Draft Annual Report

2010/2011
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<td></td>
</tr>
</tbody>
</table>

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Signature:

M L Brandt (Miss)
Municipal Manager
foreword:

Executive Mayor

The local government elections of 18 May 2011 has heralded in a new future and focus for Namakwa District Municipality:

1. The Road Maintenance Section will be transferred to the Department of Roads and Public Works with effect from 01 July 2011.
2. The DMA Areas – including the community of Swartkop – Will revert to the respective local municipalities.

Therefore while the Municipality had to a large extent concentrated on these operational responsibilities in the past, the future will require a new focus:

a) Focus outwards, rather than inward, to built capacity at the B-Municipalities.

b) Become directly involved in the service delivery, especially infrastructure within the B-Municipalities.

The Municipality is ready to face these challenges and make a success thereof, in the same way that it has done in the past.
Executive Summary

Vision

“The establishment of a development-orientated and economically viable district through sustainable growth”

Mission

In order to comply with the vision, a mission was prepared which concentrated on certain key focus areas, namely:

Promotion of the quality of life of the Namakwa community through purposeful and quality service, and the effective and optimal utilisation of resources, focussing especially on:

- Economic development
- Development, upgrading and maintenance of basic infrastructure
- Development of human resources
- Sustainable management and optimal utilisation of operational and natural resources
- Creating of a safe, healthy and investment-friendly environment
- Development of opportunities for local entrepreneurs
- Ensuring friendly, credible and transparent services and client satisfaction.
# Key Performance Areas

<table>
<thead>
<tr>
<th>Key Performance Areas</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic Services</strong></td>
<td>The provision of Basic Services through infrastructure and the maintenance thereof.</td>
</tr>
<tr>
<td><strong>Local Economic Development</strong></td>
<td>The stimulation, strengthening and improvement of the local economy in order to achieve sustainable growth</td>
</tr>
<tr>
<td><strong>Financial Viability and Financial Management</strong></td>
<td>The promotion and maintenance of a financially viable municipality</td>
</tr>
<tr>
<td><strong>Municipal Institutional development &amp; Transformation</strong></td>
<td>The facilitation and development of sustainable service delivery through capacity building in the municipality</td>
</tr>
<tr>
<td><strong>Good Governance and Community Participation</strong></td>
<td>The role of the Council to ensure effective public participation</td>
</tr>
</tbody>
</table>
Governance

**Municipal Council**

The Municipal Council of Namakwa District Municipality consists of fifteen (15) members. Nine (9) represent wards and the rest are direct elected to represent political parties on the basis of proportional representation. The ruling party in the Council is the African National Congres (ANC).

<table>
<thead>
<tr>
<th>MUNICIPALITY</th>
<th>PHOTO</th>
<th>EMBLEEM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FOTOS VAN COUNCIL MET HUL EMBLEEM**
MAYOR

The Mayor is the chairman of the Executive Committee. He performs the duties, including any ceremonial functions, and exercises the powers delegated to the mayor by the municipal council or executive committee.

Executive Committee (EXCO)

**Fotos van bestuurders**
Overview of Departments

HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

POLITICAL STRUCTURE

Office of the Executive Mayor

The Executive Mayor, Honourable Hendrik Visser, died on 26 May 2011 just before the elections. Honourable Frank van den Heever was elected as Executive Mayor on 07 June 2011.

Office of the Speaker

Honourable Bentley Vass was re-elected as Speaker for the current term.

Council and Committees

We have new Councillors and three of the four Committees are chaired by women.
ORGANISATIONAL STRUCTURE

Namakwa District Municipality has a total of 184 posts on the organogram of which 121 posts were filled at the end of the financial year. From 1 July 2011 56 employees will be transferred to the Department of Roads and Public Works as the function is taken back by the Department. The CFO was appointed on 1 June 2011 and the Municipal Manager will be appointed in the new financial year.

The current senior management structure looks as follows:

The Management team of the Namakwa District Municipality consists of:

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acting Human Resources</td>
<td>M J Louwana</td>
</tr>
<tr>
<td>Finance Division</td>
<td></td>
</tr>
<tr>
<td>Human Resources Division</td>
<td></td>
</tr>
<tr>
<td>Administration Division</td>
<td></td>
</tr>
<tr>
<td>Roads Division</td>
<td></td>
</tr>
<tr>
<td>Projects Division</td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td></td>
</tr>
<tr>
<td>Tourism Division</td>
<td></td>
</tr>
</tbody>
</table>

POLICIES

We completed our Risk Assessment and Strategy with the assistance of Provincial Treasury. Council also approved the Anti Corruption Strategy.

EMPLOYMENT EQUITY

Our EE Report was submitted electronically during December 2010.
<table>
<thead>
<tr>
<th>Occupational Levels</th>
<th>Male</th>
<th>Female</th>
<th>Foreign Nationals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Senior management</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Professionally qualified and experienced specialists and mid-management</td>
<td>0</td>
<td>5</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Semi-skilled and discretionary decision making</td>
<td>1</td>
<td>25</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Unskilled and defined decision making</td>
<td>1</td>
<td>23</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL PERMANENT</td>
<td>2</td>
<td>66</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Temporary employees</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>3</td>
<td>69</td>
<td>1</td>
<td>11</td>
</tr>
</tbody>
</table>

**SKILLS DEVELOPMENT**

We believe in capacitating the human resources and therefore 86.5% of the training budget was spend on implementing the Workplace Skills Plan (WSP). Both Councillors and employees received training.

<table>
<thead>
<tr>
<th>Employment category</th>
<th>African</th>
<th>Coloured</th>
<th>Indian</th>
<th>White</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>M</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>SOC 100 Legislators</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>SOC 100 Directors and Corporate Managers</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>SOC 200 Professionals</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>SOC 300 Technicians and Trade Workers</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>SOC 400 Community and Personal Service Workers</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>SOC 500 Clerical and Administrative Workers</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td>SOC 700 Machine Operators and Drivers</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOC 800 Labourers</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Apprentices</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTALS</td>
<td>0</td>
<td>0</td>
<td>28</td>
<td>38</td>
<td>1</td>
</tr>
</tbody>
</table>

**PERFORMANCE MANAGEMENT**

The Performance Agreement of the CFO will be signed when the Municipal Manager is appointed.
Currently we only measure the performance of the Municipality through our electronic performance management system, e-Perform.

GOVERNANCE

The Municipal Manager will be appointed in the new financial year. The Roads function will also be transferred back to the Department of Roads and Public Works from 1 July 2011.

ADMINISTRATION

OBJECTIVE

The strategic objectives of the Administration function are to ensure the rendering of an effective and efficient office support in the municipality.

OVERVIEW

The key activities of the unit are to provide archives, office cleaning, gardening, secretarial services to Council and frontline services. The strategic objectives of the functions are to:

- Provide effective and sound record management (creation, maintenance, usage and disposal of records);
- Provide auxiliary support services (cleaning, gardening, switchboard and reception).

Performance during the year, performance targets against actual achieved and plans to improve performance

- The approval of the Record Management Policy;
- Amendments to approved file plan;
- Disposal of unsuccessful applications/copies and related records;
- The safekeeping of paper and electronic records;
- The maintenance of the building;
- Excellent reception and switchboard service;
- The updated register of municipal properties.

E G BEZUIDENHOUT
MANAGER: ADMINISTRATION
INFRASTRUCTURE DEVELOPMENT: PROJECTS DIVISION

A INTRODUCTION

As a division the objective is to achieve effective and sustainable service delivery within the district. One of the key performance areas of the division is to ensure the delivery of basic services to the communities. By addressing the backlog within the communities through the construction of new infrastructure the division also aims to create the maximum job opportunities for the unemployed based on the EPWP principles.

A Project Management Unit (PMU) was established at a District level. The PMU facilitate the development of projects as well as management of projects within category B-Municipalities. The PMU also assist with capacity within category B-Municipalities where there is a lack thereof.

A Civil Technician and Data Capturer/IT Officer were appointed within the division this financial year.

It is also the objective of the Projects Division to:

- Manage administrative services within the Department;
- Manage and facilitate infrastructure development;
- Implement key performance indicators.

B CAPITAL PROJECTS

The upgrading of oxidation ponds in Loeriesfontein were completed within the Hantam municipal area. The upgrading included the construction of 2 new primary as well as 3 new secondary oxidation ponds. The capacity of the primary ponds is 9ML and the secondary ponds are 28.26ML.

Loeriesfontein Oxidation Ponds: Google earth view
Khai Ma Municipality completed the upgrading of a 200mm diameter ductile iron bulk water supply line of about 14km between Pella en Pofadder.

Karoo Hoogland Municipality completed the Sutherland and Williston oxidation ponds. Seven (7) new oxidation ponds were constructed at both settlements with a capacity of 0.5ML/day.

Nama Khoi Municipality upgraded the water network of Concordia, Okiep Bergsig, Matjeskloof and Carolusberg. The pipelines installed ranged between 50 – 160mm in diameter with an approximate length of 21km in total. Stormwater facilities of Steinkofp, Nababeep, Okiep Matjeskloof, Carolusberg and Concordia were also upgraded.

Kamiesberg Municipality constructed a new multipurpose recreational centre and also upgraded the desalination plants of Kheis, Klipfontein, Spoegrivier, Lepelfontein and Soebatsfontein. The recreational centre consists of a community hall, clinic, office for the municipality and also accommodate the pre-primary school. The capacity of the desalination plants for Kheis, Klipfontein, Spoegrivier, Lepelfontein and Soebatsfontein are 5.5m³/hour, 4m³/hour, 3m³/hour, 2.5m³/hour and 4.5m³/hour respectively.
Richtersveld completed High Mast lighting in Port Nolloth and Sandrift. In Port Nolloth approximately 5km road surface was repaired and resealed and interlock paving of about 7200m² was constructed at Eksteenfontein, Lekkersing, Kuboes and Sandrift.

Table 1 provides a summary of the capital projects completed by municipalities for the 2010/11 financial year.
<table>
<thead>
<tr>
<th>Project name</th>
<th>Project location</th>
<th>Funder</th>
<th>Expenditure</th>
<th>Consultant</th>
<th>Contractor</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>HANTAM MUNICIPALITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oxidation Ponds</td>
<td>Loeriesfontein</td>
<td>MIG</td>
<td>R 5 187 436.80</td>
<td>BVi Consulting Eng</td>
<td>LH Upington Konstruksie</td>
<td>Completed</td>
</tr>
<tr>
<td>KHAI MA MUNICIPALITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pofadder Bulk Water Supply</td>
<td>Pella/Pofadder</td>
<td>MIG</td>
<td>R12 557081.48</td>
<td>BVi Consulting Eng</td>
<td>Enza Hendra</td>
<td>Completed</td>
</tr>
<tr>
<td>NAMA KHOI MUNICIPALITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upgrading of Water Networks</td>
<td>Mun. Area</td>
<td>MIG</td>
<td>R 9 240 000.00</td>
<td>BVI Consulting Eng</td>
<td>Nammic and Brink &amp; Heath</td>
<td>Completed</td>
</tr>
<tr>
<td>Upgrading of Storm water Infrastructure</td>
<td>Mun. Area</td>
<td>MIG</td>
<td>R 2,523,455.08</td>
<td>Nama Khoi Mun.</td>
<td>Local SMME’s</td>
<td>Construction</td>
</tr>
<tr>
<td>KAMIESBERG MUNICIPALITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multipurpose Recreation Centre</td>
<td>Lepelfontein</td>
<td>MIG</td>
<td>R 1 001 085.77</td>
<td>HDR Consultants</td>
<td>Duneco</td>
<td>Completed</td>
</tr>
<tr>
<td>New Desalination Plants</td>
<td>Mun. Area</td>
<td>MIG</td>
<td>R 3 859 223.74</td>
<td>HDR Consultants</td>
<td>various</td>
<td>Completed</td>
</tr>
</tbody>
</table>
C Projects Funded by the Namakwa District Municipality (NDM)

The District Municipality made R 850 000.00 available to local category B-Municipalities within the district for implementation and upgrading of infrastructure with the objective to create job opportunities for individuals without an income. The District was also the implementing agent for the construction of the Bergsig/Vaalwater Community Centre within the Nama Khoi Municipal area and also completed paving the parking area at the Head Office of NDM.

