and non-affected officials for upskilling.

In conclusion, strengthened relations between municipalities at district and provincial level not only positively impact the identification and coordination of priority training needs, but also ensure the capacity building of struggling municipalities through shared services. The CWDM plays a vital role in these initiatives and in future will strive to further strengthen and improve our supporting and coordination functions to the local municipalities.



<b>NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED DURING THE 2017/2018 FINANCIAL YEAR</b>		
<b>Beneficiaries</b>	<b>Gender</b>	<b>Total</b>
Top Management (MM & Section 56)	Female	0
	Male	0
Senior Management (T18 – T19)	Female	0
	Male	0
Professionally qualified and experienced specialists and mid-management (T14 – T17)	Female	0
	Male	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (T9 – T13)	Female	0
	Male	0
Semi-skilled and discretionary decision making (T4 – T8)	Female	0
	Male	0
Unskilled and defined decision making (T1 – T3)	Female	0
	Male	0
<b>Total</b>		<b>0</b>

**EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Public Relations Officer	1	T9	Remuneration levels of individual employees in terms of different TASK salary scales and notches.	Clause 11 of the TASK Job Evaluation Process Plan stipulates that:  <i>Employees will be placed on the salary notch for the applicable TASK grade which is the closest higher salary notch to their existing salary notch.</i>  <i>Employees whose existing basic salary is higher than the maximum of the applicable TASK grade will retain their existing basic salary scale on a personal-to-incumbent basis.</i>
Senior Accountant: Expenditure	1	T12		
Credit Controller	1	T9		
Principal Clerk: Expenditure	3	T7		
Administrator: Payroll	1	T10		
Principal Clerk: Payroll	1	T7		
Senior Buyer	1	T12		
Senior Supply Chain Management Officer	1	T10		
Procurement Clerk	1	T5		
Chief Clerk: Supplier/Database Administration	1	T8		
Senior Clerk: Assets/Expenditure	1	T6		
Administrative Secretary: Councillor Support	1	T8		
Human Resource Administration Officer	1	T10		
Training and Performance Management Officer	1	T10		
Chief: Committees and Administrative Support	1	T12		
Committee Officer	1	T10		
Chief Clerk: Records	1	T8		
Principal Clerk: Records	1	T7		
Clerk: Records	1	T5		

**EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Receptionist / Switchboard Operator	2	T6	Remuneration levels of individual employees in terms of different TASK salary scales and notches.	Clause 11 of the TASK Job Evaluation Process Plan stipulates that:  <i>Employees will be placed on the salary notch for the applicable TASK grade which is the closest higher salary notch to their existing salary notch.</i>  <i>Employees whose existing basic salary is higher than the maximum of the applicable TASK grade will retain their existing basic salary scale on a personal-to-incumbent basis.</i>
Driver Messenger	2	T4		
General Assistant: Logistical Support	3	T3		
Youth Development Officer	1	T10		
Executive Secretary	2	T8		
Senior Tourism Officer	1	T11		
Tourism Officer	1	T10		
LED Project Assistant	1	T6		
Community Development Officer	2	T11		
Senior Firefighter	1	T10		
Disaster Management Officer: Preparedness	1	T11		
Administrator: Housing	1	T10		
Principal Clerk: Help Desk (ICT)	1	T7		
Administrator: Working for Water	1	T8		
Cleaner: Administration Support (Working for Water)	1	T2		
Administrator: IMMS Office	1	T10		
Senior Clerk: IMMS	1	T6		
Senior General Worker: Roads	5	T4		
Assistant Superintendent: Roads	3	T10		
General Worker: Roads	1	T3		

EMPLOYEES APPOINTED TO POSTS NOT APPROVED				
Department	Level	Date of appointment	Number appointed	Reason for appointment when no established post exists
NONE				

#### COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

All filled posts on the approved staff establishment of the CWDM have been evaluated in terms of the TASK Job Evaluation System.

The CWDM did not make any appointments in posts that do not exist on the staff establishment in the 2017/2018 financial year.

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises three components:

Component A: Statement of Financial Performance

Component B: Spending Against Capital Budget

Component C: Other Financial Matters

### COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

#### 5.1 INTRODUCTION TO FINANCIAL STATEMENTS

The CWDM maintained a sound financial position during the 2017/2018 financial year, despite the fact that its own revenue sources remain limited. Currently, being a district municipality unauthorised for water and sanitation, the RSC Levies Replacement Grant (DORA) increases by 3% a year. Consequently, the CWDM's financial resources shrink constantly, but it still manages to render basic, dignified, fundamental services to the communities they have been entrusted to by the Constitution of the Republic of South Africa.

FINANCIAL SUMMARY						
Description	2016/2017	2017/2018			2017/2018 Variance	
	Actual R'000	Original Budget R'000	Adjusted Budget R'000	Actual R'000	Original Budget R'000	Adjustment Budget R'000
<b>Financial Performance</b>						
Property Rates	-					
Service Charges	629	200	198	71	65%	64%
Investment Revenue	51 018	51 850	51 850	51 928	0%	0%
Transfers recognised - operational	230 707	232 248	232 248	230 434	1%	1%
Other own revenue	106 108	119 487	119 489	99 371	17%	17%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>388 462</b>	<b>403 785</b>	<b>403 785</b>	<b>381 804</b>	<b>5%</b>	<b>5%</b>
Employee costs	173 806	203 911	204 516	185 398	9%	9%
Remuneration of Councillors	10 216	11 483	11 483	11 363	1%	1%
Depreciation and asset impairment	9 676	10 000	11 653	10 321	-3%	11%
Finance charges	1	8	6	-	100%	100%
Other expenditure	167 871	176 376	164 828	145 845	17%	12%
<b>Total Expenditure</b>	<b>361 570</b>	<b>401 778</b>	<b>392 486</b>	<b>352 927</b>	<b>12%</b>	<b>10%</b>
<b>Surplus</b>	<b>26 892</b>	<b>2 007</b>	<b>11 299</b>	<b>28 877</b>	<b>-1339%</b>	<b>-156%</b>
Transfers recognised - capital	-					
Loss on disposal of assets and liabilities	1 911	20	9 307	8 881	-44305%	5%
Less Inventories losses/write-downs	83		5		N/A	100%
<b>Surplus after capital transfers and contributions</b>	<b>24 898</b>	<b>1 987</b>	<b>1 987</b>	<b>19 996</b>	<b>-906%</b>	<b>-906%</b>
Share of surplus of associate	0				N/A	N/A
<b>Surplus for the year</b>	<b>24 898</b>	<b>1 987</b>	<b>1 987</b>	<b>19 996</b>	<b>-906%</b>	<b>-906%</b>

