



2018-05-29

**NOTICE OF THE 5<sup>th</sup> MEETING OF  
THE COUNCIL OF BREED VALLEY MUNICIPALITY  
TUESDAY, 2018-05-29 AT 10:00**

**TO** The Speaker, Cllr N.P.Mercuur [Chairperson]  
The Executive Mayor, Alderman A. Steyn (Ms)  
The Deputy Executive Mayor, Cllr J.D. Levendal

**COUNCILLORS**

M.N. Bushwana	A.Pietersen
R. Farao	P.C. Ramokhabi
Alderman S.Goedeman	J. Robinson
E.N. Isaacs	M. Sampson
Alderman C. Ismail	E.Y. Sheldon
N. Ismail	I.L. Tshabile
J.R.Jack	Alderman P.Tyira
M. Jacobs	
J.D.P.Jaftha	K.Van der Horst
J.P. Kritzinger	E.Van der Westhuizen
P.B.Langata	J.F. Van Zyl
Z.M. Mangali	J.J. Von Willingh
T.Maridi	W.Vrolick
P. Marran	T.M. Wehr
E.S.C. Matjan	N.P. Williams
S.J.MeI	M.T. Williams
W.R.Meiring	C.F. Wilskut
S.M. Mkhwane	N.J. Wullschleger
V.I. Mngcele	
C.M. Mohobo	
N.Nel	

Notice is hereby given in terms of Section 29, read with Section 18(2) of the *Local Government: Municipal Structures Act, 117 of 1998*, as amended, that the **5<sup>TH</sup> MEETING** of the **COUNCIL** of **BREED VALLEY MUNICIPALITY** will be held in the **COUNCIL CHAMBERS, CWDM, 51 TRAPPE STREET, WORCESTER** on **TUESDAY, 2018-05-29** at **10:00** to consider the items on the Agenda.

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**SPEAKER**

**CLLR NP MERCUUR**

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**AGENDA**

**5<sup>th</sup> COUNCIL MEETING OF THE  
BREDE VALLEY MUNICIPALITY**

**2018-05-29**

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**1. OPENING AND WELCOME**

In terms of the Rules of Order for Internal Arrangement By-Law 2012 the chairperson must take the chair at the time stated in the notice of the meeting or as soon thereafter as is reasonably possible: provided that the meeting does not commence later than 30 (thirty) minutes after the time stated in the notice of the meeting and must proceed immediately with the business of the meeting.

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**2. OFFICIAL NOTICES****2.1 DISCLOSURE OF INTERESTS**

Item 5 of the Code of Conduct for councillors' states:

A councillor must –

- (a) disclose to the council, or any committee of which that councillor is a member, any direct or indirect personal or private business interest that that councillor or any spouse, partner or business associate of that councillor may have in any matter before the council or the committee; and
- (b) withdraw from the proceedings of the council or committee when that matter is considered by the council or committee, unless the council or committee decides that the councillors' direct or indirect interest in the matter is trivial or irrelevant.

**2.2 APPLICATIONS FOR LEAVE OF ABSENCE**

In terms of the Rules of Order for Internal Arrangement By-Law 2012;

- 2.2.1 Every Councillor attending a meeting of the Council must sign his or her name in the attendance register kept for such purpose.
  - 2.2.2 A Councillor must attend each meeting except when –
    - (a) Leave of absence is granted in terms of Clause 10; or
    - (b) The Councillor is required to withdraw in terms of law.
  - 2.2.3 The Attendance Registers will be available at the meeting.
  - 2.2.4 A blank Application for Leave of Absence form is enclosed.
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**3. COMMUNICATION****3.1 INTERVIEWS OR PRESENTATIONS BY DEPUTATIONS**

In terms of the Rules of Order for Internal Arrangement By-Law 2012;

*“A deputation seeking an interview with Council must give the Municipal Manager **6 (six) days** written notice of its intention and furnish details of the representations to be made and the source of the deputation. The Municipal Manager must submit a request by a deputation for an interview with Council to the Speaker, who may decide to grant or refuse an interview and under what conditions”*

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**3.2 BIRTHDAYS OF COUNCILLORS**

Cllr J.F. Van Zyl	4 June 2018
Cllr M.N. Bushwana	21 June 2018
Cllr A. Pietersen	9 July 2018
Cllr I. Tshabile	15 July 2018
Cllr J.D.P. Jaftha	20 July 2018

**3.3 LONG SERVICE AWARDS: EMPLOYEES**

NUMBER	NAME AND SURNAME	POST TITLE AS AT DATE OF LONG SERVICE AWARD	LONG SERVICE YEARS
1	Natasha Adams	Revenue	10
2	Donivan Willemse	Civil Works	10
3	Chantal Matthys	Financial Planning	10
4	Thelma Mema	Library Services	10
5	Neville Karelse	Civil Works	15
6	Hendrick Amon	Civil Engineering (Bulk Water Fairy Glen)	15
7	Iven Klein	Administration (Corporate Support)	15
8	Isak Louw	Civil Works (Water Network)	15
9	Mannetjies Silere	Civil Works (Water Network)	15
10	Anthony Wehr	Civil Works (Cleansing)	15
11	Vusumzi Zanti	Civil Works (Cleansing)	15
12	Zolole Appolis	Civil Works (Water Network)	20
13	Jacobus Benn	Civil Work (Water Network)	20
14	Sameul Bezuidenhout	Civil Works (Roads & Stormwater)	20
<b>15</b>	<b>Demas Konstabel</b>	<b>Traffic Services</b>	<b>20</b>
16	Ntombamahlubi Mapua	Administration	20
17	Abegail Mbali	Revenue	20
18	Joey Ntoyi	Civil Engineering (De La Bat Swimming Pool)	20
19	Phyllis Phangwa	Human Resources	20
20	Raymond Toko	Civil Works (Water Network)	20
21	Daniel Wehr	Civil Work (Roads & Stormwater)	20
22	Roland Klein	Civil Works	25
23	Petrus Du Plessis	Civil Works (Water Network)	30

It is with deep sadness that we have been informed that Mr Demas Konstabel passed away on Thursday, 19 April 2018. The late Mr Konstabel was employed as a General Assistant at the Traffic Department for the past 19 years.

### 3.4 STATEMENTS BY THE SPEAKER

### 3.5 STATEMENTS BY THE EXECUTIVE MAYOR

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## 4. CONFIRMATION OF MINUTES

### 4.1 In terms of the Rules of Order for Internal Arrangement By-Law 2012;

- (a) Minutes of the proceedings of meetings must be compiled in printed form and be confirmed by the Council at the next meeting and signed by the Speaker.
- (b) The minutes shall be taken as read, for the purpose of confirmation, if a copy thereof was sent to each Councillor within forty-eight hours before the next meeting, subject to the provisions of sub-Clause (4).
- (c) No motion or discussion shall be allowed on the minutes, except in connection with the correctness thereof.
- (d) The minutes formulated and screened during meetings, shall constitute a resolution for purposes of implementation of decisions.

### 4.2 Council Meeting held on 19 April 2018 (Copy enclosed)

#### RECOMMENDATION

That in respect of

#### CONFIRMATION OF MINUTES OF PREVIOUS COUNCIL MEETING

discussed by Council at the Council meeting held on 29 May 2018:

- 1. As the Minutes of the Council Meeting held on 19 April 2018 were sent to each councillor at least forty-eight hours prior to the meeting, the minutes of the Council meeting held 19 April 2018 be taken as read and confirmed.
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## 5. REPORT BY THE EXECUTIVE MAYOR ON DECISIONS TAKEN BY THE EXECUTIVE MAYOR, THE EXECUTIVE MAYOR TOGETHER WITH THE DEPUTY EXECUTIVE MAYOR AND THE MAYORAL COMMITTEE

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### 5.1 The Deputy Executive Mayor: Cllr. J.D. Levendal

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**5.2 MMC1: Cllr. M. Sampson**

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**5.3 MMC 3: Cllr. J.P. Kritzinger**

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**5.4 MMC 4: Cllr. R. Faroa**

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**5.5 MMC 5: Cllr. S.J. Mei**

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**5.6 MMC 6: Cllr. E.Y. Sheldon**

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**5.7 MMC 7: Cllr. W.R. Meiring**

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**5.8 MMC 8: Cllr. J.F. Van Zyl**

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**6. CONSIDERATION OF AGENDA ITEMS****6.1 2018/19 FINAL BUDGET MEDIUM TERM REVENUE AND EXPENDITURE  
FRAMEWORK****File No:** 3/2/2/18**Responsible Official:** R Ontong**Directorate:** Financial Services**Portfolio:** Financial Planning

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**1. Purpose**

The purpose of this submission is to present the 2018/19 MTREF Final Budget.

**2. Legal Framework**

Section 16 of the Municipal Finance Management Act states:

“Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

**Contents of annual budgets and supporting documents**

17. (1) An annual budget of a municipality must be a schedule in the prescribed format —
    - (a) setting out realistically anticipated revenue for the budget year from each revenue source;
    - (b) Appropriating expenditure for the budget year under the different votes of the municipality;
    - (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
    - (d) Setting out —
-

(i) Estimated revenue and expenditure by vote for the current year; and

(ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and

(e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed”

### **3. Financial Implications**

The financial implications of the 2018/19 MTREF budget is captured in the Budget Report.

### **4. Annexures**

Municipal Budget and Reporting Regulations Schedule-A Budget tables (**Annexure A**)

Quality Certificate (**Annexure B**)

Revised Budget Related Policies (**Annexure C**)

- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Insurance Management Policy
- Long Term Financial Plan Policy
- Property Rates Policy
- Tariff Policy
- Write-off Policy
- Asset Management Policy
- Borrowing Policy
- Budget Implementation and Management Policy
- Budget Virement Policy
- Costing Policy
- Supply Chain Management Policy
- Infrastructure Investment and Capital Projects Policy

Municipal Tariffs (**Annexure D**)

Municipal Finance Management Act Budget Circulars (**Annexure E**)

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# MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

2018/2019 – 2020/2021

# BREED VALLEY

Municipality

Munisipaliteit

U Masipala wase



WORCESTER ▼ RAWSONVILLE ▼ DE DOORNS ▼ TOUWS RIVER

29 MAY 2018

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  17. Legislation compliance status
  18. Other supporting documents
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**Abbreviations and Acronyms**

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt-hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care

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PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

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**PART 1 – Annual Budget****1. Mayor’s Report**

The Breede Valley Municipality remains committed to the cause of bringing respectable services to all households. We as a municipality acknowledge the fact that households are faced with numerous difficulties, ranging from social to economic challenges. We view our role as integral in addressing these challenges to improve quality of life, and will therefore continue to play our part by creating a conducive environment for job creation and social development in our community. It should be understood that not all plans will be completed within the timeframes due to various unforeseen challenges, but we as a municipality is committed in ensuring that all projects commenced are completed.

This budget serves the purpose of outlining future service delivery objectives by reflecting on the past financial years and anticipation in anticipation for future advances.

Breede Valley municipality has made significant progress in fighting service delivery backlogs, but also acknowledges that there is still a lot to be done. We will continue with the good work and improve wherever improvement is needed to ensure that this municipality better the quality of life for the people within Breede Valley municipal area.

**2. Resolutions**

It is recommended to council that in respect of the 2018/19 MTREF, and outer financial years that council approves the 2018/19 MTREF budget in terms of section 24 of the Municipal Finance Management Act.

**3. Executive Summary****3.1 Legislative Background**

Section 16 of the Municipal Finance Management Act states:

“Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

**Contents of annual budgets and supporting documents**

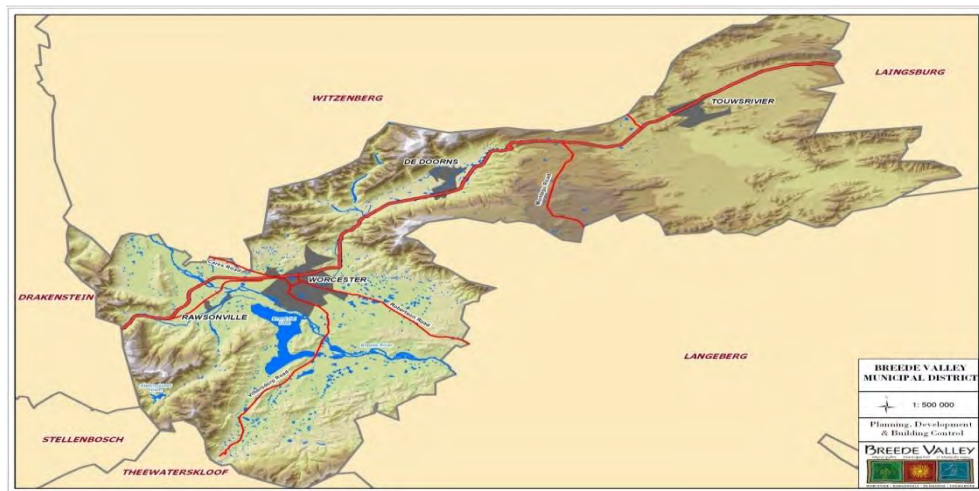
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17. (1) An annual budget of a municipality must be a schedule in the prescribed format

- (a) setting out realistically anticipated revenue for the budget year from each revenue source;
- (b) Appropriating expenditure for the budget year under the different votes of the municipality;
- (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
- (d) Setting out —
  - (i) Estimated revenue and expenditure by vote for the current year; and
  - (ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and
- (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed”

### 3.2 Municipal General Overview

The map below outlines the geographical area of Breede Valley Municipality. As per the map Breede Valley Municipality serves the towns of De Doorns, Rawsonville, Touwsrivier and Worcester. Surrounding municipalities include Drakenstein Municipality, Langeberg Municipality, Laingsburg Municipality, Stellenbosch Municipality, Theewaterskloof and Witzenberg Municipality. All the mentioned municipalities, including Breede Valley Municipality forms part of the Cape Winelands District Municipality.





Strategic Framework, Pillars and Objectives of the Municipality





## Strategic Pillars & Objectives

Strategic Pillars	Strategic Objectives
<b>Opportunity</b>	To create a unique and caring Valley of service excellence, opportunity and growth
<b>Safety</b>	To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's People
<b>Caring</b>	To create an enabling environment for employment and poverty eradication through pro-active economic development and tourism
<b>Inclusive</b>	To provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local government
<b>Well-run municipality</b>	To assure a sustainable future through sound financial management, continuous revenue growth, corporate governance and risk management practises
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### 3.3 Budget Principles and Criteria

The 2018/19 MTREF was compiled based on the following principles and criteria:

#### Credibility

- Planned Activities must be consistent with the IDP and vice versa.
- Financial viability of municipality should not be jeopardised.
- Ensure Capacity to spend the budget.

#### Sustainability

- Financial sustainability/ overall financial health of Municipality.
- Revenue/ Expenditure budgeted must be realistic.

#### Responsiveness

- To the needs of the community / public.
- Alignment of IDP, LED Strategies with Budget to give effect to provincial and national priorities.
- Budget must be responsive to economic growth objectives and the socio-economic needs of the community.

**Affordability**

- Tariffs must not be increased unreasonably and consumers must be able to afford tariffs.

The 2018/2019 budget is compiled in line with chapter 4 of the Municipal Finance Management Act, MFMA Budget Circulars and other relevant circulars and / or guidelines from National Treasury and Provincial Treasury. The budget strives to be consistent with the financial norms and ratios as per the MFMA Circular 71 to ensure sound and sustainable management of financial affairs of the municipality. The budget is also consistent with the Long Term Financial Plan to ensure synergy between long term planning and implementation of planning. Other important principles includes addressing the need of access to basic services and the efficient capacitation of the municipality, which is in many instances a challenge given limited financial resources.

The main challenges experienced with the compilation of the 2018/19 MTREF are as follow:

- Implementation of mSCOA;
- Effect of water crisis on the revenue generation;
- Consumers exploring alternative energy sources and using less municipal electricity
- Direct effect of the current state of the economy on larger municipalities relying on progressive economic activity;
- Ageing infrastructure and increasing service delivery backlogs; and
- Increasing cost of bulk purchases versus the electricity tariff increases, resulting in pressure to maintain a balance between sustainability, growth and affordability of services.

Service charges and other revenue sources are prepared in accordance with planned activities / initiatives / developments and past performance trends to ensure that the budgeted amounts are realistic and do not negatively affect the credibility of the final budget and the financial position of the municipality.

The operating expenditure budget compilation process was done in line with the MFMA budget circulars. In instances of inconsistencies, appropriate reasons for the corresponding deviations are provided.

MFMA circular 70 highlighted examples of non-priority spending that need to be addressed by municipalities. Breede Valley Municipality remains commitment to the elimination of these non-priority items from the 2015/16 MTREF and applying zero percent increases on related items where elimination or a decrease in the 2018/19 MTREF budget is not possible.

Further, MFMA circular 82 on cost containment measures was also taken into consideration with the aim of promoting section 62(1)(a) of the MFMA through the effective, efficient and economical use of municipal resources.

The latest allocations (except for the Equitable Share allocation) from National Government and Provincial Government to Breede Valley Municipality for the 2017/18 MTREF were not included as part of the tabled budget in March 2018. This was due to the timing of the publication of national and provincial allocations, which would have created severe challenges to comply with the legislated tabling date of latest 31 March if the municipality had to include the latest allocations.

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Budget engagements and prioritization of budget inputs are done well in advance due to the complexity of aligning needs with available resources. These allocations now form part of the final budget to be tabled to council after various engagements with the relevant user departments regarding priority, affordability and the impact of service delivery.

The capital budget for 2018/19 aims to address the capital needs within the municipal area, given the available resources internally and externally. The main source of funding remains conditional grant allocations from National and Provincial government departments, followed by either internal funding or external loans (when applicable).

### 3.4 Rebates

Rebates relating to Unemployed, Indigent and Pensioners (under and over 70 years of age) are displayed below:

#### 3.4.1 Rebates: Unemployed and Indigent

Household Income	Rates	Sewer	Refuse	Rental
R0 - R4 500	50%	50%	50%	100%
Max. Valuation	R 150 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

#### 3.4.2 Rebates: Pensioner

Household Income	Rates	Sewer	Refuse	Rental
Government Pension & Disability / Pensioners 60 years and older				
R0 - R4 500	100%	100%	100%	100%
Max Valuation	R 150 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

#### 3.4.3 Rebates: Pensioner 70 years and older

Pensioners falling in this category are eligible for an additional R65 000.00 rebate on the calculation of their property rates bill. This overall rebate is capped at R150 000.00

#### 3.4.4 Special Rating Area (SRA)

In terms of Section 22 of the Municipal Property Rates Act a municipality may by resolution of its Council determine an area within that Municipality as a Special Rating Area (SRA) and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area. The SRA must submit a budget to the Council annually in terms of the Special Rating Areas By-law.

### 3.5 Budget Overview

The budget overview provides insight pertaining to the operating and capital budgets over the MTREF

#### 3.5.1 Operating Revenue

The table below reflects the operating revenue in relation to the current year and 2018/19 MTREF.

Description	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>			
<b><u>Revenue By Source</u></b>			
Property rates	145 753	153 915	162 534
Service charges - electricity revenue	395 845	418 573	442 605
Service charges - water revenue	77 097	81 427	85 999
Service charges - sanitation revenue	67 984	72 847	77 969
Service charges - refuse revenue	37 962	40 088	42 332
Service charges - other	–	–	–
Rental of facilities and equipment	8 842	9 189	9 036
Interest earned - external investments	13 074	13 806	14 579
Interest earned - outstanding debtors	3 181	3 359	3 547
Dividends received	–	–	–
Fines, penalties and forfeits	75 258	75 058	74 863
Licences and permits	3 424	3 616	3 818
Agency services	7 793	8 230	8 690
Transfers and subsidies	146 455	177 724	161 766
Other revenue	10 271	10 846	11 454
Gains on disposal of PPE	1 190	1 257	1 327
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>994 129</b>	<b>1 069 933</b>	<b>1 100 520</b>

The overall operating revenue (excluding capital transfers and contributions) is budgeted at R994.13 million for the 2018/19 financial year and R1.07 billion and R1.10 billion in 2019/20 and 2020/21, respectively.

Based on the current economic climate within the Breede Valley municipal area, tariffs (excluding electricity) were kept in line with the guidelines as per MFMA budget circular. This inflation linked increase in tariffs aim to promote sustainability of the revenue, other than the counterproductive method of increasing tariffs to such an extent that the collection rate deteriorates.

**Property Rates:** The increase in property rates is mainly attributed to the new Supplementary Valuation roll being implemented during March 2018.

In terms of Section 22 of the Municipal Property Rates Act a municipality may by resolution of its Council determine an area within that Municipality as a Special Rating Area (SRA) and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area. The SRA must submit a budget to the Council annually in terms of the Special Rating Areas By-law.

**Electricity Revenue:** The increase in electricity revenue based on the current trends of consumption and the alignment of the tariff structure to the NERSA benchmarks for the different types of consumers.

**Water Revenue:** The increase in water revenue is based on the current and anticipated consumption levels over the MTREF. Amendments to the tariff structure were also made to ensure cost recovery given the decrease in water consumption.

**Service Charges:** Refuse revenue and sanitation revenue are projected to increase by 6.40 percent and 6.10 percent, respectively.

**Interest on External Investments:** The increase in investment revenue is informed by the municipality's current investment portfolio, and the anticipated return on investments to be made during the 2018/19 financial year.

**Interest Earned – Outstanding Debtors:** The increase in outstanding debtors is due to the current and anticipated recovery of revenue from the municipality's client base and the anticipated collection rate for the MTREF. It should be noted that additional / new clients are mainly in the form of low income household, which have a high likelihood of non-payment. The municipality maintains its aggressive debt collection and credit control initiatives to educate and assists defaulters and potential defaulters to make payment arrangements on outstanding amounts. These arrangements are interest free which will result in a decrease in interest on outstanding debtors.

**Fines:** The decrease in revenue from fines in 2018/19 when compared to 2017/18 is based on the higher than initially anticipated increase during the current year adjustment budget. The current performance during the 2017/18 financial year resulted in a significant upwards adjustment. This increase in fines revenue is anticipated to return to the back to the normal given that the contract of our current service provider will lapse at the end of the 2017/18 financial year. Any new service provider in relation to fines will be subjected to a stricter contractual agreement, in preventing the excessive billing and write-offs.

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**Transfers Recognised – Operational:** This revenue item is based on the operational transfers (conditional and unconditional) as per the 2018/19 budget year allocations.

### 3.5.2 Operating Expenditure

The table below reflects the operating expenditure in relation to the current year and 2018/19 MTREF.

Description	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>			
<b><u>Expenditure By Type</u></b>			
Employee related costs	310 637	333 551	353 849
Remuneration of councillors	18 129	19 489	20 900
Debt impairment	59 662	63 003	66 531
Depreciation & asset impairment	86 305	91 139	96 242
Finance charges	24 505	23 654	22 833
Bulk purchases	281 892	298 238	315 532
Other materials	11 612	12 263	12 949
Contracted services	117 526	117 086	122 448
Transfers and subsidies	21 598	50 516	23 340
Other expenditure	76 178	78 818	86 597
Loss on disposal of PPE	3 304	3 489	3 684
<b>Total Expenditure</b>	<b>1 011 348</b>	<b>1 091 244</b>	<b>1 124 905</b>

Total budgeted operating expenditure for the 2018/19 financial year amounts to R1.01 billion and the outer years R1.09 billion and R1.13 billion respectively

**Employee related cost:** Employee related cost is based collective agreement and on amendments to be made on the current structure.

The personnel budget is calculated for the 12 months of the financial year, regardless of when the post are to be filled. The savings that arise from filling vacancies later than the start of the financial year, are then used during the adjustment budget to finance other operational expenditure priorities and as contributions to the CRR for capital expenditure priorities.

Thus, the percentage increase from 2017/18 to 2018/19 appears excessive, but given the decreased adjusted budget figure in the current year, and the fact that the “12 month principle” is applied for the 2018/19 financial year also, it is accepted as realistic and credible. This increase

is also influenced by the implementation of TASK process currently underway that is having significant financial implications in some cases where employees earning higher salaries.

The municipality is still in the process of conducting a work study to ensure an effective and efficient staff structure with an efficient and effective office space redesign.

**Debt Impairment:** The fines and corresponding write-off will be managed within the available budgets. These amounts will be reviewed with the 2018/19 adjustments budget if needed.

**Depreciation and asset impairment:** Depreciation is calculated based on the useful lives of assets, which are currently being reviewed. The commission date of the majority of capital projects are more to the end of the financial year (based on past trends), resulting in new additions not having a full year's depreciation, but only a part thereof.

**Finance charges:** No borrowings will be taken up in 2018/19. The finance charges are calculated based on the municipality's borrowing portfolio. It should also be noted that the interest portion of the repayment decreases over the term of the loan.

**Bulk Purchases:** This item comprises of electricity and water bulk purchases. The component relating to water is adjusted with 6.0 percent, whereas the electricity component is calculated based on the NERSA guideline. It should be noted that the electricity bulk purchases was decreased during the current year adjustment budget and is also applied in the 2018/19 financial year given consumption trends observed.

**Other materials:** This item previously consisted of repair and maintenance but since the current year adjustment budget is now mainly representative of store items (Municipal Stores). The reclassification due to mSCOA resulted in repair and maintenance items being spread across the different expenditure types.

**Transfers and Subsidies:** This items was also severely affected by mSCOA reclassification during the current year adjustment budget as this now includes HSDG spending (operational) that was previously reported under Other Expenditure. The increase is based on the planned grant expenditure given the allocation(s) from the transferring (National or Provincial) department(s)

**Other expenditure:** As mentioned above, HSDG spending (operational) previously resorted under Other Expenditure, but is now recorded under Transfers and Subsidies.

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## 3.5.3 Capital budget

MBRR Table A5 - Budgeted Capital Expenditure by standard classification and funding source

Vote Description	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>			
<b><u>Capital Expenditure - Functional</u></b>			
<i><b>Governance and administration</b></i>	<b>14 933</b>	<b>1 913</b>	<b>800</b>
Executive and council	10	–	–
Finance and administration	14 923	1 913	800
Internal audit	–	–	–
<i><b>Community and public safety</b></i>	<b>19 799</b>	<b>10 740</b>	<b>6 285</b>
Community and social services	11 856	10 585	1 483
Sport and recreation	4 740	155	210
Public safety	3 203	–	4 593
Housing	–	–	–
Health	–	–	–
<i><b>Economic and environmental services</b></i>	<b>30 352</b>	<b>25 161</b>	<b>8 200</b>
Planning and development	3 632	2 950	–
Road transport	26 720	22 211	8 200
Environmental protection	–	–	–
<i><b>Trading services</b></i>	<b>161 433</b>	<b>103 389</b>	<b>118 955</b>
Energy sources	39 781	16 787	30 060
Water management	55 771	38 433	34 974
Waste water management	59 932	35 438	53 587
Waste management	5 950	12 731	335
<i><b>Other</b></i>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Functional</b>	<b>226 517</b>	<b>141 203</b>	<b>134 240</b>
<b><u>Funded by:</u></b>			
National Government	38 810	38 932	55 282
Provincial Government	102 280	62 950	24 000
District Municipality	–	–	–
Other transfers and grants	–	–	–
<b>Transfers recognised - capital</b>	<b>141 090</b>	<b>101 882</b>	<b>79 282</b>
<b>Public contributions &amp; donations</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Borrowing</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>	<b>85 427</b>	<b>39 321</b>	<b>54 958</b>
<b>Total Capital Funding</b>	<b>226 517</b>	<b>141 203</b>	<b>134 240</b>

The total capital budget for the 2018/19 financial year amounts to R226.52 million. As per the table above, the majority of funding is allocated to trading services which will ultimately promote service delivery and revenue generation.

The municipality implemented quarterly budget engagements where performance of the capital budget & Grant funding are tracked. Grant funding is anticipated to be 100% implemented in the current financial year.

Kindly refer to SA36 for the detail capital budget.

#### 4. Annual Budget Tables

The budget tables prepared in accordance with the Municipal Finance Management Act, and Municipal Budget and Reporting Regulations are listed in below:

- **Table A1** Budget Summary
- **Table A2** Budgeted Financial Performance (Revenue and Expenditure by standard classification)
- **Table A3** Budgeted Financial Performance (revenue and expenditure by municipal vote)
- **Table A4** Budgeted Financial Performance (revenue and expenditure)
- **Table A5** Budgeted Capital Expenditure by vote, standard classification and funding
- **Table A6** Budgeted Financial Position
- **Table A7** Budgeted Cash Flows
- **Table A8** Cash Backed Reserves / Accumulated Surplus Reconciliation
- **Table A9** Asset Management
- **Table A10** Basic Service Delivery Measurement

Kindly refer to Appendix A for the detailed Schedule A tables.

Brede Valley Municipality do not have any entities, therefore, no consolidation of budget information and tables are presented in the document and other supporting documentation.