Table 2 provides a breakdown of the Funds spent as well as the job opportunities created by these Municipalities.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Expenditure</th>
<th>Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hantam Municipality</td>
<td>R 602 905.87</td>
<td>47</td>
</tr>
<tr>
<td>Khai Ma Municipality</td>
<td>R 676 572.12</td>
<td>15 (plus outstanding info)</td>
</tr>
<tr>
<td>Nama Khoi Municipality</td>
<td>No report received</td>
<td>No report received</td>
</tr>
<tr>
<td>Kamiesberg Municipality</td>
<td>R 606 675.12</td>
<td>24</td>
</tr>
<tr>
<td>Karoo Hoogland Municipality</td>
<td>R 857 286.99</td>
<td>281</td>
</tr>
<tr>
<td>Richtersveld Municipality</td>
<td>R 628 333.16</td>
<td>49</td>
</tr>
<tr>
<td>Namakwa District Municipality</td>
<td>R1 528 327.80</td>
<td>24</td>
</tr>
</tbody>
</table>

Paving at NDM head office

Table 2: Summary of NDM capital spent

Bergsig/Vaalwater Community hall
D HUMAN SETTLEMENTS

The district is in process of obtaining accreditation for the delivery of human settlements. Richtersveld Municipality completed the construction of 90 housing units in Port Nolloth. Kamiesberg Municipality is currently busy with the construction of 30 housing units in Lepelsfontein and 60 housing units in Klipfontein. Khai Ma Municipality is still busy with the construction of 150 housing units as part of the Khai Ma 384 housing units project. Hantam Municipality completed servicing of 150 sites at Loeriesfontein and the construction of 72 houses at Nieuwoudtville. The Brandvlei 60 housing units project is nearly completed.

E DISTRICT WATER SECTOR

With the assistance of Provincial Department of Water Affairs, Water Services Development Plans (WSDP) for the entire category B-Municipalities developed. The Blue Drop assessment indicated that the scores for all the Municipalities more than doubled. Municipalities within the district will be assessed for Green Drop compliance during the next financial year. Water Conservation and Water Demand Management are also being addressed by Municipalities.

F. CHALLENGES

Project implementation to achieve the objectives, as set out in the introduction, is not without its challenges. The vast distances between Municipalities within the district, capacity constraints within Municipalities are but a few. The district project management unit is trying to address part of the challenges faced by Municipalities.

G. BUDGET CONTROL

- Through effective management of the available budget there was no overspending on projects.
- Strict financial control will be enforced for future projects as well.

H. FUTURE PLANNING

- Through effective planning we want to improve service delivery.
- Creating more job opportunities through labour intensive construction methods.
- Address challenges to improve production and savings.
- Live out the Batho Pele Principals by putting our people first.

I SMITH
MANAGER: PROJECTS
COMMUNITY SERVICES

ENVIRONMENTAL HEALTH

INTRODUCTION

Environmental Health is a fundamental public health service, which focus and affects on the wellbeing of the total population. It applies preventative health practices to sustain healthy communities and reduce illnesses associated with environmental factors.

Constitutional mandate: Section 24 of the South African Constitution of 1996 states that: “Everyone has the right to an environment that is not harmful to his/her health or well being.”

The vision of Environmental Health of the Namakwa District Municipality is to present each and every community within the boundaries of the Namakwa district with a clean, healthy environment free from pollution and with good preventative measures to ensure low mortality, by performing the roles and functions as set out in the Health Act 61 of 2003. It includes the following:

- Water Quality Monitoring
- Food Control
- Waste Management
- Surveillance and Prevention of Communicable Diseases
- Vector Control
- Safe and adequate sanitation
- Environmental Pollution Control
- Disposal of the dead
- Chemical Safety
- Hazardous Substances Control
- Tobacco Control
- Ensure clean air
- Health Care Waste Monitoring.

Environmental Health services are guided by various legislation and policy frameworks including the Constitution of South Africa; the National Health Act; Food Acts; Hazardous Substances Acts; Tobacco Control Acts; Environmental Acts; all applicable legislations and municipal by-laws.
DEVOLUTION PROCESS
The article 78 desktop study is completed and approved by Council resolution. The budget of 2010/2011 financial year is approved by council resolution for the implementation of the Devolution process. Environmental Health Services have been taken over by the Namakwa District Municipality. All the Environmental Health services within Namakwa region are now rendered by the Namakwa District Municipality and three new EHP’s were appointed. The appointment of a third practitioner at Nama Khoi municipality will be finalized in the 2012/2013 bookyear.
## IDP PROJECTS / KPA

<table>
<thead>
<tr>
<th>PROJECT NR</th>
<th>PROJECT</th>
<th>ACTIONS TAKEN</th>
<th>TARGETS REACHED</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPO 1</td>
<td>Education on safe sanitation and waste management in the NDM area.</td>
<td>241</td>
<td>2239 people were reached</td>
</tr>
<tr>
<td>GPO 2</td>
<td>Educate communities in the prevention and treatment of communicable diseases.</td>
<td>234</td>
<td>3551 people were reached</td>
</tr>
<tr>
<td>GPO 3</td>
<td>Education on personal health and hygiene in the NDM area.</td>
<td>311</td>
<td>3634 people were reached</td>
</tr>
<tr>
<td>GPO 4</td>
<td>Education and evaluation in food safety.</td>
<td>172</td>
<td>781 people were reached</td>
</tr>
<tr>
<td>GPO 5</td>
<td>Water quality monitoring at Water Service Authorities in Namakwa.</td>
<td>241</td>
<td>1961 people were reached</td>
</tr>
<tr>
<td>GPO 6</td>
<td>2010 FIFA World Cup Soccer.</td>
<td>13</td>
<td>13 people were reached</td>
</tr>
</tbody>
</table>

### Environmental Health Calendar

The aim of this calendar is to set a direction for Environmental Health events in the Northern Cape. The themes of this calendar were linked to the Health Awareness Calendar of the National Department of Health.
WATER MONITORING
Drinking water monitoring is conducted monthly by the Environmental Health Practitioners to ensure safe drinking water to all the communities in the Namakwa District. Approximately 1200 bacteriological and chemical water samples are taken annually in Namakwa. Environmental Health Practitioners are committed in continuously providing guidance and training to municipal officials responsible for water plants. Municipal Water Quality reports are distributed to municipalities and to the Department of Water Affairs. Environmental Health Practitioners Environmental Health Practitioners are actively involved in Blue and Green drop systems of municipalities.

NATIONAL AND PROVINCIAL HEALTH PROGRAMMES
The Environmental Health division of the Namakwa District participates in various National and Provincial programs of Department of Health.

Food sample run:
Food samples were collected in Namakwa as part of the food sampling run of the Food Control Directorate, National Department of Health.

Health and hygiene programs:
Environmental health divisions of Namakwa District submit quarterly reports to Department of Health regarding health and hygiene educational events in Namakwa.

Hazardous and chemical substances:
Environmental Health Practitioners conducted inspection at all premises handling hazardous and chemical substances. These findings as well as cases of chemical poisoning are reported to the Department of Health.

CO-ORDINATING & LIASING

Environmental Health Forums:
The Namakwa Health forum is chaired by the Environmental Health Practitioners of Namakwa and function extremely well with its own constitution and quarterly meetings. Provincial forum are chaired by the Environmental Health unit of Department of Health and are attended bi – annually. Various stakeholders are invited to these forums and it served as an ideal platform to discuss environmental health issues.
South- African Institute of Environmental Health (SAIEH):
All Environmental Health Practitioners are members of the Northern Cape branch of SAIEH and two members of Namakwa are on the management of the institute.

Health Professions council of South Africa:
All Environmental Health Practitioners from Namakwa are registered members of the Health Professions Council of South Africa (HPCSA). Annual fees and compliance with the Continuous Professional Development system of this board are compulsory to all members.

NAMAKWA PROJECT MANAGEMENT UNIT (PMU)
The Namakwa District Municipality and its B- Municipalities officially conduct a Bi monthly Project Management Unit (PMU)/Water sector forum meeting. An EHP of the Namakwa District Municipality represents environmental health issues on this meeting. Different spheres of government attend this meeting and are represented by COGHSTA, MIG, DEA, DEAT and DWA. The items address in this meeting is all water and sanitation projects and related issues. Health and Hygiene and related issues are also address at this meeting whereas actions are issued to municipalities to address the above mentioned issues within a specific timeframe and report to the forum. Health & Hygiene and Health & Hygiene Related issues reporting templates were designed for EHP’s to report to this forum. The District PMU (Project Management Unit) also assist the B – municipalities to address these issue and do research in innovating ideas to rectify these issues.
DISASTER MANAGEMENT

Disaster Management Plan for the Namakwa District Municipality:
The Vision for the District is:

To enhance and ensure sustainable development in the Namakwa District Municipal area of jurisdiction through effective disaster risk reduction.

The Mission for the District is:

An integrated, holistic and cost effective approach in Disaster Management ensuring the reduction of disaster, the preparedness of our communities to prevent, mitigate and to respond to disasters in the Namakwa District Municipal area of jurisdiction.

The Disaster Management plan for the district consisting out of a level 1 and 2 plan was completed during this year. All the local municipalities was provided with a disk with the framework, risk assessment roles and responsibilities of all line functions and the contingency plans for an incidents.

In general, the following remarks can be made:

- It seems if the NDM is more vulnerable to basic services and of a higher priority than the risks associated with natural and man-made disasters. Hence, the alleviation of the vulnerability status of communities, developing and establishing community resilience is a higher priority than the implementation of formal structural and non-structural prevention and mitigation works.

- The NDM area of jurisdiction is very vulnerable in terms of the geographical distribution of the area, e.g. long distances between communities, towns and farms, high cost involved in marketing of agricultural products and maintenance of roads and telecommunication systems.