## 5.2 GRANTS

CONDITIONAL GRANTS: EXCLUDING MIG					
Details	Budget R'000	Adjustment Budget R'000	Actual R'000	Variance	
				Budget R'000	Adjustment Budget R'000
EPWP incentive	1 000	1 000	1 000	0%	0%
Local Government Financial Management Grant	1 250	1 250	1 250	0%	0%
Western Cape Financial Management Support Grant	0	1 434	635	NA	56%
Integrated Transport Plan	900	900	192	79%	79%
Rural Roads Asset Management System	2 683	2 683	2 683	0%	0%
Community Development Workers	74	74	62	16%	16%
Municipal Performance Management Grant	-	236	-	NA	100%
Western Cape Financial Capacity Building Grant	240	240	227	5%	5%
Fire Services Capacity Building Grant	800	800	800	0%	0%
Local Government Graduate Internship Grant	-	96	95	NA	1%
<b>Total</b>	<b>6 947</b>	<b>8 713</b>	<b>6 944</b>	<b>0%</b>	<b>25%</b>

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The municipality does not provide basic services, hence it does not have major infrastructure assets. Assets mainly consist of land, buildings, vehicles and other property, plant and equipment.

The GRAP-compliant Asset Management Policy of the CWDM sets out the procedures to be followed by the Accounting Officer, executive directors and their staff to whom functions are delegated for the management of the CWDM's assets and for reporting to Council on such functions wherever applicable.

## 5.4 FINANCIAL RATIOS BASED ON KPIS

### COMMENT ON FINANCIAL RATIOS

Liquidity Ratio (Norm 1 to 1,5)

Applying the ratio of current assets over current liabilities, the actual ratio equates to 15,44 (2017: 15,77) with a minimum acceptable norm at 1. This means that the current assets of the municipality are more than the current liabilities. The 2018 current ratio of 15,44 increased by 0,33 from the previous year. The municipality is in a very good position to meet its financial obligations on a timely basis.

**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET****5.5 CAPITAL EXPENDITURE**

CAPITAL EXPENDITURE: THE EXECUTIVE AND COUNCIL					
Capital Projects	2017/2018				
	Budget R '000	Adjustment Budget R '000	Actual Expenditure R '000	Variance to original budget R '000	Total Project Value R '000
<b>Total all</b>	<b>R851 700</b>	<b>R732 680</b>	<b>R713 894</b>	<b>-3%</b>	
MAYORAL OFFICIAL VEHICLE (CWDM 1WP)	500 000	493 046	493 046	1%	
LAMINATOR	2 800	3 595	3 595	-22%	
2 x HINGED DOOR SYSTEM	7 000	5 450	5 450	28%	
1 x HIGH BACK CHAIR	5 600	1 120	1 120	400%	
LAMINATOR A4/A3	7 100	0	0	#DIV/0!	
HIGH VOLUME PHOTO COPY MACHINE	300 000	190 000	190 000	58%	
OFFICE ACCESSORIES / ART AND PLANTS	10 000	0	0	#DIV/0!	
SHREDDER	1 200	0	0	#DIV/0!	
LAMINATOR	2 800	3 595	3 595	-22%	
BAR FRIDGE	2 600	2 874	2 874	-10%	
4-IN-ONE PRINTER, COPIER, SCANNER, FAX	3 000	27 960	9 240	-68%	
2 x HIGH BACK CHAIRS	7 000	2 240	2 240	213%	
BAR FRIDGE	2 600	2 800	2 735	-5%	

## 5.6 SOURCES OF FINANCE

Revenue Collection Performance by Source						
R'000						
Description	2016/2017	2017/2018			2017/2018 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	-	-	-	-	-	-
Property rates – penalties and collection charges	-	-	-	-	-	-
Service charges – electricity revenue	-	-	-	-	-	-
Service charges – water revenue	-	-	-	-	-	-
Service charges – sanitation revenue	-	-	-	-	-	-
Service charges – refuse revenue	-	-	-	-	-	-
Service charges – other	627	200	197	71	65%	64%
Rental of facilities and equipment	107	131	130	124	5%	5%
Interest earned – external investments	51 018	51 850	51 850	51 928	0%	0%
Interest earned – outstanding debtors	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-
Fines	2	-	3	2	100%	33%
Licences and permits	-	-	-	-	-	-
Agency services	103 410	118 012	118 012	97 720	17%	17%
Transfers recognised – operational	230 705	232 248	232 248	230 434	1%	1%
Other income	2 594	1 343	1 344	1 525	-14%	-13%
<b>Total Revenue</b>						
<b>(excluding capital transfers and contributions)</b>	<b>388 463</b>	<b>403 784</b>	<b>403 784</b>	<b>381 804</b>	<b>5%</b>	<b>5%</b>