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## PART 2 – Supporting Documentation

## 5. Overview of Annual Budget Process



STEP	PROCESS
<b>1. Planning</b>	Schedule key dates, establish consultation forums, review previous processes
<b>2. Strategising</b>	Review IDP, Determine priorities, set service delivery targets and objectives for the next three years, consult on tariffs, indigent, credit control, free basic services, etc and consult local, provincial, and national issues, previous years performance and current economic and demographic trends.
<b>3. Preparing</b>	Prepare budget, revenue, expenditure projections, draft budget policies, consult and consider local, provincial and national priorities.
<b>4. Tabling</b>	Table draft budget, IDP and budget related policies before the council, consult and consider formal local, provincial, and national inputs and responses.
<b>5. Approving</b>	Council approves budget and related policies.
<b>6. Finalising/ Implementation</b>	Publish and approve SDBIP and annual Performance agreements and Indicators. Publish Budget in terms of sect.22 MFMA

**DETAIL PROCESS FOLLOWED AND MSA AND IDP CREDIBILITY REQUIREMENTS (updated)**

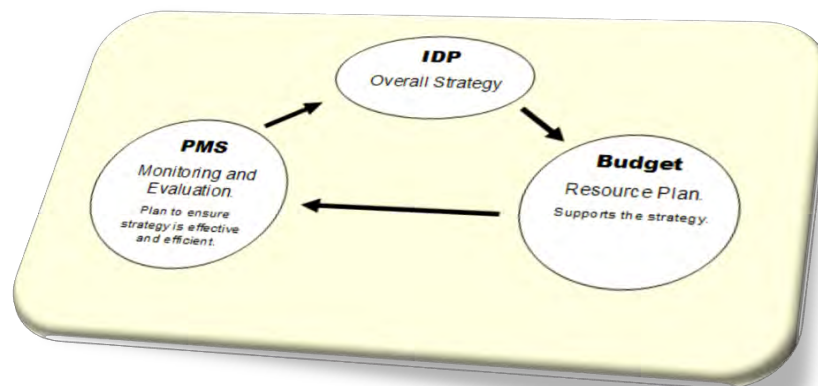

ISSUE	TIMEFRAME
IDP/Budget Process Plan/Timetable approved by council	August 2017
IDP Meetings – inputs from Ward Councillors & Ward Committees	October - November 2017
First IDP/ Budget Steering Committee Meeting	November 2017
Departmental inputs on Draft allocations	November and December 2017
Second Budget Steering Committee – Consider Adjustment budget	January 2018
IDP Rep Forum Consultation	November 2017 March 2018
Draft Budget input captured and Budget balanced	March 2018
Draft IDP & Budget tabled in Council	March 2018
IDP & Budget workshop - Council	March - April 2018
Public Consultation	March - April 2018
LGMTEC Engagement	April 2018
Finalise Sector / Dept Strategy Plan / Budget - IDP	April 2018
Consideration of Comments received	April 2018
Tabling of Final MTREF	End May 2018

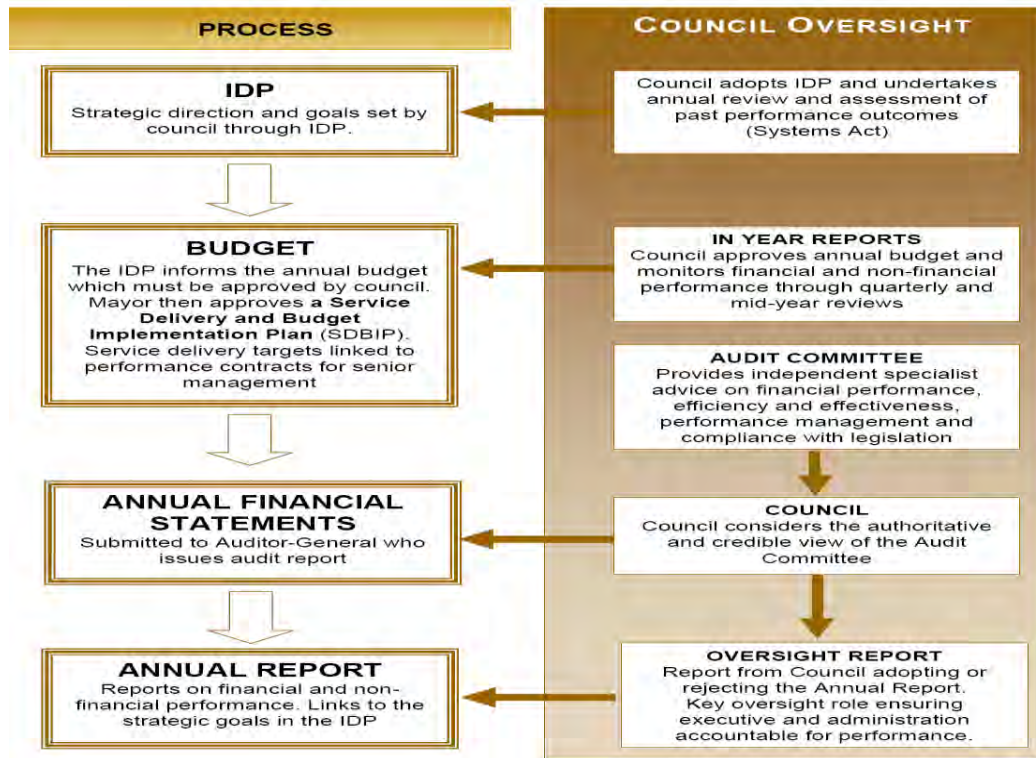
The IDP / Budget process plan was consulted with all relevant stakeholders, whom are:

- Council
- Executive Mayor and Mayoral Committee
- Accounting Officer
- Management
- Institutional Committees
- District Municipality (Cape Winelands District Municipality)
- Intergovernmental (National Treasury, Provincial Treasury and Department of Local Government)
- Ward councillors, ward committees and community in wards

#### 6. Overview of alignment of annual budget with Integrated Development Plan

The below diagrams illustrates the link between the municipality's IDP and Budget





**MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

WC025 Breede Valley - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)					
Strategic Objective	Goal	Goal Code	2018/19 Medium Term Revenue & Expenditure Framework		
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>					
To provide, maintain and assure basic services and social upliftment for the Breede Valley community	Sustainable basic services to communities	1	833 609	864 321	859 777
To create an enabling environment for employment and poverty eradication through proactive economic development and tourism	Poverty eradication through LED and Tourism	2	2 389	-	-
To ensure a safe, healthy, clean and sustainable external environment for all the residents in the Breede Valley	Safe, healthy and clean environment	3	88 353	87 134	88 936
Provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local government	Good governance and public participation	4	13 941	13 241	11 802
Ensure a healthy and productive workforce and an effective and efficient work environment	Healthy and productive workforce	5	1 249	157	166
Assure a sustainable future through sound financial management, continuous revenue growth corporate governance and risk management practices	Sound financial management, viability and risk management	6	195 679	206 962	219 121
<b>Allocations to other priorities</b>					
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>1 135 219</b>	<b>1 171 815</b>	<b>1 179 802</b>

**MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure****WC025 Breede Valley - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)**

WC025 Breede Valley - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)					
Strategic Objective	Goal	Goal Code	2018/19 Medium Term Revenue & Expenditure Framework		
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>					
To provide, maintain and assure basic services and social upliftment for the Breede Valley community	Sustainable basic services to communities	1	685 243	749 189	758 770
To create an enabling environment for employment and poverty eradication through proactive economic development and tourism	Poverty eradication through LED and Tourism	2	6 684	4 765	5 320
To ensure a safe, healthy, clean and sustainable external environment for all the residents in the Breede Valley	Safe, healthy and clean environment	3	125 926	132 566	139 844
Provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local government	Good governance and public participation	4	99 064	105 380	114 076
Ensure a healthy and productive workforce and an effective and efficient work environment	Healthy and productive workforce	5	9 826	9 460	12 972
Assure a sustainable future through sound financial management, continuous revenue growth corporate governance and risk management practices	Sound financial management, viability and risk management	6	84 606	89 883	93 923
<b>Allocations to other priorities</b>					
<b>Total Expenditure</b>			<b>1 011 348</b>	<b>1 091 244</b>	<b>1 124 905</b>



**MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure****WC025 Breede Valley - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

Strategic Objective	Goal	Goal Code	2018/19 Medium Term Revenue & Expenditure Framework		
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>					
To provide, maintain and assure basic services and social upliftment for the Breede Valley community	Sustainable basic services to communities	1	204 804	137 756	128 818
To create an enabling environment for employment and poverty eradication through proactive economic development and tourism	Poverty eradication through LED and Tourism	2	-	-	-
To ensure a safe, healthy, clean and sustainable external environment for all the residents in the Breede Valley	Safe, healthy and clean environment	3	5 440	-	4 593
Provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local government	Good governance and public participation	4	13 523	2 648	30
Ensure a healthy and productive workforce and an effective and efficient work environment	Healthy and productive workforce	5	975	-	-
Assure a sustainable future through sound financial management, continuous revenue growth corporate governance and risk management practices	Sound financial management, viability and risk management	6	1 775	800	800
<b>Allocations to other priorities</b>					
<b>Total Capital Expenditure</b>			<b>226 517</b>	<b>141 203</b>	<b>134 240</b>

**7. Measurable performance objectives and indicators**

SA7 provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Please refer to SA7 in Annexure A.

**8. MBRR Table SA8 - Performance indicators and benchmarks**

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF.

Please refer to table SA8 of Annexure 1.

**9. Overview of Budget Related Policies**

The following budget related policies are in use:

- Asset Management Policy
- Borrowing Policy
- Budget Policy
- Budget Virement Policy
- Costing Policy

- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Insurance Management Policy
- Long Term Financial Plan Policy
- Property Rates Policy
- Tariff Policy
- Write-off Policy
- Supply Chain Management Policy.
- Infrastructure Investment and Capital Projects Policy

Please refer to annexure D for the budget related policies.

## 10. Overview of Budget Assumptions

The following budget assumptions were used as basis for compilation of the 2018/19 MTREF:

- Tariff increases:

Service	Percentage Increase (%)
Electricity	As per NERSA guideline
Water	8.00%
Sewerage	6.10%
Refuse	6.40%

**\*Kindly refer to Annexure E for the complete list of tariffs**

- CPIX = 5.3 percent (MFMA budget circular 91)
- Employee related cost is based collective agreement.
- Government Grant will be received as gazetted by National and Provincial Government.
- Electricity bulk purchases in line with NERSA guideline.
- Minimal growth in revenue base. Mostly related to low cost housing.
- No / limited increases applied on cost containment items.
- Indigent households is anticipated to remain in the region of 8000 households (formal)
- Budgeted collection rate equals to 95 percent
- Conditional grant will be fully spent
- No borrowings to be undertaken over the MTREF
- Credit rating: Baa1.za

## 11. Overview of Budget Funding

**Funding sources of operating expenditure budget.**



## WC025 Breede Valley - Table A1 Budget Summary

Description	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>			
<b>Financial Performance</b>			
Property rates	145 753	153 915	162 534
Service charges	578 888	612 934	648 906
Investment revenue	13 074	13 806	14 579
Transfers recognised - operational	146 455	177 724	161 766
Other own revenue	109 959	111 554	112 735
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>994 129</b>	<b>1 069 933</b>	<b>1 100 520</b>

The table above is a summarised version of the operating revenues over the budget year and two outer years. This overview provides the funding for operating expenditure to be incurred in future financial years.

## Funding sources of capital expenditure budget

## WC025 Breede Valley - Table A5 Budgeted Capital Expenditure by vote, functional classification and fundi

Vote Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>Funded by:</b>			
National Government	38 810	38 932	55 282
Provincial Government	102 280	62 950	24 000
District Municipality	-	-	-
Other transfers and grants	-	-	-
<b>Transfers recognised - capital</b>	<b>141 090</b>	<b>101 882</b>	<b>79 282</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>85 427</b>	<b>39 321</b>	<b>54 958</b>
<b>Total Capital Funding</b>	<b>226 517</b>	<b>141 203</b>	<b>134 240</b>

Similar to the operating revenue, the capital funding indicates how the capital programme of the municipality will be financed in future years. Based on the above table, it is clear that the municipality is largely grant dependant when external funding (loans) are not being taken up. However, it should be noted that significant progress was made with regards to the contribution of own resources to the capital programme.

Internal funding in the form of the Capital Replacement Reserve (CRR) is cash backed and sufficient to cover the related capital expenditure projects for the budget year. The municipality remains committed in growing the CRR by making contributions to this reserve to enable better

service delivery in the form of capital expenditure. Projects funded from the CRR will be closely monitored to aid implementation and where adjustments are required due to implementation challenges, funds will be directed or reprioritised as per the prerogative of management, through the guidance of the IDP and / or the municipality's financial status.

External loans from previous financial years may at a later stage feature in the budget to address capital needs. As per the table above, no external loans are allocated to the 2018/19 budget year for implementation. Projects to be funded from this finance/ source (borrowings) in the 2018/19 financial year are funded from available loan balances not taken up in the 2017/18 financial year or which remains unspent at 30 June 2018. These balances mainly resulted from savings on projects completed by the municipality in prior financial years. This further implies that no savings on the 2017/18 projects is anticipated at this point in time.

**12. Expenditure on allocations and grant programmes**

**MBRR SA19 - Expenditure on transfers and grant programmes**

Kindly refer to table SA19 of Annexure A.

**13. Allocations or grants made by the municipality**

**MBRR SA21- Transfers and grants made by the municipality**

Kindly refer to table SA21 of Annexure A.

**14. Councillors and board members allowances and employee benefits**

**MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Kindly refer to table SA23 of Annexure A.

**15. Monthly targets for revenue, expenditure and cash flow**

Kindly refer to table SA25 of Annexure A.

**16. Contracts having future budgetary implications**

**MBRR SA33 – Contracts having future budgetary implications**

Please refer to table SA33 of annexure A.

**MBRR SA35 - Future financial implications of the capital budget**

Please refer to table SA35 of annexure A.

**17. Capital expenditure details**

**MBRR SA36 - Detailed capital budget per municipal vote**

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Municipal Vote/Capital project	Program/Project description	2018/19 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand				
	<b>MTREF</b>			
	<b>Technical Services</b>			
	Worcester WwTW			
Technical Services	Beltpresses ( 3 of plus 1 standby) Mig Counter funding	150	–	
Technical Services	Stettynskloof Water Supply (Worcester/Rawsonville)			
Technical Services	Upgrading of Stettynskloof Supply Pipe Line - Phase 3 (MIG 164422)	200	–	3 433
	Rawsonville WwTW			
Technical Services	Extension of WwTW (0,24 Ml/day)	200	–	6 447
	Klipvlakte/ Transhex Residential Development (13 000 erven)			
Technical Services	External Stormwater pipeline (MIG)	–	–	6 948
Technical Services	Electrical Reticulation	5 000	4 480	19 052
Technical Services	Bulk Electrical: Worcester Transhex 7300	13 300	–	–
	New Sewer Pump Station & Rising Main (MIG number 236184)			
Technical Services	MIG	12	–	–
	Reservoirs			
Technical Services	Langerug	25 934	–	418
Technical Services	Reservoir, supply pipeline and augmentation of pumpstation (MIG Counter funding)	3 537	–	–
Technical Services	Pre-loads	303	12 105	11 163
	Transhex Sewer Pumpstation and rising main			
Technical Services	Sewer pumpstation and rising main (MIG Conter funding)	40	–	–
Technical Services	Sewer pumpstation and rising main (MIG Conter funding)	10 000	–	–
	Resealing of Roads			
Technical Services	Resealing of Municipal Roads - Rawsonville	–	1 511	–
	Resealing of Municipal Roads - Worcester			
Technical Services	CRR	4 500	–	–
	Resealing of Municipal Roads - De Doorns			
Technical Services	CRR	250	–	–
Technical Services	Resealing of Municipal Roads - Touws River	250	1 000	–
	Electricity (8112)			
Technical Services	Refurbishment of electrical system	–	9 000	11 000
Technical Services	Electrical Reticulation - Upgrade Gasnat Substation install new Switch gear.	1 300	–	–
Technical Services	Cherry Picker vehicles x 10	5 450	–	–
Technical Services	Replacement of old VT'S and CT'S at Robertson Substation.	2 000	–	–
	Refurbishment of electrical system (NERSA)			
Technical Services	1) 1x 4x4 Truck with hydraulic crane - pole manipulator and aerial platform	3 500	–	–
Technical Services	2) Quality of supply data loggers and monitoring equipment.	750	–	–
Technical Services	complete.	2 000	2 000	–
Technical Services	1) 1x 4x6 Truck with hydraulic crane - pole manipulator and aerial platform	3 150	–	–
	Refuse Removal (6603)			
Technical Services	Worcester : Material Recovery Facility (MIG Form ID 237066)	–	7 188	–
	<b>SOLID WASTE MANAGEMENT</b>			
	<b>WORCESTER</b>			
Technical Services	Upgrading of Offices and Stores - Fairbain str.	400	–	–
Technical Services	Refuce Compactor Trucks (19m²)	2 500	2 500	–
Technical Services	Wheeliebins	250	250	–
	Ward 1			
Technical Services	Touws River: Water Reticulation System (61 existing erven)	–	1 100	–

Municipal Vote/Capital project	Program/Project description	2018/19 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand				
	Ward 2			
Technical Services	De Doorns : Transfer Station	–	1 143	335
Technical Services	New Retention Ponds - De Doorns: South of N1 (MIG Number 202347)	–	–	373
Technical Services	funding)	–	5 986	4 334
Technical Services	Stormwater : New Retention Ponds (MIG 202347 - Counter funding)	–	–	2 590
	Ward 3			
Technical Services	Replacement of water pipes	1 300	–	–
	Ward 5			
Technical Services	De Koppen Reservoir Office building	400	–	–
	Ward 6			
Technical Services	High Mast Lighting - Tuin Dorp - Keyter street	500	–	–
	Ward 7			
Technical Services	Replacement of Sewer Network (Roll-over)	500	–	–
	Ward 8			
Technical Services	Abbotoir Street Rehabilitation	500	1 200	1 700
Technical Services	Upgrading of Gravel Roads	1 000	–	–
	Ward 9			
Technical Services	Leighpoldt Street Rehabilitation	500	2 500	500
Technical Services	Upgrade of Roads - Springveld str. to Marias str.	500	1 000	–
	Ward 12			
Technical Services	Stronger Lights - High Mast Lighting Avian Park	500	–	–
	Ward 16			
Technical Services	High mast (flood) lighting	–	–	8
Technical Services	Replacement of Sewer Network (Roll-over)	500	–	–
	Ward 18			
Technical Services	High Mast Lighting - Njila street and Mandela Square	500	–	–
	Ward 20			
Technical Services	Extension of WwTW (0,561 Ml/day extention) (MIG )	–	–	8 354
	Ward 21			
Technical Services	New Streetlighting (MIG number 207835)	–	305	–
Technical Services	New Streetlighting (MIG number 207736)	–	668	–
	Equipment - Technical Services Admin			
Technical Services	Furniture and Equipment	–	300	–
	SERVICE CONNECTIONS (Depending on Public Contr)			
Technical Services	Sewer Connections	139	148	1 120
Technical Services	Electricity Connections	316	335	–
Technical Services	Water Connections	228	241	2 719
	Electricity Network Extensions (Depending on Public Contr)	1 515	–	–
	Others			
Technical Services	Jet Vac trok	2 500	–	–
	Vehicle Replacement			
Technical Services	4 Ton Truck with crew cab	600	–	–
Technical Services	4 Ton Truck with crew cab	600	–	–
Technical Services	4 Ton Truck with crew cab	600	–	–
Technical Services	4 Ton Truck with crew cab	600	–	–

Municipal Vote/Capital project	Program/Project description	2018/19 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand				
Technical Services	4 Ton Truck with crew cab	600	–	–
Technical Services	LDV 1 Ton 4x4	450	–	–
Technical Services	LDV 1 Ton 4x2	300	–	–
Technical Services	LDV 1 Ton 4x2	300	–	–
	Purchasing of Vehicle & Machinery in lieu of Rental			
Technical Services	Digger Loader 4x4 (Cemeteries)	950	–	–
Technical Services	Digger Loader 4x4 (Landfill Site)	–	950	–
Technical Services	Tipper landfillsite (5 cum)	700	700	–
Technical Services	Truck met skips lift (5 cum)	700	–	–
	Water & Sanitation New Requests			
Technical Services	Software/PC WWTW upgrade (x 4)	–	30	–
	Water & Sewer Networks			
Technical Services	Machinery and Equipment	–	50	675
Technical Services	Digger Loader - De Doorns	950	–	–
Technical Services	Road and Safety signs	–	–	60
Technical Services	Municipal Vehciles (LDV)	950	600	600
Technical Services	5 Ton trok	700	–	700
Technical Services	Jet Vac truck	2 500	–	–
Technical Services	Crane Truck	–	–	700
Technical Services	Upgrading of Builing and Facilities	–	350	350
Technical Services	Construction of Building for vehciles and equipment	–	350	400
	Waste Water Treatment Works			
	Worcester			
Technical Services	Lockers (10 x 2 tier)	–	5	5
Technical Services	Office furniture chairs and table	–	–	200
Technical Services	Digger Loader	–	1 300	–
Technical Services	Machinery and Equipment	–	550	50
Technical Services	Vacuum tanker	1 300	–	1 300
Technical Services	Crew Cab	–	600	–
Technical Services	Municipal Vehicles: Bakkie	–	350	–
	DE DOORNS			
Technical Services	Complete building at De Doorns	–	400	–
Technical Services	Lockers (10 x 2 tier)	–	–	10
Technical Services	Office furniture	–	30	10
	TOUWSRIVER			
Technical Services	Replace Fences at of all pump stations	150	–	–
Technical Services	Machinery and Equipment	–	80	–
Technical Services	Upgrading of the WWTW	–	50	10 000
	RAWSONVILLE			
Technical Services	Municipal Vehicles: Bakkie	–	350	–
Technical Services	Generator	–	–	500
	Laboratory			
Technical Services	Machinery and Equipment	–	195	195
	Water Treatment			
	DE KOPPEN			
Technical Services	New MCC Board and scada	300	–	–
Technical Services	New Drum Screen	300	–	–
Technical Services	Municipal Vehicles 4 x 4 bakkie	450	–	–
	DE DOORNS			
Technical Services	Fence at Water services	100	–	–
Technical Services	Replacements of roofs and beams 2x dams	500	–	–
	TOUWSRIVER /BOKRIVIER			

Municipal Vote/Capital project	Program/Project description	2018/19 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand				
Technical Services	4 Ton Truck with crew cab	600	–	–
Technical Services	LDV 1 Ton 4x4	450	–	–
Technical Services	LDV 1 Ton 4x2	300	–	–
Technical Services	LDV 1 Ton 4x2	300	–	–
	Purchasing of Vehicle & Machinery in lieu of Rental			
Technical Services	Digger Loader 4x4 (Cemeteries)	950	–	–
Technical Services	Digger Loader 4x4 (Landfill Site)	–	950	–
	Municipal Manager			
	Admin -0603			
Municipal Manager	Furniture and Equipment	5	–	–
	Project Management -0615			
Municipal Manager	Construction of tar-surfaced playing areas in Touwsrivier	650	495	–
Municipal Manager	Construction of pedestrian bridge over Donkies River in Touwsrivier	350	350	–
Municipal Manager	Traffic calming measures in Touwsrivier	–	100	–
Municipal Manager	Upgrading of playparks - Avian Park, Riverview, Roodewal ,Zwelethemba	–	200	–
Municipal Manager	Speed bumps - Avianpark	–	110	–
Municipal Manager	Grassed play area for children in Pigeon Street			
Municipal Manager	Speed bumps - Riverview/Victoriapark	–	110	–
Municipal Manager	Rugby/soccer pitch - Riverview			
Municipal Manager	Speed bumps - Roodewal/ Hexpark	–	110	–
Municipal Manager	Speed bumps - Zweletemba	–	100	–
Municipal Manager	Shared Economic Infrastructure Facility for informal traders in Zweletemba	2 200	1 125	–
Municipal Manager	ECD projects at Zwelethemba library	–	250	–
	<b>COMMUNITY SERVICES</b>			
	ADMIN - 0903			
Community Services	Furniture & Equipment	5	–	–
	<b>HOUSING</b>			
	Touws River (200) IRDP			
Community Services	Stormwater	525	–	–
Community Services	Roads	525	–	–
Community Services	Sewer Reticulation	525	–	–
Community Services	Water Reticulation	525	–	–
	Zwelethemba 2000 UISP			
Community Services	Stormwater	450	–	–
Community Services	Roads	450	–	–
Community Services	Sewer Reticulation	450	–	–
Community Services	Water Reticulation	450	–	–
	Unallocated DoRA projects - TRANSHEX			
Community Services	Water Reticulation	17 500	15 000	6 000
Community Services	Sewer Reticulation	17 500	15 000	6 000
Community Services	Roads	17 500	15 000	6 000
Community Services	Stormwater	17 500	15 000	6 000
	Worcester Fisher Street Portion of ERF 1-10253 (307) IRDP			
Community Services	Water Reticulation - Fisher Street	95	–	–
Community Services	Sewer Reticulation - Fisher Street	95	–	–
Community Services	Roads - Fisher Street	95	–	–
Community Services	Stormwater - Fisher Street	95	–	–
	Avian Park Albatros street Remainder of ERF 1 (500) IRDP			
Community Services	Water Reticulation - Avian Park Albatros street	250	–	–
Community Services	Sewer Reticulation - Avian Park Albatros street	250	–	–
Community Services	Roads - Avian Park Albatros street	250	–	–
Community Services	Stormwater - Avian Park Albatros street	250	–	–
	<b>SWIMMING BATH: De La Bat - 5118</b>			
Community Services	Upgrade of filters and pump	600	–	–

Municipal Vote/Capital project	Program/Project description	2018/19 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand				
Community Services	Upgrade of basket rooms	400	–	–
	SWIMMING BATH: Zweletemba - 5125			
Community Services	New Swimming Bath	–	3 499	–
Community Services	New Swimming Bath	7 161	7 056	1 453
	NEKKIES - 6315 / 6318			
Community Services	Sit-on lawn mower	100	–	–
Community Services	Equipment & small items for resorts	100	–	–
	SPORT: Rawsonville - 5135			
Community Services	New Security Fences	200	–	–
	SPORT: Zweletemba - 5136			
Community Services	Entrance gate and Ticket Booth	600	–	–
Community Services	Upgrade Flood lights	80	–	–
	SPORT: De Wet -			
Community Services	Water Cannon	–	55	110
Community Services	Upgrade cricket pitch	180	–	–
	SPORT: Esselen Park			
Community Services	Replacement of fence perimeter	1 600	–	–
	SPORT: De Doorns West - 5145			
Community Services	Sit-on lawn mower	–	100	100
Community Services	Fencing	180	–	–
	SPORT: De Doorns East - 5142			
Community Services	New Fencing - Sunny Side Orchard	100	–	–
	WATERLOO LIBRARY - 4506			
Community Services	Upgrade library	400	–	–
Community Services	Upgrade library	500	–	–
Community Services	Replace equipment	45	30	30
	TRAFFIC			
	Buildings			
Community Services	Patrol Vehicles	600	–	–
Community Services	Speed calming	500	–	–
Community Services	Replace roller door as VTS	200	–	–
Community Services	Road marking machines	40	–	–
Community Services	Municipal Court Furniture and Equipment	113	–	–
Community Services	Municipal Court Airconditioners	100	–	–
Community Services	Upgrading of building - Municipal Court	1 650	–	–
	FIRE DEPARTMENT: ADMIN - 4203			
Community Services	Fire Station - De Doorns (Ward 3) (MIG Form ID 228572)	–	–	1 320
Community Services	Fire Station - De Doorns			2 773
Community Services	Vehicle - Incident Report	–	–	500
Community Services	Fire Engine Chassis	1 800	–	–
	<b>FINANCIAL SERVICES</b>			
	Admin			
Financial Services	Furniture and Equipment	5	–	–
	Financial Planning			
Financial Services	Safeguarding of Assets	400	400	400
Financial Services	Insurance claims	400	400	400
	Revenue			
Financial Services	Debt Collection System	220	–	–

Municipal Vote/Capital project	Program/Project description	2018/19 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand				
	<b>COUNCIL &amp; MAYCO</b>			
	MAYORAL OFFICE - 0306			
Council & Mayco	Furniture and Equipment	5	-	-
	<b>STRATEGIC SUPPORT SERVICES</b>			
	STRATEGIC SUPPORT - ADMIN - 2103			
Strategig Support Service	Furniture and Equipment	5	-	-
	WORCESTER TOWN HALL			
Strategig Support Service	Airconditioner	1 000	-	-
Strategig Support Service	Town Hall Roof	1 000	-	-
Strategig Support Service	Furniture and Equipment	800	-	-
	HUMAN RESOURCES - 2112			
Strategig Support Service	ERP HR System	975	-	-
	INFORMATION TECHNOLOGY - 2114			
Strategig Support Service	Telephone System	150	-	-
Strategig Support Service	Biometric system upgrade	96	96	-
Strategig Support Service	Upgrade of radio network	3 000	-	-
Strategig Support Service	Infrastructure Replacement (Servers and Storage)	4 800	-	-
Strategig Support Service	Computer Equipment	2 167	717	-
Strategig Support Service	Wi-Fi Access Points	150	-	-
	LOCAL ECONMIC DEVELOPMENT - 1545			
Strategig Support Service	Security & CCTV safety cameras	432		
<b>Parent Capital expenditure</b>		<b>226 517</b>	<b>141 203</b>	<b>134 240</b>

Please refer to table SA36 of annexure A.

## 18. Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- **In-year reporting:** Reporting to National Treasury and Provincial Treasuries are done in line with the legislated prescripts.
- **Internship programme:** This programme is fully functional within the municipality with 5 interns being employed under this programme. Four of the interns are currently rotating within the Finance Directorate, and one being developed in our Internal Audit section / unit.
- **Budget and Treasury Office:** The Budget and Treasury Office has been established in accordance with the MFMA.
- **Audit Committee:** An Audit Committee has been established and is fully functional.



- Service Delivery and Implementation Plan
- **Annual Report:** Annual report is compiled in terms of the MFMA and National Treasury requirements.
- MFMA Training
- Policies

**19. Other supporting documents**

Please refer to annexures E for MFMA budget circular

**20. Annual budgets of municipal entities attached to the annual budget**

No municipal entities.

**COMMENTS BY OTHER DIRECTORATES**

**Municipal Manager** – Recommendation supported

**Director Strategic Services** – Recommendation supported

**Director Community Services** – Recommendation supported

**Director Technical Services** – Recommendation supported

**RECOMMENDATION**

That in respect of the 2018/19 Final Budget discussed by Council at the Council Meeting of 29 May 2018:

1. Council approves the final annual budget tables and annual budget supporting tables as prescribed by the Municipal Budget and Reporting Regulations, as set out in Annexure A.
2. Council approves the Quality Certificate to the final budget signed by the Accounting Officer, as per Annexure B.
3. Council approves the revised budget related policies as per Annexure C.
4. Council approves the tariffs, tariff structures and service delivery charges for water, electricity, refuse, sewerage, and other municipal services as per Annexure D.