- The following basic services are at risk:
  - Telecommunication: Because of the geographical distribution of the area, most places do not have any telecommunication line, e.g. Telkom lines, Cell phone signals and/or radio communication.
  - Roads: The road infrastructure, especially all gravel roads in the rural areas are very poor maintained. This situation worsen the vulnerability of communities in the sense that no sufficient and effective health support services can be provided, farmers are at risk to market their agricultural products and even the ability to effectively respond to veld fires.
  - Water: NDM is very vulnerable to clean water for human consumption. Most water bulk services (pipelines) are very old and are expensive to maintain. Even water from bore holes is of a very bad quality and may not suitable for human consumption, e.g. children and pregnant woman. Bringing water over very long distances further worsen the situation.
  - Sanitation: Water scarcity also contributes to bad sanitation facilities. Most communities are depending on “Put” systems and are in most cases dangerous for small children, let alone the bad smell and contamination of under ground water systems.
  - Electricity: There are still communities without any electricity at far away places and even some new households (HOP houses) which do not have yet electricity. In some places, it was mention that insufficient electricity constrains new development, which may have positive impact on economic development of the area.
- **Health Services**: It is shocking to observe the bad health services in the NDM area of jurisdiction. In most cases, insufficient clinic facilities, medical care, ambulance services, medical stock (especially for chronicle sick people) are in the order of the day.

- **Mine Activities**: Not only did the withdrawing of mines left communities in absolute poverty, but also neglect in most cases appropriate rehabilitation of mine sites. Last mentioned becomes a high risk to communities, e.g. in-falling of underground tunnels, open cast mines are full of water causing drowning and even where mines are closed and sealed, local people are breaking-in, stealing steel, cables etc and in some cases getting lost in underground tunnels.

- **See Rescue**: The fact that the NDM forms part of the Northern Cape Province, with its head office in Kimberley brings its own challenges, especially when it comes to specific sea-related issues. The NDM is vulnerable and at risk to a lack of sufficient and effective see rescue services.

- **Abattoir**: In some case photos were taken of unacceptable practices by local abattoirs. This may lead to a further increase of health risk in the NDM area of jurisdiction.

NDM are at risk for the following natural and man-made disasters in general:

- **Drought**: The Northern Cape Province is very vulnerable and at risk to drought. The situation is worsen because of bad farm practices, e.g. over grazing, migration of farmers on communal land to find sufficient water sources and/or grazing.

- **Floods**: Notwithstanding the very dry geographic area of the NDM, some rivers are flooding during raining season, putting communities and water resource infrastructure at risk.

- **Cyclones / Strong Winds**: Strong winds left some houses without roofs and cyclones / tsunami’s left communities near the coast line at risk.

- **Dam Failure**: Several dams are identified upstream which are at risk for a potential dam failure, putting towns and communities at flood risk. These dams must be investigated, as in the event of a dam wall failure, no sufficient time is available to release any early warning, nor is there any time for evacuation.

- **Agri-diseases**: Most communities are depending on some agricultural related practices and any agri-disease / epidemic increases the vulnerability of NDM.

- **Veld Fire**: when veld fires do occur, it is very difficult to respond and to bring it under control because of the insufficient road infrastructure and rough terrain / mountainous areas.

- **Nuclear Waste**: A nuclear waste / disposal site is currently present in the NDM area of jurisdiction. Notwithstanding the fact that it has been indicated that these risks are very low, it still remain the responsibility of disaster management to monitor future activities. (see attached table 1)

For each of the six local municipalities and 52 communities a risk profile and maps was compiled. All of these risks must be addressed by their Integrated development plan and Spatial development plan.

**Awareness campaigns and simulation exercises:**

During this year schools was visited and the learners was educated on the different types of disasters. There was also a two day session with all the role players in disaster management to roll out the plan. This included the municipalities, provincial stakeholders, cell phone companies, SAPS and provincial traffic.

During this year of reporting there was also simulation exercises held in different municipalities. The Namakwa District Municipalities administrative offices were also evacuated during a fire exercise. Each of the exercises that were hold, was examined and a debriefing meeting was held after each
exercise to give feedback to the stakeholders that took part in the exercise. The Disaster Management department also started with a program to help different organs of state to compile a evacuation plan for their premises. (schools, clinics, municipalities)

A project was also started to educate police officers in fire fighting.

**IDP projects: Awareness campaigns and simulation exercises:**

During this year schools was visited and the learners was educated on the different types of disasters. (Primary School Verneukpan, 21 learners) The Primary School JJ Lambert at Garies was also evacuated during a fire simulation exercise. The whole school and teachers took part.

There was also a two day session with all the role players in disaster management to roll out the Disaster Management plan. This included the six local municipalities, councillors, provincial stakeholders, cell phone companies, SAPS and provincial traffic. (27 delegates)

House owners of Swartkop was also educated in the use of fire extinguishers where 41 people were trained.

During this year of reporting there was also simulation exercises held in different municipalities. The Namakwa District Municipalities offices in Springbok were also evacuated during a fire drill exercise. This exercise took place during a meeting of different stakeholders for the Freedom Day Celebrations. (63 people were evacuated) The Department of Health's office in Springbok was also evacuated during a simulation exercise of a bomb threat. (37 people took part in the exercise)

Each of the sector departments that took part in the exercises that were held was evaluated and a debriefing meeting was held after each exercise to give feedback to the stakeholders. Stakeholders that was evaluated was the SAPS, municipal fire brigade, traffic (municipal/provincial), hospitals, clinics, EMS and the control rooms. The total people that took part in this exercises, including patients was 189 people.

The Disaster Management department also started with a programme to help different organs of state to compile evacuation plans for their organisation. (Schools, clinics, municipalities)
**Orange River floods:**

During the end of December 2010 and in January 2011 the Orange River was in flood. During this time all role players was on standby and meetings was held on a regular base. There was no lost of human life. Three citizens of Namibia that was stranded on an island in the Orange River was airlifted by helicopter to safe ground. Food parcels was delivered to the people of Modderdrift, Vioolsdrift who was cut off from Vioolsdrift for food and medical supplies. The rescue services of Siyanda and the water police of Upington help the district during this period. Food parcels was provided by Department of Welfare/ Social services and SASSA.

![Images of flood conditions and relief efforts](image1.jpg)

**Fire Equipment Grant:**

The Fire Grant that was allocated has been divided between the six local municipalities and the DMA. This year the District Municipality received the amount of R350 000.00. Each Local municipality received an amount of R50 000.00 which is liable to a business plan to the district for the allocated amount for purchasing fire equipment to comply with their needs. Most of the municipalities dispose of the most basic equipment though there are much room for improvement.
PLANNING

1. INTRODUCTION

The year 2010/2011 has been a year of challenges facing the Department, but despite this the activities of the Department was successful. The effective implementation of certain projects of the IDPs is still problematic, but shows substantial progress.

There are only 2 staff members in the Department. Department of Transport is in a process of placing 1 Transport Planning Intern at the District Municipality. The Transport Planning Internship Program will start in the financial year 2011/2012.

2. ACTIVITIES

2.1. IDPs

The District Municipality and 6 B-Municipalities successful completed the IDP Review process with Council approved IDPs. The Department failed to render services and support to the municipalities compared to the past years. However, most municipalities were capable to handle successful IDP processes. The various processes’ was initiated and driven by the municipalities, themselves.

The District Municipality held 2 IDP Representative Forum meetings in preparation for the final IDP for 2011/2012.

2.2. PERFORMANCE MANAGEMENT SYSTEMS (PMS)

The Planning Department in cooperation with Department Human Resource is responsible for the implementation of the Organisational PMS/ Service Delivery Budget Implementation Plan (SDBIP) of the District Municipality. The system is utilised successfully by the District Municipality for effective planning and report back mechanism. The Individual PMS is still outstanding, but will be addressed in the financial year 2011/2012.

PMS are on different levels at the various municipalities. The continuous implementation and maintenance of PMS systems in municipalities are still problematic. Most municipalities still needs assistance with the implementation of PMS.

2.3. SPATIAL DEVELOPMENT PLANS (SDFs)

Department of Rural Development initiated a process whereby Municipalities such as Karoo-Hoogland, Kamiesberg, Hantam, Khai-Ma, Richtersveld and Namakwa District compiled SDF’s. All 5 municipalities SDF’s are completed and approved by their respective Councils whilst the District Municipality’s SDF are still in process. The SDF of the District Municipality will be finalized before June 2012.

2.4. MUNICIPAL SYSTEMS IMPROVEMENT GRANTS (MSIG)

The Department report to COGTA on a monthly basis regarding the expenditure of allocated MSIG funds.
2.5. ADDITIONAL SERVICES

The Department Beplanning has played a critical role in the overall activities of the District Municipality during the past year. The activities of the Department was mainly affected by the functions of the Office of the Acting Municipal Manager placed in the Department.

3. CLOSURE

The progress of the Department was satisfactory during the past year. The new year will bring new challenges and expectations, especially with the newly elected Councils.

The excellent work relations ensured satisfactory work conditions and we consequently express our thanks to the Executive Mayor, Councilors and officials for this situation.

J T LOUBSER
MANAGER: PLANNING
BUDGET AND TREASURY OFFICE

The Namakwa District Municipality is continuously adapting to new requirements to sustain its development status. The NDM has succeeded in the preparation and submission of the annual financial statements to the Auditor General in terms of Section 136(1) (a) of the MFMA. Financial statements are drawn up on the requirements of GRAP.

The Supply Chain Unit is operational and function according approved Legislation and Council Policies.

For the 2010/11 financial year, R5 100 000,00 was budgeted for capital projects in the Local Municipal area of the NDM. The distribution was as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nama Khoi</td>
<td>R850 000,00</td>
</tr>
<tr>
<td>Richtercveld</td>
<td>R850 000,00</td>
</tr>
<tr>
<td>Khai Ma</td>
<td>R850 000,00</td>
</tr>
<tr>
<td>Kamiesberg</td>
<td>R850 000,00</td>
</tr>
<tr>
<td>Hantam</td>
<td>R850 000,00</td>
</tr>
<tr>
<td>Karoo Hoogland</td>
<td>R850 000,00</td>
</tr>
</tbody>
</table>

Equitable Share

The equitable share is used to provide free basic services to the community of Swartkop. The budget was draw up on the new prescribed standard of national treasury and adopted by council. The operational budget consists of the following:
Sales

Government Grants and Subsidies
Actuarial Gains
Rental of Facilities and Equipment
Interest Earned - outstanding receivables
Licences and Permits
Income for Agency Services

Sales

Employee related costs
Remuneration of Councillors
Debt impairment
Collection Costs
Depreciation and Amortisation
Repairs and Maintenance
Unamortised Discount - Interest
ECONOMIC DEVELOPMENT

INTRODUCTION

In his inaugural State of the Nation Address in June 2009, President Jacob Zuma stated:

“It is my pleasure and honour to highlight the key elements of our programme of action. The creation of decent work will be at the centre of our economic policies and will influence our investment attraction and job creation initiatives. In line with our undertakings, we have to forge ahead to promote a more inclusive economy.”

In response to the President’s call, Ebrahim Patel, Minister of Economic Development, developed the New Growth Path to steer development focusing on the following key sectors:

- Infrastructure
- the agricultural value chain
- the mining value chain
- the green economy
- manufacturing sectors, which are included in IPAP2, and
- tourism and certain high-level services.

The Namakwa District Municipality (NDM) faces unemployment, rising poverty as well as equality and needs to adopt new innovative ways in overcoming these challenges. With a framework in place, an implementation strategy is needed to make it a reality.