TK.2



## 5.7 CAPITAL SPENDING ON THREE LARGEST PROJECTS

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2017/2018	
<b>Asset 1</b>	
Name	MAJOR 4 x 4 FIRE FIGHTING VEHICLE CW 17403
Description	Fire Engine
Asset type	Other Assets
Key staff involved	
Staff responsibilities	
Asset value	R2 565 619
Capital implications	
Future purpose of asset	Will be used during fire fighting incidents
Describe key issues	
Policies in place to manage asset	Asset management Policy
<b>Asset 2</b>	
Name	DISASTER RECOVERY EQUIPMENT
Description	Computer Equipment
Asset type	Other Assets
Key staff involved	
Staff responsibilities	
Asset value	R1 660 350
Capital implications	
Future purpose of asset	Manage Council's data recovery
Describe key issues	
Policies in place to manage asset	Asset management Policy
<b>Asset 3</b>	
Name	DIGITAL CONFERENCE SYSTEM (COUNCIL CW)
Description	Computer Equipment
Asset type	Other Assets
Key staff involved	
Staff responsibilities	
Asset value	R733 833
Capital implications	
Future purpose of asset	Used during meetings held in Council chambers to assist translation
Describe key issues	
Policies in place to manage asset	Asset management Policy
T5.3.2	

**COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS****5.8 INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS**

The CWDM has no significant interest-bearing assets; hence income and operating cash flows are substantially independent of changes in market interest rates. The CWDM deposits cash surpluses with financial institutions of high quality and standing. The Cash Management and Investment Policy of the municipality is aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes

**5.9 CASH FLOW**

CASH FLOW OUTCOMES				
R000				
Description	2016/2017	2017/2018		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Sale of goods and services	106 018	119 448	119 448	99 321
Grants	230 705	232 537	232 537	230 433
Government – Capital	-	-	-	-
Interest	50 248	51 850	51 850	42 739
Dividends	-	-	-	-
<b>Payments</b>				
Employee cost	-168 305	-200 765	-200 765	-173 313
Suppliers	-174 962	-178 211	-178 211	-146 073
Other Payments: Remuneration to Councillors	-10216	-11483	-11483	-11363
	<b>-353 483</b>	<b>-390 459</b>	<b>-390 459</b>	<b>-330 749</b>
Total receipts	386971	403835	403835	372494
Total payments	-353483	-390458	-390458	-330749
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>33 488</b>	<b>13 376</b>	<b>13 376</b>	<b>41 744</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>				
<b>Receipts</b>				
Purchase of property, plant and equipment	-11185	-20010	-20010	-18208
Proceeds from sale of property, plant and equipment	20	-	-	432
Purchase of other intangible assets	-166	-310	-310	-62
<b>NET CASH FROM/(USED) INVESTMENT ACTIVITIES</b>	<b>-11 331</b>	<b>-20 320</b>	<b>-20 320</b>	<b>-17 838</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short-term Loans	-	-	-	-
Borrowing Long Term/Refinancing	-	-	-	-
Increase (Decrease) in Consumer Deposits	-	-	-	-
<b>Payments</b>				
Finance lease payments	-10	-	-	-3
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-10</b>	<b>-</b>	<b>-</b>	<b>-3</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>22 147</b>	<b>-6 944</b>	<b>-6 944</b>	<b>23 903</b>
Cash/Cash Equivalents at the beginning of the Year	569 984	592 131	592 131	592 131
Cash/Cash Equivalents at the Year-end	592 131	585 187	585 187	616 034

Source: MBRR SA7 T5 9.1

**5.10 BORROWING AND INVESTMENTS**

**The CWDM has no outstanding loans.**

**COMPONENT D: OTHER FINANCIAL MATTERS****5.11 SUPPLY CHAIN MANAGEMENT****Supply Chain Management**

Prescribed supply chain management processes and procedures as per the MFMA, Section 110-119 and the Supply Chain Management Regulations, 2005 are in place and maintained. Procurement plans were recently introduced in collaboration with the service departments to improve demand management.

This will ultimately contribute to more effective service delivery. Documentation and control on contract management, specifically on long-term contracts, remain a challenge and will be addressed in the course of this financial year. The CWDM endeavours to maintain an effective supplier database to acquire the necessary goods and services; however, it is reliant on the cooperation of the suppliers. Many companies, especially agents, are reluctant to provide the necessary documentation to be accredited and alternatives are not so readily available. All supply chain managers meet the prescribed unit standard competency area as per the Regulations on MMCL.

## **5.12 GRAP COMPLIANCE**

The financial statements of the CWDM have been prepared in accordance with GRAP in terms of Section 122(3) of the MFMA, including any interpretations, guidelines and directives issued by the Accounting Standards Board. Accounting policies for material transactions, events or conditions not covered by GRAP standards were developed in accordance with the hierarchy set out in paragraph 12 of GRAP 3.

**CHAPTER 6 – REPORT OF THE AUDITOR-GENERAL**

**Refer to attached report**

## Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Cape Winelands District Municipality

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Cape Winelands District Municipality set out on pages 5 to 108, which comprise the statement of financial position as at 30 June 2018, 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 the 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 Cape Winelands District Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017 (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' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter

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

#### Restatement of corresponding figures

7. As disclosed in note 31 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors identified during the 2017-18 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2018. This was mainly due to the reclassification of expenditure in terms of 'nature' to comply with SA Standards of GRAP 1, *Presentation of Financial Statements* and the municipal standard chart of accounts (mSCOA).



## Other matters

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

### Unaudited supplementary schedules

9. The supplementary information set out on pages 109 to 116 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.
10. 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 thereon.

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

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

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives

presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2018:

Strategic objectives	Pages in the annual performance report
Strategic objective 1 – creating an environment and forging partnerships that ensure social and economic development of all communities, including the empowerment of the poor in the Cape Winelands District	36 – 37
Strategic objective 2 – promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities	38 – 39

18. 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.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Strategic objective 1 – creating an environment and forging partnerships that ensure social and economic development of all communities, including the empowerment of the poor in the Cape Winelands District
  - Strategic objective 2 – promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities

**Other matter**

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

**Achievement of planned targets**

21. Refer to the annual performance report on pages 36 to 39 for information on the achievement of planned targets for the year.