**To Action**

**R. Ontong**

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**6.2 Final Reviewed Integrated Development Plan (IDP) 2018/2019****File No./s:**10/3/8**Responsible Official:** C. September**Directorate:** SSS**Portfolio:** Strategic Support Services

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**1. Purpose**

To table the 2018/2019 Final Reviewed IDP, as prepared in line with the prioritised needs of the Breede Valley community, in accordance with the budgetary resources available.

The 2018 /2019 Final Reviewed IDP has been consulted with the local community and all relevant stakeholders as required by legislation.

**2. Background**

In terms of the Municipal Systems Act, Act 32 of 2000, Section 34, a Municipal Council must review its integrated development plan annually in accordance with an assessment of its performance measurements in terms of Section 41, and to the extent that changing circumstances demand, and may amend its integrated development plan in accordance with a prescribed process.

Section 16(1) of the Municipal Systems Act, Act 32 of 2000 refers to the development of a culture of municipal governance that complements representative government with a system of participatory governance, thereby encouraging and creating conditions for the local community to participate in the affairs of the municipality, including:

- (i) The preparation, implementation and review of its integrated development plan; and
- (ii) In execution of the above, Council endorsed a direct IDP/Budget information sharing with the public in all wards of the municipality

**A copy of the 2018/2019 Final Reviewed IDP is attached as Annexure “A”.**

**For Ease of Reference, the page numbers with updates to information is listed below:**

**11:** Mayor’s Foreword

**12 - 13:** Municipal Manager’s Foreword

**15 – 27:** IDP Process (changed dates to reflect Council Adoption of Process Plan for 2018/2019)

**32:** A Fact Sheet on Socio- economic information as developed by STATSSa and based on the information as derived from the 2016 CS Survey

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- 36:** Learner Enrolment Information for 2017 as well as Matric Pass Rate for 2017
- 40:** Access to health facilities – information as received from the Department of Health
- 42 - 44:** Safety and Security information – update for 2017
- 49 – Top of 50:** The information from the Strategic Planning Session that was held on 03, 04 October 2017 with the Management Team was incorporated
- 74 – 76:** Roll-out of basic Services: Water Supply
- 77 – 78:** Roll-out of basic Services: Sanitation
- 79 – 96:** Roll-out of basic Services: Electricity
- 97 – 113:** Roll-out of basic Services: Waste Management
- 114 – 145:** Integrated Human Settlements
- 147 – 148:** Spatial Development framework information
- 161 – 179:** Municipal Transport
- 191 – 193:** The Municipal response to the water scarcity and drought situation
- 194 - 205:** Update on RSEP
- 206:** Update on Libraries
- 209 – 230:** Disaster Management
- 232 – Top of 237:** Air Quality Management
- 266 – 271:** Thusong Service Centre
- 276 – 353:** Public Participation inclusive of Ward Plans per ward for 2018/ 2019
- 417 – 458:** Chapter 10 – Resourcing the Plan (Financial Information)
- 461:** One JPI removed by Province
- 463:** WCED Projects
- 464:** DLG Projects (MIG)
- 469 – 519:** Performance Information inclusive of a draft TL SDBIP for 2018/ 2019 as well as a draft 5- Year Municipal Performance Scorecard

### **3. Financial Implications**

Approved budget will be aligned to the final reviewed and approved IDP.

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**4. Applicable Legislation**

MFMA, Section 21  
Municipal Systems Act, Act 32 of 2000

**Comment of Directorates / Departments concerned**

**Municipal Manager:** Supported

**Director: Strategic Support Services:** Supported

**Director: Financial Services:** Supported

**Director: Technical Services:** Supported

**Director: Community Services:** Supported

**Senior Legal Manager:** Supported

**RECOMMENDATION**

That in respect of -

**2018/2019 Final Reviewed Integrated Development Plan (IDP)  
discussed by Council at the Council meeting held on 29 May 2018:**

1. That Council adopts the 2018/2019 Final Reviewed IDP, first review of 2017-2022.

**To Action**

**Cindy September**

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**6.3 QUARTERLY PERFORMANCE REPORT FOR THIRD QUARTER  
(1 JANUARY 2018 – 31 MARCH 2018)****File No./s:** 3/15/1**Responsible Official:** C September**Directorate:** Strategic Support Services **Portfolio:** IDP/PMS

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**1. Purpose**

To inform Council on the implementation of the budget and the financial state of affairs of the Municipality and assess performance against the performance indicators set in approved Top-Layer SDBIP 2017/2018.

**2. Background**

According to Section 52(d) of the MFMA, the Mayor must, submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality. Effective in-year reporting provides municipal management with an opportunity to analyse performance and address shortcomings and improve internal controls and service delivery.

All quarterly reports tabled in the Council in terms of section 52(d) must be placed on the website not later than five days after its tabling in the Council or on the date on which it must be made public, whichever occurs first.

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**3. Comment**

A copy of the Quarterly Performance Report is attached as Annexure "A"

**4. Financial Implications**

None

**5. Applicable Legislation/Council Policy**

Municipal Finance Management Act, no. 56 of 2003

**RECOMMENDATION:**

That in respect of

**QUARTERLY PERFORMANCE REPORT FOR THIRD QUARTER (1 JANUARY 2018 –  
31 MARCH 2018)**

**Discussed by Council at the Council meeting held on 29 May 2018**

- 1. That Council takes note of the Quarterly Performance Report for Third Quarter (1 January 2018 – 31 March 2018).**

**To Action**

**Cindy September**

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**ANNEXURE A**

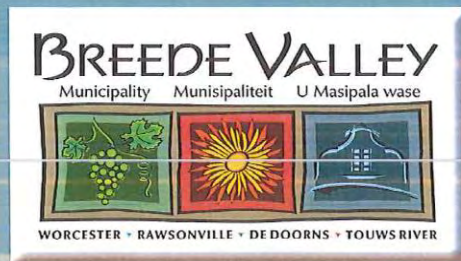
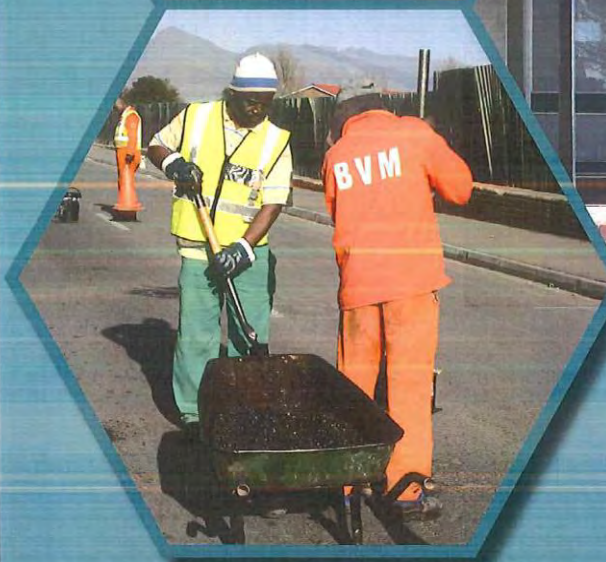
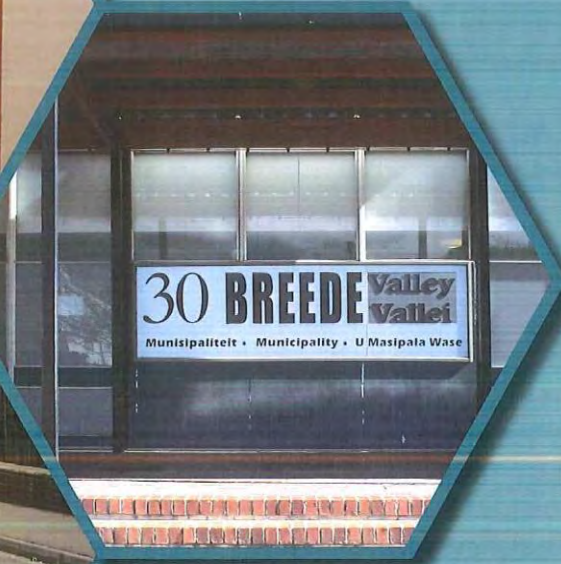
**6.3 QUARTERLY PERFORMANCE REPORT**

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# Breede Valley Municipality

3rd Quarter  
January - March 2018

## Performance report





**QUARTER THREE (1 January 2018 – 31 March 2018) PERFORMANCE ASSESSMENT AGAINST THE PERFORMANCE INDICATORS SET IN THE APPROVED TOP-LAYER SDBIP FOR 2017/2018**

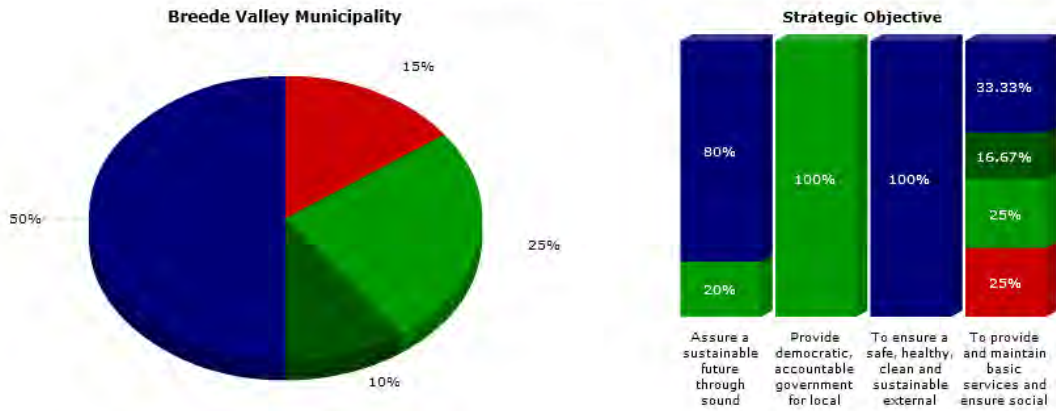
According to Section 52(d) of the MFMA, the Mayor must, submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

Effective in-year reporting provides municipal management with an opportunity to analyse performance and address shortcomings and improve internal controls and service delivery.

**OVERALL ACTUAL PERFORMANCE OF INDICATORS FOR THE 3<sup>RD</sup> QUARTER 1 JANUARY 2018 TO 31 MARCH 2018**

**Top Layer SDBIP Report**

Report drawn on 11 May 2018 at 11:18  
for the month of March 2018.



	Breede Valley Municipality	Strategic Objective			
		<i>Assure a sustainable future through sound financial management, continuous revenue growth corporate governance and risk management practices</i>	<i>Provide democratic, accountable government for local communities and encourage involvement of communities and community organizations in the matters of local government</i>	<i>To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people</i>	<i>To provide and maintain basic services and ensure social upliftment of the Breede Valley community</i>
<span style="color:red">■</span> KPI Not Met	<a href="#">3 (15%)</a>	-	-	-	<a href="#">3 (25%)</a>
<span style="color:orange">■</span> KPI Almost Met	-	-	-	-	-
<span style="color:green">■</span> KPI Met	<a href="#">5 (25%)</a>	<a href="#">1 (20%)</a>	<a href="#">1 (100%)</a>	-	<a href="#">3 (25%)</a>
<span style="color:darkgreen">■</span> KPI Well Met	<a href="#">2 (10%)</a>	-	-	-	<a href="#">2 (16.7%)</a>
<span style="color:blue">■</span> KPI Extremely Well Met	<a href="#">10 (50%)</a>	<a href="#">4 (80%)</a>	-	<a href="#">2 (100%)</a>	<a href="#">4 (33.3%)</a>
<b>Total:</b>	<b>20</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>12</b>

Category	Colour	Explanation
KPIs not met	Red	0% $\geq$ Actual/Target < 75%
KPIs almost met	Yellow	75% $\geq$ Actual/Target < 100%
KPIs met	Green	Actual/Target = 100%
KPIs well met	Dark Green	100% > Actual/Target < 150%
KPIs extremely well met	Dark Blue	Actual/Target $\geq$ 150%

**Actual performance per strategic objective of indicators for the 3<sup>rd</sup> quarter ending 31 march 2018**

Detailed below is the unaudited Top-layer SDBIP for the 3<sup>rd</sup> quarter 1 January 2018 to 31 March 2018 which measures the municipality's overall performance per strategic objective. In addition, the tables include the corrective measures indicated for targets not achieved.

20 KPIs out of a total of 54 KPIs were measured, with targets due at 31 March 2018. A total of 17 (85%) KPI'S were achieved for the period **1 January 2018 to 31 March 2018 (3<sup>rd</sup> quarter)**. Of these, **5(25%) KPI's were met, 2(10%) KPI's were well met, 10(50%) KPI's were extremely well met and 3 (15%) KPI's were not met by the municipality.**

## Breede Valley Municipality

### SDBIP 2017/2018: Top Layer SDBIP Report

#### Assure a sustainable future through sound financial management, continuous revenue growth corporate governance and risk management practices

Ref	KPI	Unit of Measurement	Quarter 3				
			Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures
TL22	Provide free basic water to indigent households earning less than R4500 as at 30 June 2018	Number of indigent households receiving free basic water	0	7,954	B	[D432] CFO: Indigent approved as per December 2017 list. (January 2018) [D432] CFO: Indigent approved as per February 2018 list. (February 2018)	[D432] CFO: Indigent approved is an on going process. (January 2018) [D432] CFO: Indigent approved is an on going process. (February 2018)
TL23	Provide free basic electricity to indigent households earning less than R4500 as at 30 June 2018	Number of indigent households receiving free basic electricity	0	7,954	B	[D433] CFO: Indigent approved as per January 2018 list. (January 2018) [D433] CFO: Indigent approved as per February 2018 list. (February 2018)	[D433] CFO: Indigent approved is an on going process. (January 2018) [D433] CFO: Indigent approved is an on going process. (February 2018)
TL24	Provide free basic sanitation to indigent households earning less than R4500 as at 30 June 2018	Number of indigent households receiving free basic sanitation	0	7,954	B	[D434] CFO: Indigent approved as per January 2018 list. (January 2018) [D434] CFO: Indigent approved as per February 2018 list. (February 2018)	[D434] CFO: Indigent approved is an on going process. (January 2018) [D434] CFO: Indigent approved is an on going process. (February 2018)
TL25	Provide free basic refuse removal to indigent households earning less than R4500 as at 30 June 2018	Number of indigent households receiving free basic refuse removal	0	7,954	B	[D435] CFO: Indigent approved as per January 2018 list. (January 2018) [D435] CFO: Indigent approved as per February 2018 list. (February 2018)	[D435] CFO: Indigent approved is an on going process. (January 2018) [D435] CFO: Indigent approved is an on going process. (February 2018)
TL34	Review the MGRO Clean Audit Plan and submit to the Municipal Manager by 31 January 2018	Letter signed off by the Municipal Manager that MGRO Clean Audit Plan was viewed and submitted	1	1	G	[D444] CFO: MGRO audit clean plan was submitted to the MM and signed off (January 2018)	
<b>Summary of Results: Assure a sustainable future through sound financial management, continuous revenue growth corporate governance and risk management practice</b>							
	KPI Not Yet Measured	<i>KPIs with no targets or actuals in the selected period.</i>	9				
	KPI Not Met	<i>0% &lt;= Actual/Target &lt;= 74.999%</i>	0				

KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0			
KPI Met	Actual meets Target (Actual/Target = 100%)	1			
KPI Well Met	100.001% <= Actual/Target <= 149.999%	0			
KPI Extremely Well Met	150.000% <= Actual/Target	0			
<b>Total KPIs</b>		<b>1</b>			

**To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people**

Ref	KPI	Unit of Measurement	Quarter 3				
			Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures
TL38	Develop an action plan for the management of stray animals and submit to Municipal Manager for approval by 31 December 2017	Action plan developed and submitted by 31 December 2017	0	1	B	[D290] Director: Community Services: Target met (January 2018)	
TL40	Conduct a feasibility study regarding security services within the Municipality and submit a report to the Municipal Manager by 31 December 2017	Feasibility study completed and report submitted to the Municipal Manager by 31 December 2017	0	1	B	[D292] Director: Community Services: Target met (January 2018)	

**Summary of Results: To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people**

KPI Not Yet Measured	KPIs with no targets or actuals in the selected period.	3			
KPI Not Met	0% <= Actual/Target <= 74.999%	0			
KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0			
KPI Met	Actual meets Target (Actual/Target = 100%)	0			
KPI Well Met	100.001% <= Actual/Target <= 149.999%	0			
KPI Extremely Well Met	150.000% <= Actual/Target	2			
<b>Total KPIs</b>		<b>5</b>			

**To provide and maintain basic services and ensure social upliftment of the Breede Valley community**

Ref	KPI	Unit of Measurement	Quarter 3				
			Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures
TL1	Achieve 95% average water quality level as measured per SANS 241 criteria during the 2017/18 financial year	% water quality level	95%	98.70%	G2	[D364] Director: Technical Services: samples taken (January 2018) [D364] Director: Technical Services: samples passed (February 2018) [D364] Director: Technical Services: water quality sampled (March 2018)	
TL2	Extend recycling at point of waste generation to 4 new wards in CBD, Rawsonville, Johnsons Park & Victoria Park by 30 June 2018	Number of wards recycling extended to	0	0	N/A	[D365] Director: Technical Services: extended to all except De Doorns. Awaiting the recycling truck received from CCT (January 2018)	

TL3	Achieve 90% of capital budget spent on the construction of the material recovery facility (MRF) in Worcester by 30 June 2018	% of capital budget spent	0%	0%	N/A	<p><b>[D366] Director: Technical Services:</b> Director is handling the project (<i>January 2018</i>)</p> <p><b>[D366] Director: Technical Services:</b> Handled by Director (<i>February 2018</i>)</p> <p><b>[D366] Director: Technical Services:</b> Directors department handling all capital projects (<i>March 2018</i>)</p>
TL4	Compile a new 5 year Water Service Development Plan (WSDP) and submit to MayCo for approval by 31 March 2018	WSDP submitted by 31 March 2018	1	1	G	<p><b>[D367] Director: Technical Services:</b> WSDP completed (<i>March 2018</i>)</p>
TL5	Complete the project for the replacement of water pipes by 30 June 2018	Project completed	0	0	N/A	<p><b>[D368] Director: Technical Services:</b> Complete the project for the replacement of water pipes by 30 June 2018. Work in progress. 100% of budget spend (R5,017,461.94 /R5,018,289.00). (<i>January 2018</i>)</p> <p><b>[D368] Director: Technical Services:</b> Complete the project for the replacement of water pipes by 30 June 2018. Work in progress. 100% of budget spend (R5,017,461.94 /R5,018,289.00). (<i>February 2018</i>)</p>
TL6	Complete Langrug water supply pipeline to Transhex development by 30 June 2018	Project completed	0	0	N/A	<p><b>[D369] Director: Technical Services:</b> omplete Langrug water supply pipeline to Transhex development by 6 April 2018. Currently the Langrug water supply pipeline is approx. 90% completed. On programme. (<i>January 2018</i>)</p> <p><b>[D369] Director: Technical Services:</b> Complete Langrug water supply pipeline to Transhex development by 6 April 2018. Currently the Langrug water supply pipeline is approx. 90% completed. On programme. (<i>February 2018</i>)</p>

TL7	Achieve 90% of capital budget spent on the construction of Transhex sewer pump station and rising main by 30 June 2018	% of capital budget spent	0%	0%	N/A	<p><b>[D370] Director: Technical Services:</b> Complete Transhex sewer pump station and rising main by 30 June 2019. Bid BV 596: Sewer Pump Station to Transhex Development was awarded on 30th of November 2017. <i>(January 2018)</i></p> <p><b>[D370] Director: Technical Services:</b> Complete Transhex sewer pump station and rising main by 30 June 2019. Bid BV 596: Sewer Pump Station to Transhex Development was awarded on 30th of November 2017. <i>(February 2018)</i></p>
TL8	Complete the project for the placement of sewerage pipes by 30 June 2018	Project completed	0	0	N/A	<p><b>[D371] Director: Technical Services:</b> Phase 1: Contract BV 575: Construction of Roodewal Outfall Sewer was certified as completed on 24th of August 2017. Phase 2 of sewer replacement programme to be implemented in the near future. <i>(January 2018)</i></p> <p><b>[D371] Director: Technical Services:</b> Phase 1: Contract BV 575: Construction of Roodewal Outfall Sewer was certified as completed on 24th of August 2017. Phase 2 of sewer replacement programme to be implemented in the near future. <i>(February 2018)</i></p>
TL9	Complete Belt Press at Worcester WWTW by 31 December 2017	Project completed	0	0	N/A	<p><b>[D372] Director: Technical Services:</b> Practical Completion Certificate issued on 15 December 2018. <i>(January 2018)</i></p> <p><b>[D372] Director: Technical Services:</b> Practical Completion Certificate issued on 15 December 2018. <i>(February 2018)</i></p>
TL10	Achieve 90% of capital budget spent on the construction of the Langerug 20 Mega	% of capital budget spent	0%	0%	N/A	<p><b>[D373] Director: Technical Services:</b> Final award pending the 21 days objection</p>

TL11	80% of sewerage samples comply with effluent standard {(Number of sewerage samples that comply with SANS/Number of sewerage samples tested)x100} during the 2017/18 financial year	% of sewerage samples compliant	80%	89.70%	G2	<p><b>[D374] Director: Technical Services:</b> samples taken (<i>January 2018</i>)</p> <p><b>[D374] Director: Technical Services:</b> samples taken (<i>February 2018</i>)</p> <p><b>[D374] Director: Technical Services:</b> quality of sewer samples taken (<i>March 2018</i>)</p>	
TL13	90% of the electricity capital project budget spent by 30 June 2018 {(total actual capital project expenditure/total capital project budget) x 100}	% of the electricity capital project budget spent	60%	0%	R	<p><b>[D376] Director: Technical Services:</b> 2% of the electricity capital project budget spent by 31 January 2018 {(R 805,331.00 / R 42,134,357.00) x 100} (<i>January 2018</i>)</p> <p><b>[D376] Director: Technical Services:</b> 3% of the electricity capital project budget spent by 28 February 2018 {(R 929,900.00 / R 30,987,057.00) x 100} (<i>February 2018</i>)</p>	<p><b>[D376] Director: Technical Services:</b> Action is required to improve procurement. (<i>January 2018</i>)</p> <p><b>[D376] Director: Technical Services:</b> The low percentage (3%) of project implementation is mainly the result of the lack of electrical project implementation. The latter is a concern and must and will be attended to during the next reporting period. (<i>February 2018</i>)</p>
TL14	90% of the electricity maintenance budget spent by 30 June 2018 {(total actual maintenance expenditure/total maintenance budget) x 100}	% of the electricity maintenance budget spent	60%	0%	R	<p><b>[D377] Director: Technical Services:</b> Monthly Report</p> <p>Operation expenditure January 2018 (<i>January 2018</i>)</p> <p><b>[D377] Director: Technical Services:</b> The Department's approved operational and maintenance budget for the 2017/2018 financial year amounts to R 332 056 802.00. The latter entails 40% of the municipal operational and maintenance budget of R 836,967,744.00.</p> <p>The operational and maintenance expenditure up to 28 February 2018 amounts to R 179,218,224.81 which represents 54% of the approved budget. A pro-rata variance of -R42,152,976.52 (-19.04 %) up to 28 February 2018 is mainly due to the under expenditure of Electrical Bulk Purchases to the amount</p>	<p><b>[D377] Director: Technical Services:</b> An increased expenditure is required. (<i>February 2018</i>)</p>

TL17	90% of the budget spent to implement the Regional Socio Economic Programme by 30 June 2018 {(Actual expenditure divided by the total approved capital budget) x 100}	% of budget spent	60%	60%	G	[D31] <b>Municipal Manager:</b> 10 % spent, outstanding 50 % part of a tender in progress. ( <i>March 2018</i> )
TL18	Number of formal residential properties that are billed for water as at 30 June 2018	Number of residential properties which are billed for residential consumption water meters charged residential domestic tariffs or residential flat rate tariffs using an erf as a household except municipal flats were the rental register will be used to determine the number households	0	19,010	B	[D428] <b>CFO:</b> 19010 Households were billed for water. The statistics are using an erf ( <i>January 2018</i> ) [D428] <b>CFO:</b> 19010 Households were billed for water. The statistics are using an erf ( <i>February 2018</i> )
TL19	Number of residential properties which are billed for electricity or have pre-paid meters (excluding Eskom Electricity supplied properties) as at 30 June 2018	Number of residential properties which are billed for electricity or have pre-paid meters, charged on the residential tariffs for consumption and residential prepaid tariffs	0	22,797	B	[D429] <b>CFO:</b> In January 2018 there were 22 786 households with electricity on Billing System ( <i>January 2018</i> ) [D429] <b>CFO:</b> In February 2018 there were 22 797 households with electricity on Billing System ( <i>February 2018</i> )
TL20	Number of formal residential properties that are billed for sanitation/sewerage services as at 30 June 2018	Number of residential properties which are billed for residential sewerage tariffs using the erf as property	0	18,340	B	[D430] <b>CFO:</b> Billing report of January 2018 available. 17 953 monthly clients were billed as well as 387 annual domestic sewer ( <i>January 2018</i> ) [D430] <b>CFO:</b> Billing report of February 2018 available 17 953 monthly clients were billed as well as 387 annual domestic sewer ( <i>February 2018</i> )
TL21	Number of formal residential properties that are billed for refuse removal as at 30 June 2018	Number of residential properties which are billed for refuse removal residential tariffs using the erf as a property	0	18,553	B	[D431] <b>CFO:</b> Billing report of January 2018 available. 18 156 monthly clients were billed as well as 397 annual domestic refuse. ( <i>January 2018</i> ) [D431] <b>CFO:</b> Billing report of February 2018 available. 18 156 monthly clients were billed as well as 397 annual domestic refuse. ( <i>February 2018</i> )



TL36	95% of project budget for the upgrade of the Waterloo Library spent by 30 June 2018 {(Actual project expenditure/Total project budget)X100}	% of the project budget spent	60%	1.45%	R	<p><b>[D288] Director: Community Services:</b> The site handover was done on 17 January 2018. Macho Construction still had to prepare Health and Safety documentation and well as financial asurity documentation. The contractor will not be able to start on the site unless the Health and Safety documentation is approved by the consultant. The documentation was not approved by 31 January 2018. The community was informed about the proposed upgrading via the municipal website, facebook and the local newspaper. <i>(January 2018)</i></p> <p><b>[D288] Director: Community Services:</b> Furniture and equipment was moved to the Esselen Library during the week of 12 February 2018. Shelves were moved to the library hall and books were moved and packed in the correct order. The library was re-opened to the public 19 and 20 February 2018. A site meeting was held on 19 February 2018. The architects however only visited the site on 20 February 2018 and suggested the library rather close for the public until</p>	<p><b>[D288] Director: Community Services:</b> The site handover was done on 17 January 2018. Macho Construction still had to prepare Health and Safety documentation and well as financial asurity documentation. The contractor will not be able to start on the site unless the Health and Safety documentation is approved by the consultant. The documentation was not approved by 31 January 2018. The community was informed about the proposed upgrading via the municipal website, facebook and the local newspaper. <i>(January 2018)</i></p> <p><b>[D288] Director: Community Services:</b> See performance comment. <i>(March 2018)</i></p>
TL45	Manage the Transhex Human Settlement Implementation phase with quarterly project meetings during the 2017/18 financial year	Number of meetings	1	1	G	<p><b>[D297] Director: Community Services:</b> meeting were held on 22 March 2018. <i>(March 2018)</i></p>	

**Summary of Results: To provide and maintain basic services and ensure social upliftment of the Breede Valley community**

KPI Not Yet Measured	<i>KPIs with no targets or actuals in the selected period.</i>	13			
KPI Not Met	<i>0% &lt;= Actual/Target &lt;= 74.999%</i>	3			
KPI Almost Met	<i>75.000% &lt;= Actual/Target &lt;= 99.999%</i>	0			
KPI Met	<i>Actual meets Target (Actual/Target = 100%)</i>	3			
KPI Well Met	<i>100.001% &lt;= Actual/Target &lt;= 149.999%</i>	2			
KPI Extremely Well Met	<i>150.000% &lt;= Actual/Target</i>	4			

	KPI Not Met	<i>0% &lt;= Actual/Target &lt;= 74.999%</i>	<b>3</b>
	KPI Almost Met	<i>75.000% &lt;= Actual/Target &lt;= 99.999%</i>	<b>0</b>
	KPI Met	<i>Actual meets Target (Actual/Target = 100%)</i>	<b>5</b>
	KPI Well Met	<i>100.001% &lt;= Actual/Target &lt;= 149.999%</i>	<b>2</b>
	KPI Extremely Well Met	<i>150.000% &lt;= Actual/Target</i>	<b>10</b>
	<b>Total KPIs</b>		<b>50</b>

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## 6.4 PROPOSED AMENDMENTS TO CONTRACTS TERMINATING ON 30 JUNE 2018.

**File No./s:** 3/15/1

**Responsible Official:** B. Volschenk

**Directorate:** Finance

**Portfolio:** Financial Planning

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**BVA 347/2018: Short Term Insurance Services for the period of one year ending 30 June 2019; and**

**BVA 418/2018: Provision of the Accounting Services to ensure GRAP Compliant Annual Financial Statements (AFS) for the period of six months ending 31 December 2018**

### 1. Executive Summary

The purpose of this report is to provide the necessary information and motivation on the proposed amendment of the following contracts:

- **BV 347: Short Term Insurance Services for the period of three years ending 30 June 2018;**
- **BV 418: Provision of the Accounting Services to ensure GRAP Compliant Annual Financial Statements for the period: July 2015 To 30 June 2018**

in terms of section 116(3) of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), to enable Council to make an informed decision whether to consent to the amendment of the contract or agreement.