LOCAL ECONOMIC DEVELOPMENT (LED)

The Integrated Development Program (IDP) is the key accepted document that guides the Municipality in its day to day activities. Urban-Econ was appointed by the Namakwa District Municipality to develop LED Strategies for the 6 B-Municipalities, as was identified during the turn-around strategies, namely NamaKhoi, Richtersveld, KhaiMa, Kamiesberg, Hantam as well the Karoo-Hoogland. Once completed, a coordinated effort can be implemented to contribute to development in the sectors as identified by Minister Patel.

MINING BENEFICIATION

The big mining houses are closing down as a result of the economic slowdown but a number of small miners are still operational in the area. Mineral beneficiation is an area of work that presents much untapped opportunity which has lagged in policy development and implementation.

Namakwa is still mineral rich but as a result of the past no beneficiation took place. In order to address this flaw, the Department of Economic Development in conjunction with the Industrial Development Cooperation (IDC) intends to develop a business plan to determine the feasibility of beneficiating key construction minerals. This will ultimately lead to the establishment of a Mining Hub.

INVESTMENT POTENTIAL FOR THE NAMAKWA DISTRICT MUNICIPALITY

The area has significant environmental resources (sensitive species, biomes and flora) and has been identified for tourism growth and conservation activities. The area also has a competitive advantage in the renewable energy industry, in that wind, solar, wave and nuclear power have all been identified as potentially successful in the District.
Furthermore, the District is home to the Southern African Large Telescope (SALT) in Sutherland, which is home to the largest single optical telescope in Southern Africa. The clear skies of the area have made expansion of such projects desirable, and the area has been short-listed in the bidding process for NASA’s Square Kilometre (SKA) project – a radio telescope project valued at US$1billion and as much as R500million in foreign investment in South Africa.

The impact for the District would be felt in the aluminium, computer, communications, electronics and steel industries, as well as research and development, transport and accommodation.

**COMPETITIVE ADVANTAGE IN THE ENERGY SECTOR**

- Natural Gas plant South of Hondeklipbaai.
- Eskom Nuclear plant: potentially to be constructed at Kleinzee.
- The sunny climate of the area makes private and large-scale solar energy appropriate: it has the highest solar radiation intensity in Southern Africa.
- Large coastal strip: appropriate for wind and wave energy.

**ECONOMIC HIGHLIGHTS IN THE DISTRICT**

- Launching of the Rooibos Tea Manufacturing Plant in Nieuwoudtville
• Vedanta took over Black Mountain Mine from Anglo American, which is responsible for 93% of SA lead production.
• Alluvial diamonds are still to be found in the lower Orange River and offshore of the Namakwa Coast. The sale of De Beers Kleinzée mines to Transhex is a clear indication of that.

SME DEVELOPMENT

Governments all over the world see SME’s as an important vehicle to boost the economy of their countries because of its contribution to job creation. In South Africa we have a low survival rate amongst start-ups coupled with a concentration on survival instead of opportunity entrepreneurs, especially in the Namakwa Region.

A concerted effort is needed from the private and public sectors with the Small Enterprise Development Agency (SEDA), to integrate the small business sector into the mainstream of the economy. They have presented numerous courses over the last year with specific focus on developing the business skills of entrepreneurs.

SPECIAL JOB CREATION INTERVENTIONS

The private sector should be spearheading employment creation but with the Expanded Public Works Programme, government intends to create infrastructure as well as employment opportunities in the short to medium term. The following interventions were launch to address poverty in the interim.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Name of Project</th>
<th>Budget</th>
<th>Employment Opportunities</th>
<th>Lifespan</th>
</tr>
</thead>
<tbody>
<tr>
<td>NamaKhoi</td>
<td>Goegap Nature Reserve</td>
<td>R 47 779 942</td>
<td>391</td>
<td>24 months</td>
</tr>
<tr>
<td>Richtersveld/Kamiesberg</td>
<td>Working for the Coast (Alexanderbaai – Hondeklipbaai)</td>
<td>R 3 000 000 000</td>
<td>31</td>
<td>24 months</td>
</tr>
</tbody>
</table>
Table 1: EPWP projects

The Namakwa District Municipality is an Implementation agent for the Department of Environmental Affairs for its Natural Resource Management Programmes, where it focuses on the removal of alien trees. This program ultimately reclaims agricultural land that improves food security in the country. The NDM is currently negotiating to renew an R11million contract over a period of three years.

This contract will enable the NDM to employ 18 contractors in the Hantam Municipality that should create +/- 200 employment opportunities until 2014.
TOURISM

The Namakwa region is known worldwide for its flower spectacle but in order to ensure a steady flow of visitors to the region much more needs to be done to promote our World Heritage site in the Richtersveld, our various Nature Reserves with its biospheres as well as our pristine coastline.

The unit has attended various shows in a bit to showcase our product and treasures of the district namely the annual Indaba in Durban, an International show in Namibia as well as a couple of other local shows. Visitor’s figures have increase and yes we might not have had the opportunity to host a soccer playing nation in Namakwa but it played a role in the increase.

It created a platform for us to grow from strength to strength.

Fig 6: Williston Winter Festival
Fig 7: Postbox in Calvinia, was given a facelift

Fig 8: Flowers in bloom, Namakwa

NB: SKILLS SUMMIT?
INTRODUCTION

The role of Local Government has grown enormously over the past years as basic infrastructure and service provision is best delivered at the most decentralised level of Government. The challenge facing municipalities now is to deliver better services in the context of performance management, monitoring and evaluation.

In view of the above, Namakwa District Municipality has a responsibility to ensure services are delivered in an efficient, effective, sustainable and affordable manner. In order to do this, the District Municipality must have some way of measuring the successes, failures and progress achieved in the pursuit of objectives.

The Namakwa District Municipality introduced a newly upgraded electronic Performance Management System and/or Service Delivery Budget Implementation Plan (SDBIP) in the 2010/2011 financial year. It becomes a useful tool to those in the Municipality who are responsible for the management of monitoring actions and the effective conduct of evaluation exercises.

CHALLENGES

The Namakwa District Municipality continuously developed the Performance Management System since 2002 after being identified as the national pilot of the Performance Management. The challenges facing the municipality in the past in terms of PMS are:

- The measure of performance tends to be objective rather than accurate.
- The filling of critical vacancies results in a delay of the Performance Management process.
- The delayed job evaluation process was hampering the development of the Individual PMS.
- Key Performance Indicators (KPI's) tends to be not specific, measurable and achievable.
- Capacity building/training of officials in terms of PMS.
- The linking of the budget and the SDBIP.
- The buy-in of crucial stakeholders in the PMS process.
- Proper SDBIP planning was not done as it should have been.

IMPROVEMENTS

Despite the challenges faced in the past the Performance Management System improved over the financial year 2010/2011 with the introduction of a newly upgraded system. The following key improvements can be mentioned:

- The involvement at managerial level has risen to a higher level.
- The KPI's have become more realistic, measurable and achievable.
- The job evaluation process is completed and the focus in the next financial year will be on the development of the Individual PMS.
- The training of managers and PMS administrative staff will be extending in the next financial year with specific focus on budget/SDBIP linkage and Individual Performance Management.
- Better and improved SDBIP planning for 2011/2012 was compiled and approved by the Executive Mayor
### 1. ANNUAL PERFORMANCE INFORMATION

<table>
<thead>
<tr>
<th>KEY PERFORMANCE INDICATOR</th>
<th>MEASURE</th>
<th>ACTUAL</th>
<th>RESULT</th>
<th>REASONS</th>
<th>REMEDIAL ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INSTITUTIONAL DEVELOPMENT: DEPARTMENT HUMAN RESOURCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public communication systems - Upgrading of the website (Dec 2010) % of Website updates</td>
<td>% of website updates</td>
<td>Draft website available</td>
<td>Performance not fully effective</td>
<td>Website is not finish yet.</td>
<td>The quotation was approved in October 2010 and since then the upgrading of the website is in working progress.</td>
</tr>
<tr>
<td>Complaints management systems – Revival of Batho Pele Committee</td>
<td>Number of complaints received and attended to</td>
<td>No complaints received</td>
<td>Performance not fully effective</td>
<td>Non-functional Batho Pele committee</td>
<td>Revival of Batho Pele Committee. Buy-in of Management</td>
</tr>
<tr>
<td>Front desk interface-Training front desk staff</td>
<td>Training Invitation Training to took place 31 December 2010</td>
<td>Training took place end of June 2011</td>
<td>Unacceptable performance</td>
<td>Late appointment of Service Provider</td>
<td>Speed up of procurement process</td>
</tr>
<tr>
<td>National Key Performance Indicator (NKPI-5) The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality approved employment equity plan</td>
<td>70% (14 of 20)</td>
<td>Fully effective</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Key Performance Indicator (NKPI-6) The percentage of a municipality’s budget actually spent on implementation on its workplace skills plan.</td>
<td>86.5% spend on WSP</td>
<td>Fully effective</td>
<td>100% not reached due to no quotations received for 3 courses</td>
<td></td>
<td>To spend 100% in next financial year</td>
</tr>
<tr>
<td>Recruitment and selection of vacant positions that has been budgeted for after approval has been granted for advertising</td>
<td>% of adverts placed versus requested</td>
<td>Advertisements place of EHP’s, CFO, Municipal Manager and Senior Manager: Economic Development &amp; Internal Auditor</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
<td>REMEDIAL ACTION</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------</td>
<td>-------------------------</td>
<td>---------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Recruitment and selection of vacant positions that has been budgeted for after approval has been granted for advertising</td>
<td>Number of qualified candidate compared to resumes.</td>
<td>Short listing of all advertised posts was done.</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment and selection of vacant positions that has been budgeted for after approval has been granted for advertising</td>
<td>Number of new hires achieving 6 months service.</td>
<td>3 persons permanently employed, 2 employees waiting on council approval</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment and selection of vacant positions that has been budgeted for after approval has been granted for advertising</td>
<td>% of new appointments completed an Induction programme</td>
<td>3 persons received induction</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assist with effective management of Labour relations issues (disciplinary cases, grievances, disputes &amp; LLF)</td>
<td>% of disciplinary hearings facilitated as what was required</td>
<td>100% disciplinary hearing facilitated</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure that all Council resolutions assigned to our Department are executed/received attention after such decision is forwarded by the Municipal Manager</td>
<td>Number of Council resolutions implemented</td>
<td>All Council resolutions implemented</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure that all correspondence marked out to the Management HR receives attention within three (3) working days after receipt from the Registration office</td>
<td>Task received and tasks completed</td>
<td>Comply within 3 working days</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete and submit training reports</td>
<td>No of training reports submitted</td>
<td>12 Reports submitted</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assist B-Municipalities with completion of WSP, monthly reports and ATR</td>
<td>% requested attended to</td>
<td>1 request received from Karoo-Hoogland Municipality</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revision of Employment Equity Plan</td>
<td>Council approved EE plan</td>
<td>Council approved EE plan at Council meeting of 27 November 2010</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
<td>REMEDIAL ACTION</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------</td>
<td>--------</td>
<td>--------</td>
<td>---------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Compile and submit Employment Equity Report in terms of Legislation to Department of Labour</td>
<td>Completed EE Report</td>
<td>Report was electronically submitted on time</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assist with effective management of Labour relations issues (disciplinary cases, grievances, disputes &amp; LLF)</td>
<td>Progress of grievances recorded</td>
<td>All grievances recorded</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assist with effective management of Labour relations issues (disciplinary cases, grievances, disputes &amp; LLF)</td>
<td>Attend all conciliation hearings when notified of date</td>
<td>Attended all conciliation hearings</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capture approved leave forms % of leave forms captured/updated register</td>
<td>All leave was captured on time</td>
<td>Fully effective</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submittance of Council reports and agenda items one month before Council meetings</td>
<td>% submitted on time</td>
<td>100% submitted</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assist with effective management of Labour relations issues (disciplinary cases, grievances, disputes &amp; LLF)</td>
<td>No of LLF meetings attended</td>
<td>No meetings was held</td>
<td>Unacceptable performance</td>
<td>Unavailability of councillors due to local election campaign, reps of Council not appointed</td>
<td>Held regular LLF meetings on a monthly basis in line with the ORA.</td>
</tr>
<tr>
<td>Organise staff/info meetings 4 times a year in Springbok, Calvinia and Fraserburg</td>
<td>Number of meetings held</td>
<td>Regular meetings was not held in all towns</td>
<td>Performance not fully effective</td>
<td>Due to other commitments of the Manager: Human Resource</td>
<td>Ensure that meetings take place once a year.</td>
</tr>
<tr>
<td>Drafting and submitting of Skills Development Plan</td>
<td>Complete WSP and submit two signed copies to LGSETA</td>
<td>Submitted WSP on time</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation of planned training in WSP by assisting with the procurement of training providers</td>
<td>% requested handled</td>
<td>No requested received from B-Municipality</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete and submit annual training report</td>
<td>1 training report</td>
<td>Annual training report submitted</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare year planner</td>
<td>Finalise calendar</td>
<td>Final draft available, but not yet printed</td>
<td>Performance not fully effective</td>
<td>All information not received on time</td>
<td>Follow-up with relevant persons</td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
<td>REMEDIAL ACTION</td>
</tr>
<tr>
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</tr>
<tr>
<td>Recruitment, selection and suspension of employees – approval of recruitment and selection policy</td>
<td>Vacancies (top 4 – MM, CFO, Planner &amp; Engineer)</td>
<td>CFO appointed on 01 June 2011, MM not yet appointed</td>
<td>Performance not fully effective</td>
<td>Waiting on assistance from COGHSTA and SALGA for finalisation</td>
<td>Follow-up with relevant departments</td>
</tr>
<tr>
<td>Continuous monitoring of departmental expenditure against budget</td>
<td>Expenditure variance %</td>
<td>No overspending of budget</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conduct departmental meetings</td>
<td>4 meetings (quarterly)</td>
<td>Information sessions took place, but not documented as formal.</td>
<td>Performance not fully effective</td>
<td>Minutes not taken</td>
<td>Minutes to be taken for evidence purposes</td>
</tr>
<tr>
<td>Effective Performance Measurement</td>
<td>No of performance measurement sessions completed</td>
<td>4 performance measurements completed</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training of personnel</td>
<td>No of scheduled training events completed</td>
<td>9 training interventions take place</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**INSTITUTIONAL DEVELOPMENT: DEPARTMENT ADMINISTRATION**