**Report on the audit of compliance with legislation****Introduction and scope**

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. I did not raise 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**

24. 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 objectives presented in the annual performance report that have been specifically reported in this auditor's report.

25. 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 thereon.

26. 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 objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. I have nothing to report in this regard.

**Internal control deficiencies**

28. 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.

29. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town

30 November 2018



**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 objectives 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 related to events or conditions that may cast significant doubt on the Cape Winelands District Municipality’s ability 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 the 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 continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

**CHAPTER 7: ANNUAL FINANCIAL STATEMENTS**

**Refer to attached report**



## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### General Information

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#### Legal form of entity

Municipality (MFMA)

The Cape Winelands District Municipality is a district municipality located in the Boland region of the Western Cape province of South Africa and include the local municipalities of Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg (Municipal code: DC2)

#### Nature of business and principal activities

The Municipality is a local authority that -

- a) Ensures comprehensive and equitable Municipal Health Services within the Cape Winelands;
- b) Ensures co-ordination of multi-disciplinary and sectorial disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment, Response and Recovery;
- c) Provides effective planning and co-ordination of fire fighting services, prevention activities and training services throughout the Cape Winelands;
- d) Facilitates environmentally sustainable economic development & investment attraction as well as retention through the development and management of strategic partnerships;
- e) Facilitates skills development within the Cape Winelands District Municipality by means of knowledge management and social infrastructure investment;
- f) Facilitates the creation of sustainable jobs within the Cape Winelands through the provision and maintenance of economic infrastructure;
- g) Provides support and shared services to local municipalities to facilitate economic development planning within the Cape Winelands;
- h) Increases access to safe and efficient transport;
- i) Develops integrated and sustainable human settlements;
- j) Integrates service delivery for maximum impact;
- k) Creates opportunities for growth and development in rural areas; and
- l) Empowers vulnerable groups, build human capital, invest in social capital and rural development programmes.

#### Mayoral committee

Ald. (Dr) H VON SCHLICHT - (REAPPOINTED FROM 10/08/2016 IN ADDITION, EXECUTIVE MAYOR FROM 01/09/2016)

Cllr. C MEYER - (REAPPOINTED FROM 10/08/2016 AND SPEAKER FROM 01/09/2016)

Cllr. D SWART - (REAPPOINTED FROM 17/08/2016 AND DEPUTY EXECUTIVE MAYOR FROM 01/09/2016)

Cllr. G.J CARINUS - (REAPPOINTED 10/08/2016)

Cllr. J.J DU PLESSIS - (REAPPOINTED 10/08/2016)

Cllr. L.W NIEHAUS - (REAPPOINTED 16/08/2016)

Cllr. A. FLORENCE - (APPOINTED 15/08/2016)

Cllr. P.C RAMOKHABI - (APPOINTED 15/08/2016)

Cllr. J.D.F VAN ZYL - (REAPPOINTED 18/08/2016)

#### Other Councillors

Cllr. Z.L MASOKA - (APPOINTED 14/05/2016)

Cllr. C DAMENS - (REAPPOINTED 10/08/2016)

Cllr. X KALIPA - (REAPPOINTED 10/08/2016)

Cllr. L.N SIWAKAMISA - (REAPPOINTED 10/08/2016)

Cllr. J.S MOUTON - (REAPPOINTED 10/08/2016)

Cllr. P MARRAN - (REAPPOINTED 15/08/2016)

Cllr. E.S.C MATJAN - (REAPPOINTED 15/08/2016)

Cllr. A CROMBIE - (REAPPOINTED 15/08/2016)

Cllr. R.B ARNOLDS - (RESIGNED 12/04/2018)



**Cape Winelands District Municipality**

Financial Statements for the year ended 30 June 2018

**General Information**

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Cllr. J.J VAN ROOYEN - (APPOINTED 10/08/2016)  
 Cllr. C STEYN - (APPOINTED 10/08/2016)  
 Cllr. E QHANKQISO - (APPOINTED 10/08/2016)  
 Cllr. B.B NTSHINGILA - (APPOINTED 10/08/2016)  
 Cllr. W.M BLOM - (APPOINTED 10/08/2016)  
 Cllr. G.J FREDERICKS - (APPOINTED 10/08/2016)  
 Cllr. S.S MAGQAZANA - (APPOINTED 10/08/2016)  
 Cllr. D.R.A SNYDERS - (APPOINTED 10/08/2016)  
 Cllr. M.M ADRIAANSE - (APPOINTED 16/08/2016)  
 Cllr. E GOUWS - (APPOINTED 16/08/2016)  
 Cllr. R HESS - (APPOINTED 18/08/2016)  
 Cllr. J.W SCHUURMAN - (APPOINTED 17/08/2016)  
 Cllr. M.T KLAAS - (APPOINTED 16/08/2016)  
 Cllr. R DU TOIT - (APPOINTED 15/08/2016)  
 Cllr. L LANDU - (APPOINTED 16/08/2016)  
 Cllr. W VROLICK - (APPOINTED 15/08/2016)  
 Cllr. N.S LOUW - (APPOINTED 15/08/2016)  
 Cllr. R.S NALUMANGO - (APPOINTED 15/08/2016)  
 Cllr. P DANIELS - (APPOINTED 17/08/2016)  
 Cllr. A.J SHIBILI - (APPOINTED 18/08/2016)  
 Cllr. C.F WILSKUT - (APPOINTED 15/08/2016)  
 Cllr. L.S SAMBOKWE - (APPOINTED 16/08/2016)  
 Cllr. N TETENA - (APPOINTED 10/08/2016)  
 Cllr. S.C RENS - (APPOINTED 16/08/2016)