### 2. Delegated Authority

Council

### 3. Legal Requirements

Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003);

MFMA Circular 62;

MFMA Circular 73;

Breede Valley Municipality Supply Chain Management Policy, as amended

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#### 4. Background/ Discussions

##### Background

Purpose of the request in terms of Section 116(3) of the MFMA Act 56 of 2003, whereby:

“local government institutions may amend contracts with service providers under certain conditions, being:

- (i) The reasons for the proposed amendment have been tabled in the council of the municipality, and
- (ii) The local community been given reasonable notice on the intention to amend the contract or agreement, and
- (iii) Has been invited to submit representations to the municipality.”

On 26 June 2015, the Bid Adjudication Committee awarded the tender BV347 to Marsh (Pty) Ltd for the provision of Short Term Insurance Services for the period of three years ending 30 June 2018.

On 01 July 2015 the Bid Adjudication Committee awarded the tender BV418 to Altimax (Pty) Ltd for the provision of the Accounting Services to Ensure GRAP Compliant Annual Financial Statements for the period: July 2015 To 30 June 2018.

##### Section 116(3) process

*Date of Advertising:* 22 May 2018

*Method of Advertising:* Cape Times, Breede Valley Municipality Website and Notice Boards

*Closing Date for Comment:* 22 June 2018

Recommendations or representations from the local community are not included in this report as the closing date is 22 June 2018.

##### Discussion / Motivation

###### **BVA 347/2018:**

Breede Valley Municipality has a three-year contract with Marsh Africa for the provision of Insurance coverage for its Assets and Public Liabilities

The administration initially started a process in late February 2018 to create a tender document and updated schedules of insured assets. Due to the implementation of SCOA and problems with the submission of the various Adjustment and Draft budgets, there was a delay in the revision and completion of the Insurance Services tender document.

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At the tender specification meeting held on Friday 11 May 2018 it was determined that it will not be feasible to award a new contract before 1 July 2018.

The abovementioned request for amendment of the contracts terms in terms of section 116 of the Municipal Finance Management Act is therefore due to unforeseen and unavoidable circumstances experienced by the municipality. The municipality implemented mSCOA on 1 July 2017 and experienced significant challenges related to systems and the normal running of the municipality. These challenges resulted in all processes taking significantly longer and some impossible to complete within the planned timeframes given the complexities associated with the crafting of the tender documentation versus other pressing deliverables that could not be compromised such as the various budgets that served before Council, correction of votes and the preparation for year end and financial statements

It will be for the best interest of the municipality to consider a one-year extension, which is cost effective and easy to manage, versus a month-to-month extension, which is associated with higher premiums, and service providers are reluctant to accept it.

This will enable the completion and revision of the tender document for advertising by no later than February 2019 for appointment by 1 July 2019.

**BVA 418/2018:**

In terms of the Government Gazette No. 37577 issued 22 April 2014:

1. The Municipal Regulations on a Standard Chart of Accounts (mSCOA) is applicable to all municipalities and municipal entities with effect from 1 July 2017. The Municipality therefore needs to compile GRAP as well as MSCOA compliant Annual Financial Statements for the financial year 1 July 2017 – 30 June 2018 and going forward.
2. The Accounting Officer of the municipality must take the necessary steps to ensure that the regulation is implemented and must ensure that the responsible officials have the necessary skills and capacity by providing for training and ensuring that officials attend training.

The Municipality currently has a tender with Altimax which expires on the 30<sup>th</sup> of June 2018. The municipality is in process of appointing a service provider to ensure that the municipality compiles GRAP/ MSCOA compliant Annual Financial Statements. The focus being skills transfer to the staff of Breede Valley Municipality.

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However, to appoint a new service provider from 1 July 2018 poses the following risks to the Municipality namely:

1. AFS submission is on 31 August 2018, which implies that the new service provider would only have two months to adhere to the scope of work.
2. The scope of work includes testing of integrity of data which means that the new service provider would have to familiarise itself with the current financial system of the municipality, it further implies that the service provider would need to assess prior year data and assess possible reclassifications in terms of MSCOA within that two months' timeframe.
3. In order to ensure that methodology and consistency is not being compromised throughout the preparation and implementation of the audit process, these exceptional circumstances necessitate the extension of the current contract until 31 December 2018.
4. The municipality implemented mSCOA on 1 July 2017 and experienced significant challenges related to systems and the normal running of the municipality. These challenges resulted in all processes taking significantly longer and some impossible to complete within the planned timeframes given the complexities associated with the crafting of the tender documentation and other pressing deliverables that could not be compromised such as the various budgets that served before council, correction of votes and the preparation for year end and financial statements.  
The current service provider was involved in the conversion to MSCOA and is already familiar with the current system of the Municipality.

Based on the abovementioned reasons provided, the municipality proposes the extension of the contract with the current service provider (Altimax), to ensure continuity and to maintain the current audit outcomes.

The following risks associated with not having the above-mentioned contracts being extended are as follows:

**BVA 347/2018:**

The Insurance Fund of Breede Valley Municipality cannot accommodate the Risk even for a short period

It is inconceivable that the Municipality is without adequate insurance cover for any period as the risk and it is strongly recommended that the extension be granted.

**BVA 418/2018:**

The following risk are identified with not having the accounting services:

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- (a) No financial year end assistance
- (b) No skills transfer in terms of MSCOA
- (c) No high-level review performed on Annual Financial Statements
- (d) All of the above might result in non-detection of possible misstatements in the Annual Financial Statements, which might have a negative impact on the audit outcome of the Municipality.

## 5. Financial Implications

### 5.1 Marsh (Pty) Ltd

YEAR	2018/2019		
SOURCE OF FUNDING	Capital Budget	Operational Budget	
SCOA Description	N/a	Various	
SCOA Cost Account		Various	
SCOA Unique Key		Various	
Budget Provision		R2,980,000	
Balance Available		R2,980,000	
Total Project Cost	R2,887,563 approx.		
Extension percentage	n/a		
Escalation (if any)	n/a	n/a	n/a
Escalation date	n/a	n/a	n/a

- **Operational Budget;** to provide for the SHORT TERM INSURANCE FOR THE BREDE VALLEY MUNICIPALITY as presented in this submission.

The total amount for the amendment in terms of the operational budget amounts to R 2, 887, 563

**5.2 Altimax (Pty) Ltd**

YEAR	2018/2019		
SOURCE OF FUNDING	Capital Budget	Operational Budget	
SCOA Description		Provision Of The Accounting Services To Ensure Grap Compliant Annual Financial Statements	
SCOA Cost Account		12406200680000	
SCOA Unique Key		20171212034154	
Budget Provision		R1100 000	
Balance Available	R1,100 000		
Total Project Cost	R556 112		
Extension percentage	n/a		
Escalation (if any)	n/a	n/a	n/a
Escalation date	n/a	n/a	n/a

Provision has been made in the;

**Operational Budget;** to provide for **Provision of the Accounting Services to ensure GRAP Compliant Annual Financial Statements for the Period: July 2018 to 31 December 2018**

- as presented in this submission. This is a once off cost.

The total amount for the amendment in terms of the operational budget amounts to **R 1,100 000.00**

**6. Staff Implications**

None



## 7. Comments from other Departments, Divisions and Administrations

### **Budget Office**

#### **Insurance:**

The Budget is adequate for the Insurance premium and will be allocated to each user department as utilised

#### **Accounting Services:**

Budget is available on UKEY 20171212034154 for the expenditure referred to in paragraph 7 amounting to R1,100 000.00 relating to the amount required in terms of this report.

### **Supply Chain Management**

All the verifications required in terms of the Supply Chain Management Policy have been undertaken and the Supply Chain Management Unit is satisfied that the contractors comply in all respects.

### **Contract Management Office**

Due to the fact that this is an extension of scope of the existing agreement terms it was recommended to rather follow an amendment process according to section 116(3) of the MFMA. The successful amendments of this contract are subject to comments receivable from the local community on 22 June 2018 and the consent of Council on 29 May 2018, enabling the Accounting Officer to sign the agreement.

## **Comment of Directorates / Departments**

### **Municipal Manager**

Noted.

### **Director: Strategic Support Services**

Noted

### **Director: Financial Services**

Supported

### **Director: Technical Services**

Noted.

### **Director: Community Services**

Noted.

### **Senior Manager: Financial Planning**

Supported.

## 8. Annexures

Annexure A: Addendum to the Contract (*Intent to amend*)

Annexure B: Published Public notice as on the 22 May 2018

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Annexure C: SCM Compliance Checklist

Annexure D: Quotation from Suppliers

**RECOMMENDATION TO THE COUNCIL:**

**In Respect of**

**PROPOSED AMENDMENTS TO CONTRACTS TERMINATING ON 30 JUNE 2018.**

**Discussed by Council on the Council Meeting held on 29 May 2018:**

1. That **cognisance be taken** of the reasons for the proposed amendments of the contracts:
  - **BV 347: Short Term Insurance Services for the Period of Three Years ending 30 June 2018;**
  - **BV 418: Provision of the Accounting Services to Ensure GRAP Compliant Annual Financial Statements for the Period: July 2015 To 30 June 2018**  
in terms of the enabling provisions of Section 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003) and the amendment to be consented to;  
and
  
2. That **cognisance be taken** that if no recommendations or representations will be received that the resolution will be implemented; and if Recommendations are received, then item will serve again before council.

**To Action**

**B. Volschenk**

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**ANNEXURE A**

**6.4 ADDENDUM TO CONTRACT (INTENT TO AMEND)**

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Marsh (Pty) Ltd



Enquiries: F. Cook/S. Mpeta  
Date: 16/05/2018

ADDENDUM – INTENT TO AMEND A CONTRACT

The parties agree to the following intention to amend the existing contract **BV 347**, which were signed between them on **29 June 2015** and record this was done freely and willingly, without any coercion whatsoever from any one party:

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to the **30 June 2019** on the same terms and conditions.

The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions. Breede Valley Municipality reserves a right to terminate this agreement with due notice of **30 days** without any financial obligation on the municipality's part except for monthly charges in terms of the SLA.

The parties agree that the amendment of the contract is subject to the completion of a Supply Chain Management process, including completing a process as prescribed by section 116(3) of the Municipal Finance Management OR Circular 62 from National Treasury.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

Thus done and signed at Cape Town this 16 day of May 2018  
in the presence of the undersigned witnesses

WITNESSES:

- 1.
- 2.

for and on behalf of Marsh (Pty) Ltd:  
NAME: T. Gomez-Madulo (Position: MANAGING DIRECTOR)

Thus done and signed at Worcester this..... Day of..... 2018 in the presence of the undersigned witnesses

WITNESSES:

- 1. ....
- 2. ....

for and on behalf of Breede Valley Municipality: R. Ontong  
Director: Finance

Altimax (Pty) Ltd



Enquiries: E. Cook/S. Mputa  
Date: 16/05/2018

ADDENDUM – INTENT TO AMEND A CONTRACT

The parties agree to the following intention to amend the existing contract **BV 418**, which were signed between them on **01 July 2015** and record this was done freely and willingly, without any coercion whatsoever from any one party:

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to the **31 December 2018** on the same terms and conditions.

The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions. Breede Valley Municipality reserves a right to terminate this agreement with due notice of **30 days** without any financial obligation on the municipality's part except for monthly charges in terms of the SLA.

The parties agree that the amendment of the contract is subject to the completion of a Supply Chain Management process, including completing a process as prescribed by section 116(3) of the Municipal Finance Management OR Circular 62 from National Treasury.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

Thus done and signed at CENTURION this 18<sup>TH</sup> day of MAY 2018 in the presence of the undersigned witnesses

WITNESSES:

- 1. [Signature]
- 2. [Signature]

[Signature]  
 for and on behalf of **Altimax (Pty) Ltd**  
 NAME: A. CARSTENS (Position: MANAGING DIRECTOR)

Thus done and signed at Worcester this ..... Day of ..... 2018 in the presence of the undersigned witnesses

WITNESSES:

- 1. ....
- 2. ....


.....  
 for and on behalf of Breede Valley Municipality: **R. Ontong**,  
 Director: Finance

**ANNEXURE B & C**

**6.4 PUBLISHED PUBLIC NOTICE AS ON 22 MAY 2018 & QUOTATION FROM SUPPLIERS**

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Annexure B: Published Public notice as on the 22 May 2018



**BREDE VALLEY**  
Municipality

**NOTICE**

**NOTICE IN TERMS OF SECTION 116(3) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003) FOR THE PROPOSED AMENDMENT OF THE EXISTING AGREEMENT WITH THE FOLLOWING SUPPLIERS:**

- **MARSH (PTY) LTD**  
CONTRACT NO: BV 347: SHORT TERM INSURANCE SERVICES FOR THE PERIOD OF THREE YEARS ENDING 30 JUNE 2018
- **ALTIMAX (PTY) LTD**  
CONTRACT NO: BV 418: PROVISION OF THE ACCOUNTING SERVICES TO ENSURE GRAP COMPLIANT ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD: JULY 2015 TO 30 JUNE 2018

The proposed amendment of "BVA 347/2018: SHORT TERM INSURANCE SERVICES FOR THE PERIOD OF THREE YEARS ENDING 30 JUNE 2018" is to provide for the extension of the services and support for a period ending 30 June 2019 and,

Proposed amendment of "BVA 418/2018: PROVISION OF THE ACCOUNTING SERVICES TO ENSURE GRAP COMPLIANT ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD: JULY 2015 TO 30 JUNE 2018" is to provide for the extension of the services and support for a period ending 31 December 2018.

Notice is hereby further given in terms of Section 21 and 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that the local community and affected parties are invited to submit comments or representations on the proposed amendment of the agreement. Such comments or representations must be submitted by not later than Friday, 22 June 2018 at 11:00

Comments or representations must be submitted in a sealed envelope clearly endorsed: **COMMENTS ON NOTICE OF AMENDMENT OF EXISTING AGREEMENT WITH:**

- **BVA 347/20218 MARSH (PTY) LTD;**
- **BVA 418/2018 ALTIMAX (PTY) LTD** and be deposited in tender box.

All submissions must be addressed to:

The Municipal Manager  
Supply Chain Management Tender box  
Breede Valley Municipality  
23 Baring Street  
Worcester  
6850

Persons who are physical disabled or who cannot read or write but wish to participate in the process, may come during office hours to the Municipal Offices, 23 Baring Street, Worcester where a staff member will assist that person to transcribe that person's comments or representations.

**David Mc Thomas**  
Municipal Manager

Annexure C: SCM Compliance Checklist

Suppliers Names	Compliance returnable schedules					
	Intent to amend	MBD1	MBD4	MBD8	MBD15	Bill of Quantity
Marsh (Pty) Ltd	√	NYC	NYC	NYC	NYC	√
Altimax (Pty) Ltd	√	NYC	NYC	NYC	NYC	√

**ANNEXURE D**

**6.4 QUOTATION FROM SUPPLIERS**

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## Annexure D: Quotation from Suppliers

Marsh (Pty) Ltd



Wed 5/16/2018 3:11 PM

Moriarty, Elaine <Elaine.Moriarty@marsh.com>  
RE: INTENT TO AMEND A CONTRACT

To Sinethemba Mpata

Cc Berdine Volschenk; Marius Verwey; Elpaucia Cook

You replied to this message on 5/16/2018 3:39 PM.

Message

Scanned from a Xerox Multifunction Printer.pdf (31 KB)

Dear Sinethemba

Please find attached duly signed 'Intent to amend a contract'

The rates for the 2018/19 period will not exceed a 5% increase, subject to loss ratio.

Thanks and best regards

Elaine Moriarty  
Senior Client Executive  
Marsh Africa | Risk Management Practice  
Co. Reg. No. 1999/000348/07  
FSB/FSP Licence No. 8414  
Block A, The Boulevard, Searle Street, Woodstock, Cape Town, 7925, South Africa  
P O Box 3060, Cape Town, 8000.  
Tel: +27 (0)21 833 4731|  
Fax: +27 (0)866 207369  
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Altimax (Pty) Ltd



16 May 2018

The SCM Manager  
Breede Valley Municipality  
Private Bag X3046  
WORCESTER  
6849

Dear Sir/Madam

**INTENTION TO EXTENT CONTRACT: BV 418**

Herewith our estimation of costs associated with the extension of contract from 1 July 2018 to 31 December 2018:

Estimated hours:

- Assistant Manager = 480
- Project Manager = 80
- Technical Manager = 16
- Audit assistance by Assistant Manager = 120

Tariffs (ex VAT of 15%):

- Assistant Manager = R746/hour
- Project Manager = R1.066/hour
- Technical Manager = R1.452/hour
- Travel = R5.50/km
- Accommodation & subsistence = Cost recovery

Trust you will find this in order.

Kind regards.

**A CARSTENS  
MANAGING DIRECTOR**

**Directors**  
Wanland NG BCompr Hons, Adv Tax Cert, FOD, AGA(SA), F.Inst D (Executive Chairperson)  
Carstens A. MCom, CA(SA), RA, MTP(SA) (Managing Director)  
Vergies Joubert E CA(SA), RA, GFF(SA)

Postal Address  
PostNet Suite 80  
Private Bag X132  
Centurion 0546

Head Office  
Unit 1 Berkley Office Park  
8 Beaufort Street  
Highveld Centurion 0157

Free State Office  
Unit 5 Bempkor Park  
52 Reid Street  
Westdene Bloemfontein 0501

Western Cape Office  
Unit C117 Emerald Bay  
Greenway Estate Strand 7136

East London Office  
80 Estuary Drive  
Gentle 5257

North West Office  
21 De Kroon Avenue  
Boks 0250

Altimax (Pty) Ltd 2003/017795/07  
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Fax: +27 (0) 56 633 4479  
E-mail: info@altimax.co.za

**6.5 REPORT TO COUNCIL ON DEVIATIONS FOR THE MONTH OF APRIL 2018****File No./s:** 2/1/1/1**Responsible Official:** D.R.M Potgieter**Directorate:** Finance**Portfolio:** Finance

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**1. Purpose**

The purpose of this report is to inform Council of all deviations from the Supply Chain Management Policy, approved by the delegated authority in terms of Paragraph 36 and of the Supply Chain Management Policy, for the month of April 2018

**2. Background**

The purpose of this report is to ensure that Council maintains oversight over the implementation of the Supply Chain Management Policy. In terms of paragraph 36(13) of the said policy, the Accounting Officer must record the reasons for any deviations in terms of paragraph 36(1)(b) of the policy and report to Council. However, it must be noted that these deviations also serve on the **monthly Section 71** (MFMA) report/s to Mayco and **quarterly Section 52** (MFMA) report/s to Council.

Deviations approved in terms of paragraph 36(1)(b) for the month of April 2018, are attached as **Annexure A**.

**3. Financial Implications**

None

**4. Applicable Legislation / Council Policy**

Municipal Finance Management Act. 2003, (Act 56 of 2003)  
Breede Valley Supply Chain Management Policy, as amended.  
Supply Chain Management Regulations

**Comment of Directorates / Departments****Municipal Manager**

Recommendation is noted.

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**Director: Strategic Support Services**

Recommendation is noted.

**Director: Financial Services**

Recommendation is noted.

**Director: Technical Services**

Recommendation is noted.

**Director: Community Services**

Recommendation is noted.

**Senior Manager: Legal Services**

Recommendation is noted.

**Annexures**

Annexure A: Schedule of deviations from the procurement processes approved in terms of sub-delegations

**RECOMMENDATION TO COUNCIL:**

**In Respect of**

**REPORT TO COUNCIL ON DEVIATIONS FOR THE MONTH OF APRIL 2018**

Discussed by Council at the Council Meeting held on 29 May 2018

1. That the deviations from the procurement processes, approved in terms of the delegated authority for the month of April 2018, **be noted**;

**To Action**

**D. Potgieter**

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**ANNEXURE A**

**6.5 DEVIATIONS APPROVED IN TERMS OF PARAGREAPH 36(1)(b) FOR THE MONTH OF  
APRIL 2018**

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**ANNEXURE "A": DEVIATIONS FOR THE MONTH: APRIL 2018**

Order nr.	Amount	Service Provider	Deviation Category	Service Description	Background/ Comments
1158593	10,267.66	HD Transmissions	Emergency	Attend to faulty gear system CW 12890	HD Transmission is currently the service provider accredited for repairs and reconditions on Allison Gearboxes. HD Transmission was called out because a truck was unable to select gears. This is one of the refuse compactors that is used to collect the yellow buckets. Without this truck service delivery will be affected. This is a core municipal function, which has a direct impact on service delivery.
1158594	2,850.00	Tony's Motor Spares	Emergency	Recover truck stuck in the mud- CW 38523	2010 Nissan UD 90 Refuse Compactor. Truck was stuck in the mud at the Riverview flats and had to be recovered to proceed with service delivery. A further delay in taking an action was going to expose the asset to a risk of vandalism and service delivery being severely affected.
<b>Total</b>	<b>13,117.66</b>				
[2]					

**6.6 PROPOSED AMENDMENTS TO BUSINESS SYSTEM CONTRACTS TERMINATING ON 30 JUNE 2018 IN COMPLIANCE WITH SECTION 116(3) OF THE MFMA****File No./s:** 2/1/1/1**Responsible Official:** Z. Solomon**Directorate:** Strategic Support Services**Portfolio:** ICT

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**1. Purpose**

The purpose of this report is to provide the necessary information and motivation on the proposed amendment of the Contracts as listed in paragraph 6, ending 30 June 2018, in terms of the enabling provisions of section 116(3) of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), to enable Council to make an informed decision whether to consent to the amendment of the contracts.

The dynamic nature of Information and Communications Technology, as well as investments made in business systems warrant a continuous re-assessment of investments and system functionalities to ensure that value for money is achieved at all times. The long-term impact of investments made in business systems and services warrants that the Breede Valley Municipality continually re-assess its investment strategies to ensure on-going alignment with the deployment of business systems and services as well as alignment with the deployment strategies of the Provincial Government in the Western Cape and National Treasury.

**2. Background/Discussion/Motivation**

Section 116(3) of the MFMA provides as follows:

- “(a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and  
(b) The local community-  
(i) has been given reasonable notice of the intention to amend the contract or agreement; and  
(ii) has been invited to submit representations to the municipality or municipal entity.”

The municipality should ideally have a single business system with a single database and workflow. Considerations to introduce such a strategy for business systems should however always be assessed carefully against initial investment costs for such ventures, as well as the potential risks if the anticipated operational efficiencies and return on investments are not realized - this is done by the ICT Steering Committee (refer to ***Annexure E, ICT Steering Committee Minutes*** – section: **8 b. REVIEW AND REVISION OF ICT MASTER PLAN**)

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Migration strategies for local government institutions must remain aligned with architectures and technologies of selected manufacturers as well as trusted relationships with selected service providers. Investments made by local government institutions in business system architectures and trusted relationships with service providers are seen as long-term investments which cannot readily be changed without exposing the municipality to continuity and contingency risks.

The portfolio of ICT contracts terminating on 30 June 2018 and 31 July 2018 (Pragma) respectively, for which a Section 116(3) process is followed, are as follows:

	<b>Service Provider name</b>	<b>Description</b>	<b>Responsible For Service Level Agreement</b>	<b>Responsible For Software Licenses</b>
BVD 141/2017	Business Engineering (Pty) Ltd	Document Archiving and automated process and workflow system.	Ivy Roos	Zanoxolo Solomon
BVD 117/2017	Ignite Advisory Services	Performance Management system and related services	Cindy September	Cindy September
BVD 111/2018	Total Client Services Ltd	Back office fines system	Seon Swartz Tessel Crotz Joseph Zogby	Seon Swartz Tessel Crotz Joseph Zogby
BVQ 275228/2017	Pragma (Onkey)	Works order system	Louis Bothma	Louis Bothma
BVD 17/2017	IDI Technology Solutions (Pty) Ltd	Fully integrated governance risk compliance & audit software solution	Edward Cloete	Edward Cloete

## 2.1 Discussion

### 2.1.2 Section 116(3) Notification for Public Participation

Date of Advertising: 16 April 2018  
 Method of Advertising: Cape Times, Die Burger,  
 Breede Valley Municipality Website  
 Closing Date for Comments: 18 May 2018

## 2.2 Motivation

### 2.2.1 Regulatory Requirements from National Treasury

Recent statements of direction from National Government implies a more strategic approach must be introduced by all local government entities to migrate its existing portfolio of legacy ICT



services and systems to a business systems architecture that will enable improved data access and reporting capabilities to all stakeholders.

MFMA Circular 57 dated 20 October 2011: MFMA Circular 57 Issued by National Treasury states: "It is imperative that municipalities operate effectively and utilise financial applications optimally to present credible information on a timely basis for internal and external use".

The SCOA project undertaken by National Treasury and supported by the outcomes of the Consolidated Auditor General Report (2009/2010) on local government include amongst others:

- 1) "Research and assessment into various financial applications and related software systems in use by municipalities.
- 2) Minimal dependency on service providers, central coordination, guidance and specialist support offered in a cost-effective and efficient manner.
- 3) That guidelines be issued on minimum standards for financial systems which would minimise excessive or duplicate systems, examine critical integrated IT solutions to maximise capabilities and achieve cost effectiveness while addressing associated maintenance costs"

It was observed that municipalities have in the past diluted the benefits of financial applications by choosing to implement certain 'components' or altering the application to meet their specific requirements or utilising an application that was not integrated with the Financial system.

### **2.2.2 Business Systems Alignment with Strategic Objectives**

The ability to remain constantly aligned with the strategic goals and objectives of the municipality as well as the statements of direction from National Government are inhibited by two major factors:

#### 1) Legacy Business Systems

Various business systems with similar functionalities are deployed in the Breede Valley Municipality, resulting in on-going increases in, and payment of annual licensing fees and support fees without receiving any substantive value-added services or functionalities as part of the existing Agreements. Also, on-going data integration between disparate business systems results in increased complexities whilst attempting to maintain data integrity between systems.

#### 2) Multiple Vendor Contracts

The day-to-day management of vendor business systems contracts remains a major challenge for all municipalities. Vendor contracts are usually very one-sided and do not properly mitigate the potential risks, legally or otherwise, to which municipalities might be exposed to during the term of such contracts.

### **2.2.3 Contractual Considerations with Service Providers**

It is proposed that all business system contracts terminating on 30 June and 31 July 2018 (Pragma) respectively, be amended to remain in effect for a period of three years from 2018/2019 to 2020/2021, for the following reasons:

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- 1) The strategy is to follow a holistic approach to ensure that the strategic intent of the Municipality to integrate the similar functionalities into the core financial system can be optimized to its full potential over the next three years.
- 2) Due to the nature of a fast changing and competitive IT industry, all agreements with service providers, the proviso is that the Breede Valley Municipality may terminate the Agreement at any time and is bound to give at least 6 months prior notice.
- 3) To make a once-off provision for the required funding for a period of three years.
- 4) To limit the administrative costs of following Supply Chain Management processes to request deviations and funding over the short term, specifically taking into account the strategic intent and requirement to be SCOA compliant.

### 2.3 Conclusion

It remains the strategic intent of the Municipality to assimilate similar functionalities from the other business systems deployed in the municipality into the Samras Financial System or at the least build the integration of the functionalities to the Samras Financial System where it is cost effective and functionally viable and is SCOA compliant. Due to the complexities inherent to such business system conversions and integration, a phased approach will be followed. Priorities and time-lines to do the conversions and integration will be dependent on business needs and available funding over the next three years.