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>ACTUAL</th>
<th>RESULT</th>
<th>REASONS</th>
<th>REMEDIAL ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review and technical/legal editing of all Council policies</td>
<td>Administrative policy review</td>
<td>The policy was review at Council meeting of 26 August 2010 and editing was done by Dept Sport, Arts and Culture</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Timely compilation and distribution of agendas and minutes for all council meetings within 14 days prior to the meetings</td>
<td>% on time distributions</td>
<td>100% distributions of agendas and minutes</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>The compilation and the capturing of Council resolution register and submission thereof to the Municipal Manager</td>
<td>Updated Council Resolution Register</td>
<td>Council Resolution Register updated between 1 and 7 days after meeting</td>
<td>Outstanding performance</td>
<td></td>
</tr>
<tr>
<td>Timely compilation and distribution of agendas and minutes for all management meetings by 4 day after the meeting</td>
<td>% on time distributions</td>
<td>Minutes distributed between 2 and 4 days after meeting</td>
<td>Outstanding performance</td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
</tr>
<tr>
<td>---------------------------</td>
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</tr>
<tr>
<td>Incoming correspondence (letters, facsimiles, e-mail, memorandums)</td>
<td>% distributed within 1 day</td>
<td>100 distribution of all correspondence distribute timely</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Application for Disposal Authority for all closed files and act according to guidelines as prescribed</td>
<td>% requests attended to</td>
<td>Annual disposal of records was done</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Compile, update and maintain contract register and other relevant register</td>
<td>% of contract registers updated</td>
<td>Fully updated register</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Continuous monitoring of departmental expenditure against budget</td>
<td>Expenditure variance %</td>
<td>No overspending of budget</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Conduct departmental meetings</td>
<td>4 meetings (quarterly)</td>
<td>3 meetings was held</td>
<td>Performance not fully effective</td>
<td></td>
</tr>
<tr>
<td>Effective Performance Measurement</td>
<td>No of performance measurement sessions completed</td>
<td>4 performance measurements completed</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Ensure that all correspondence marked out to the Manager of the Department receives attention after receipt for the Registration</td>
<td>No of days</td>
<td>Comply within 3 working days</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Training of personnel</td>
<td>No of scheduled training events completed</td>
<td>6 training interventions take place</td>
<td>Fully effective</td>
<td></td>
</tr>
</tbody>
</table>

**INSTITUTIONAL DEVELOPMENT: DEPARTMENT FINANCE**

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>ACTUAL</th>
<th>RESULT</th>
<th>REASONS</th>
<th>REMEDIAL ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Section of Annual Report</td>
<td>Completed</td>
<td></td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Monthly Report</td>
<td>Monthly 71 reports submitted to National Treasury, Provincial Treasury and Council</td>
<td></td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Quarterly Report</td>
<td>Quarterly reports submitted to relevant stakeholders</td>
<td></td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
</tr>
<tr>
<td>---------------------------</td>
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<td>--------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td>Bank reconciliations completed</td>
<td>No of reconsts completed</td>
<td>Monthly reconsts was done</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Cash received (direct deposits) administration</td>
<td>No of direct deposits not receipted as % of total direct deposits</td>
<td>Done on a daily basis</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Insurance of all assets</td>
<td>Insurance policy confirming insurance of assets</td>
<td>Updated insurance policy</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Investment Register</td>
<td>Maintained Investment Register</td>
<td>Updated Investment Register</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Billing Administration</td>
<td>Timeous rendering monthly accounts</td>
<td>Accounts send out on a monthly accounts on/or before the 7th of each month</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>National Key Indicator</td>
<td>(NKPI-3) The percentage of the municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP</td>
<td>To be included in the Annual Financial Statements</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>National Key Indicator</td>
<td>(NKPI7) Financial viability as expressed by ratio: DEBT COVERAGE</td>
<td>To be included in the Annual Financial Statements</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>National Key Indicator</td>
<td>(NKPI2) Percentage of households earning less than (2xold age grant) per month with imputed expenditure with access to basic services</td>
<td>To be included in the Annual Financial Statements</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Ensure implementation of the supply chain management regulations and approved policy i.t.o procurement goods and services</td>
<td>Quarterly Report on the Implementation of supply chain management</td>
<td>Submitted quarterly reports to Council</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
</tr>
<tr>
<td>--------------------------</td>
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</tr>
<tr>
<td>Ensure implementation of the supply chain management regulations and approved policy i.t.o procurement goods and services</td>
<td>Report to National and Provincial Treasury on contracts awarded above R 100k</td>
<td>Monthly reports submitted to National and Provincial Treasury</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Ensure implementation of the supply chain management regulations and approved policy i.t.o procurement goods and services</td>
<td>Tender evaluation report</td>
<td>Tender evaluation report per tender compiled</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Ensure implementation of the supply chain management regulations and approved policy i.t.o procurement goods and services</td>
<td>Quotation evaluation report</td>
<td>Tender report per quotations compiled</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Timeously preparation and submission of Annual Financial Statements to the Auditor General</td>
<td>Completed Annual Financial Statements</td>
<td>AFS submitted to AG on 31 August 2010</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Coordinate queries form Auditor General</td>
<td>% of Audit queries attended to</td>
<td>All queries attended to and submitted in writing to AG</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Implementation of AG recommendations</td>
<td>Action Plan</td>
<td>Action plan compiled and are implemented</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>National Key Performance Indicator</td>
<td>(NKPI7b) Financial viability as expressed by ratios: OUTSTANDING SERVICE DEBTORS TO REVENUE</td>
<td>To be included in the Annual Financial Statements</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>National Key Performance Indicator</td>
<td>(NKPI7c) Financial viability as expressed by ratios: COST COVERAGE</td>
<td>To be included in the Annual Financial Statements</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Timeously approval of annual budget as per required timeframes of MFMA</td>
<td>Approved Budget</td>
<td>Council approved budget on 21 April 2011</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Timeously approval of annual budget as per required timeframes of MFMA</td>
<td>Submission of budget to NT, PT &amp; other stakeholders</td>
<td>Approved budget submitted to NT &amp; PT</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Budget reports</td>
<td>Monthly variance reports to departments</td>
<td>Managers of departments has access to VENUS financial system</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Develop and implemented a Property Rates policy</td>
<td>Develop a property rates policy</td>
<td>Council approved Property Rates policy in place</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Annual review and development of other applicable revenue policies required per MFMA</td>
<td>Number of revenue policies developed and reviewed</td>
<td>Policy was reviewed and approved</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Attend financial committee meetings</td>
<td>Attendance register and minutes of meetings</td>
<td>All meetings was held</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Continuous monitoring of departmental expenditure against budget</td>
<td>Expenditure variance %</td>
<td>No overspending of budget</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Apply an effective cash flow and investment management as per approved policy requirement</td>
<td>Monthly cash flow and investment management report</td>
<td>Investment Register updated on a monthly basis and submitted on to Council quarterly</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Conduct departmental meetings</td>
<td>4 meetings (quarterly)</td>
<td>2 meetings were held for the year.</td>
<td>Performance not fully effective</td>
<td>Regular meeting was not held due to vacancy of CFO</td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
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<tr>
<td>---------------------------</td>
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</tr>
<tr>
<td>Effective Performance Measurement</td>
<td>No of performance measurement sessions completed</td>
<td>4 performance measurements completed</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Ensure that all correspondence marked out to the Manager of the Department receives attention after receipt for the Registration</td>
<td>No of days</td>
<td>Correspondence was not attended to within 3 working days in Q1 and Q4</td>
<td>Performance not fully effective</td>
<td></td>
</tr>
<tr>
<td>Training of personnel</td>
<td>No of scheduled training events completed</td>
<td>3 training interventions take place</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Review and approval of LED plan</td>
<td>Approved LED plan</td>
<td>LED plan was approved November 2009</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Implementation of LED plan</td>
<td>Quarterly report on implementation</td>
<td>Q3 and Q4 reports not submitted to Council</td>
<td>Performance not fully effective</td>
<td>No Council meeting held in Q3 due to local government elections</td>
</tr>
</tbody>
</table>