**Grading of local authority**

GRADE 4  
 MEDIUM CAPACITY

**Municipal Manager**

H.F PRINS

**Chief Financial Officer (CFO)**

F.A DU RAAN - GROENEWALD

**Registered office**

46 ALEXANDER STREET  
 STELLENBOSCH  
 7600

**Postal address**

P.O.BOX 100  
 STELLENBOSCH  
 7599

**Telephone**

0861 265 263

**Bankers**

NEDBANK

**Auditors**

AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Index

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The reports and statements set out below comprise of the financial statements presented to the council:

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IDP	Integrated Development Plan
CRR	Capital Replacement Reserve
LGSETA	Local Government Sector Education and Training Authority
mSCOA	municipal Standard Chart of Accounts
GRAP	Generally Recognised Accounting Practice
DEA	Department of Environmental Affairs
PRMA	Post Retirement Medical Aid
RRAMS	Rural Roads Asset Management System
MPAC	Municipal Public Accounts Committee
IPSAS	International Public Sector Accounting Standards
Cllr	Councillor
LED	Local Economic Development
MFMA	Municipal Finance Management Act
PMS	Performance Management System
CWDM	Cape Winelands District Municipality
MSA	Municipal Systems Act
WCA	Workmen's Compensation Assistance

**Cape Winelands District Municipality**  
Financial Statements for the year ended 30 June 2018

**Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and are given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledge that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officers to meet these responsibilities, the accounting officer set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. While operating risk cannot be fully eliminated, the Municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the Municipality, the accounting officer is supported by the Municipality's internal auditors.

The financial statements set out on page 5 - 108, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2018.

  
\_\_\_\_\_  
Accounting Officer  
H F Prins

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	616 034 060	592 130 504
Other receivables from exchange transactions	4	25 427 179	15 715 650
Trade receivables from exchange transactions	5	14 649	297 576
Inventories	6	1 792 879	2 064 710
VAT receivable	7	5 019 283	5 046 258
Receivables from non-exchange transactions	8	69 458	259 824
Employee benefit asset	15	2 416 597	2 317 867
		<u>650 774 105</u>	<u>617 832 389</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	147 850 488	148 873 225
Intangible assets	10	780 874	1 122 302
Employee benefit asset	15	22 677 800	29 958 449
		<u>171 309 162</u>	<u>179 953 976</u>
<b>Total Assets</b>		<u>822 083 267</u>	<u>797 786 365</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	12	-	3 454
Operating lease liability	11	13 605	11 257
Payables from exchange transactions	14	9 908 332	10 873 397
Employee benefit obligation	15	29 267 194	25 735 083
Unspent conditional grants and receipts	13	2 929 750	2 464 216
Provisions	41	21 620	79 564
		<u>42 140 501</u>	<u>39 166 971</u>
<b>Non-Current Liabilities</b>			
Operating lease liability	11	6 477	20 082
Employee benefit obligation	15	157 665 465	156 324 319
		<u>157 671 942</u>	<u>156 344 401</u>
<b>Total Liabilities</b>		<u>199 812 443</u>	<u>195 511 372</u>
<b>Net Assets</b>		<u>622 270 824</u>	<u>602 274 993</u>
Accumulated surplus	16	622 270 824	602 274 993

\* See Note 31

**Cape Winelands District Municipality**

Financial Statements for the year ended 30 June 2018

**Statement of Financial Performance**

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	70 756	626 891
Rental of facilities and equipment	18	123 908	107 481
Agency services	19	97 720 254	103 409 659
Other income	20	1 525 810	2 593 787
Interest received - investment	21	51 928 028	51 017 913
<b>Total revenue from exchange transactions</b>		<b>151 368 756</b>	<b>157 755 731</b>
<b>Revenue from non-exchange transactions</b>			
Government grants and subsidies	22	230 433 575	227 556 400
Public contributions and donations	23	-	3 148 434
Fines, penalties and forfeits		2 000	2 000
<b>Total revenue from non-exchange transactions</b>		<b>230 435 575</b>	<b>230 706 834</b>
<b>Total revenue</b>		<b>381 804 331</b>	<b>388 462 565</b>
<b>Expenditure</b>			
Employee related costs	24	(185 397 997)	(173 805 573)
Remuneration of councillors	25	(11 363 026)	(10 216 294)
Depreciation and amortisation	26	(10 320 548)	(8 380 562)
Finance costs	27	(91)	(901)
Lease rentals on operating lease		(484 240)	(557 738)
Debt impairment	28	2 187 943	(1 256 555)
Contracted services	43	(50 123 794)	(58 228 186)
Transfers and subsidies	42	(13 495 524)	(13 275 051)
Loss on disposal of assets and liabilities		(8 881 450)	(1 911 130)
Bad debt written off		(2 257 634)	(22 676)
Inventories losses/write-downs		-	(82 868)
General expenses	29	(81 672 138)	(95 826 965)
<b>Total expenditure</b>		<b>(361 808 499)</b>	<b>(363 564 499)</b>
<b>Surplus for the year</b>		<b>19 995 832</b>	<b>24 898 066</b>

\* See Note 31

**Cape Winelands District Municipality**  
Financial Statements for the year ended 30 June 2018

**Statement of Changes in Net Assets**

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	588 946 519	588 946 519
Adjustments		
Correction of errors	(11 569 592)	(11 569 592)
<b>Balance at 01 July 2016 as restated*</b>	<b>577 376 927</b>	<b>577 376 927</b>
Changes in net assets		
Restated surplus for the year	24 898 066	24 898 066
Total changes	24 898 066	24 898 066
<b>Restated* Balance at 01 July 2017</b>	<b>602 274 992</b>	<b>602 274 992</b>
Changes in net assets		
Surplus for the year	19 995 832	19 995 832
Total changes	19 995 832	19 995 832
<b>Balance at 30 June 2018</b>	<b>622 270 824</b>	<b>622 270 824</b>
Note(s)	16	