### 3. Financial Implications

(Values calculated based on Quotations as per Annexure D)

#### 3.1 Business Engineering (Pty) Ltd:

LICENSE FEES			
YEAR	2018/2019	2019/2020	2020/2021
SOURCE OF FUNDING	Operational Budget	Operational Budget	Operational Budget
SCOA Description	Exp. - Contracted Services - Contractors - Maint. of Equipment	Exp. - Contracted Services - Contractors - Maint. of Equipment	Exp. - Contracted Services - Contractors - Maint. of Equipment
SCOA Cost Account	12114201460000	12114201460000	12114201460000

SCOA Unique Key	20170418057674 20170418057745 20170418057754	20170418057674 20170418057745 20170418057754	20170418057674 20170418057745 20170418057754
Budget Provision	R1057000+R10042+R613060=R1680102.00 (subject to the approval of the budget by Council)	R1116192+10605+647392= R1774189.00 (subject to the approval of the budget by Council)	R1178698+R11199+683646= R1873543.00 (subject to the approval of the budget by Council)
<b>SUPPORT FEES</b>			
<b>YEAR</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
<b>SOURCE OF FUNDING</b>	<b>Operational Budget</b>	<b>Operational Budget</b>	<b>Operational Budget</b>
SCOA Description	Exp. - Contracted Services - Contractors - Maint. of Equipment	Exp. - Contracted Services - Contractors - Maint. of Equipment	Exp. - Contracted Services - Contractors - Maint. of Equipment
SCOA Cost Account	12114201460000	12114201460000	12114201460000
SCOA Unique Key	20170418057674 20170418057745 20170418057754	20170418057674 20170418057745 20170418057754	20170418057674 20170418057745 20170418057754
Budget Provision	R1057000+R10042+R613060=R1680102.00 (subject to the approval of the budget by Council)	R1116192+10605+647392= R1774189.00 (subject to the approval of the budget by Council)	R1178698+R11199+683646= R1873543.00 (subject to the approval of the budget by Council)

Total Estimated Expenditure Extension (excl VAT)	R 345 289.80
Escalation (if any)	CPI
Escalation date	CPI rate to be calculated in the month of annual increase

### 3.2 Ignite Advisory Services

LICENSE FEES			
YEAR	2018/2019	2019/2020	2020/2021
SOURCE OF FUNDING	Operational Budget	Operational Budget	Operational Budget
SCOA Description	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences
SCOA Cost Account	10621222120000	10621222120000	10621222120000
SCOA Unique Key	20170418057705	20170418057705	20170418057705
Budget Provision	R620600.00 (subject to the approval of the budget by Council)	R892954.00 (subject to the approval of the budget by Council)	R1284832.00 (subject to the approval of the budget by Council)

<b>SUPPORT FEES</b>			
<b>YEAR</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
<b>SOURCE OF FUNDING</b>	<b>Operational Budget</b>	<b>Operational Budget</b>	<b>Operational Budget</b>
SCOA Description	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences
SCOA Cost Account	10621222120000	10621222120000	10621222120000
SCOA Unique Key	20170418057705	20170418057705	20170418057705
Budget Provision	R620600.00 (subject to the approval of the budget by Council)	R892954.00 (subject to the approval of the budget by Council)	R1284832.00 (subject to the approval of the budget by Council)
Total Estimated Expenditure Extension (excl VAT)	R		
Escalation (if any)	CPI		
Escalation date	Anniversary date of signature of the contract		

**3.3 Total Client Service**

<b>LICENSE FEES</b>			
<b>YEAR</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
<b>SOURCE OF FUNDING</b>	<b>Operational Budget</b>	<b>Operational Budget</b>	<b>Operational Budget</b>
SCOA Description	Exp. - Inventory Consumed - Materials and Supplies	Exp. - Inventory Consumed - Materials and Supplies	Exp. - Inventory Consumed - Materials and Supplies
SCOA Cost Account	12705221210000	12705221210000	12705221210000
SCOA Unique Key	20170418056906 20170418056913	20170418056906 20170418056913	20170418056906 20170418056913
Budget Provision	R6025+R515816= R 521841.00 (subject to the approval of the budget by Council)	R6363+R544702= R 551065.00 (subject to the approval of the budget by Council)	R6719+R575205= R 581924.00 (subject to the approval of the budget by Council)
Total Estimated Expenditure Extension (excl VAT)	R 235 000.00		
Escalation (if any)	CPI		
Escalation date	Anniversary date of signature of the contract		

**3.4 Pragma Africa (Pty) Ltd**

<b>LICENSE FEES</b>			
<b>YEAR</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
<b>SOURCE OF FUNDING</b>	<b>Operational Budget</b>	<b>Operational Budget</b>	<b>Operational Budget</b>

SCOA Description	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences
SCOA Cost Account	18103222120000	18103222120000	18103222120000
SCOA Unique Key	20170612991512	20170612991512	20170612991512
Budget Provision	R 347731.00 (subject to the approval of the budget by Council)	R 367204.00 (subject to the approval of the budget by Council)	R 387767.00 (subject to the approval of the budget by Council)
<b>SUPPORT FEES</b>			
<b>YEAR</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
<b>SOURCE OF FUNDING</b>	<b>Operational Budget</b>	<b>Operational Budget</b>	<b>Operational Budget</b>
SCOA Description	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences
SCOA Cost Account	18103222120000	18103222120000	18103222120000
SCOA Unique Key	20170612991512	20170612991512	20170612991512
Budget Provision	R 347731.00 (subject to the approval of the budget by Council)	R 367204.00 (subject to the approval of the budget by Council)	R 387767.00 (subject to the approval of the budget by Council)
Total Estimated Expenditure Extension (excl VAT)	R 409 979.55		
Escalation (if any)	N/A		

Escalation date	N/A
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### 3.5 IDI Technology Solutions (Pty) Ltd

LICENSE FEES			
YEAR	2018/2019	2019/2020	2020/2021
SOURCE OF FUNDING	Operational Budget	Operational Budget	Operational Budget
SCOA Description	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences	Exp. - Operational Cost - External Computer Service - Software Licences
SCOA Cost Account	10625222120000	10625222120000	10625222120000
SCOA Unique Key	20170418058014	20170418058014	20170418058014
Budget Provision	R 72933.00 (subject to the approval of the budget by Council)	R 77018.00 (subject to the approval of the budget by Council)	R 81331.00 (subject to the approval of the budget by Council)
Total Estimated Expenditure Extension (excl VAT)	R 236 392.00		
Escalation (if any)	N/A		
Escalation date	N/A		

### 4. Applicable Legislation / Council Policy

Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003)  
 Circular 57, National Treasury Practise note  
 Circular 62, National Treasury Practise note  
 Circular 73 National Treasury Practise note  
 Breede Valley Municipality Supply Chain Management Policy, as amended  
 Breede Valley Municipality Contract Management Policy, as amended



**Comment of Directorates / Departments****Municipal Manager**

Noted.

**Director: Strategic Support Services**

Supported

**Director: Financial Services**

Supported

**Director: Technical Services:** Supported**Director: Community Services:** Noted.**Senior Manager: Legal Services:** Supported.**5. Annexures**

Annexure A: Public notice of intention to amend the Contracts for Business Systems

Annexure B: Addendum to the Contracts (intent to amend)

Annexure C: SCM compliance checklist

Annexure D: Quotes

Annexure E: ICT Steering Committee Minutes

Annexure F: ICT Main Agreements and Service Level Agreements (are available on request)

**RECOMMENDATION TO COUNCIL.**

That in respect of -

**PROPOSED AMENDMENTS TO BUSINESS SYSTEM CONTRACTS TERMINATING ON 30 JUNE 2018 IN COMPLIANCE WITH SECTION 116(3) OF THE MFMA as discussed by Council at the Council meeting held on 28 May 2018 council decide:**

1. That council note of the reasons for the proposed amendments of contracts in terms of Section 116(3) of the Municipal Finance Management Act 2003 (Act 56 of 2003) of the following ICT related systems and services contracts:

No	Ref no	Service Provider name	Description
1	BVD 141/2017	Business Engineering (Pty) Ltd	Main Records, Document Archiving and automated process and workflow system.
2	BVD 117/2017	Ignite Advisory Services	Performance Management system and related services
3	BVD 111/2018	Total Client Services Ltd	Back office fines system
4	BVQ 275228/2017	Pragma (Onkey)	Works Order System

5	BVD 17/2017	IDI Technology Solutions (Pty) Ltd	Fully integrated governance risk compliance & audit software solution
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2. That council note that in compliance with Section 116(3) reasonable notice was given to the local community of council's intention to amend the contracts set out in 7.1 above. No comments were received.
3. That the ICT related systems and services will be amended for the values and time frames as set out below:

No	Ref no	Service Provider name	Current Contract Value per Annum as at June 2018	New Contract Value per Annum; and % escalation	Current contract (term) time period	New Contract term (time period)
1	BVD 141/2017	Business Engineering (Pty) Ltd	R 295 003.54	R 345 289.80 17 % Escalation p.a.	1 July 2017 - 30 June 2018	1 July 2018 - 30 June 2021
2	BVD 117/2017	Ignite Advisory Services	R 312 143.14	R 523 600.00 Rate based (outer years = current rates plus +/- 10%)	1 July 2017 - 30 June 2018	1 July 2018 - 30 June 2021
3	BVD 111/2018	Total Client Services Ltd	R 251 370.00	R 270 250.00 7.5% Escalation p.a.	1 July 2017 - 30 June 2018	1 July 2018 - 30 June 2021
4	BVQ 275228/2017	Pragma (Onkey)	R 135 867.57	R 146 653.54 7.9 % Escalation p.a.	1 August 2017 - 31 July 2018	1 August 2018 - 31 July 2021
5	BVD 17/2017	IDI Technology Solutions (Pty) Ltd	R 79 683.72	R 84 554.00 6.1 % Escalation p.a.	1 July 2017 - 30 June 2018	1 July 2018 - 30 June 2021

**To Action****Z. Solomon**

**ANNEXURE A**

**6.6 PUBLIC NOTICE OF INTENTION TO AMEND THE CONTRACTS FOR BUSINESS  
SYSTEMS**

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 <b>NOTICE/KENNISGEWING</b>	
<p><b>NOTICE IN TERMS OF SECTION 116(3) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003) FOR THE PROPOSED AMENDMENT OF THE EXISTING AGREEMENT WITH THE FOLLOWING SUPPLIERS:</b></p> <ul style="list-style-type: none"> <li>• BYTES SYSTEMS INTEGRATION A DIVISION OF ALTRON TMT (PTY) LTD CONTRACT NO: BVD 144/2017 – CORE FINANCIAL SYSTEM</li> <li>• BUSINESS ENGINEERING (PTY) LTD CONTRACT NO: BVD 141/2017-DOCUMENT ARCHIVING AND AUTOMATED PROCESS AND WORKFLOW SYSTEM</li> <li>• IGNITE ADVISORY SERVICES CONTRACT NO: BVD 117/2017 – PERFORMANCE MANAGEMENT SYSTEM AND RELATED SERVICES</li> <li>• TOTAL CLIENT SERVICES LTD CONTRACT NO: BVD 111/2018 – BACK OFFICE FINES SYSTEM</li> <li>• PRAGMA AFRICA (PTY) LTD CONTRACT NO: BVQ 275228/2017 – WORKS ORDER SYSTEM</li> <li>• IDI TECHNOLOGY SOLUTIONS (PTY) LTD CONTRACT NO: BVD 17/2017 – FULLY INTEGRATED GOVERNANCE RISK COMPLIANCE &amp; AUDIT SOFTWARE SOLUTION</li> </ul>	<p><b>KENNISGEWING INGEVOLGE ARTIKEL 116(3) VAN DIE WET OP PLAASLIKE REGERING: MUNISIPALE FINANSIELE BESTUUR, 2003 (WET 56 VAN 2003) VIR DIE VOORGESTELDE WYSIGING VAN DIE BESTAANDE OOREENKOMS MET DIE VOLGENDE VERSKAFFERS:</b></p> <ul style="list-style-type: none"> <li>• BYTES SYSTEMS INTEGRATION A DIVISION OF ALTRON TMT (PTY) LTD KONTRAK NO: BVD 144/2017 – PRIMERE FINANSIELE STELSEL</li> <li>• BUSINESS ENGINEERING (PTY) LTD KONTRAK NO: BVD 141/2017 – DOKUMENT ARGIVERING EN AUTOMATIESE PROSES EN WERKSVLOEI STELSEL</li> <li>• IGNITE ADVISORY SERVICES KONTRAK NO: BVD 117/2017 – PRESTASIE BESTUURSSTELSEL EN VERWANTE DIENSTE</li> <li>• TOTAL CLIENT SERVICES LTD KONTRAK NO: BVD 111/2018 – INTERNE BOETE STELSEL</li> <li>• PRAGMA AFRICA (PTY) LTD KONTRAK NOMMER BVQ 275228/2017 – WERKSORDER STELSEL</li> <li>• IDI TECHNOLOGY SOLUTIONS (PTY) LTD KONTRAK NO: BVD 17/2017 – VOLLEDIGE GEINTEGREERDE BESTUUR, RISIKO, NAKOMING EN OUDIT SAGTEWARE OPLOSSING</li> </ul>
<p>The proposed amendment of the contract is to provide for the extension of the services and support for a period ending 30 June 2021.</p> <p>Notice is hereby further given in terms of Section 21 and 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that the local community and affected parties are invited to submit comments or representations on the proposed amendment of the agreement. Such comments or representations must be submitted by not later than Friday, 18 May 2018 at 11:00</p> <p>Comments or representations must be submitted in a sealed envelope clearly endorsed: <b>COMMENTS ON NOTICE OF AMENDMENT OF EXISTING AGREEMENT WITH: BYTES SYSTEMS INTEGRATION A DIVISION OF ALTRON TMT (PTY) LTD; BUSINESS ENGINEERING (PTY) LTD; IGNITE ADVISORY SERVICES; TOTAL CLIENT SERVICE S LTD; PRAGMA AFRICA (PTY) LTD; IDI TECHNOLOGY SOLUTIONS (PTY) LTD</b> and be deposited in tender box.</p> <p>All submissions must be addressed to:</p> <p>The Municipal Manager Supply Chain Management Tender box Breed Valley Municipality 23 Baring Street Worcester 6850</p> <p>Persons who are physical disabled or who cannot read or write but wish to participate in the process, may come during office hours to the Municipal Offices, 23 Baring Street, Worcester where a staff member will assist that person to transcribe that person's comments or representations.</p>	<p>Die voorgestelde wysiging van die ooreenkoms is om voorsiening te maak vir die uitbreiding van die dienste vir 'n periode wat eindig op 30 Junie 2021.</p> <p>Kennis geskied verder ingevolge artikel 21 en 21A van die Wet op Plaaslike Regering: Munisipale Stelsels, 2000 (Wet 32 van 2000), dat die plaaslike gemeenskap en geaffekteerde partye genooi word om kommentaar of vertoë oor die voorgestelde wysiging van die ooreenkoms aan die Munisipaliteit te lewer. Hierdie kommentaar of vertoë moet teen nie later nie as Vrydag, 18 Mei 2018 om 11:00 ingedien word.</p> <p>Alle kommentare of vertoë moet ingedien word in 'n verseëelde koevert, duidelik gemerk: <b>KOMMENTAAR OP KENNISGEWING VAN WYSIGING VAN BESTAANDE OOREENKOMS MET: BYTES SYSTEMS INTEGRATION A DIVISION OF ALTRON TMT (PTY) LTD; BUSINESS ENGINEERING (PTY) LTD; IGNITE ADVISORY SERVICES; TOTAL CLIENT SERVICES LTD; PRAGMA AFRICA (PTY) LTD; IDI TECHNOLOGY SOLUTIONS (PTY) LTD</b> en geplaas word in Tenderbus.</p> <p>Alle voorleggings moet geadresseer word aan:</p> <p>Die Munisipale Bestuurder Voorsieningskanaal Bestuur Tenderbus Breed Vallei Munisipaliteit 23 Baring Straat Worcester 6850</p> <p>Persone wat liggaamlik gestremd is of nie kan lees of skryf nie, maar aan die proses wil deelneem, kan gedurende kantoorure na die Munisipale Kantore, 23 Baring Straat, Worcester kom, waar 'n personeellid hulle sal help om die kommentaar of vertoë neer te skryf.</p>
David Mc Thomas Municipal Manager	David Mc Thomas Munisipale Bestuurder

**ANNEXURE B**

**6.6 ADDENDUM TO THE CONTRACTS (INTEND TO AMEND)**

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**Annexure B: Addendum to the Contracts (intent to amend)**

**Business Engineering**



Enquiries: E. Cook/S. Mpata  
Date: 28/03/2018

**ADDENDUM – INTENT TO AMEND A CONTRACT**

The parties agree to the following intention to amend the existing contract **BVD 141/2017**, which were signed between them on **06 July 2016** and record this was done freely and willingly, without any coercion whatsoever from any one party:

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to the **30 June 2021** on the same terms and conditions.

The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions. Breede Valley Municipality reserves a right to terminate this agreement with due notice of **30 days** without any financial obligation on the municipality's part except for monthly charges in terms of the SLA.

The parties agree that the amendment of the contract is subject to the completion of a Supply Chain Management process, including completing a process as prescribed by section 116(3) of the Municipal Finance Management OR Circular 62 from National Treasury.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

Thus done and signed at Cape Town this 10<sup>th</sup> day of May 2018 in the presence of the undersigned witnesses

WITNESSES:

- 1. 
- 2. ....

for and on behalf of **Business Engineering (Pty) Ltd:**  
NAME: Sales, (Position: Regional Manager)

Thus done and signed at Worcester this ..... Day of ..... 2018 in the presence of the undersigned witnesses

WITNESSES:

- 1. ....
- 2. ....

for and on behalf of Breede Valley Municipality: **R. Esau**,  
Director: Strategic Support Services



Enquiries: E. Cook/S. Mpata  
Date: 28/03/2018

ADDENDUM – INTENT TO AMEND A CONTRACT

The parties agree to the following intention to amend the existing contract **BVD 117/2017**, which were signed between them on **03 October 2011** and record this was done freely and willingly, without any coercion whatsoever from any one party:

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to the **30 June 2021** on the same terms and conditions.


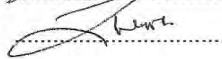
The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions. Breede Valley Municipality reserves a right to terminate this agreement with due notice of **30 days** without any financial obligation on the municipality's part except for monthly charges in terms of the SLA.

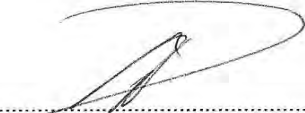
The parties agree that the amendment of the contract is subject to the completion of a Supply Chain Management process, including completing a process as prescribed by section 116(3) of the Municipal Finance Management OR Circular 62 from National Treasury.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

Thus done and signed at CAPE TOWN this 6<sup>th</sup> day of APRIL 2018 in the presence of the undersigned witnesses

WITNESSES:

- 1. 
- 2. 

  
 for and on behalf of **Ignite Advisory Services:**  
 NAME: A. BUTTUR, (Position: MD)

Thus done and signed at Worcester this ..... Day of ..... 2018 in the presence of the undersigned witnesses

WITNESSES:

- 1. ....
- 2. ....

.....  
for and on behalf of Breede Valley Municipality: **R. Esau**,  
Director: Strategic Support Services





Enquiries: E. Cook/S. Ngata  
Date: 28/03/2018

ADDENDUM – INTENT TO AMEND A CONTRACT

The parties agree to the following intention to amend the existing contract ~~BVD 184/2014~~ <sup>111/2018</sup>, which were signed between them on 1 July 2014 and record this was done freely and willingly, without any coercion whatsoever from any one party.

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to the 30 June 2021 on the same terms and conditions.

The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions. Brede Valley Municipality reserves a right to terminate this agreement with due notice of 30 days without any financial obligation on the municipality's part except for monthly charges in terms of the SLA.

The parties agree that the amendment of the contract is subject to the completion of a Supply Chain Management process, including completing a process as prescribed by section 116(3) of the Municipal Finance Management OR Circular 62 from National Treasury.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

Thus done and signed at CENTURION this 03 day of APRIL 2018  
in the presence of the undersigned witnesses

WITNESSES:

1. [Signature]
2. [Signature]

[Signature]  
for and on behalf of Total Client Services Limited  
NAME: J. Marthinus (Position: Chairman / Manager)

Thus done and signed at Worcester this \_\_\_\_\_ Day of \_\_\_\_\_ 2018 in the presence of the undersigned witnesses

WITNESSES:

1. [Signature]
2. \_\_\_\_\_

for and on behalf of Brede Valley Municipality: J. Marthinus,  
Director: Community Services





ISSUED BY: Coek/M. Mpota  
REF: 28/05/2018

**ADDENDUM – INTENT TO AMEND A CONTRACT**

The parties agree to the following intention to amend the existing contract **BVQ 75228/2017**, which were signed between them on **23 August 2017** and record this was done freely and willingly, without any coercion whatsoever from any one party:

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to the **30 June 2021** on the same terms and conditions.

The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions. Breede Valley Municipality reserves a right to terminate its agreement with due notice of **30 days** without any financial obligation on the municipality's part except for monthly charges in terms of the SLA.

The parties agree that the amendment of the contract is subject to the completion of a Supply Chain Management process, including completing a process as prescribed by section 116(3) of the Municipal Finance Management OR Circular 62 from National Treasury.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

This done and signed at Bellville this 5<sup>th</sup> day of April 2018  
in the presence of the undersigned witnesses:

**(WITNESSES)**

- 1.
- 2.

for and on behalf of Pragira Africa (Pty) Ltd.  
NAME S. J. J. J. J. (Position MD Pragira Africa)

This done and signed at Worcester this ..... Day of ..... 2018 in the presence of the undersigned witnesses:

**(WITNESSES)**

- 1. ....
- 2. ....

for and on behalf of Breede Valley Municipality: J. Steyn  
Director: Technical Services



Enquiries: E. Cook/S. Mpata  
Date: 12/04/2018

**ADDENDUM – INTENT TO AMEND A CONTRACT**

The parties agree to the following intention to amend the existing contract **BVD 17/2017**, which were signed between them on **03 March 2015** and record this was done freely and willingly, without any coercion whatsoever from any one party;

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to the **30 June 2021** on the same terms and conditions.

The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions. Breede Valley Municipality reserves a right to terminate this agreement with due notice of **30 days** without any financial obligation on the municipality's part except for monthly charges in terms of the SLA.

The parties agree that the amendment of the contract is subject to the completion of a Supply Chain Management process, including completing a process as prescribed by section 116(3) of the Municipal Finance Management OR Circular 62 from National Treasury.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

Thus done and signed at Bryanston this 19<sup>th</sup> day of April 2018  
in the presence of the undersigned witnesses

WITNESSES:

1. [Signature]  
2. [Signature]

[Signature]  
for and on behalf of ADI TECHNOLOGY SOLUTIONS (PTY) LTD.  
NAME: W. ASHER (Position: Gen. Mgr.)

Thus done and signed at Worcester this ..... Day of ..... 2018 in the presence of the undersigned witnesses

WITNESSES:

1. ....
2. ....

.....  
for and on behalf of Breede Valley Municipality: R. Esau,  
Director: Strategic Support Services



**ANNEXURE C**

**6.6 SCM COMPLIANCE CHECKLIST**

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Annexure C: SCM compliance checklist

Suppliers Names	Compliance returnable schedules					
	Intent to amend	MBD 1	MBD 4	MBD 8	MBD 15	Bill of Quantity
Bytes Systems Integration a Division of Altron TMT (Pty) Ltd	NYC	NYC	NYC	NYC	NYC	NYC
Business Engineering	NYC	NYC	√	√	NYC	√
Ignite Advisory	√	√	√	√	√	√
Total Client Services		√	√	√	√	√
Pragma Africa (Pty) Ltd	√	√	√	√	√	√
IDI Technology Solutions (Pty) Ltd	√	√	√	√	√	√

**ANNEXURE D**

**6.6 QUOTES**

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# QUOTATION

Breede Valley Municipality  
Private Bag X3046  
WORCESTER  
South Africa  
6850

4 April 2018

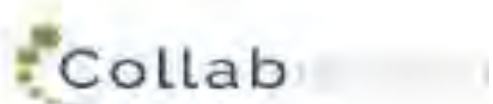
**Collaborator Foundation System: On-Site Support Services**

Please find enclosed pricing for the provisioning of the required Collaborator Foundation System support services at the Breede Valley municipality in Worcester for the period 1 July 2018 through 30 June 2019:

<b>Responsibility:</b>		Business Engineering Breede Valley Municipality	Brünhilde Giles Heléne Potgieter	
PHASES	DESCRIPTION	UOM	UNIT PRICE	TOTAL
1.	Professional Services: Collaborator Support Agreement	12 Months	R 25, 021.00	R 300, 252.00
Subtotal				R 300, 252.00
VAT				R 45, 037.80
<b>Total Investment including VAT</b>				<b>R 345, 289.80</b>
<p>1 July 2019 through 30 June 2020 – Professional Services: Provisioning of Support Services as per the agreement plus the effective CPI rate linked increase, to be calculated in the month of annual increase</p> <p>1 July 2020 through 30 June 2021 – Professional Services: Provisioning of Support Services as per the agreement plus the effective CPI rate linked increase, to be calculated in the month of annual increase</p>				

**Terms & Conditions:**

- Pricing as presented are Nett and exclusive of VAT, unless otherwise indicated.
- This quotation will be valid for a period of thirty (30) days.
- Our standard terms and conditions shall apply.



ACTIVITY		ANNUAL FEES
Data management fees (one fee for all modules)***	R3 000 Monthly	R36 000
User fees for SDBIP***	R150 per user per module x 55	R99 000
User Fees for iComply	R150 per user per module x 35	R63 000
Drafting the TL SDBIP KPI System Descriptions	Per annum	R49 000
Facilitating the drafting of the senior management performance agreements	Per annum	R15 000
Facilitating Performance Reviews	R15 000 per period	R30 000
PM Hands-on support	R8 000 Per day ad hoc	R32 000
PM Training to staff	R8 000 Per day ad hoc	R32 000
Facilitate the drafting of the s72 report and update of SDBIP after mid-year review	Per annum	R44 000
Facilitate the drafting of the annual and the performance reports	Per annum	R114 600
Individual performance support fee charged at fixed fee	R 8 000 Quarterly	R32 000
The above fees include 25 MB of data per module per month***	Additional MB R0.15/MB/ month	R9 000
Additional: Consulting work and out of scope work		Must be agreed upfront
Disbursements	Rate per km	R4/km

**ANNEXURE – A**

This budget schedule is to assist you, as our valued Client, with the preparation of the operations and capital budgets for the forthcoming financial year.

**The Annual License and Service Fee is as follows:**

DESCRIPTION	USERS	ANNUAL LICENSE FEE	PAYABLE ANNUALLY
Annual License and Service Fee	17	R235 000 – 00	R235 000 – 00
Total Cost excluding Value-Added-Tax		R235 000 – 00	R235 000 – 00
15% Value-Added-Tax		R 35 250 – 00	R 35 250 – 00
Total Cost including Value-Added-Tax		R270 250 – 00	R270 250 – 00

1. The Traffic Management System is currently licensed for  user(s), and includes the following modules:

- Traffic Contravention Management System
- Accident Management System
- e-NaTIS Interface module
- Equipment Tracking module

2. Contractual Services:

The Annual License and Service Fees are inclusive of the following services:

- License to Use;
- Telephone Support;
- Modem Support; and
- System Maintenance and distribution of new release updates;

3. Fees excluded from the Annual License and Service Fees





asset management | engineered

www.pragmaworld.net

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+27 21 948 9945

info@pragmaworld.net

Post Net Suite 181, Private Bag 30  
161, Halfway House, 1685

## Quotation

<b>Company:</b>	Brede Valley Municipality	<b>Attention:</b>	Louis Bothma
<b>Subject:</b>	On Key License and Support Renewal	<b>Ref. No.:</b>	OK_BVM 08.05.2018
<b>From:</b>	Colin Williams	<b>Date:</b>	08.05.2018

Description	Qty	Rate per Annum	Value
<b>Pragma Africa Annual licence Fees</b>			
<b>01 August 2018 to 31 July 2019</b>			
License and Support fees - 10 000 ASI's	1	R 127,524.82	R 127,524.82
<b>01 August 2019 to 31 July 2020</b>			
License and Support fees - 10 000 ASI's	1	R 136,451.56	R 136,451.56
<b>01 August 2020 to 31 July 2021</b>			
License and Support fees - 10 000 ASI's	1	R 146,003.17	R 146,003.17
<b>Total</b>			R 409,979.55
<b>VAT</b>			R 61,496.93
<b>Grand total</b>			R 471,476.48

## Quotation

<b>Company:</b>	Brede Valley Municipality	<b>Attention:</b>	Louis Bothma
<b>Subject:</b>	On Key License and Support Renewal	<b>Ref. No.:</b>	OK_BVM 08.05.2018
<b>From:</b>	Colin Williams	<b>Date:</b>	08.05.2018

Description	Qty	Rate per Annum	Value
<b>Pragma Africa Annual licence Fees</b>			
<b>01 August 2018 to 31 July 2019</b>			
License and Support fees - 10 000 ASI's	1	R 127,524.82	R 127,524.82
<b>01 August 2019 to 31 July 2020</b>			
License and Support fees - 10 000 ASI's	1	R 136,451.56	R 136,451.56
<b>01 August 2020 to 31 July 2021</b>			
License and Support fees - 10 000 ASI's	1	R 146,003.17	R 146,003.17
<b>Total</b>			R 409,979.55
<b>VAT</b>			R 61,496.93
<b>Grand total</b>			R 471,476.48

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## Conditions

1. All prices are valid for 60 days only; thereafter subject to confirmation.
  2. Every item ordered will be invoiced on delivery; invoices payable 30 days.
  3. All invoices payable to Pragma Africa (Pty) Ltd.
  4. All travel arrangements made by Pragma will carry a 15% administration fee on the actual figures paid and will be invoiced separately, unless otherwise specified in the quotation.
  5. Annual software and service fee increase on 1 July
- 



Paucis Cook  
Principal Clerk: Risk and Bid Contract Management  
Supply Chain Management Unit  
Breede Valley Municipality

Dear Paucis

23 April 2018

Re: Quote for BarnOwl annual fee

Task	Item	Rate	Amount
BarnOwl Annual upgrade fee (1 Jul 2018 - 30 Jun 2019)	1	R 84 554	R 72 817
BarnOwl Annual upgrade fee (1 Jul 2019 - 30 Jun 2020)	1		R 78 842
BarnOwl Annual upgrade fee (1 Jul 2020 - 30 Jun 2021)	1		R 84 933
<b>Sub total excluding VAT</b>			<b>R 236 392</b>
VAT			R 35 459
<b>Total including VAT</b>			<b>R 271 851</b>

**Terms and Conditions:**

- Payment for the annual upgrade fee will enable BarnOwl version upgrades to be performed.
- Upgrades are performed remotely via our auto-upgrader functionality.
- This quotation is valid for 30 days.
- Support incidents are not included in this quote. On your request support incidents are billed as and when used at current ruling rates.

Please sign the quote to accept the work order.

Authorisation is hereby granted to (D) Technology Solutions (Pty) Limited to proceed with this quote as per the pricing and terms & conditions stated above.