**ECONOMIC DEVELOPMENT & PROJECTS: DEPARTMENT ECONOMIC DEVELOPMENT**

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>ACTUAL</th>
<th>RESULT</th>
<th>REASONS</th>
<th>REMEDIAL ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism shows</td>
<td>Attendance of exhibitions/shows</td>
<td>6 shows attended</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Marketing Tourism statistics</td>
<td>Monthly report on Tourism statistics</td>
<td>Tourism statistics kept on monthly basis</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Facilitation of quarterly LED forum meetings with stakeholders/future partners (District LED meetings)</td>
<td>% progress on the Namakwa Farmers in the PGDS project, Land care and CASP</td>
<td>Non-attendance of Department of Agriculture and Rural Development at LED Forum</td>
<td>Unacceptable performance</td>
<td>No reports from Department of Agriculture and Rural Development at LED forum</td>
</tr>
<tr>
<td>Facilitation of quarterly LED forum meetings with stakeholders/future partners (District LED meetings)</td>
<td>% progress on the capacity building programs for NGOs and CBOs, DEA social responsibility programme and LED learnerships before June 2011</td>
<td>No approval was granted to NDM for LED learnerships</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
</tr>
<tr>
<td>---------------------------</td>
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<td>---------</td>
</tr>
<tr>
<td>Facilitation of quarterly LED forum meetings with stakeholders/future partners (District LED meetings)</td>
<td>% Progress on the establishment of an access control system to the coastline and 4 campsites before June 2011</td>
<td>Report outstanding</td>
<td>Performance not fully effective</td>
<td>Requested report from De Beers.</td>
</tr>
<tr>
<td>The implementation of the contract with DWAF (WC) before June 2011 (Reporting on jobs created)</td>
<td>Amount of (85% of 9 million) R 7.6 million spend on poverty alleviation by March 2010. A further 25% of undefined amount spend for Q4.</td>
<td>Report submitted by Projects Manager to LED manager</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>The implementation of the contract with DWAF (WC) before June 2011 (Reporting on jobs created)</td>
<td>The eradication of (85% of 1934.1) 1450.6 initial hectares prosopis between Calvinia and Nieuwoudtville by March 2010. A further 25% of undefined follow-ups for Q4.</td>
<td>Report submitted by Projects Manager to LED manager</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>The implementation of the contract with DWAF (WC) before June 2011 (Reporting on jobs created)</td>
<td>Conduct follow-up of (85% of 4499.6) 3366.45 hectares already cleared by March 2010. A further 25% of undefined employment persons days for Q4.</td>
<td>Report submitted by Projects Manager to LED manager</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>The implementation of the contract with DWAF (WC) before June 2011 (Reporting on jobs created)</td>
<td>Employment of (85% of 30690) 23018.5 persons days by March 2010. A further 25% of undefined employment persons days for Q4.</td>
<td>Report submitted by Projects Manager to LED manager</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Poverty Alleviation and Small Business Enterprise Development – Quarterly Reporting</td>
<td>Ensure that entity is established.</td>
<td>Namda not functional</td>
<td>Performance not fully effective</td>
<td>Legal action which includes investigations must take place and forensic audit</td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
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<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Poverty Alleviation and Small Business Enterprise Development – Quarterly Reporting</td>
<td>Ensure training and mentoring (Business development for SMMEs with SEDA)</td>
<td>SEDA submitted report in Q4 to LED manager</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>LEAP: Living Edge Tourism and Environment Cluster sustainability study be done before June 2011</td>
<td>Status Report</td>
<td>Official Status Report not yet available</td>
<td>Performance not fully effective</td>
<td>CEO of Conservation SA is out of country</td>
</tr>
<tr>
<td>World Cup 2010 – Tourism Sector: Securing investment before July 2010.</td>
<td>The development of 1 Central PVA area</td>
<td>Completed. Status report was adopted by Council on 26 August 2010</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Continuous monitoring of departmental expenditure against budget</td>
<td>Expenditure variance %</td>
<td>No overspending of budget</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Conduct departmental meetings</td>
<td>4 meetings (quarterly)</td>
<td>Only 1 meeting was held for the year</td>
<td>Unacceptable performance</td>
<td>Regular meeting was not held due to vacancy of Manager</td>
</tr>
<tr>
<td>Effective Performance Measurement</td>
<td>No of performance measurement sessions completed</td>
<td>4 performance measurements completed</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Ensure that all correspondence marked out to the Manager of the Department receives attention after receipt for the Registration</td>
<td>No of days</td>
<td>Comply within 3 working days</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Training of personnel</td>
<td>No of scheduled training events completed</td>
<td>3 training interventions take place</td>
<td>Fully effective</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ECONOMIC DEVELOPMENT AND PROJECTS: DEPARTMENT PROJECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repair of 33 houses (Hondeklipbay)</td>
</tr>
<tr>
<td>Repair of 33 houses (Hondeklipbay)</td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
</tr>
<tr>
<td>----------------------------------------------------------------</td>
</tr>
<tr>
<td>Bergsig/Vaalwater MPRC</td>
</tr>
<tr>
<td>Bergsig/Vaalwater MPRC</td>
</tr>
<tr>
<td>Comply with Blue Drop certification – Swartkop</td>
</tr>
<tr>
<td>Pofadder Bulk Water</td>
</tr>
<tr>
<td>Repair of Nouriver Damwall</td>
</tr>
<tr>
<td>Repair of Nouriver Damwall</td>
</tr>
<tr>
<td>Paving at NDM Head Office</td>
</tr>
<tr>
<td>Compile Free Basic Sanitation Policy</td>
</tr>
<tr>
<td>Operation &amp; Maintenance plan in place for Swartskop</td>
</tr>
<tr>
<td>Effective Performance Measurement</td>
</tr>
<tr>
<td>Continuous monitoring of departmental expenditure against budget</td>
</tr>
<tr>
<td>Conduct departmental meetings</td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ensure that all correspondence marked out to the Manager of the Department receives attention after receipt for the Registration</td>
</tr>
<tr>
<td>Training of personnel</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>SOCIAL DEVELOPMENT: ENVIRONMENTAL HEALTH</strong></td>
</tr>
<tr>
<td>Project no. GP01 – Education in Waste Management in Namakwa District</td>
</tr>
<tr>
<td>Project no. GP05 – Water Quality Monitoring at Water Service Authorisation in Namakwa</td>
</tr>
<tr>
<td>Project No GP04 – Education on personal health and hygiene in Namakwa District Municipal Area</td>
</tr>
<tr>
<td>Project No. GP03 – Prevent spread of diseases through education of 100% of identified cases by June 2011</td>
</tr>
<tr>
<td>Project no GP04 – Formal food vendors, school feeding schemes, accommodation establishments and households to comply with minimum health standards by June 2011</td>
</tr>
<tr>
<td>Project no GP05 – Education and training of WSA’s and communities in the uses of safe water</td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Project no GP05- Water quality management meetings</td>
</tr>
<tr>
<td>Continuous monitoring of departmental expenditure against budget</td>
</tr>
<tr>
<td>Conduct departmental meetings</td>
</tr>
<tr>
<td>Effective Performance Measurement</td>
</tr>
<tr>
<td>Ensure that all correspondence marked out to the Manager of the Department receives attention after receipt for the Registration</td>
</tr>
<tr>
<td>Training of personnel</td>
</tr>
<tr>
<td>SOCIAL DEVELOPMENT: SPECIAL PROGRAMMES</td>
</tr>
<tr>
<td>Ensure that all structures relate to MRM are in place in all B-Municipalities by December 2010</td>
</tr>
<tr>
<td>The establishment of policies for MRM, Youth, Children, Women and Disabled persons in all B-municipalities by June 2011</td>
</tr>
<tr>
<td>The establishment of policies for MRM, Youth, Children, Women and Disabled persons in all B-municipalities by June 2011</td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>SOCIAL DEVELOPMENT: DISASTER MANAGEMENT</td>
</tr>
<tr>
<td>Disaster Control</td>
</tr>
<tr>
<td>Disaster Control</td>
</tr>
<tr>
<td>Project no. GP09-Procurement of fire fighting equipment</td>
</tr>
<tr>
<td>Project no GP09-Training and awareness of fire fighting equipment</td>
</tr>
<tr>
<td>Project no GO 07 – Awareness campaign on possible disaster risks</td>
</tr>
<tr>
<td>Project no GP 08 – To finalise compilation and implementation of a disaster management plan as prescribed by act by June 2012</td>
</tr>
<tr>
<td>Project no GO 10 – Establish and upgrade of radio communication network through 45 radios in B-Municipalities before June 2011</td>
</tr>
<tr>
<td>Continuous monitoring of departmental expenditure against budget</td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Effective Performance Measurement</td>
</tr>
<tr>
<td>Ensure that all correspondence marked out to the Manager of the Department receives attention after receipt for the Registration</td>
</tr>
<tr>
<td>Training of personnel</td>
</tr>
</tbody>
</table>

**ROADS: ROADS OFFICE**

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>ACTUAL</th>
<th>RESULT</th>
<th>REASONS</th>
<th>REMEDIAL ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPWP projects</td>
<td>Monthly reports</td>
<td>Kamdanie &amp; Haasrivier project completed. Report submitted to Council on 01/03/2011</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Reporting to Department of Transport (DOT)</td>
<td>Number of reports submitted</td>
<td>Monthly reports was submitted to DOT</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Site meetings</td>
<td>Monthly site meeting report</td>
<td>In Q1 30 site inspections was done by Manager: Roads while projects was running</td>
<td>Fully effective</td>
<td></td>
</tr>
</tbody>
</table>

**ROADS: ROADS MAINTENANCE**

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>ACTUAL</th>
<th>RESULT</th>
<th>REASONS</th>
<th>REMEDIAL ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grading of roads</td>
<td>40000 km of roads to be graded</td>
<td>Not completed</td>
<td>Performance not fully effective</td>
<td>Poor availability of equipment and staff.</td>
</tr>
<tr>
<td>Compile maintenance plan</td>
<td>Maintenance plan (business plan) developed</td>
<td>Maintenance plan is in place</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Blading of gravel roads</td>
<td>% availability of graders</td>
<td>40% availability</td>
<td>Performance not fully effective</td>
<td>Poor mechanical condition of graders and long distances to and from depot.</td>
</tr>
<tr>
<td>Regravelling of Road –MR316 (Ceres-Karoo pad) completed in September 2010</td>
<td>10 km roads by 30 Sept 2010</td>
<td>10 km road completed</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------</td>
<td>-----------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Regravelling of Road – MR756 (Raap en Skraap 38 km Road)</td>
<td>% completion of project – no of kilometres</td>
<td>Completed</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Regravelling of Road – DR2250 (Gannaga Paas- 8 km)</td>
<td>% completion of project – no of kilometres</td>
<td>Completed</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Regravelling of Road – Studters Pass- 14 km)</td>
<td>% completion of project – no of kilometres</td>
<td>Completed</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Continuous monitoring of departmental expenditure against budget</td>
<td>Expenditure variance %</td>
<td>No overspending of budget</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Conduct departmental meetings</td>
<td>No of scheduled meetings</td>
<td>Regular departmental meetings was not held</td>
<td>Performance not fully effective</td>
<td></td>
</tr>
<tr>
<td>Effective Performance Measurement</td>
<td>No of performance measurement sessions completed</td>
<td>4 performance measurements completed</td>
<td>Fully effective</td>
<td></td>
</tr>
<tr>
<td>Ensure that all correspondence marked out to the Manager of the Department receives attention after receipt for the Registration</td>
<td>No of days</td>
<td>In Q1 &amp; Q2 have no access to IMIS system, but comply within 3 working days</td>
<td>Performance not fully effective</td>
<td></td>
</tr>
<tr>
<td>Training of personnel</td>
<td>No of scheduled training events completed</td>
<td>1 training interventions take place</td>
<td>Fully effective</td>
<td></td>
</tr>
</tbody>
</table>