\* See Note 31

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		99 321 188	106 018 158
Grants		230 433 575	230 704 835
Interest income		42 739 011	50 248 254
		<u>372 493 774</u>	<u>386 971 247</u>
<b>Payments</b>			
Employee costs		(173 313 216)	(168 304 398)
Suppliers		(146 072 597)	(174 962 059)
Other payments: Remuneration to Councillors		(11 363 026)	(10 216 294)
		<u>(330 748 839)</u>	<u>(353 482 751)</u>
<b>Net cash flows from operating activities</b>	32	<u><b>41 744 935</b></u>	<u><b>33 488 496</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(18 208 007)	(11 185 330)
Proceeds from sale of property, plant and equipment	9	431 936	19 736
Purchase of other intangible assets	10	(61 760)	(165 680)
		<u>(17 837 831)</u>	<u>(11 331 274)</u>
<b>Net cash flows from investing activities</b>		<u><b>(17 837 831)</b></u>	<u><b>(11 331 274)</b></u>
<b>Cash flows from financing activities</b>			
Finance lease payments		(3 544)	(10 432)
		<u>(3 544)</u>	<u>(10 432)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>23 903 560</b></u>	<u><b>22 146 790</b></u>
Cash and cash equivalents at the beginning of the year		592 130 504	569 983 713
<b>Cash and cash equivalents at the end of the year</b>	3	<u><b>616 034 064</b></u>	<u><b>592 130 503</b></u>

\* See Note 31

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	200 000	(2 500)	<b>197 500</b>	70 756	<b>(126 744)</b>	Note 47
Rental of facilities and equipment	131 000	(1 000)	<b>130 000</b>	123 908	<b>(6 092)</b>	Note 47
Agency services	118 012 343	-	<b>118 012 343</b>	97 720 254	<b>(20 292 089)</b>	Note 47
Other income	1 343 450	1 000	<b>1 344 450</b>	1 525 810	<b>181 360</b>	Note 47
Interest received - investment	51 850 000	-	<b>51 850 000</b>	51 928 028	<b>78 028</b>	Note 47
<b>Total revenue from exchange transactions</b>	<b>171 536 793</b>	<b>(2 500)</b>	<b>171 534 293</b>	<b>151 368 756</b>	<b>(20 165 537)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants and subsidies	232 248 100	-	<b>232 248 100</b>	230 433 575	<b>(1 814 525)</b>	Note 47
Fines, penalties and forfeits	-	2 500	<b>2 500</b>	2 000	<b>(500)</b>	Note 47
<b>Total revenue from non-exchange transactions</b>	<b>232 248 100</b>	<b>2 500</b>	<b>232 250 600</b>	<b>230 435 575</b>	<b>(1 815 025)</b>	
<b>Total revenue</b>	<b>403 784 893</b>	<b>-</b>	<b>403 784 893</b>	<b>381 804 331</b>	<b>(21 980 562)</b>	
<b>Expenditure</b>						
Employee related costs	(203 910 814)	(605 520)	<b>(204 516 334)</b>	(185 397 997)	<b>19 118 337</b>	Note 47
Remuneration of councillors	(11 482 939)	-	<b>(11 482 939)</b>	(11 363 026)	<b>119 913</b>	Note 47
Depreciation and amortisation	(10 000 403)	(1 652 796)	<b>(11 653 199)</b>	(10 320 548)	<b>1 332 651</b>	Note 47
Finance costs	(8 000)	1 900	<b>(6 100)</b>	(91)	<b>6 009</b>	Note 47
Lease rentals on operating lease	(1 029 500)	-	<b>(1 029 500)</b>	(484 240)	<b>545 260</b>	Note 47
Debt impairment	(1 369 713)	-	<b>(1 369 713)</b>	2 187 943	<b>3 557 656</b>	Note 47
Bad debt written off	-	-	-	(2 257 634)	<b>(2 257 634)</b>	Note 47
Contracted services	(68 487 760)	7 548 074	<b>(60 939 686)</b>	(50 123 794)	<b>10 815 892</b>	Note 47
Transfers and Subsidies	(9 708 500)	(4 726 927)	<b>(14 435 427)</b>	(13 495 524)	<b>939 903</b>	Note 47
General expenses	(95 780 703)	8 727 455	<b>(87 053 248)</b>	(81 672 138)	<b>5 381 110</b>	Note 47
<b>Total expenditure</b>	<b>(401 778 332)</b>	<b>9 292 186</b>	<b>(392 486 146)</b>	<b>(352 927 049)</b>	<b>39 559 097</b>	
<b>Operating surplus</b>	<b>2 006 561</b>	<b>9 292 186</b>	<b>11 298 747</b>	<b>28 877 282</b>	<b>17 578 535</b>	
Loss on disposal of assets and liabilities	(20 000)	(9 287 186)	<b>(9 307 186)</b>	(8 881 450)	<b>425 736</b>	Note 47
Inventories losses/write-downs	-	(5 000)	<b>(5 000)</b>	-	<b>5 000</b>	Note 47
	<b>(20 000)</b>	<b>(9 292 186)</b>	<b>(9 312 186)</b>	<b>(8 881 450)</b>	<b>430 736</b>	
<b>Surplus</b>	<b>1 986 561</b>	<b>-</b>	<b>1 986 561</b>	<b>19 995 832</b>	<b>18 009 271</b>	



## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	585 187 011	-	585 187 011	616 034 060	30 847 049	Note 47
Other receivables from exchange transactions	15 105 301	-	15 105 301	25 427 179	10 321 878	Note 47
Trade receivables from exchange transactions	-	-	-	14 649	14 649	Note 47
Inventories	2 062 851	-	2 062 851	1 792 879	(269 972)	Note 47
Receivables from non-exchange transactions	494 595	-	494 595	69 458	(425 137)	Note 47
VAT receivable	5 200 000	-	5 200 000	5 019 283	(180 717)	Note 47
Employee benefit asset	-	-	-	2 416 597	2 416 597	Note 47
	<b>608 049 758</b>	<b>-</b>	<b>608 049 758</b>	<b>650 774 105</b>	<b>42 724 347</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	178 855 466	-	178 855 466	147 850 488	(31 004 978)	Note 47
Intangible assets	1 414 659	-	1 414 659	780 874	(633 785)	Note 47
Employee benefit asset	32 276 316	-	32 276 316	22 677 800	(9 598 516)	Note 47
	<b>212 546 441</b>	<b>-</b>	<b>212 546 441</b>	<b>171 309 162</b>	<b>(41 237 279)</b>	
Current Assets	608 049 758	-	608 049 758	650 774 105	42 724 347	
Non- Current Assets	212 546 441	-	212 546 441	171 309 162	(41 237 279)	
<b>Total Assets</b>	<b>820 596 199</b>	<b>-</b>	<b>820 596 199</b>	<b>822 083 267</b>	<b>1 487 068</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Operating lease liability	-	-	-	13 605	13 605	Note 47
Finance lease obligation	3 454	-	3 454	-	(3 454)	Note 47
Unspent conditional grants and receipts	2 228 846	-	2 228 846	2 929 750	700 904	Note 47
Payables from exchange transactions	17 830 285	-	17 830 285	9 908 333	(7 921 952)	Note 47
Employee benefit obligation	20 470 620	-	20 470 620	29 267 194	8 796 574	Note 47
Provisions	-	-	-	21 620	21 620	Note 47
	<b>40 533 205</b>	<b>-</b>	<b>40 533 205</b>	<b>42 140 502</b>	<b>1 607 297</b>	
<b>Non-Current Liabilities</b>						
Operating lease liability	-	-	-	6 477	6 477	Note 47
Employee benefit obligation	154 177 064	-	154 177 064	157 665 465	3 488 401	Note 47
	<b>154 177 064</b>	<b>-</b>	<b>154 177 064</b>	<b>157 671 942</b>	<b>3 494 878</b>	
<b>Total Liabilities</b>	<b>194 710 269</b>	<b>-</b>	<b>194 710 269</b>	<b>199 812 444</b>	<b>5 102 175</b>	
<b>Net Assets</b>	<b>625 885 930</b>	<b>-</b>	<b>625 885 930</b>	<b>622 270 823</b>	<b>(3 615 107)</b>	
<b>Net Assets</b>						
<b>Reserves</b>						
Accumulated surplus	625 885 930	-	625 885 930	622 270 823	(3 615 107)	Note 47

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	119 447 793	-	<b>119 447 793</b>	99 321 188	<b>(20 126 605)</b>	Note 47
Grants	232 537 100	-	<b>232 537 100</b>	230 433 575	<b>(2 103 525)</b>	Note 47
Interest income	51 850 000	-	<b>51 850 000</b>	42 739 011	<b>(9 110 989)</b>	Note 47
	<b>403 834 893</b>	-	<b>403 834 893</b>	<b>372 493 774</b>	<b>(31 341 119)</b>	
<b>Payments</b>						
Employee costs	(200 764 514)	-	<b>(200 764 514)</b>	(173 313 216)	<b>27 451 298</b>	Note 47
Suppliers	(178 210 763)	-	<b>(178 210 763)</b>	(146 072 597)	<b>32 138 166</b>	
Other payments: remuneration to councillors	(11 482 939)	-	<b>(11 482 939)</b>	(11 363 026)	<b>119 913</b>	Note 47
	<b>(390 458 216)</b>	-	<b>(390 458 216)</b>	<b>(330 748 839)</b>	<b>59 709 377</b>	
<b>Net cash flows from operating activities</b>	<b>13 376 677</b>	-	<b>13 376 677</b>	<b>41 744 935</b>	<b>28 368 258</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(20 010 397)	-	<b>(20 010 397)</b>	(18 208 008)	<b>1 802 389</b>	Note 47
Proceeds from sale of property, plant and equipment	-	-	-	431 936	<b>431 936</b>	Note 47
Purchase of other intangible assets	(309 773)	-	<b>(309 773)</b>	(61 760)	<b>248 013</b>	Note 47
<b>Net cash flows from investing activities</b>	<b>(20 320 170)</b>	-	<b>(20 320 170)</b>	<b>(17 837 832)</b>	<b>2 482 338</b>	
<b>Cash flows from financing activities</b>						
Finance lease payments	-	-	-	(3 544)	<b>(3 544)</b>	Note 47
<b>Net cash flows from financing activities</b>	-	-	-	<b>(3 544)</b>	<b>(3 544)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(6 943 493)</b>	-	<b>(6 943 493)</b>	23 903 559	<b>30 847 052</b>	
Cash and cash equivalents at the beginning of the year	592 130 504	-	<b>592 130 504</b>	592 130 504	-	
<b>Cash and cash equivalents at the end of the year</b>	<b>585 187 011</b>	-	<b>585 187 011</b>	<b>616 034 063</b>	<b>30 847 052</b>	

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

All figures have been rounded to the nearest Rand.

These annual financial statements have been prepared on a going concern basis.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied with the previous period in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Receivables

The Municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on an individual basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

##### Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

##### Value in use of cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

##### Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1.1 Significant judgements and sources of estimation uncertainty (continued)

##### Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on historical data collected by the municipality. The estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

##### Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficient long maturity to match the estimated maturity of all benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

##### Effective interest rate

The municipality used the prime lending rate to discount future cash flows.

##### Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### 1.2 Reserves

##### Internal ring fenced reserves

##### Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when funds from the CRR are utilised.

- The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.
- Interest earned on the CRR investment is recorded as part of the total interest earned in the Statement of Financial Performance, whereafter such interest may be transferred from accumulated surplus to CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the Municipality and may not be used for the maintenance of these items.
- If gains or losses are made on the sale of assets, these are reflected in the Statement of Financial Performance.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1.2 Reserves (continued)

##### Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued (budget circular) by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

##### Accumulated Surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

#### 1.3 Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with a maturity period of between three and twelve months and are subject to an insignificant risk of change in value. Cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with bank, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Amounts recovered from the Western Cape Provincial Government in respect of the future medical liability of the road staff are included in the balance of cash and cash equivalents.

#### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the supply of services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, the cost is considered to be the fair value as at date of acquisition.

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Accounting Policies

#### 1.4 Property, plant and equipment (continued)

Subsequent to initial recognition, items of property, plant and equipment are measured as follows:

- (i) Plant and equipment - at cost less accumulated depreciation and accumulated impairment losses
- (ii) Land and buildings - at cost less accumulated depreciation and accumulated impairment losses

#### Depreciation

Depreciation is calculated using the straight line method, over the estimated useful lives to their estimated residual value of the assets. The depreciation rates are based on the following estimated useful lives for the current and comparative years:

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Estimated useful life
Land	Straight line	Indefinite
Buildings	Straight line	30-50
Infrastructure	Straight line	15-50
Furniture and fittings	Straight line	3-20
Motor vehicles	Straight line	5-27
Office equipment	Straight line	3-20
Plant and equipment	Straight line	3-50
Other property, plant and equipment	Straight line	3-46
Leased assets	Straight line	5-9

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

**Cape Winelands District Municipality**  
Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised 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.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 - 10 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.6 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The Municipality's heritage assets are culturally significant resources. These assets, in addition to meeting the definition of a Heritage asset, are currently in use as office accommodation and therefor meets the definition of Property, Plant and Equipment.

Heritage assets are not recognised as a heritage asset even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes.

Heritage assets are accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment (GRAP 17). Refer to note 1.4

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1.6 Heritage assets (continued)

The Municipality has the following registered Heritage Assets:

- Building at 46 Alexander Street, Stellenbosch was declared as a Provincial Heritage site on 8 September 1967.
- Building at 194 Main Road, Paarl.

#### 1.7 Changes in accounting policies, estimates errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to applicable note to the annual financial statements for details of corrections of errors recorded during the period under review.

#### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

##### Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

##### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

##### Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability in the case of a financial asset.



## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1.8 Financial Instruments (continued)

##### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

##### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

##### Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

##### Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are recognised at revenue.

**Cape Winelands District Municipality**  
Financial Statements for the year ended 30 June 2018

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange transactions.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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**1.9 Leases (continued)****Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

**Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

**1.10 Inventories**

Inventories consist of unsold properties and consumables.

**Initial measurement**

Inventories are initially measured at cost. Cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

**Subsequent measurement**

Unsold properties and consumables to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Roads inventory to be distributed at no or nominal consideration or to be consumed in the production process of goods to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

**Derecognition**

The Municipality derecognises unsold low cost housing contained in inventory when construction of such properties has been completed and occupation of houses taken by the beneficiaries. At date of derecognition, the expense is recognised in the Statement of Financial Performance.

When other inventories are utilised or consumed, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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#### 1.11 Grants in Aid

The Municipality annually awards grants to organisations in terms of Section 67 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). When making these transfers, the Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

#### 1.12 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

#### 1.13 Budget information

The Municipality is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget covers the period from 2017/07/01 to 2018/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts as prescribed in GRAP 24.

A comparison of actual vs. budgeted revenue and expenditure is disclosed in the Statement of Comparison of Budget and actual amounts and reasons for variances in excess of 10%.

#### 1.14 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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#### 1.14 Related parties (continued)

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

#### 1.15 Value added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act (Act No. 89 of 1991).

#### 1.16 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

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#### 1.16 Impairment of cash-generating assets (continued)

##### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

##### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current prime lending rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of a cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

##### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. The municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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### 1.16 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### 1.17 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

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### 1.17 Impairment of non-cash-generating assets (continued)

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating 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 current 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.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating 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 a non-cash-generating 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. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.



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#### 1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

A contingent asset is a possible asset 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 municipality.

A contingent liability:

- 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 municipality; or
- 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 or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

#### 1.19 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

#### 1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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#### 1.20 Revenue from exchange transactions (continued)

##### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

##### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Agency fees are recognised to the extent of work performed.

##### Interest

Revenue arising from the use by others of municipal assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

#### 1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

##### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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### **1.21 Revenue from non-exchange transactions (continued)**

#### **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### **Transfers**

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### **Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and 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.

#### **Services in-kind**

Services in-kind are not recognised.

### **1.22 Borrowing costs**

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### **1.23 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to notes 32 for detail.

### **1.24 Unauthorised expenditure**

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.25 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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#### 1.25 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.26 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.27 Employee benefits

##### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise 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 recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

##### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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#### 1.27 Employee benefits (continued)

##### Long term receivable

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, a municipality shall recognise its right to reimbursement as a separate asset. The municipality shall measure the asset at fair value. In all other respects, the municipality shall treat that asset in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan may be presented net of the amount recognised for a reimbursement.

The municipality recognised a long term receivable relating to the recoveries from the Department of Transport and Public Works in respect of the post-employment medical benefit relating to the roads staff.

The assumptions used by the actuaries to calculate the portion of the roads staff are the same as that used to calculate the amount of the liability relating to the post-employment medical aid.

##### Multi-employer plans

The entity classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

##### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

## Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1.27 Employee benefits (continued)

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).