**ANNEXURE E**

**6.6 ICT STEERING COMMITTEE MINUTES**

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Ref no.5/2/5/b

Date distributed:

## MINUTES

# SECOND ICT STEERING COMMITTEE MEETING OF THE BREEDE VALLEY MUNICIPALITY

2017-10-10 AT 09:00

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MINUTES

2<sup>nd</sup> ICT STEERING COMMITTEE MEETING OF THE  
BREDE VALLEY MUNICIPALITY

2017-10-10



## TABLE OF CONTENTS

ITEM	SUBJECT	PRESENTER
1.	OPENING AND WELCOME	MUNICIPAL MANAGER
2.	OPENING REMARKS	MUNICIPAL MANAGER
2.1	Attendance	
2.2	Apologies	
3.	CONFIRMATION OF AGENDA	MUNICIPAL MANAGER
4.	<b>MINUTES</b> No Minutes were taken during the previous meeting due to the lack of communication and the handover from Mr A. Versfeld.	MUNICIPAL MANAGER
4.1	Matters arising from the previous meeting held on 31 March 2017	
5.	<b>BACKGROUND</b>	ICT MANAGER
5.1	<b>CHANGE MANAGEMENT</b>	
5.1.1	People	
5.1.2	Processes	
5.1.3	Structure (Capacity)	
5.2	<b>ICT CORE FUNCTIONS</b>	
5.3	<b>CURRENT PROJECTS</b>	
5.3.1	DR Connectivity DR Plan DR Site Construction	
5.3.2	Radio Network Upgrade	
5.3.3	Telephone rollout	
6.	<b>ITEMS FOR DISCUSSION</b>	ICT MANAGER
6.1	<b>COST SAVING INITIATIVES</b>	
6.1.1	Telkom Outdoor extensions	
6.1.2	Printing	
6.1.3	Contract review	
6.1.4	Software & Hardware Standardisation	
6.2	<b>OTHER ITEMS OF CONCERN</b>	
6.2.1	Budgeting	

MINUTES

2<sup>nd</sup> ICT STEERING COMMITTEE MEETING OF THE  
BREDE VALLEY MUNICIPALITY

2017-10-10

7.	<b>POLICY AWARENESS</b>	<b>MUNICIPAL MANAGER &amp; DIRECTOR SSS</b>
7.1	Strategy to be followed	
8.	<b>REVIEW AND REVISION OF ICT MASTER PLAN</b> a. Old Systems and server versions (Site File) b. ERP System & Mobile Application c. Network Resilience	<b>ICT MANAGER &amp; SENIOR NETWORK ADMINISTRATOR</b>
	None	
9.	<b>APPROACH TO PRINTER USAGE AND REPLACEMENT</b> Some statistics  stat_300561001.pdf Practical Implications of ownership vs Document Management tool	<b>MUNICIPAL MANAGER &amp; ICT MANAGER</b>
10.	<b>TELEPHONE SYSTEM</b> The Way forward for BVM	<b>SENIOR NETWORK ADMINISTRATOR</b>
11.	<b>DISASTER RECOVERY PLAN</b> Presentation and acceptance  BVM - ICT DR Plan - 2017.docx	<b>ICT MANAGER</b>
12.	<b>GENERAL AND OTHER MATTERS</b>	
13.	<b>CLOSURE</b>	<b>MUNICIPAL MANAGER</b>

MINUTES                      2<sup>nd</sup> ICT STEERING COMMITTEE MEETING OF THE                      2017-10-10  
BREDE VALLEY MUNICIPALITY

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1.                      OPENING AND WELCOME

The Municipal Manager opened the meeting at 09:05 and welcomed everyone present.

Mr Z. Solomon also welcomed everyone present and apologized for the confusion due to the handover from Mr A. Versfeld during the first meeting.

2.                      OPENING REMARKS

No apologies were received for this meeting from any member including the Community Services Directorate who were absent from the meeting.

3.                      CONFIRMATION OF AGENDA

Mr R. Esau requested that Audit matters remain a standing item on the Agenda for all meetings and that the key role players for BVM systems that were usually invited to these meetings be furthermore invited to attend all the meetings of this Committee.

4.                      CONFIRMATION OF MINUTES

The Municipal Manager confirmed that there is no Minutes available for the First Meeting and therefore No Minutes can be confirmed.

5.                      BACKGROUND

5.1                      CHANGE MANAGEMENT

Mr Solomon stressed that this was one of the key matters that had to be attended to when he started his employment at BVM.

5.1.1                      PEOPLE

Mr Solomon indicated that he had to attend to and opt to make some progression on the manner in which employees worked in the ICT Department.

MINUTES                      2<sup>nd</sup> ICT STEERING COMMITTEE MEETING OF THE                      2017-10-10  
BREDE VALLEY MUNICIPALITY

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### 5.1.2 PROCESSES

No discussion took place under this subheading.

### 5.1.3 STRUCTURE (CAPACITY)

Mr Solomon confirmed that vacancies within the ICT Department have been addressed.

## 5.2 ICT CORE FUNCTIONS

Mr Solomon stressed that one of the key matters are to ensure that the core of ICT are attended to. It should be borne in mind that the access to the main building system can be hosted by ICT however it should thereafter be taken over by another Department since this is not the core function of ICT. Therefore ICT will attend to the hosting and completion of the access to the building and thereafter hand it over to the Department who will act as the custodian of such access to the building.

## 5.3 CURRENT PROJECTS

### 5.3.1 DR CONNECTIVITY

Mr Solomon informed that Committee that the DR Connectivity tender have been awarded to MTN and results will be available during December or January 2018. This means that we will have to move the equipment to the DR Site.

#### DR PLAN

#### DR SITE CONSTRUCTION

Mr Solomon explained to the Committee that the Current construction are not in line with BVM structures and therefore we have decided to do more construction which is currently in process.

The MM requested an indication of a time frame for the completion of construction. Mr Solomon indicated that a result is expected during January 2018 which means that we then still have to do the testing with a real life scenario without the service provider being on site.

The MM enquired what the process are in the meantime for backup. Mr Solomon confirmed that the backup data is moved to Touwsriver once a week and everyday to the Electricity Department.



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### 5.3.2 RADIO NETWORK UPGRADE

Mr Solomon confirmed that the tender have been budgeted for and were advertised. The tender will address most of our issues we currently experiencing. The current situation causes more problems and the telephone system will be rolled out after the radio network have been upgraded.

Mr. B. Magawu informed the Committee that the Service Provider will have 20 weeks after the tender have been rewarded to complete the radio network upgrade.

The MM requested that the tender be finalised and the money spend before the end of the current financial year.

### 5.3.3 TELEPHONE ROLLOUT

Mr Solomon indicated that the telephone rollout will be done after the radio network have been upgraded and full implementation still need to take place in Rawsonville, De Doorns and Touwsriver. The tender expired and we are currently having a month to month contract with the Tenderer until the current process for a new tender are finalised. Mr Solomon indicated that with the full telephone rollout, Management will be able to have a report on this explaining how much are paid to Telkom and Cellular networks.

The MM enquired on the current status of the telephone rollout. Mr B. Magawu informed the Committee that we are at 60% rollout and furthermore explained that a few buildings are not yet connected due to network constraints. It should however, take more or less a month to complete the telephone roll out after the tender have been awarded and finalised.

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## 6. ITEMS FOR DISCUSSION

### 6.1.1 TELKOM OUTDOOR EXTENSIONS

Mr Solomon requested that BVM focus on cost saving without losing quality. Some initiative includes Telkom Outdoor extensions and it should be noted we are spending a lot of money on this without receiving value for the money.

### 6.1.2 PRINTING

Mr Solomon stressed that BVM are spending a lot of money on printing and therefore took the initiative to look at systems which included a demo for an excellent tool. Mr R Esau requested that a reflection be given on the cost of printing currently paid by BVM.

Mr Solomon gave a reflection on the current costs of printing which reflects an amount of R235 211.77 per month paid by BVM. This means that BVM will be spending an estimate amount of R5.2 million for two years on printing.

Mr R. Esau explained that we also pay rental costs for machines and we should consider renting less machines which will cut on the cost for printing. This relates especially to printers in the offices of employees who also have access to a communal printer on their floor or in their Department. The limiting of printing should also be monitored through a reading of all printers each month and color printing should be avoided as far as possible.

Mr Adam Steer indicated that GCIS have followed other Municipalities and have aligned the fees of printing for the public with other Municipalities.

Mr R. Esau explained that there are certain hard copies of documents in terms of law that a fee may be charged for however should a customer request an electronic copy it must be made available free of charge.

Cllr J. F. Van Zyl enquired on the control mechanisms for the control and abuse of printers for personal printing. Mr R. Esau explained that any employee can print with a computer and all printers are set up for black and white.

Mr Solomon confirmed that printers are currently monitored and those identified who reflects that a lot of printing are done. There is currently however no indication on printers what type documents are being printed but the printers indicates whether it's black and white and color that are being printed.

The MM requested that we move away from desktop printing and that a proper assessment needs to be done. Only then, it should be started to zoom into the amount of printing.

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Mr R. Esau stressed his concern with the high volume of wasted printing. The Management component should lead by example and therefore rather make use of electronic copies instead of hard copies.

The MM requested that a recycling system of paper for the building and this arrangement should be implemented in partnership with technical services who must avail a recycling bins on each floor.

**Action plan: Mr R. Esau must enter into discussions and arrange with Technical Services for the implementation of one recycling bin on each floor.**

#### **6.1.3 CONTRACT VIEW**

Mr Solomon explained that the current contracts with vendors should be assessed to determine whether we are receiving value for money. We should be able to look at the contract and be sure that there is transparency and this will be finished by December.

The MM explained that the AG are not comfortable with this and it should be urgently addressed. We should put a proper mechanism in place to ensure proper contract management.

Mr Solomon explained that ICT will be starting with vendor assessment every three months of the financial year. This will only be for ICT vendors and this will be shared with everyone.

#### **6.1.4 SOFTWARE & HARDWARE STANDARDISATION**

Mr Solomon indicated that there are saving initiatives within software and hardware standardization. We are currently receiving discounts from Dell and the software also have license implications. Another important decision that should be taken is to determine which software will be used by Managers and the rest of the staff.

Mr B. Magawu requested that it should be considered to use one type of software for all employees which will create less problems for ICT.

The MM indicated that the standard of a software should live up to the day and meet the requirements for the type of work that needs to be done by employees.

### **6.2 OTHER ITEMS OF CONCERN**

#### **6.2.1 BUDGETING**

Mr Solomon explained that in previous years we had a cycle of replacement of computers. Managers are requested in terms of budgeting, to inform the ICT Department if they foresee appointment of new employees and new equipment are required.

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Mr Solomon further informed the Committee that procuring network points is also a budget issue and requested that ICT should be informed timeously of these matters because it's having a big impact on the budget of ICT.

Mr W. Du Plessis enquired whether Managers can't inform ICT what the needs would be annually for each Department. Mr Solomon agreed with the suggestion of Mr W. Du Plessis but indicated that there however will be exceptions.

Mr Solomon indicated that the budget are for hardware and most of the budget are used for licenses such as Microsoft.

Mr R. Esau argued that all IT related software purchases should be in the budget for the IT section. The relevant Manager must then have a discussion with the IT Department when the drafting of the budget are started. Mr R. Esau suggested that a ICT Steering Committee meeting be scheduled for purposes of ICT budgeting however there still be budgeted for ad hoc matters.

Mr W. Du Plessis explained that there should be a process in place whereby a need is identified and communicated to the IT Department.

Cllr J.F. van Zyl explained that Mayco Councillors are not constantly on their computers and when reverting back they are locked out. Mr R. Esau explained that this is a mechanism to protect the integrity of the system and also a requirement from National Treasury.

Mr Magawu explained that Windows 10 saves the password automatically. Our passwords expire after 30 days and the account get locked if the password are not changed by the user.

Mr Solomon explained that passwords should be changed every 30 days by users. IT should also be contacted to clear all the stored passwords of users on the desktops and browsers.

Mr Adam Steer enquired whether it's in our policy that a password should be changed every 30 days. Mr R. Esau confirmed that its part of our policy that passwords should be changed every 30 days.

Mr B. Magawu also informed the Committee to remember that we are violating a policy when we are requesting Secretaries to change or have access to our passwords.

**Action plan: Mr R. Esau requested that IT informs Councillors that passwords should not be given to their Secretaries.**

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7. POLICY AWARENESS

7.1 STRATEGY TO BE FOLLOWED

8. REVIEW AND REVISION OF ICT MASTER PLAN

Mr Solomon confirmed that he is currently in the process of drafting a 5 year plan which will be completed by the end of this year.

a. Old System and server versions (Site File)

Mr Solomon confirmed that BVM need to have a Site File and a presentation will be done before the Committee on this matter.

The Strategic Plan will be finalised by the end of the year and be presented at the last ICT Steering Committee Meeting for this year. It should further be noted that this Strategic Plan must be reviewed annually.

Mr R. Esau enquired whether this plan will include the patching and Mr Solomon confirms this.

The MM also requested that it should be tabled before Council for their approval.

b. ERP System & Mobile Application

Mr Solomon confirmed that he is currently busy with an exercise to monitor the current system to determine whether it's worth having Collaborator and whether it's serving the purpose of the organization to determine whether we must approach another system. Mr Solomon further confirmed that ICT is in the process of determining whether the ERP system are fully serving the purpose for the cost that are paid.

Mr R. Esau suggested that we have funding available for a study with regards to these systems.

Mr Solomon suggested that BVM have a mobile application and there is an application from the province available that may be approached.

Cllr J. F. Van Zyl indicated that the way forward would be to use whatever service is available to address the issue we currently experiencing. The drone is a very hot topic and it can be utilized for its camera facility to enhance our service delivery.

Mr Solomon explained that this is worth investigating to determine whether this would enhance our service delivery.

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The MM indicated that Management had a similar discussion last week that BVM need to acquire a drone and this will cost us approximately R80 000.00 and Mr Adam Steer will be the best office to drive this Drone.

Cllr J. F. Van Zyl indicated that this is his mandate from the Mayco to research this and try implement this.

Mr Adam Steer explained at this stage its problematic because there is strict rule in terms of governance. A more ideal drone would be that can fly a fix path and give outstanding delivery of service to us. Research therefore need to be done especially if more than one drone are send out to address service delivery.

The MM indicated that we are on the verge of receiving a license for this. We should therefore capitalize on this and discuss this at the Exco Meeting.

Mr B. Magawu indicated that at the ICT Management Forum it was mentioned and discussed about the Drone and Mr Adam Steer can enter into discussion with these people.

**c. Network Resilience**

Mr B. Magawu explained that we have our product site and the site in Touwsriver and all the other sites around us and everything is connected to the production site. The plan moving forward for each of these sites to be connected to Touwsriver and this will ensure that there is independence on all sites.

**9. APPROACH TO PRINTER USAGE AND REPLACEMENT**

Mr Solomon explains that printers can be identified. The MM requested that an extract be given to all Directors to address it at their meetings with staff.

**10. TELEPHONE SYSTEM**

The MM explained that as soon as employees know there is control then it decentralize.

Mr B. Magawu indicated that the system can be recorded and this must still be decided whether it should be done and the Fire Station already have this function.

The MM explained that the aspect currently on the time is that we do have a proper list in terms of expenditure. There is certain elements on the list and there is nobody held responsible for certain lines. We should therefore attend to this urgently to decrease rental cost and remove lines. We need to set a limitation on calls for example a 5 minute period which cuts off after the 5 minutes.

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Mr Solomon requested that the MM furnish them with the requirement for an investigation to be done. The MM indicated that a need report was done and it will be resend to the ICT Department.

Ms. C. September enquired whether the extension can be reflected on an employee's cellphone. Mr B. Magawu explained that the challenge with this request is that not all employees would want their number reflecting. It wouldn't be possible at this stage with us having the VOIP and the Telkom system. Mr Solomon confirmed that it will be investigated after the complete roll out of the telephones are done.

11. DISASTER RECOVERY PLAN

Mr Solomon explained that this is the plan for all major incidents. Mr Solomon took the Committee through the plan and explained what must be done should an incident take place.

The MM requested that individual names be removed and replaced with the position for purposes of flexibility.

The MM requested that this plan will be kept on hold until the next meeting for all role players to have a discussion on this.

Mr Solomon further explained that the ICT Department does not have an employee that is an expert on Application and network function to assist Cecilia Steenkamp.

The responsibility will be on the system Champions to deal with their systems.

12. GENERAL AND OTHER MATTERS

The MM gave feedback on the outcome of the Strategic Sessions to the Committee.

Mr R. Esau indicated that there have been major improvement since the new ICT team have been appointed.

Cllr J.F. Van Zyl also expressed a vote of thanks to the ICT team for their hard work and improvement.

13. CLOSURE

The MM closed the meeting in good order at 11:00.





**ANNEXURE F**

**6.6 ICT MAIN AGREEMENTS AND SWERVICE LEVEL AGREEMENTS (ARE  
AVAILABLE ON REQUEST)**

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**AGENDA**

**5<sup>th</sup> COUNCIL MEETING OF THE  
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**2018-05-29**

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**6.7 PRESUMED STRATEGIC RISK MANAGEMENT REPORT FOR THE 2018-2019  
FINANCIAL YEAR****File No./s:****Responsible Official:** E Cloete**Directorate:** Municipal Manager**Portfolio:** Enterprise Risk Management

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**1. Purpose**

To report to Council on the outcome of the annual risk identification and assessment process which took place during 2017-2018 financial year for the Presumed Strategic Risk Register; the result of which is the BVM Presumed Strategic Risk Management Report for the period 2018-2019 Financial Year.

**2. Background**

The implementation of the Risk Management system is prescribed by legislation which the municipality must comply with.

Enterprise risk management (ERM) in business includes the methods and processes used by organizations to manage risks and seize opportunities related to the achievement of their objectives. The ERM in Breede Valley Municipality provides the framework for Risk Management, which typically involves identifying particular events or circumstances relevant to the municipality's objectives (risks and contributing factors), assessing them in terms of likelihood and impact, determining a response strategy (action plans), and monitoring progress.

The management response strategy for the specific risks identified and analysed, fall within the following four categories as well as the appetite of 9 as approved by Council:

- **Avoid** – Action is taken to exit the activities giving rise to risk. Risk avoidance may involve exiting a product line, declining expansion to a new geographical market, or selling a division.
  - **Reduce** – Action is taken to reduce the risk likelihood or impact, or both. This may involve any of a myriad of everyday business decisions.
  - **Share** – Action is taken to reduce risk likelihood or impact by transferring or otherwise sharing a portion of the risk. Common risk sharing techniques include purchasing
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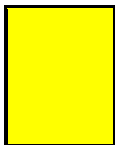
insurance products, pooling risks, engaging in hedging transactions, or outsourcing an activity.

- **Accept** – No action is taken to affect likelihood or impact.

The Risk assessment process was conducted in the various Directors of which the information was used to define the descriptions and engaged on a one on one session with the various managers where practical.

The following tables provide the risk ratings:

<b>LIKELIHOOD</b>	5	LOW	MEDIUM	HIGH	EXTREME	EXTREME
	4	LOW	MEDIUM	HIGH	HIGH	EXTREME
	3	LOW	MEDIUM	MEDIUM	HIGH	HIGH
	2	LOW	LOW	MEDIUM	MEDIUM	MEDIUM
	1	LOW	LOW	LOW	LOW	LOW
<b>Risk Matrix</b>		1	2	3	4	5
		<b>IMPACT/ CONSEQUENCE</b>				



Risk Appetite Level

3 X 3 = 9 Level

**Potential Impact / Consequence**

Rating	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Achievement of objectives
<b>Catastrophic (5)</b>	Risk event will result in widespread and lengthy reduction in continuity of service delivery to customers for a period greater than 48 hours	Major environmental damage.  Serious injury (permanent disability) or death of personnel or members of the Public. Major negative media coverage.	Use of unproven technology for critical systems / project components.  High level of Technical Interdependencies between system components.	Disaster with potential to lead to collapse of business and is fundamental to the achievement of objectives.	Negative outcomes or missed opportunities that are of critical importance to the achievement of objectives
<b>Major (4)</b>	Reduction in service delivery or disruption for a period ranging between 24 & 48 hours over a significant area	Significant injury of personnel or public.  Significant environmental damage.  Significant negative media coverage.	Use of new technology not previously utilised by the organisation for critical systems / project components.	Critical event which can be endured but which may have a prolonged negative impact and extensive consequences.	Negative outcomes or missed opportunities that are likely to have a relatively substantial impact on the ability to meet objectives
<b>Moderate (3)</b>	Reduction in service delivery or disruption for a period between 8 & 24 hours over a significant area	Lower level of environmental, safety or health impacts. Negative media coverage	Use of unproven or emerging technology for critical systems / project components.	Major events, which can be managed but requires additional resources and management effort.	Negative outcomes or missed opportunities that are likely to have a relatively moderate impact on the ability to meet objectives

<b>Minor (2)</b>	<p>Brief local inconvenience (work around possible).</p> <p>Loss of an asset with minor impact on operations</p>	<p>Little environmental, safety or health impacts. Limited negative media coverage.</p>	<p>Use of unproven or emerging technology for systems / project components.</p>	<p>Event, which can be managed under normal operating conditions.</p>	<p>Negative outcomes or missed opportunities that are likely to have a relatively low impact on the ability to meet objectives</p>
<b>Insignificant (1)</b>	<p>No or minimal impact on business or core systems</p>	<p>No environmental, safety or health impacts and/or negative media coverage</p>	<p>Use of unproven or emerging technology for non-critical systems / project components</p>	<p>Consequences can be readily absorbed under normal operating conditions.</p>	<p>Negative outcomes or missed opportunities that are likely to have a relatively negligible impact on the ability to meet objectives</p>

**Likelihood/Probability of occurrence**

Rating	Level	Description
5	Almost certain	The risk is already occurring, or is likely to occur more than once within the next 12 months
4	Likely	The risk will easily occur, and is likely to occur at least once during the next 12 months.
3	Moderate	There is an above average chance of the risk occurring more than once during the next 3 years

2	Unlikely	The risk has a low likelihood of occurring during the next 3 years
1	Rare/Remote	The risk is unlikely to occur during the next 3 years

**Control Assessment**

Control Adequacy		Control Adequacy	
Rating	Title	Rating	Title
1	Adequate	1	Effective
2	Adequate but over controlled	2	Partially Effective
3	Partially Adequate	3	Ineffective
4	Inadequate		

Annexure: A copy of the BVM Presumed Strategic Risk Management Report for the 2018-2019 Financial Year.

**Deliberation:**

Definition of Risk Management:

**Risk management** is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the municipality's service delivery capacity.

Risk management is a management discipline with its own techniques and principles. It is a recognised management science and has been formalised by international and national codes of practice, standards, regulations and legislation.

Risk management forms part of management's core responsibilities and is an integral part of the internal processes of the municipality.

When properly executed risk management provides reasonable, but not absolute assurance, that the municipality will be successful in achieving its goals and objectives.

- Definition of Risk Identification:

**Risk identification** is a deliberate and systematic effort to identify and document the municipality's key risks.

The objective of risk identification is to understand what is at risk within the context of the municipality's explicit and implicit objectives and to generate a comprehensive inventory of risks based on the threats and events that might prevent, degrade, delay or enhance the achievement of the objectives.

- Definition of Risk Assessment:

**Risk assessment** is a systematic process to quantify or qualify the level of risk associated with a specific threat or event, to enrich the risk intelligence available to the Institution.

The main purpose of risk assessment is to help the municipality to prioritise the most important risks as the municipality is not expected to have the capacity to deal with all risks in an equal manner.

Risks should be formally reviewed concurrently with changes in strategy, or at least once a year to consider new and emerging risks.

- Definition of Risk Register:

**Risk register** is the outcome of the annual risk assessment process which is a comprehensive inventory of risks based on the threats and events that might prevent, degrade, delay or enhance the achievement of the objectives of the municipality.

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i. The Executive Authority/ Council:

- The Council should take an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the Institution against significant risks.
- Responsibilities of the Executive Authority in risk management should include:
  - ensuring that the Institutional strategies are aligned to the government mandate;
  - obtaining assurance from management that the Institution's strategic choices were based on a rigorous assessment of risk;
  - obtaining assurance that key risks inherent in the Institution's strategies were identified and assessed, and are being properly managed;
  - assisting the Accounting Officer / Authority to deal with fiscal, intergovernmental, political and other risks beyond their direct control and influence; and
  - insisting on the achievement of objectives, effective performance management and value for money.
  - In case of a municipality or municipal entity, in addition to the responsibilities outlined in 21(2), the Executive Authority should also: (a) approve the risk management policy, strategy, and implementation plan; and (b) approve the fraud prevention policy, strategy and implementation plan.

**Council** is responsible for providing oversight and direction to the Accounting Officer on the risk management related strategy and policies; which also include an interest in the effectiveness of the process of risk management within the municipality.

**Risk Management Oversight (Risk Management Committee)**

The committee's role is to review the risk management progress and maturity of the municipality, the effectiveness of risk management activities, the key risks facing the municipality and the responses to address these key risks.

ii. The Accounting Officer/ Municipal Manager:

Sections 62(1)(c)(i) and 95(c)(i) of the MFMA, requires the Accounting Officer to ensure that their municipalities and municipal entities have and maintain effective, efficient and transparent systems of risk management

The **Municipal Manager** is ultimately responsible for risk management within the municipality. This includes ensuring that the responsibility for risk management vests at all levels of

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management. The Municipal Manager sets the tone at the top by promoting accountability, integrity and other factors that will create a positive control environment.

iii. Management, Other Personnel, Risk Manager:

Section 78 of the Municipal Finance Management Act (Act 56 of 2003):

The extension of general responsibilities in terms of Section 78 of the MFMA to all senior managers and other officials of municipalities imply that responsibility for risk management vests at all levels of management and that it is not limited to only the accounting officer and internal audit.

**Risk Management Implementers (Management)**

All other levels of management, support the municipality's risk management philosophy, promote compliance with the risk appetite and manage risks within their areas of responsibility.

Management takes ownership for managing the municipality's risks within their areas of responsibility and is accountable to the Municipal Manager for designing, implementing, monitoring and integrating ERM into their day-to-day activities of the municipality. This should be done in a manner that ensures that risk management becomes a valuable strategic management tool.

**Risk Management Implementers (Other Officials)**

Other officials are responsible for integrating risk management into their day-to-day activities i.e. by ensuring conformance with controls and compliance to procedures.

**Risk Management Support (Chief Risk Officer)**

The Chief Risk Officer is the custodian of the Risk Management Strategy and Implementation Plan and the coordinator of Enterprise Risk Management activities throughout Breede Valley Municipality.

**Risk Management Support (Risk Champions)**

A Risk Champion would generally hold a senior position within the municipality and possess the skills, knowledge and leadership qualities required to champion a particular aspect of risk management.

The Risk Champion assists the Chief Risk Officer to facilitate the risk assessment process and manage risks within their area of responsibility to be within the risk appetite. Their primary

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responsibilities are advising on, formulating, overseeing and managing all aspects of a municipality's entire risk profile, ensuring that major risks are identified and reported upwards.

iv. Internal Auditors:

Section 165(2)(a), (b)(iv) of the Municipal Finance Management Act (Act 56 of 2003) requires that: *"(2) The internal audit unit of a municipality or municipal entity must -*

*(a) prepare a risk based audit plan and an internal audit program for each financial year;*

*(b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:*

*(iv) risk and risk management."*

IIA Standard 2110 - Risk Management of the International Standards for the Professional Practice of Internal Auditing states:

*"The internal audit activity should assist the organisation by identifying and evaluating significant exposures to risk and contributing to the improvements of risk management and control systems.*

**Risk Management Assurance Providers (Internal Audit)**

The core role of Internal Audit in risk management is to provide an independent, objective assurance to council and the Audit Committee on the effectiveness of risk management.

Internal Audit also assists in bringing about a systematic, disciplined approach to evaluate and improve the effectiveness of the entire system of risk management and provide recommendations for improvement where necessary.

**Risk Management Assurance Providers (External Audit)**

External Audit (Auditor-General) provides an independent opinion on the effectiveness of Enterprise Risk Management.

v. Audit Committee:

Section 166 (2)(a)(ii) of the Municipal Finance Management Act (Act 56 of 2003)

states:

*"(2) An audit committee is an independent advisory body which must -*  
*(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and management staff of the municipal entity, on matters relating to - (ii) risk management."*

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The **Audit Committee** is an independent committee, responsible to oversee the municipality's control, governance and risk management. This committee is vital to, among other things, ensure that financial, IT and fraud risk related to financial reporting are identified and managed.

The Audit Committee's primary responsibility is providing an independent and objective view of the effectiveness of the municipality's risk management process to council and to provide recommendations to the Municipal Manager for continuous improvement and management of risks. The responsibilities of the Audit Committee with regard to risk management are formally defined in its charter.

### **3. Financial Implications**

None

### **4. Applicable Legislation / Council Policy**

- The Municipal Finance Management Act (Act 56 of 2003) (MFMA);
- Municipal Structures Act (Act 117 of 1998);
- Municipal Systems Act (Act 32 of 2000); and
- Public Sector Risk Management Framework (NT) published 1 April 2010.

### **Comment of Directorates / Departments concerned:**

**Municipal Manager:** Supported

**Director: Community Services:** Supported

**Acting Director: Strategic Support Services:** Supported

**Director: Financial Services:** Supported

**Acting Director: Technical Services:** Supported

### **RECOMMENDATION**

That in respect of the

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT FOR THE 2018-2019 FINANCIAL YEAR**

**discussed by Council at the Council meeting held on 29 May 2018:**

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1. That Council takes note of the outcome of the Presumed Strategic Risk identification and assessment process, the result of which is captured in the BVM Presumed Strategic Risk Management Report for the period 2018-2019.
2. That Council approve the Presumed Strategic Risk Management Report for the period financial period 2018-2019.

**To Action**

**E. Cloete**

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**AGENDA**

**5<sup>th</sup> COUNCIL MEETING OF THE  
BREED VALLEY MUNICIPALITY**

**2018-05-29**

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**ANNEXURE A**

**6.7 BVM PRESUMED STRATEGIC RISK MANAGEMENT REPORT FOR THE 2018-2019  
FINANCIAL YEAR**

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## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – BREDE VALLEY MUNICIPALITY

2018-2019 FINANCIAL YEAR

*'n Unieke en sorgsame vallei van uitmuntende diens, geleenthede en groei.  
Intlambo ekhethekileyo nenkathalo, egqwesayo kuniko-zinkonzo, ivulela  
amathuba kwaye iphuhlise.  
A unique and caring valley of service excellence, opportunity and growth.*

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**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018****Preface by the Executive Mayor**

Cllr Antoinette Steyn (Ms)



The management of risks has always been a fundamental element of Breede Valley Municipality's strategic business execution to protect the Municipality's core public service values, vision, objectives and the service delivery expectations of the public as stipulated in section 152 the Constitution of the Republic of South Africa, the Municipal Finance Management Act (MFMA) and various other pieces of legislation applicable to local government.

Good governance is the starting point for good risk management. Risk management is considered by the Council to be a key business discipline, designed to balance risk and reward and to protect the Municipality against uncertainties that could threaten the achievement of municipality's objectives. It is very important to note that the risk appetite of the Council is set at an appetite rating of 9 as per the Enterprise Risk Management policy. The risk appetite are the amount and type of risk that the Municipality is willing to accept in pursuit of the achievement of its objectives.