### ROADS: WORKSHOP

<table>
<thead>
<tr>
<th>KEY PERFORMANCE INDICATOR</th>
<th>MEASURE</th>
<th>ACTUAL</th>
<th>RESULT</th>
<th>REASONS</th>
<th>REMEDIAL ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of vehicles</td>
<td>% of time vehicles is available for use of 6 caravans + 6 water tanks</td>
<td>6 caravans and 6 water tanks in working condition</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSS system</td>
<td>System updated on a monthly basis</td>
<td>System out of order</td>
<td>Unacceptable performance System not working and have a backlog of one year</td>
<td>Reported to DOT and they are working on the problem.</td>
<td></td>
</tr>
<tr>
<td>Service plan for vehicles, plant and equipment</td>
<td>Vehicles service according to the Service planed</td>
<td>2 bakkies 60 000 km services, 2 graders, 1 grader 2500 km service, 1 bakkie 320000 km services, waterpump service</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
<td>REMEDIAL ACTION</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------</td>
<td>--------</td>
<td>--------</td>
<td>---------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Conduct departmental meetings</td>
<td>No of scheduled meetings</td>
<td>Planning meetings was held but not minutes and attendance register are kept</td>
<td>Performance not fully effective</td>
<td>Regular departmental meetings to be held and to kept minutes and attendance register</td>
<td></td>
</tr>
<tr>
<td>Ensure that all correspondence marked out to the Manager of the Department receives attention after receipt for the Registration</td>
<td>No of days</td>
<td>Comply within 3 working days</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training of personnel</td>
<td>No of scheduled training events completed</td>
<td>No training intervention took place</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PLANNING: DEPARTMENT PLANNING**

<p>| MSIG001-Implementation of Municipal Turnaround Strategy | Successful completion of Turnaround strategy – 12 reports | Monthly reports submitted to National Treasury, Provincial Treasury, COGTA and COGHSTA | Fully effective | |
| MSIG002-Implementation of functional Ward committee system for all 6 B-Municipalities | Fully functional ward committees – Training assistance – 12 reports | Monthly reports submitted to National Treasury, Provincial Treasury, COGTA and COGHSTA | Fully effective | |
| MSIG003 – Implementation of Audit Action Plan | Clean Audit – 12 reports | Monthly reports submitted to National Treasury, Provincial Treasury, COGTA and COGHSTA | Fully effective | |
| MSIG004-Revision and adoption of all the Municipalities IDP in compliance with the Municipal Systems Act, Chapter 5 | Reviewed IDP process implemented i.t.o. the adopted process plan – 12 reports | Monthly reports submitted to National Treasury, Provincial Treasury, COGTA and COGHSTA | Fully effective | |</p>
<table>
<thead>
<tr>
<th>KEY PERFORMANCE INDICATOR</th>
<th>MEASURE</th>
<th>ACTUAL</th>
<th>RESULT</th>
<th>REASONS</th>
<th>REMEDIAL ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of the Organisational and Individual PMS System in compliance with the Municipal Systems Act, Chapter 6</td>
<td>Fully functional Organisational and Individual PMS system – 12 reports</td>
<td>Monthly reports submitted to National Treasury, Provincial Treasury, COGTA and COGHSTA</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDP Alignment with the budget, SDBIP implementation</td>
<td>SDBIP planning facilitation process with quarterly measurements and reporting to Council</td>
<td>SDBIP Planning completed and submitted quarterly measurements and reports to Council</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To facilitated active and structured public participation during the Review process</td>
<td>No of IDP Rep Forum meetings</td>
<td>2 District IDP Rep Forum meetings held</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processing of applications in respect of rezoning, removals of restrictions, consent use, subdivision</td>
<td>Processing of applications in respect of rezoning, removals of restrictions, consent use, subdivision</td>
<td>No requested/applications received</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finalisation of legal prescriptions</td>
<td>% prescriptions finalised within 3 three months</td>
<td>No requests/applications received</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process of the IDP of Namakwa District Municipality is being conducted in terms of the guidelines stipulated in Chapter 5 of the Municipal Systems Act of 2000.</td>
<td>1 Draft Review</td>
<td>Draft IDP adopted by Council on 01 March 2011</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process of the IDP of Namakwa District Municipality is being conducted in terms of the guidelines stipulated in Chapter 5 of the Municipal Systems Act of 2000.</td>
<td>1 Final IDP document</td>
<td>Final IDP approved by Council on 21 April 2011</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process of the IDP of Namakwa District Municipality is being conducted in terms of the guidelines stipulated in Chapter 5 of the Municipal Systems Act of 2000.</td>
<td>Make IDP public</td>
<td>IDP published on the website</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
<td>REMEDIAL ACTION</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>-----------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Assist B-municipalities in drafting Performance Management System – 6 Municipalities (Need analysis for 4 B-Municipalities by 31 December 2010)</td>
<td>No of Municipalities assisted</td>
<td>No need analysis done</td>
<td>Performance not fully effective</td>
<td>Under staff problems in the department with the function of the Municipal Manager lying in this department</td>
<td>Appointment of MM and PA of MM</td>
</tr>
<tr>
<td>MUNICIPAL MANAGER: OFFICE OF THE MUNICIPAL MANAGER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Established municipal organisation in compliance with legislation through the development, review, and maintenance of service delivery mechanisms</td>
<td>% of critical posts filled</td>
<td>Only CFO appointed on 01 June 2011.</td>
<td>Performance not fully effective</td>
<td>Previous CFO was suspended since April 2009 and resigned in August 2010. The Municipal Manager post was twice advertised, but no appointment was made.</td>
<td>Vacant critical posts will be filled in next financial year</td>
</tr>
<tr>
<td>Scheduled Council meetings with full preparation</td>
<td>Number of Council meetings held</td>
<td>3 Council meetings held</td>
<td>Performance not fully effective</td>
<td>One meeting not held due to local government elections</td>
<td>Next Council meeting will be held on 25 August 2011</td>
</tr>
<tr>
<td>Scheduled Special Council meetings</td>
<td>Number of Special Council meetings held</td>
<td>4 Special Council meetings held</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended IGR Forum meetings</td>
<td>Number of IGR Forum meetings held</td>
<td>3 IGR meetings held</td>
<td>Performance not fully effective</td>
<td>One meeting not held due to local government elections</td>
<td>Next IGR meeting will take place in first quarter of 2011/12</td>
</tr>
<tr>
<td>Implement Intergovernmental Relation Forum</td>
<td>Report on resolutions implemented</td>
<td>IGR forum resolutions not tabled to council</td>
<td>Performance not fully effective</td>
<td>Cultural interventions required</td>
<td>Training regarding IGR processes required.</td>
</tr>
<tr>
<td>Review Performance</td>
<td>Quarterly Performance Management Report</td>
<td>Quarterly performance report submitted to council</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approval of Statutory Documents</td>
<td>Budget</td>
<td>Final budget approved on 21 April 2011</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approval of Statutory Documents</td>
<td>Completed Annual Report</td>
<td>Annual Report approved by Council on 01 April 2011</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approval of Statutory Documents</td>
<td>IDP document</td>
<td>Final IDP approved by Council on 21 April 2011</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous monitoring of income &amp; expenditure against budgets</td>
<td>Income and expenditure variance %</td>
<td>No overspending of budget</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management team meetings and steering committee meeting</td>
<td>Number of scheduled management team meetings</td>
<td>Management meetings were not held regular.</td>
<td>Performance not fully effective</td>
<td>Critical vacancies at managerial level</td>
<td>Appointment of critical vacancies</td>
</tr>
<tr>
<td>KEY PERFORMANCE INDICATOR</td>
<td>MEASURE</td>
<td>ACTUAL</td>
<td>RESULT</td>
<td>REASONS</td>
<td>REMEDIAL ACTION</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
<td>---------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Management team meetings and steering committee meeting</td>
<td>No of Steering Committee meetings (IDP, PMS &amp; SDBIP)</td>
<td>No steering committee meetings held</td>
<td>Performance not fully effective</td>
<td>Management meetings were also used for Steering Committee Meetings. Critical vacancies at managerial level</td>
<td>Appointment of critical vacancies</td>
</tr>
<tr>
<td>All Council resolutions assigned to the departments are executed or received attention</td>
<td>Within 3 working days</td>
<td>Comply with</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MUNICIPAL MANAGER: INTERNAL AUDITOR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure that the recommendations in the External Audit report is successfully implemented from the Action Plan</td>
<td>% of Action points attended to</td>
<td>Action plan compiled and busy with implementation</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation of Internal Audit Plan</td>
<td>% compliance of IA Plan</td>
<td>100 % implementation of previous Audit Plan</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure that the audit committee meets i.t.o. the relevant regulation</td>
<td>Established Audit Committee</td>
<td>Advertisements was done and short listing was compiled, but no Audit Committee was appointed</td>
<td>Performance not fully effective</td>
<td>Audit Committee to be appointed in next financial year</td>
<td></td>
</tr>
<tr>
<td>Ensure that the audit committee meets i.t.o. the relevant regulation</td>
<td>No of audit committee meetings</td>
<td>No operational Audit Committee</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit Committee Charter Review</td>
<td>Approved Audit Committee Charter</td>
<td>Concept Audit Committee Charter in place and will be reviewed when Audit Committee is appointed</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review of performance information (evidence) after each SDBIP Evaluation</td>
<td>Performance Assessment Report on AoPI</td>
<td>Review was done</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Audit Charter Review</td>
<td>Approved Internal Audit Charter</td>
<td>Internal Audit Charter is approved</td>
<td>Fully effective</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NAMAKWA DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

Namakwa Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Namakwa District Municipality includes the municipal areas of Khai-Ma Municipality, Nama Khoi Municipality, Richtersveld Municipality, Kamiesberg Municipality, Hantam Municipality and Karoo Hoogland Municipality.