It is important that we create the right environment, to creating the right risk culture. Risk culture can be defined as the shared beliefs and assumptions concerning risk and risk management which affect and are affected by the Municipality's risk-taking and control decisions, and with the outcomes of those decisions. The current Presumed Strategic Risks as identified and assessed is of very importance, it assists us as a Municipality to put measures in place although we only have limited resources and is in many cases dependent on external resources and factors. Presumed means suppose that the risks as identified is the case based on probability.

As this is the second Presumed Strategic Risk Management Report, I do believe that risk management must lead the Management agenda and play an active role in decision making.

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**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018****Insight by the Municipal Manager**

David McThomas

As the Accounting officer, it is my responsibility to ensure that the Municipality has and maintains effective, efficient and transparent systems, of financial and risk management and internal control as required in terms of the Local Government: Municipal Finance Management Act, 56 of 2003.



We have managed to institutionalise good governance within the Municipality, with a tracking record of five years consecutive clean audit outcomes from the Auditor General South Africa (AGSA).

The realization of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardize the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as make informed decisions under conditions of uncertainty. While conducting the day-to-day business operations, we are exposed to a variety of risks. These risks include operational and other risks that are material and require comprehensive controls and on-going oversight.

This report captures the risks as identified and assessed for the period 2018-2019 financial year from professionals within their respective Directorates. It further includes information on the linkage between Objectives; the Top 20 Risks in South Africa; as well as the Global trends affecting the 2018 South African Risk Profile.

Great appreciation to all the Directorates for their professional services and contribution towards the fulfilment of Management responsibilities.

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Summary of the linkage between Objectives**

Section 62(1)(c)(i) and 95(c)(i) of the MFMA state that: "... The accounting officer of the Municipality and municipal entity is responsible for managing the financial administration of the Municipality and must for this purpose take all reasonable steps to ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."

Section 3.2.1 of the Treasury Regulations states the following:

"The accounting officer must ensure that a risk assessment is conducted regularly so as to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct the internal audit effort and priority ..."

**Source:** Enterprise Risk Management Policy – Breede Valley Municipality

Section 24 of the Municipal Systems Act states:

"(1) The planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of cooperative government contained in Section 41 of the Constitution.

"(2) Municipalities must participate in national and provincial development programmes as required in Section 153 (b) of the Constitution."

	Objective Title	Performance Information	Municipal Objective Structure
Local Objective	An economy that will create more jobs.	National Development Plan	National Government
Local Objective	Basic Service Delivery.	Key Performance Area	National Government
Local Objective	Building capabilities.	National Development Plan	National Government
Local Objective	Building environmental sustainability and resilience.	National Development Plan	National Government
Local Objective	Building safer communities.	National Development Plan	National Government
Local Objective	Fighting corruption.	National Development Plan	National Government
Local Objective	Good Governance and Public Participation.	Key Performance Area	National Government
Local Objective	Improving infrastructure.	National Development Plan	National Government
Local Objective	Improving the quality of education.	National Development Plan	National Government



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Local Objective	Local Economic Development.	Key Performance Area	National Government
Local Objective	Municipal Financial Viability and Management.	Key Performance Area	National Government
Local Objective	Municipal Transformation and Organisational Development.	Key Performance Area	National Government
Local Objective	Quality health care for all.	National Development Plan	National Government
	<b>Objective Title</b>	<b>Performance Information</b>	<b>Municipal Objective Structure</b>
Regional Objective	Create opportunities for growth and jobs.	Provincial Strategic Objectives	Provincial Government
Local Objective	Embed good governance and integrated service delivery through partnerships and spatial alignment.	Provincial Strategic Objectives	Provincial Government
Regional Objective	Enable a resilient, sustainable, quality and inclusive living environment.	Provincial Strategic Objectives	Provincial Government
Regional Objective	Improve education outcomes and opportunities for youth development.	Provincial Strategic Objectives	Provincial Government
Regional Objective	Increase wellness, safety and tackle social ills.	Provincial Strategic Objectives	Provincial Government
	<b>Objective Title</b>	<b>Performance Information</b>	<b>Municipal Objective Structure</b>
Regional Objective	To encourage the involvement of communities and community organisations in the matters of local government.	Section 152 of the Constitution "Objects of local government"	Local Government
Regional Objective	To ensure the provision of services to communities in a sustainable manner.	Section 152 of the Constitution "Objects of local government"	Local Government
Regional Objective	To promote a safe and healthy environment.	Section 152 of the Constitution "Objects of local government"	Local Government
Regional Objective	To promote social and economic development.	Section 152 of the Constitution "Objects of local government"	Local Government
Regional Objective	To provide democratic and accountable government for local communities.	Section 152 of the Constitution "Objects of local government"	Local Government

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

	Objective Title	Performance Information	Municipal Objective Structure
Regional Objective	To assure a sustainable future through sound financial management, continuous revenue growth, corporate governance and risk management practices.	Breede Valley Municipality	Strategic
Regional Objective	To ensure a healthy and productive workforce and an effective and efficient work environment.	Breede Valley Municipality	Strategic
Regional Objective	To provide democratic, accountable government for local communities and encourage involvement of communities and community organizations in the matters of local government.	Breede Valley Municipality	Strategic
Regional Objective	To create an enabling environment for employment and poverty eradication through proactive economic development and tourism.	Breede Valley Municipality	Strategic
Regional Objective	To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people.	Breede Valley Municipality	Strategic
Regional Objective	To provide, maintain and assure basic services and social upliftment for the Breede Valley community.	Breede Valley Municipality	Strategic

Export of Universe Register

Unit Title	Type						
Breede Valley Municipality	Strategic						
Linked Risks	Parent Objective	Objective Type	Objective Title	S	C	IOP	
Linked risks	To provide democratic and accountable government for local communities. Significance: 5.0 Certainty: 1.0	Regional Objective	To assure a sustainable future through sound financial management, continuous revenue growth, corporate governance and risk management practices.	5	1	5	
Risk Title	II	IL	IR	RI	RL	RR	
Inadequate ICT Network Infrastructure.	4	5	00	3	3	9	
Inadequate long term financial sustainability.	4	5	00	4	3	11	
Inadequate revenue enhancement.	4	5	00	3	3	9	
Ineffective supply chain management system	4	5	00	3	3	9	
Linked Risks	Parent Objective	Objective Type	Objective Title	S	C	IOP	
Linked risks	To promote social and economic development. Significance: 4.0 Certainty: 2.0	Regional Objective	To create an enabling environment for employment and poverty eradication through proactive economic development and tourism.	4	2	6	

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Risk Title	II	IL	IR	RI	RL	RR
Inability to create a enabling environment for faster economic growth.	4	5	20	3	4	12
Ineffective promotion of Social Cohesion.	4	5	20	3	4	12
Spatial Planning Framework not enabling economic environment.	4	4	16	3	3	9
<b>Linked Risks</b>	<b>Parent Objective</b>	<b>Objective Type</b>	<b>Objective Title</b>	<b>S</b>	<b>C</b>	<b>IOP</b>
Linked risks	To ensure the provision of services to communities in a sustainable manner. Significance: 5.0 Certainty: 1.0	Regional Objective	To ensure a healthy and productive workforce and an effective and efficient work environment.	5	1	5
<b>Risk Title</b>	<b>II</b>	<b>IL</b>	<b>IR</b>	<b>RI</b>	<b>RL</b>	<b>RR</b>
Inadequate ICT Network Infrastructure.	4	5	20	3	3	9
Inappropriate organisation design to maximise organisation performance.	4	4	16	3	3	9
<b>Linked Risks</b>	<b>Parent Objective</b>	<b>Objective Type</b>	<b>Objective Title</b>	<b>S</b>	<b>C</b>	<b>IOP</b>
Linked risks	To promote a safe and healthy environment. Significance: 4.0 Certainty: 3.0	Regional Objective	To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people.	4	3	12
<b>Risk Title</b>	<b>II</b>	<b>IL</b>	<b>IR</b>	<b>RI</b>	<b>RL</b>	<b>RR</b>
Inadequate Disaster Risk Management and Business Continuity in Infrastructure.	5	5	25	4	4	16
Inadequate public safety.	4	5	20	3	4	12
Inadequate sport infrastructure development.	4	5	20	2	3	6
Ineffective promotion of Social Cohesion.	4	5	20	3	4	12
Insufficient airspace / disposal capacity for solid waste.	5	5	25	4	4	16
<b>Linked Risks</b>	<b>Parent Objective</b>	<b>Objective Type</b>	<b>Objective Title</b>	<b>S</b>	<b>C</b>	<b>IOP</b>
Linked risks	To encourage the involvement of communities and community organisations in the matters of local government. Significance: 5.0 Certainty: 1.0	Regional Objective	To provide democratic, accountable government for local communities and encourage involvement of communities and community organizations in the matters of local government.	5	1	5
<b>Risk Title</b>	<b>II</b>	<b>IL</b>	<b>IR</b>	<b>RI</b>	<b>RL</b>	<b>RR</b>
Inadequate community liaison/participation.	4	5	20	3	3	9
<b>Linked Risks</b>	<b>Parent Objective</b>	<b>Objective Type</b>	<b>Objective Title</b>	<b>S</b>	<b>C</b>	<b>IOP</b>
Linked risks	To ensure the provision of services to communities in a sustainable manner. Significance: 4.0 Certainty: 2.0	Regional Objective	To provide, maintain and assure basic services and social upliftment for the Breede Valley community.	4	2	8
<b>Risk Title</b>	<b>II</b>	<b>IL</b>	<b>IR</b>	<b>RI</b>	<b>RL</b>	<b>RR</b>
Dysfunctional vehicle and plant fleet.	4	5	20	4	4	16



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Housing demand exceeding housing supply.	4	5	20	3	5	15
Inability to provide a safe and reliable road network.	4	5	20	4	4	16
Inadequate ICT Network Infrastructure.	4	5	20	3	3	9
Inadequate sanitation services.	5	4	20	3	3	9
Inadequate sport infrastructure development.	4	5	20	2	3	6
Insufficient airspace / disposal capacity for solid waste.	5	5	20	4	4	16
Insufficient supply of electricity.	4	5	20	4	3	12
Insufficient water services.	4	5	20	4	3	12
Spatial Planning Framework not enabling economic environment.	4	4	15	3	3	9

Final 2018



## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

**Top 20 South African Risks ranked on impact and likelihood as per the IRMSA Report**

No.	Description
1.	Structurally high unemployment/underemployment.
2.	Unmanageable fraud and corruption.
3.	Government policy, legislative and regulatory changes and uncertainty.
4.	Failure of governance (public and private).
5.	Lack of leadership.
6.	Growing income disparity.
7.	Macro-economic developments – exchange rate volatility, credit and rating fluctuations, global economic slowdown, commodity price volatility, BREXIT.
8.	Profound political instability.
9.	Cyber-attacks and cyber-attack non-disclosures.
10.	Skills shortage including the ability to attract and retain top talent.
11.	Significant escalation in organised crime and illicit trade.
12.	Labour strike action.
13.	Micro economic developments: Inflation, deflation, austerity measures, national economic slowdown.
14.	Inadequate and/or sub-standard education and skills development.
15.	Data fraud and data theft (including identify theft and theft of intellectual property).
16.	Profound social instability.
17.	Loss of reputation and severe brand damage.
18.	Increase in the severity and frequency of extreme weather events and natural catastrophes (droughts, floods, fires, heatwaves, storms, etc.).
19.	Failure of State, a State crisis or a State collapse.
20.	Failure of, and/or inadequate critical infrastructure.

Source: IRMSA Risk Report 2018



## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

**Global trends affecting the 2018 South African Risk Profile as per IRMSA Report 2018**

Global Trend Affecting the 2017 South African Risk Profile	
Trend	Description
Ageing population	Ageing populations in developed and developing countries driven by declining fertility and decrease of middle- and old-age mortality.
Changing landscape of international governance	Change landscape of global or regional institutions (eg. UN, IMF, NATO, etc.), agreements or networks.
Climate Change	Change of climate, which is attributed directly or indirectly to human activity, that alters the composition of the global atmosphere, in addition to natural climate variability.
Degrading environmental	Deterioration in the quality of air, soil and water from ambient concentrations of pollutants and other activities and processes.
Growing middle class in emerging economies	Growing share of populations reaching middle-class income levels in emerging economies.
Increasing national sentiment	Increasing national sentiment among populations and political leaders affecting countries' national and international political and economic positions.
Increasing polarization of societies	Inability to reach agreement on key issues within countries because of diverging or extreme values, political or religious views.
Rising chronic diseases	Increasing rates of non-communicable diseases, also known as "chronic diseases leading to rising costs of long-term treatment and threatening recent societal gains in life expectancy and quality.
Rising cyber dependency	Rise of cyber dependency due to increasing digital interconnection of people, things and organizations.
Rising geographic mobility	Increasing mobility of people and things due to quicker and better-performing means of transport and lowered barriers.
Rising income and wealth disparity	Increasing socio-economies gap between rich and poor in major countries or regions.
Shifting power	Shifting power from state to non-state actors and individuals, from global to regional levels, and from developed to emerging market and developing economies.

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Rising urbanization	Rising number of people living in urban areas resulting in the physical growth of cities.
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Source: Global Trends Identified by the WEF (IRMSA Risk Report 2018)

Final 2018-2019

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**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018****Risks identification and assessment by the Executive Management**

The implementation of the Risk Management system is prescribed by legislation which the municipality must comply with.

Enterprise risk management (ERM) in business includes the methods and processes used by organizations to manage risks and seize opportunities related to the achievement of their objectives. The ERM in Breede Valley Municipality provides the framework for Risk Management, which typically involves identifying particular events or circumstances relevant to the municipality's objectives (risks and contributing factors), assessing them in terms of likelihood and impact, determining a response strategy (action plans), and monitoring progress.

The management response strategy for the specific risks identified and analysed, fall within the following four categories as well as the appetite of 9 as approved by Council:

- **Avoid** – Action is taken to exit the activities giving rise to risk. Risk avoidance may involve exiting a product line, declining expansion to a new geographical market, or selling a division.
- **Reduce** – Action is taken to reduce the risk likelihood or impact, or both. This may involve any of a myriad of everyday business decisions.
- **Share** – Action is taken to reduce risk likelihood or impact by transferring or otherwise sharing a portion of the risk. Common risk sharing techniques include purchasing insurance products, pooling risks, engaging in hedging transactions, or outsourcing an activity.
- **Accept** – No action is taken to affect likelihood or impact.



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

The following tables provide the risk ratings:

**Potential Impact / Consequence**

Rating	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Achievement of objectives
<b>Catastrophic (5)</b>	Risk event will result in widespread and lengthy reduction in continuity of service delivery to customers for a period greater than 48 hours	Major environmental damage. Serious injury (permanent disability) or death of personnel or members of the Public. Major negative media coverage.	Use of unproven technology for critical systems / project components. High level of Technical Interdependencies between system components.	Disaster with potential to lead to collapse of business and is fundamental to the achievement of objectives.	Negative outcomes or missed opportunities that are of critical importance to the achievement of objectives
<b>Major (4)</b>	Reduction in service delivery or disruption for a period ranging between 24 & 48 hours over a significant area	Significant injury of personnel or public. Significant environmental damage. Significant negative media coverage	Use of new technology not previously utilised by the organisation for critical systems / project components	Critical event which can be endured but which may have a prolonged negative impact and extensive consequences	Negative outcomes or missed opportunities that are likely to have a relatively substantial impact on the ability to meet objectives
<b>Moderate (3)</b>	Reduction in service delivery or disruption for a period between 8 & 24 hours over a significant area	Lower level of environmental, safety or health impacts. Negative media coverage	Use of unproven or emerging technology for critical systems / project components.	Major events, which can be managed but requires additional resources and management effort.	Negative outcomes or missed opportunities that are likely to have a relatively moderate impact on the ability to meet objectives
<b>Minor (2)</b>	Brief local inconvenience (work around possible). Loss of an asset with minor impact on operations	Little environmental, safety or health impacts. Limited negative media coverage	Use of unproven or emerging technology for systems / project components	Event, which can be managed under normal operating conditions	Negative outcomes or missed opportunities that are likely to have a relatively low impact on the ability to meet objectives
<b>Insignificant (1)</b>	No or minimal impact on business or core systems	No environmental, safety or health impacts and/or negative media coverage	Use of unproven or emerging technology for non-critical systems / project components	Consequences can be readily absorbed under normal operating conditions.	Negative outcomes or missed opportunities that are likely to have a relatively negligible impact on the ability to meet objectives

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Likelihood/Probability of occurrence**

Rating	Level	Description
5	Almost certain	The risk is already occurring, or is likely to occur more than once within the next 12 months
4	Likely	The risk will easily occur, and is likely to occur at least once during the next 12 months.
3	Moderate	There is an above average chance of the risk occurring more than once during the next 3 years
2	Unlikely	The risk has a low likelihood of occurring during the next 3 years
1	Rare/Remote	The risk is unlikely to occur during the next 3 years

**Control Effectiveness**

Rating	Level	Description
5	Excellent	Could not be more effectively implemented to mitigate the risk.
4	Good	Most risks are effectively controlled and mitigated.
3	Average	There is room for some improvement in the control system.
2	Unsatisfactory	Some risks appear to be controlled but there are major deficiencies.
1	Poor	The control system is ineffective.

**Significance rating on the Objectives to determine the Impact on Performance**

Rating	Level
5	Almost high significance
4	High significance

## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

3	Moderate significance
2	Low significance
1	Very low significance

## Certainty rating on the Objectives to determine the Impact on Performance

Rating	Description
1	90% - 100 certainty
2	80% - 90% certainty
3	70% - 80% certainty
4	60% - 70% certainty
5	50% - 60% certainty
6	40% - 50% certainty
7	30% - 40% certainty
8	20% - 30% certainty
9	10% - 20% certainty
10	1% - 10% certainty

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Both the inherent and residual risks shall be measured as Low, Medium, High and Extreme.

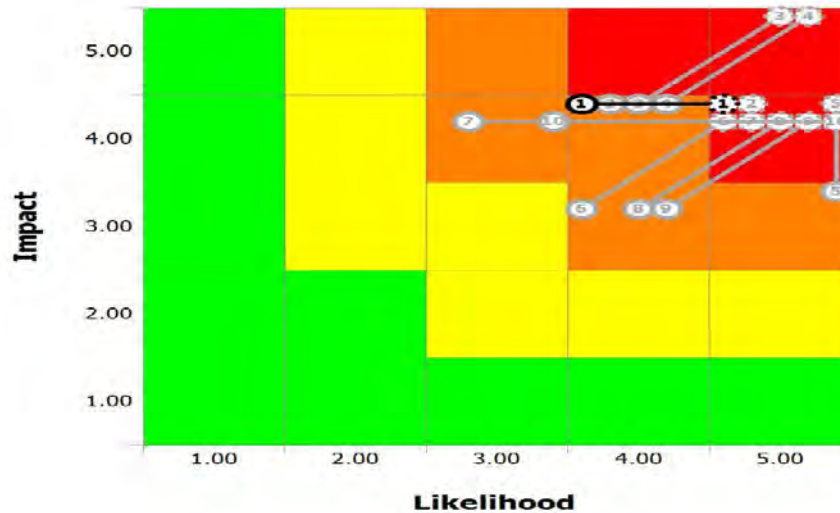
This can be illustrated in the Heat Map, below:

<b>LIKELIHOOD</b>	5	LOW	MEDIUM	HIGH	EXTREME	EXTREME
	4	LOW	MEDIUM	HIGH	HIGH	EXTREME
	3	LOW	MEDIUM	MEDIUM	HIGH	HIGH
	2	LOW	LOW	MEDIUM	MEDIUM	MEDIUM
	1	LOW	LOW	LOW	LOW	LOW
<b>Risk Matrix</b>		1	2	3	4	5
		<b>IMPACT/ CONSEQUENCE</b>				

Figure 2: Heat Map

Risk Appetite Level  
3 X 3 = 9 Level

**Top 10 Strategic Risks IR vs RR Chart**





**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Number	Title	IR	RR
3	Inadequate Disaster Risk Management and Business Continuity in Infrastructure.	25.0	16.0
4	Insufficient airspace / disposal capacity for solid waste.	25.0	16.0
1	Dysfunctional vehicle and plant fleet.	20.0	15.0
2	Inability to provide a safe and reliable road network.	20.0	16.0
5	Housing demand exceeding housing supply.	20.0	13.0
6	Inability to create a enabling environment for faster economic growth.	20.0	17.0
7	Inadequate long term financial sustainability.	20.0	14.0
8	Inadequate public safety.	20.0	12.0
9	Ineffective promotion of Social Cohesion.	20.0	17.0
10	Insufficient supply of electricity.	20.0	12.0
11	Insufficient water services.	20.0	14.0

Export of Strategic Risk Register [2018-2019]

Risk Title	II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Consequence
Inadequate Disaster Risk Management and Business Continuity in Infrastructure.	5	5	25	4	4	16	Reduce	4	4	3	4	Financial and severe impact.

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Insufficient airspace / disposal capacity for solid waste.	5	5	23	4	4	16	Reduce	4	4	3	4	Financial burden and health risk; Loss of Permit.
Dysfunctional vehicle and plant fleet.	4	5	23	4	4	18	Reduce	3	3	3	4	Poor Service Delivery
Inability to provide a safe and reliable road network.	4	5	20	4	4	16	Reduce	3	4	3	4	Poor service delivery
Housing demand exceeding housing supply.	4	5	20	3	5	15	Reduce	4	4	3	4	Community unrest, increased backlog.
Inability to create a enabling environment for faster economic growth.	4	5	20	3	4	17	Reduce	2	2	3	4	Poverty / Unemployment
Inadequate long term financial sustainability.	4	5	20	4	3	17	Reduce	3	3	3	4	Impact on service delivery
Inadequate public safety.	4	5	20	3	4	12	Reduce	3	4	4	4	Unsafe environment; Lawlessness.
Ineffective promotion of Social Cohesion.	4	5	20	3	4	12	Reduce	3	2	3	3	Community unrest
Insufficient supply of electricity.	4	5	20	4	3	12	Reduce	3	3	3	4	Limited development growth.
Insufficient water services.	4	5	20	4	3	12	Reduce	3	3	2	3	Loss of public trust.
Inadequate community liaison/participation.	4	5	20	3	3	9	Reduce	4	3	1	3	Community unrest



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Risk: Ineffective Supply Chain Management System**

IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	3	3	9	Reduce	3	3	2	3	Strategic	Service delivery failures

**Contributing Factors**

Contributing Factor Title	Priority
Inadequate logistics of office accommodation.	2.00 - Moderate - Medium impact on risk
Lack of promotion of local economic development.	2.00 - Moderate - Medium impact on risk
Non-compliance to the requirements for deviations.	2.00 - Moderate - Medium impact on risk
Ineffective use electronic procurement system.	2.00 - Moderate - Medium impact on risk
Delays in filling of Vacancies.	3.00 - Major - High impact on risk
Non-adherence to Supply Chain Management Policy and timeframes.	3.00 - Major - High impact on risk
Lack of procurement plans.	3.00 - Major - High impact on risk
Ineffective implementation and institutionalisation of the municipal governance review outlook.	3.00 - Major - High impact on risk

**Controls**

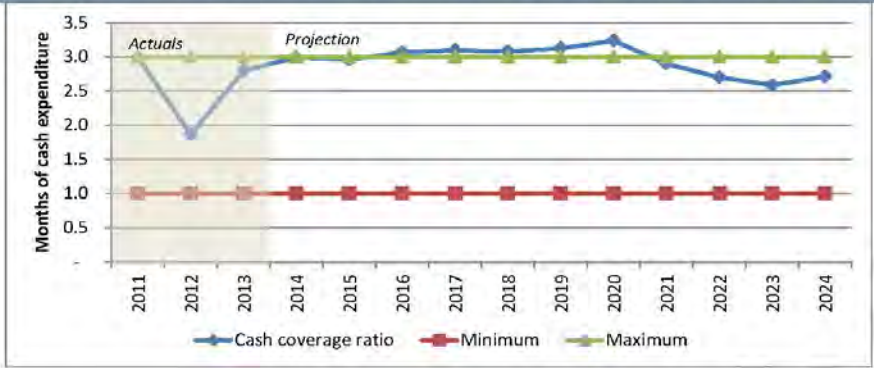
Control Title	Control Effectiveness	Control Adequacy
Bid Committee structures.	Adequate	Effective
Organisation structure.	Adequate	Effective
Supply Chain Management Policy.	Adequate	Effective

**Action Plan**

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Development of SCM Standard Operating procedures.	Risk	01-Jul-18	30-Dec-18
	Action Plan Owner Title	Owner Type	
	Senior Manager: Supply Chain Management	Responsible	



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**



Long term financial plan for Breede Valley LM: 2015 to 2024 - Figure 10: Cash coverage ratio

**Risk: Inadequate long term financial sustainability**

II	IL	IR	RJ	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	4	3	12	Reduce	3	3	3	1	Strategic	Impact on service delivery

**Contributing Factors**

Contributing Factor Title	Priority
Ineffective implementation of long term financial plan.	2.00 - Moderate - Medium impact on risk
Lack of investor confidence.	2.00 - Moderate - Medium impact on risk
Inadequate economic development.	3.00 - Major - High impact on risk
Ineffective use of prioritizing of limited resources.	3.00 - Major - High impact on risk
Insufficient Capital Reserve Funding.	3.00 - Major - High impact on risk
Ineffective implementation and institutionalisation of the municipal governance review outlook.	3.00 - Major - High impact on risk
Limited revenue tax base.	3.00 - Major - High impact on risk
Social circumstances (crime, poverty).	3.00 - Major - High impact on risk
Backlog of infrastructure.	3.00 - Major - High impact on risk

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Controls**

Control Title	Control Effectiveness	Control Adequacy
Budgetary control procedures.	Adequate	Effective
Genesis plan.	Adequate	Partially Effective
Long term financial strategy	Adequate	Partially Effective
Revenue enhancement plan.	Adequate	Partially Effective

**Action Plan**

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Target set to increase own funding by 10% on Capital budget.	Risk	01-Jul-18	31-May-19
	Action Plan Owner Title	Owner Type	
	Senior Manager: Financial Planning	Responsible	

Debtors management	Norm	2017	2018	2019	2020	2021	2022	2023	2024
Collection rate	95%	97%	97%	97%	97%	97%	97%	97%	97%
Net Debtors Days	30	35	30	30	30	30	30	30	30

Long term financial plan for Breede Valley LM: 2015 to 2024 - Appendix 1: Projected financial ratios

**Risk: Inadequate revenue enhancement**

ii	iL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	4	3	3	9	Reduce	3	3	2	4	Strategic	Impact of financial sustainability

**Contributing Factors**

Contributing Factor Title	Priority
Poor management of Debtors Control Systems	3.00 - Major - High impact on risk
Inadequate utilisation of GIS system	2.00 - Moderate - Medium impact on risk
Lack of indigent portfolio verification	2.00 - Moderate - Medium impact on risk
Culture of Non-payment	3.00 - Major - High impact on risk
Incorrect meter readings	3.00 - Major - High impact on risk

## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

Non-adherence to credit control policy	3.00 - Major - High impact on risk
Incorrect client data information	3.00 - Major - High impact on risk
Limited revenue tax base	3.00 - Major - High impact on risk
Lack of revenue enhancement plan	3.00 - Major - High impact on risk
Ineffective implementation and institutionalisation of the municipal governance review outlook	3.00 - Major - High impact on risk
Consumers not receiving accounts on time	3.00 - Major - High impact on risk
Unaccounted water losses	3.00 - Major - High impact on risk
Lack of Data Integrity.	3.00 - Major - High impact on risk

## Controls

Control Title	Control Effectiveness	Control Adequacy
Credit Control Policy.	Adequate	Effective
Data cleansing programme.	Adequate	Effective
Deviation report linked with prepaid system for credit control.	Adequate	Effective
Implementation of Revenue Enhancement Strategy and Action Plans.	Adequate	Partially Effective
Indigent portfolio verification.	Partially adequate	Partially Effective
Jumboree surveys.	Adequate	Effective
Revenue protection programme.	Partially adequate	Partially Effective
Zonal meters.	Adequate	Effective



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

STRATEGIC SUPPORT SERVICES



**Risk: Inadequate ICT Network Infrastructure**

II	II.	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	3	3	9	Reduce	4	3	3	4	Strategic	Loss of information; Severe financial implications ; Failure of network.

**Contributing Factors**

Contributing Factor Title	Priority
Power failure.	2.00 - Moderate - Medium impact on risk
Fire, flooding or structural failure.	2.00 - Moderate - Medium impact on risk
Loss of assets.	2.00 - Moderate - Medium impact on risk
Insufficient ICT budget.	2.00 - Moderate - Medium impact on risk
Viruses / Hacker / Denial of service.	2.00 - Moderate - Medium impact on risk
Security breaches (theft, vandalism, etc.).	2.00 - Moderate - Medium impact on risk
Earthquake	3.00 - Major - High impact on risk
Ageing of ICT Network infrastructure.	3.00 - Major - High impact on risk
Insufficient ICT Disaster Recovery of data and voice services.	3.00 - Major - High impact on risk
Outdated software updates of the network.	3.00 - Major - High impact on risk



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Controls**

Control Title	Control Effectiveness	Control Adequacy
Anti-virus, intrusion detection and firewalls are implemented.	Adequate	Effective
Battery backups.	Adequate	Effective
Daily ICT system backups.	Adequate	Effective
Deactivating components and systems.	Adequate	Effective
Disaster Recovery Site.	Adequate	Partially Effective
Generator at ICT Department - 70KVA.	Adequate	Effective
ICT Disaster Recovery Plan.	Partially adequate	Partially Effective
Restricted access to computer rooms.	Adequate	Effective
Service contract in place for all telephony equipment.	Partially adequate	Partially Effective
Telephone Management Systems with buffers.	Adequate	Effective
Uninterrupted power supplies (UPS), air-conditioners, smoke detectors.	Adequate	Effective
User Access office and server rooms.	Adequate	Effective
Weekly Offsite backups.	Adequate	Effective



**Risk: Inability to create an enabling environment for faster economic growth**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	3	4	12	Reduce	2	2	3	4	Strategic	Poverty / Unemployment

## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

## Contributing Factors

Contributing Factor Title	Priority
Lack of diversified economic development	2.00 - Moderate - Medium impact on risk
Limited natural resources	2.00 - Moderate - Medium impact on risk
Limited scope for developmental growth within the urban edge allowed for within the Spatial Development Framework	2.00 - Moderate - Medium impact on risk
Lack of investor confidence	2.00 - Moderate - Medium impact on risk
Inequality relating to education and economic assets	3.00 - Major - High impact on risk
Inadequate financial resources to finance economic enabling projects	3.00 - Major - High impact on risk
Negative social tendencies such as drug related crime	3.00 - Major - High impact on risk

## Controls

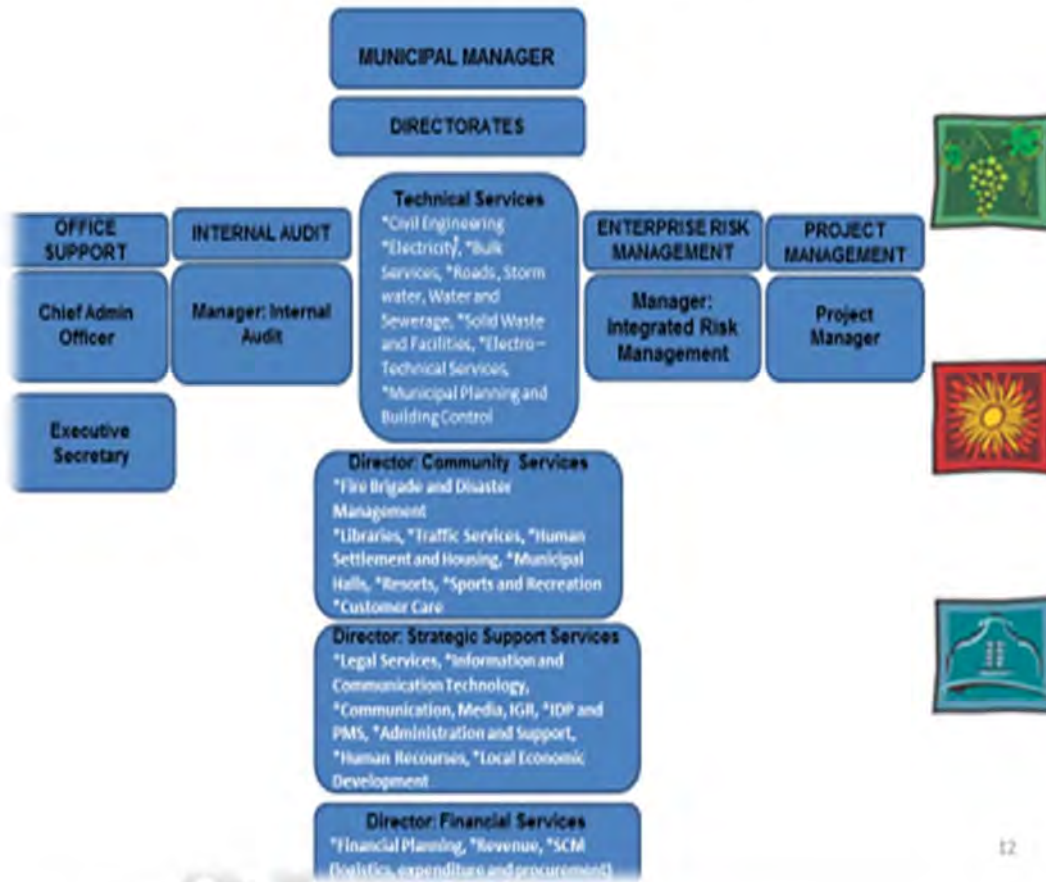
Control Title	Control Effectiveness	Control Adequacy
Available Industrial land	Partially Effective	Adequate
EPWP Programme	Partially Effective	Adequate
Infrastructure development programme (Bulk Water Services, Electrical Services)	Effective	Partially Adequate
Municipal land availability for development (SDF)	Partially Effective	Adequate

## Action Plan

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Finalise Uitvlug Alienation of municipal land for industrial development.	Risk	25-May-15	30-Jun-19
	Action Plan Owner Title	Owner Type	
	Manager: Local Economic Development	Responsible	

PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

**ORGANISATIONAL STRUCTURE**



Risk: Inappropriate organisation design to maximise organisation performance

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	4	6	3	3	9	Reduce	3	2	2	4	Strategic	Inadequate performance



## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

## Contributing Factors

Contributing Factor Title	Priority
Lack of proper work studies	2.00 - Moderate - Medium impact on risk
Lack of proper implementation of Equity Plan	2.00 - Moderate - Medium impact on risk
Outdated/No job descriptions	2.00 - Moderate - Medium impact on risk
Delayed Task Implementation	3.00 - Major - High impact on risk
Delays in filling of Vacancies	3.00 - Major - High impact on risk
Lack of effective performance system	3.00 - Major - High impact on risk

## Controls

Control Title	Control Effectiveness	Control Adequacy
Approved organogram	Partially Effective	Partially Adequate
Job description in process to finalise	Partially Effective	Partially Adequate
Performance agreements for managers compiled	Partially Effective	Partially Adequate
Review of the staff establishment	Partially Effective	Adequate
Staff placement process	Partially Effective	Partially adequate
Task agreement with CWDM	Effective	Adequate

## Action Plan

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Review of the staff establishment.	Risk	01-Jul-18	30-Jun-19
Work study to be conducted.	Risk	01-Jul-17	31-Dec-18
	Action Plan Owner Title	Owner Type	
	Manager: Human Resources Management	Responsible	

PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

COMMUNITY SERVICES



Risk: Housing demand exceeding housing supply

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	3	5	15	Reduce	4	4	3	4	Strategic	Community unrest, increased backlog.

Contributing Factors

Contributing Factor Title	Priority
Migration/Urbanization.	3.00 - Major - High impact on risk
Growth in informal settlements and backyard dwelling.	3.00 - Major - High impact on risk
Lack of available land for housing.	3.00 - Major - High impact on risk
Ineffective interdepartmental communication.	3.00 - Major - High impact on risk
Dependency on Provincial and National Government funding.	3.00 - Major - High impact on risk
Non-alignment of bulk infrastructure with housing pipeline.	3.00 - Major - High impact on risk
Insufficient budget	3.00 - Major - High impact on risk
Project delays.	3.00 - Major - High impact on risk

## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

**Controls**

Control Title	Control Effectiveness	Control Adequacy
Bulk infrastructure plan.	Adequate	Partially Effective
Cleaning/Updating of the demand waiting list.	Adequate	Partially Effective
Dora Allocation / MIG 5% Allocation.	Partially adequate	Effective
Housing Act & Regulations.	Adequate	Effective
Housing Consumer Education programmes.	Adequate	Partially Effective
Housing pipeline.	Adequate	Partially Effective
Housing Policy.	Adequate	Effective
Monthly technical meetings.	Adequate	Effective
National Housing Code.	Adequate	Effective
Spatial Development Framework	Adequate	Partially Effective
Transfer of title deeds as per Council resolution and Housing Code.	Adequate	Partially Effective
Western Cape Housing Demand Database.	Adequate	Partially Effective



**Risk: Inadequate community liaison/participation**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	3	3	9	Reduce	4	3	1	3	Strategic	Community unrest.



## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

## Contributing Factors

Contributing Factor Title	Priority
Ineffective execution of public participation policy.	3.00 - Major - High impact on risk
Ineffective communication.	3.00 - Major - High impact on risk
Lack of apathy of the community to attend meetings.	3.00 - Major - High impact on risk
Insufficient budget.	3.00 - Major - High impact on risk

## Controls

Control Title	Control Effectiveness	Control Adequacy
Communication Strategy/Policy	Partially adequate	Partially Effective
Communication Unit.	Partially adequate	Partially Effective
IDP/Budget public participation.	Adequate	Effective
Public Participation Policy.	Adequate	Effective
Ward Committee system.	Adequate	Partially Effective

## Risk: Ineffective promotion of Social Cohesion

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	4	3	4	2	Reduce	3	2	3	3	Strategic	Community unrest

## Contributing Factors

Contributing Factor Title	Priority
Unemployment.	3.00 - Major - High impact on risk
Lack of recreational facilities.	3.00 - Major - High impact on risk
Xenophobia.	3.00 - Major - High impact on risk
Public unrest.	3.00 - Major - High impact on risk
Lack of community development.	3.00 - Major - High impact on risk
Lack of Integrated planning.	3.00 - Major - High impact on risk
Social circumstances (crime, poverty).	3.00 - Major - High impact on risk

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Controls**

Control Title	Control Effectiveness	Control Adequacy
Community Safety Assessment Report.	Adequate	Partially Effective
Financial support to the Worcester Hope and Reconciliation	Adequate	Partially Effective
IGR Framework.	Adequate	Effective
Integrated Development Plan.	Partially adequate	Partially Effective
Integrated Social Development Plan.	Adequate	Partially Effective
Regional Socio-Economic Programme (RSEP).	Partially adequate	Partially Effective



**Risk: Inadequate public safety**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	3	4	12	Reduce	3	4	4	4	Strategic	Public unrest

**Contributing Factors**

Contributing Factor Title	Priority
Shortage of vehicles/equipments.	3.00 - Major - High impact on risk
Shortage of staff.	3.00 - Major - High impact on risk



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Lack of IGR between emergency services.	3.00 - Major - High impact on risk
Ineffective execution of by-laws.	3.00 - Major - High impact on risk
Ineffective communication.	3.00 - Major - High impact on risk
Public unrest.	3.00 - Major - High impact on risk
Insufficient budget.	3.00 - Major - High impact on risk
Social circumstances.	3.00 - Major - High impact on risk
Non-adherence to rules and regulations within the municipal environment.	3.00 - Major - High impact on risk
Criminal activities.	3.00 - Major - High impact on risk

**Controls**

Control Title	Control Effectiveness	Control Adequacy
By-Law Code.	Adequate	Effective
Community Safety Forum.	Partially adequate	Partially Effective
Cooperation with all emergency services	Adequate	Partially Effective
Regional Socio-Economic Programme (RSEP).	Partially adequate	Partially Effective
Review of all public safety plans.	Adequate	Effective
Standard Operating Procedures (SOP).	Partially adequate	Effective
Traffic and Law Enforcement Unit.	Adequate	Partially Effective
Traffic Services Strategic plans addressing purchasing of vehicles.	Partially adequate	Effective

**Action Plan**

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Completion on the construction of the Municipal Court.	Risk	01-Jul-18	30-Jun-20
	Action Plan Owner Title	Owner Type	
	Chief Traffic Officer	Responsible	

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**



**Risk: Inadequate Disaster Risk Management and Business Continuity in Infrastructure**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
5	5	2	4	4	16	Reduce	4	4	3	4	Strategic	Financial and severe impact.

**Contributing Factors**

Contributing Factor Title	Priority
Lack of inter-departmental communication.	2.00 - Moderate - Medium impact on risk
Climate Change.	3.00 - Major - High impact on risk
Lack of retainer funds for business continuity infrastructure.	3.00 - Major - High impact on risk
Insufficient maintenance of fire breaks.	3.00 - Major - High impact on risk
Inadequate IGR between emergency services.	3.00 - Major - High impact on risk
Shortage of staff.	3.00 - Major - High impact on risk
Failure of management to apply inherent principles to disaster risk.	3.00 - Major - High impact on risk
Lack and/or inadequate critical infrastructure plans (Business Continuity plans).	3.00 - Major - High impact on risk
Insufficient maintenance of storm water infrastructure.	3.00 - Major - High impact on risk
Establishment of informal settlements within flood lines.	3.00 - Major - High impact on risk
Public unrest	3.00 - Major - High impact on risk
Dilapidated buildings.	3.00 - Major - High impact on risk
Shortage of vehicles / equipments.	3.00 - Major - High impact on risk

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Controls**

Control Title	Control Effectiveness	Control Adequacy
By-Law Code on fire safety.	Adequate	Effective
Clearing of fire breaks.	Adequate	Effective
Disaster and business continuation plans and procedures	Partially adequate	Partially Effective
Fire and Rescue Services Collective Agreement.	Adequate	Effective
Mutual Aid Agreement with CWDM.	Adequate	Effective
Public educational programmes / awareness programmes regarding fire and disaster services.	Adequate	Effective
Safety inspections at Buildings and High-risk installations.	Adequate	Effective
Ward Based Disaster Risk Assessment Report	Adequate	Partially Effective



**Risk: Inadequate sport infrastructure development**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	4	2	3	6	Reduce	2	4	2	3	Strategic	Poor sports facilities.



## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

### Contributing Factors

Contributing Factor Title	Priority
Under/Over utilisation of sport facilities	2.00 - Moderate - Medium impact on risk
Ineffective execution of MIG criteria	3.00 - Major - High impact on risk
No replacement and rehabilitation programme	3.00 - Major - High impact on risk
Insufficient Capital Reserve Funding	3.00 - Major - High impact on risk
Backlog of infrastructure	3.00 - Major - High impact on risk
Ageing infrastructure	3.00 - Major - High impact on risk

### Controls

Control Title	Control Effectiveness	Control Adequacy
Dora Allocation / MIG 5% Allocation.	Partially adequate	Effective
IGR with Sport Federations.	Adequate	Effective
Infrastructure Maintenance plan.	Partially adequate	Partially Effective
Integrated Development Plan.	Partially adequate	Partially Effective
School sport bodies.	Adequate	Effective
Sport facilities infrastructure master plan	Adequate	Partially Effective

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**TECHNICAL SERVICES**



**Risk: Insufficient water services**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	4	3	12	Reduce	3	3	2	3	Strategic	Loss of public trust.

**Contributing Factors**

Contributing Factor Title	Priority
Insufficient water.	3.00 - Major - High impact on risk
Migration into municipal area.	2.00 - Moderate - Medium impact on risk
Increase in populations.	2.00 - Moderate - Medium impact on risk
Climate Change.	3.00 - Major - High impact on risk
Inadequate reservoir storage capacity.	3.00 - Major - High impact on risk
Fleet Break-down	3.00 - Major - High impact on risk
Insufficient Capital Reserve Funding.	3.00 - Major - High impact on risk
New residential and industrial developments.	3.00 - Major - High impact on risk
Misuse and/or non-adherence to water usage measures.	3.00 - Major - High impact on risk

## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

## Controls

Control Title	Control Effectiveness	Control Adequacy
15000 Mega Litre Water - Stettynskloof Dam.	Adequate	Partially Effective
2 Bore-holes for Touws River.	Adequate	Partially Effective
4 Bore-holes at De Doorns.	Adequate	Partially Effective
516 ML FAIRY GLEN DAM.	Adequate	Partially Effective
90 ML. BOK RIVIER DAM.	Adequate	Partially Effective
Bulk water metering.	Partially adequate	Partially Effective
Calibration of meters.	Partially adequate	Partially Effective
Municipal Water- Bylaw.	Adequate	Partially Effective
Three (3) bore-holes (Bok-Rivier, De Wet and Rawsonville).	Partially adequate	Ineffective
Water master plan.	Adequate	Partially Effective
Water restriction measures.	Adequate	Partially Effective

## Action Plan

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Complete a feasibility study and long-term plan on increasing of water resources for Touws Rivier.	Risk	01-Jul-18	30-Jun-19
Augmentation of water reservoir at Langerug.	Risk	01-Jul-18	30-Jun-19
Augmentation of water reservoir at Pre-Load.	Risk	01-Jul-18	30-Jun-21
	Action Plan Owner Title	Owner Type	
	Senior Manager: Water Services	Responsible	



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**



**Risk: Inadequate sanitation services.**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	3	3	9	Reduce	4	4	3	3	Strategic	Loss of public trust.

**Contributing Factors**

Contributing Factor Title	Priority
Shortage of vehicles.	3.00 - Major - High impact on risk
Shortage of chemicals.	3.00 - Major - High impact on risk
Insufficient Capital Reserve Fund.	3.00 - Major - High impact on risk
Exceeding capacity of treatment plants.	3.00 - Major - High impact on risk
Sewerage blockages.	3.00 - Major - High impact on risk
Vandalism of networks.	3.00 - Major - High impact on risk

**Controls**

Control Title	Control Effectiveness	Control Adequacy
1 Jetvec	Adequate	Partially Effective
Dedicated chemical stock control.	Adequate	Effective
Service Call Centre.	Adequate	Partially Effective
Training & Development to process controllers.	Adequate	Effective
Treatment plants at all towns.	Partially adequate	Effective

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Action Plan**

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Purchasing of a new Jetvac.	Risk	01-Jul-18	30-Jun-19
Augmentation of waste water treatment plants at De Doorns, Rawsonville and Touws River.	Risk	01-Jul-18	30-Jun-21
	Action Plan Owner Title	Owner Type	
	Senior Manager: Water Services	Responsible	



Picture: Aged infrastructure/vehicles between 1989 and 1994

**Risk: Dysfunctional vehicle and plant fleet**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	4	4	16	Reduce	3	3	3	4	Strategic	Poor service delivery

**Contributing Factors**

Contributing Factor Title	Priority
Lack of vehicle policy.	2.00 - Moderate - Medium impact on risk
Limited tracking device systems in vehicles.	2.00 - Moderate - Medium impact on risk
Shortage of vehicles/equipments.	3.00 - Major - High impact on risk



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Misuse of fleet.	3.00 - Major - High impact on risk
Shortage of Fleet Manager.	3.00 - Major - High impact on risk
Lack of fleet replacement financial model.	3.00 - Major - High impact on risk
Lack of fleet replacement policy.	3.00 - Major - High impact on risk
Inadequate Fleet Management.	3.00 - Major - High impact on risk
Inadequate maintenance.	3.00 - Major - High impact on risk

**Controls**

Control Title	Control Effectiveness	Control Adequacy
Facilities Manager position responsible for Fleet Management.	Partially adequate	Ineffective
Fleet Maintenance System.	Adequate	Partially Effective
Hiring vehicle and plant fleet.	Partially adequate	Partially Effective
Own workshop for maintenance.	Adequate	Partially Effective
Tracking device systems in vehicles.	Partially adequate	Partially Effective

**Action Plan**

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Appointment of a Fleet Manager.	Risk	01-Jul-18	30-Jun-19
	Action Plan Owner Title	Owner Type	
	Senior Manager: Public Works	Responsible	
Development of a vehicle usage policy.	Risk	01-Jul-18	31-Dec-19
	Action Plan Owner Title	Owner Type	
	Senior Manager: Public Works	Responsible	

PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018



Risk: Inability to provide a safe and reliable road network

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	3	4	4	16	Reduce	3	4	3	4	Strategic	Poor service delivery.

Contributing Factors

Contributing Factor Title	Priority
Inadequate development and maintenance of Infrastructure.	2.00 - Moderate - Medium impact on risk
Inadequate development and maintenance of Plant/Equipment.	2.00 - Moderate - Medium impact on risk
Poor schedule maintenance.	2.00 - Moderate - Medium impact on risk
Reliant on Service Provider due to expensive resources.	3.00 - Major - High impact on risk
Limited capital budget.	3.00 - Major - High impact on risk
Ineffective replacement and rehabilitation program.	3.00 - Major - High impact on risk

**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Controls**

Control Title	Control Effectiveness	Control Adequacy
Capital reserve.	Adequate	Ineffective
Implementation of Capital programme	Adequate	Effective
Schedule maintenance programme.	Partially adequate	Partially Effective
Scheduled road refurbishing program.	Partially adequate	Effective



**Risk: Insufficient supply of electricity**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	5	2	4	3	12	Reduce	3	3	3	4	Strategic	Limited development growth.

**Contributing Factors**

Contributing Factor Title	Priority
Unscheduled load shedding.	2.00 - Moderate - Medium impact on risk
Inadequate communication to consumers with regards power outages.	1.00 - Minor - Low impact on risk
Inadequate maintenance of municipal grid.	3.00 - Major - High impact on risk



**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

Insufficient capital funding.	3.00 - Major - High impact on risk
Industrial development.	3.00 - Major - High impact on risk
Usage of electricity exceeds the demand.	3.00 - Major - High impact on risk
Development of Trans Hex	3.00 - Major - High impact on risk
Residential and commercial development.	3.00 - Major - High impact on risk
Damage to supply network.	3.00 - Major - High impact on risk

**Controls**

Control Title	Control Effectiveness	Control Adequacy
Electricity capacity supply to De Doorns - 3MVA.	Adequate	Effective
Electricity capacity supply to Touws River - 3MVA.	Adequate	Effective
Electricity capacity supply to Worcester - 60MVA.	Partially adequate	Partially Effective
Generator at Electricity Site - 90KVA.	Adequate	Effective
Generator at Fire Station - 75KVA.	Adequate	Effective
Generator at ICT Department - 70KVA.	Adequate	Effective
Generator at WWTW - 500KVA.	Adequate	Effective
Rawsonville is supplied by Eskom.	Adequate	Effective
Schedule maintenance programme.	Partially adequate	Partially Effective
Updated register on generator supply to municipal offices/sites.	Partially adequate	Effective

**Action Plan**

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Monitor & Liaise with Eskom on the provision of the additional 20MVA demand, for Trans Hex Development	Risk	01-Jul-17	30-Jun-19
	Action Plan Owner Title	Owner Type	
	Senior Manager Electrical Services	Responsible	

PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018



Risk: Insufficient airspace / disposal capacity for solid waste

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
5	5	2	4	4	16	Reduce	4	4	3	4	Strategic	Financial burden and health risk; Loss of Permit.

Contributing Factors

Contributing Factor Title	Priority
Inadequate equipment due to budget constraints.	3.00 - Major - High impact on risk
Non-compliance to the permit conditions of landfill sites.	3.00 - Major - High impact on risk
Litigation against the Regional landfill sites.	3.00 - Major - High impact on risk
Lack of sufficient capacity to manage landfill sites.	3.00 - Major - High impact on risk
Insufficient waste minimization practice within BVM.	3.00 - Major - High impact on risk
Insufficient operational budget to manage landfill sites.	3.00 - Major - High impact on risk

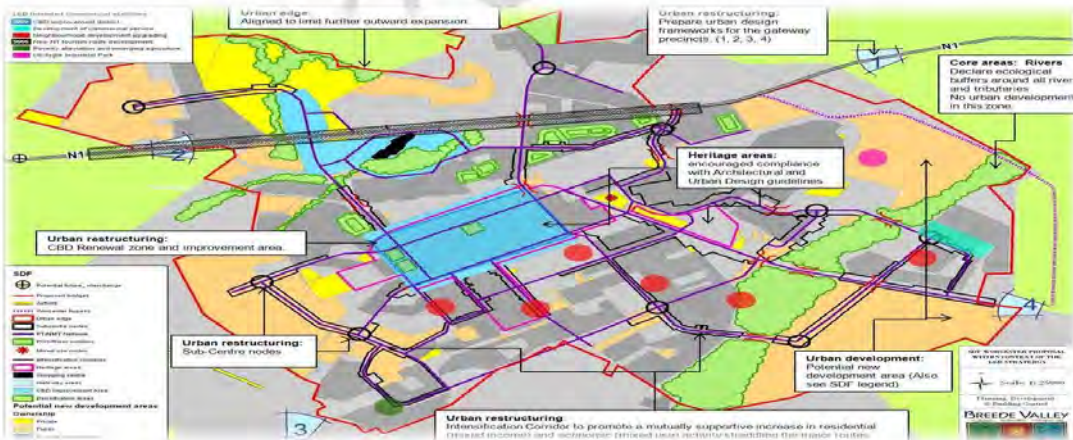
## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

**Controls**

Control Title	Control Effectiveness	Control Adequacy
Application and submission for licence/permit for regional landfill site.	Partially adequate	Ineffective
Awareness campaigns/notice boards to public on waste management	Adequate	Effective
Implementation of waste minimization practices to reduce disposal of waste.	Adequate	Effective
Integrated waste management plan	Adequate	Effective
Satellite station at De Doorns	Adequate	Effective
Security services on landfill sites.	Partially adequate	Ineffective

**Action Plan**

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Completion on the process of application for lifting of heights restriction at landfill sites.	Risk	01-Jul-17	30-Jun-19
Completion on the construction of material recovery facility, drop-off facilities and satellite station.	Risk	01-Jul-17	30-Jun-20
	Action Plan Owner Title	Owner Type	
	Senior Manager: Public Works	Accountable	





**PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018**

**Risk: Spatial Planning Framework not enabling economic environment**

II	IL	IR	RI	RL	RR	Risk Response Decision	Continuity of Service	Safety & Environmental	Technical Complexity	Financial	Risk Classification Levels	Consequence
4	4	1	3	3	9	Reduce	2	3	2	3	Strategic	Hampering of Regional and National Development; Non-stimulation of economic development and eradication of poverty.

**Contributing Factors**

Contributing Factor Title	Priority
Strenuous compliance requirements.	1.00 - Minor - Low impact on risk
Non-alignment of sector planning.	2.00 - Moderate - Medium impact on risk
Non-optimal economic usage of urban space.	2.00 - Moderate - Medium impact on risk
Political directives / decision making and or Political Will.	3.00 - Major - High impact on risk

**Controls**

Control Title	Control Effectiveness	Control Adequacy
5 Year Spatial Development Framework.	Adequate	Effective
Integrated Development Planning	Adequate	Effective
LUPA / SPLUMA ACT.	Adequate	Effective
MTREF.	Adequate	Effective
Public Participation Processes.	Adequate	Effective

**Action Plan**

ACTION PLAN TITLE	ACTION PLAN TYPE	START DATE	DUE DATE
Review and completion of the 5-year SDF.	Risk	01-Jul-18	30-Jun-19
Adopting of a single zoning scheme.	Risk	01-Jul-17	30-Jun-20
	Action Plan Owner Title	Owner Type	

PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

	Senior Manager Town Planning & Development	Responsible	
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Final 2018-2019



## PRESUMED STRATEGIC RISK MANAGEMENT REPORT – 2017/2018

## Contact Information



EDWARD CLOETE  
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RISK MANAGEMENT  
Tel 023 348 2606  
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Enterprise Risk  
Management (ERM)

Die Burgersentrum,  
Baringstraat,  
Privaatsak X3046,  
Worcester, 6849,  
Suid-Afrika

Civic Centre,  
Baring Street,  
Private Bag X3046,  
Worcester, 6849,  
South Africa

**AGENDA**

**5<sup>th</sup> COUNCIL MEETING OF THE  
BREDE VALLEY MUNICIPALITY**

**2018-05-29**

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**7. CONSIDERATION OF REPORTS, COMMUNICATIONS, PETITIONS AND APPLICATIONS DEALING WITH MATTERS OF URGENCY SUBMITTED BY THE MUNICIPAL MANAGER**

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**8. CONSIDERATION OF MATTERS SUBMITTED BY THE CHAIRPERSON OF THE COUNCIL**

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**9. CONSIDERATION OF NOTICES OF MOTION AND NOTICES OF QUESTIONS WHICH SHALL APPEAR ON THE AGENDA IN THE ORDER IN WHICH THEY HAVE BEEN RECEIVED BY THE MUNICIPAL MANAGER**

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**10. CONSIDERATION OF MOTIONS OF EXIGENCY**

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**11. CLOSURE**

**11.1 COPY OF NOTICE PLACED ON NOTICE BOARDS**

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For information, a copy of the Notice follows:

**NOTICE IS HEREBY GIVEN** that a **COUNCIL MEETING**  
of the **Brede Valley Municipality** will be held on  
**TUESDAY, 29 MAY 2018 at 10:00** in the  
**COUNCIL CHAMBERS, CWDM, 51 TRAPPE STREET, WORCESTER**

Members of the media and the public wishing to attend the meeting must please contact **Mr. J.R. Botha (Public Relations Officer)** at **023 348 2807** during office hours to book one of the **16 (sixteen) seats available to the public** on a first come first served basis. The list will be closed at **16:30 on Monday, 28 May 2018** and will be handed to Security officials the morning of the meeting. Only persons whose names appear on the list will be allowed to attend the meeting and they must be seated at least five minutes before the scheduled start of the meeting. Once the meeting has started, no member of the public will be allowed into the meeting. If a member of the public leaves the meeting venue during the course of the meeting, he / she will not be allowed to return to the meeting.

**KENNIS GESKIED HIERMEE** dat 'n **RAADSVERGADERING**  
van die **Brede Vallei Munisipaliteit** op  
**DINSDAG, 29 MEI 2018 om 10:00**  
gehou sal word in die  
**RAADSAAL, KWDM, TRAPPESTRAAT 51, WORCESTER**

Lede van die media en die publiek wat graag die vergadering wil bywoon moet asseblief **Mnr. J.R. Botha (Skakelbeampte)** by **023 348 2807** gedurende kantoorure kontak om een van die **16 (sestien) sitplekke wat vir die publiek beskikbaar is** op 'n "first come first served basis" te bespreek. Die lys sal om **16:30 op Maandag, 28 Mei 2018** die werksdag voor die vergadering sluit en sal aan Sekuriteitbeamptes die oggend van die vergadering gegee word. Alleenlik persone wie se name op die lys verskyn sal toegelaat word om die vergadering by te woon en hulle moet 'n sitplek inneem minstens vyf minute voor die geskeduleerde tyd van die vergadering. Niemand sal tot die vergadering toegelaat word wanneer dit reeds begin het nie. Indien 'n lid van die publiek die vergaderplek gedurende die duur van die vergadering verlaat sal hy / sy nie weer tot die vergadering toegelaat word nie.

**D. MCTHOMAS**  
**MUNICIPAL MANAGER/MUNISIPALE BESTUURDER**

**05 2018**

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**AGENDA**

**5<sup>th</sup> COUNCIL MEETING OF THE  
BREEDE VALLEY MUNICIPALITY**

**2018-05-29**

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