MEMBERS OF THE MAYORAL COMMITTEE

<table>
<thead>
<tr>
<th>Executive Mayor</th>
<th>F van den Heever</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speaker (Ex Officio)</td>
<td>BG Vass</td>
</tr>
<tr>
<td>Executive Councillor</td>
<td>MS Cardinal</td>
</tr>
<tr>
<td>Executive Councillor</td>
<td>EC Drage-Maritz</td>
</tr>
<tr>
<td>Executive Councillor</td>
<td>SD Hoskin</td>
</tr>
</tbody>
</table>

MUNICIPAL MANAGER

JT Loubser (Acting)

CHIEF FINANCIAL OFFICER

FJ Rootman

REGISTERED OFFICE

Private Bag X20
SPRINGBOK
8240

AUDITORS

Auditor-General
P.O. Box 446
PRETORIA
0001

PRINCIPLE BANKERS

ABSA Bank

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
NAMAKWA DISTRICT MUNICIPALITY

MEMBERS OF THE NAMAKWA DISTRICT MUNICIPALITY

WARD                                      COUNCILLOR

Namakwa District                          F van den Heever
Namakwa District                          BG
Namakwa District                          Vass
Namakwa District                          EC Drage-Maritz
Namakwa District                          SF Nieuwoudt
CR
Namakwa District                          Warne
Proportional-                             J
Hantam                                    Swarts
Proportional -                            P van Heerden
Khai-Ma                                   MS Cardinal
Proportional - Kamiesberg                 FX
Proportional-                             Cupido
Nama Khoi                                 SD
Nama Khoi                                 Hoskin
Proportional-                             KR Groenewald
Nama Khoi                                 S van
Proportional-                             Wyk
Nama Khoi                                 J van der Colff
Proportional-Karoo                        WJ
Hoogland                                  Links
Proportional-Richtersveld

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 81 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

JT Loubser
(Acting)
Municipal Manager

______________________________________  _______________________
Date
NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>NET ASSETS AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Replacement Reserve</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Accumulated Surplus/(Deficit)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Non-current Employee Benefits</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Employee Benefits</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Payables from exchange transactions</td>
<td>6</td>
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<tr>
<td>Unspent Conditional Government Grants and Receipts</td>
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<tr>
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<td>3</td>
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<tr>
<td>Total Net Assets and Liabilities</td>
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<tr>
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NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

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<td>Inventory</td>
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<tr>
<td>Receivables from non-exchange transactions</td>
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<td>Unpaid Conditional Government Grants and Receipts</td>
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<tr>
<td>Operating Lease Asset</td>
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<td>Taxes</td>
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<td>40 032 184</td>
<td>35 598 398</td>
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<td>454 542</td>
<td>356 430</td>
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<td>454 542</td>
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<td>577 317</td>
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<td>3 407 420</td>
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<td>202 005</td>
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<td>1 474 404</td>
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<td>837 790</td>
<td>696 723</td>
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<td><strong>46 531 120</strong></td>
<td><strong>42 864 328</strong></td>
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<td>(2 256 871)</td>
<td>(2 283 077)</td>
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<td>Debt Impairment</td>
<td>(181 636)</td>
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<td>(2 013 301)</td>
<td>(2 149 552)</td>
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<td>(169 047)</td>
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<td>Actuarial Losses</td>
<td>(919 317)</td>
<td>(18 564)</td>
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<td>Finance Costs</td>
<td>(1 492 122)</td>
<td>(2 025 119)</td>
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<td>Grants and Subsidies Paid</td>
<td>(5 834 507)</td>
<td>(5 848 652)</td>
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<td>Other Operating Grant Expenditure</td>
<td>(7 936 666)</td>
<td>(3 501 603)</td>
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<td><strong>Total Expenditure</strong></td>
<td><strong>(42 208 594)</strong></td>
<td><strong>(38 752 479)</strong></td>
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<tr>
<td><strong>Operating Surplus for the Year</strong></td>
<td><strong>4 322 525</strong></td>
<td><strong>4 111 848</strong></td>
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<td>Gains/(Loss) on Sale of Assets</td>
<td>(6 525 471)</td>
<td>(117 268)</td>
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<tr>
<td>(Impairment loss)/Reversal of impairment loss</td>
<td>(83 247)</td>
<td>-</td>
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<td><strong>Net Surplus/(Deficit) from continued operations</strong></td>
<td><strong>(2 286 192)</strong></td>
<td><strong>3 994 580</strong></td>
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<td><strong>Net Surplus/(Deficit) from discontinued operations</strong></td>
<td><strong>408 954</strong></td>
<td><strong>383 173</strong></td>
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<td><strong>NET SURPLUS/(DEFICIT) FOR THE YEAR</strong></td>
<td><strong>(1 877 239)</strong></td>
<td><strong>4 377 754</strong></td>
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<td>Capital Replacement Reserve</td>
<td>Accumulated Surplus/ (Deficit)</td>
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<td>-------------------------------</td>
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<tr>
<td>Balance at 1 July 2009</td>
<td>1 836 325</td>
<td>33 706 592</td>
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<td>Correction of Error - note 35.9</td>
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<td>2 563 299</td>
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<td>3 942 246</td>
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<td>Restated balance</td>
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<td>40 212 137</td>
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<td>Net Surplus/(Deficit) for the year</td>
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<td>Net Surplus/(Deficit) previously reported</td>
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<td>4 993 655</td>
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<tr>
<td>Effect of Changes to prior year Statement of Financial Performance - Note 35.11</td>
<td>-</td>
<td>(615 901)</td>
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<tr>
<td>Transfer to/from CRR</td>
<td>2 458 813</td>
<td>(2 458 813)</td>
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<tr>
<td>Property, Plant and Equipment purchased</td>
<td>(2 457 961)</td>
<td>2 457 961</td>
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<tr>
<td>Balance at 30 June 2010</td>
<td>1 837 177</td>
<td>44 589 038</td>
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<tr>
<td>Correction of Error - note 35.10</td>
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<td>Change in Accounting Policy - note 34.3</td>
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<tr>
<td>Restated Balance at 30 June 2010</td>
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<td>44 607 643</td>
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<td>Net Surplus/(Deficit) for the year</td>
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<td>Transfer to/from CRR</td>
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<td>Property, Plant and Equipment purchased</td>
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<td>1 126 407</td>
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<tr>
<td>Balance at 30 June 2011</td>
<td>710 770</td>
<td>43 856 811</td>
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</table>
### NAMAKWA DISTRICT MUNICIPALITY

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

#### CASH FLOW FROM OPERATING ACTIVITIES

**Cash receipts**
- Taxation: 301 440 (177 733)
- Grants: 36 637 876 (51 897 043)
- Investment Income: 3 609 425 (3 682 655)
- Other receipts: 2 606 420 (6 004 608)

**Cash payments**
- Employee costs: (17 198 119) (24 335 921)
- Suppliers: (33 957 771) (19 062 797)
- Finance costs: (145 588) (677 597)

**Net Cash from Operating Activities**

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
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<tr>
<td>36</td>
<td>17 685 724</td>
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</tbody>
</table>

#### CASH FLOW FROM INVESTING ACTIVITIES

**Purchase of Property, Plant and Equipment**
- (989 417) (2 388 338)

**Proceeds on Disposal of Fixed Assets**
- 266 264

**Purchase of Intangible Assets**
- (200 495) (69 622)

**Increase)/Decrease in Long-term Receivables**
- 2 303

**Net Cash from Investing Activities**

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<tr>
<td>(1 189 912)</td>
<td>(2 189 393)</td>
</tr>
</tbody>
</table>

#### CASH FLOW FROM FINANCING ACTIVITIES

**New loans raised**
- |

**Loans repaid**
- (4 200 291) (608 616)

**Net Cash from Financing Activities**

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>(4 200 291)</td>
<td>(608 616)</td>
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#### NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

<table>
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<th>2010</th>
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</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>(13 536 520)</td>
<td>14 887 715</td>
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**Cash and Cash Equivalents at the beginning of the year**
- 76 785 303 (61 897 588)

**Cash and Cash Equivalents at the end of the year**
- 63 248 782 (76 785 303)

#### NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
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<td></td>
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<tr>
<td>(13 536 520)</td>
<td>14 887 715</td>
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</tbody>
</table>
# Statement of Financial Position at 30 June 2011

## Net Assets and Liabilities

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<tr>
<td><strong>Net Assets</strong></td>
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<td>1 837 177</td>
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<td>Donations and Public Contribution Reserve 2</td>
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<td>Employee Benefits Reserve 2</td>
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<td>Non-Current Provisions Reserve 2</td>
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<td>Revaluation Reserve 2</td>
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<td>Self Insurance Reserve 2</td>
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<td>Social Contribution Reserve 2</td>
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<td>Valuation Roll Reserve 2</td>
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<td>97 460 425</td>
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## Assets

<table>
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<tr>
<td><strong>Non-Current Assets</strong></td>
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<td>Investment Property 17</td>
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<td>1 146</td>
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<td>Long-term Receivables 20</td>
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<td><strong>Current Assets</strong></td>
<td>66 930 771</td>
<td>78 667 301</td>
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<td>50 663</td>
<td>33 288</td>
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<td>584 913</td>
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<td>76 785 303</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>78 291 791</td>
<td>97 460 425</td>
</tr>
</tbody>
</table>
1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

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

The standards are summarised as follows:

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<td>Borrowing Costs</td>
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<td>GRAP 6</td>
<td>Consolidated and Separate Financial Statements</td>
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<tr>
<td>GRAP 7</td>
<td>Investments in Associate</td>
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<tr>
<td>GRAP 8</td>
<td>Interests in Joint Ventures</td>
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<td>GRAP 102</td>
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<td>IPSAS 20</td>
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<tr>
<td>IFRS 3</td>
<td>Business Combinations</td>
</tr>
<tr>
<td>IFRS 4</td>
<td>Insurance Contracts</td>
</tr>
<tr>
<td>IFRS 6</td>
<td>Exploration for and Evaluation of Mineral Resources</td>
</tr>
<tr>
<td>IAS 19</td>
<td>Employee Benefits</td>
</tr>
<tr>
<td>IFRIC 4</td>
<td>Determining whether an arrangement contains a lease</td>
</tr>
<tr>
<td>IFRIC 9</td>
<td>Reassessment of Embedded Derivatives</td>
</tr>
<tr>
<td>IFRIC 12</td>
<td>Service Concession Arrangements</td>
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<tr>
<td>IFRIC 13</td>
<td>Customer Loyalty Programmes</td>
</tr>
<tr>
<td>IFRIC 14</td>
<td>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</td>
</tr>
<tr>
<td>IFRIC 15</td>
<td>Agreements for the Construction of Real Estate</td>
</tr>
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<td>IFRIC 16</td>
<td>Hedges in a Net Investment in a Foreign Operation</td>
</tr>
<tr>
<td>Directive 5</td>
<td>Determining the GRAP Reporting Framework</td>
</tr>
<tr>
<td>ASB guide 1</td>
<td>Guideline on Accounting for Public Private Partnerships</td>
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</tbody>
</table>
The Municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective:

<table>
<thead>
<tr>
<th>REFERENCE</th>
<th>TOPIC</th>
<th>EFFECTIVE DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAP 1</td>
<td>Presentation of Financial Statements</td>
<td>1 April 2011</td>
</tr>
<tr>
<td>(Revised)</td>
<td></td>
<td></td>
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<tr>
<td>GRAP 2</td>
<td>Cash Flow Statements</td>
<td>1 April 2011</td>
</tr>
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<td>GRAP 3</td>
<td>Accounting Policies, Changes in Accounting Estimates and Errors</td>
<td>1 April 2011</td>
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<td>(Revised)</td>
<td></td>
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<tr>
<td>GRAP 4</td>
<td>The Effects of changes in Foreign Exchange Rates</td>
<td>1 April 2011</td>
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<td>(Revised)</td>
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<tr>
<td>GRAP 9</td>
<td>Revenue from Exchange Transactions</td>
<td>1 April 2011</td>
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<td>(Revised)</td>
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<tr>
<td>GRAP 10</td>
<td>Financial Reporting in Hyperinflationary Economics</td>
<td>1 April 2011</td>
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<td>(Revised)</td>
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<td>GRAP 11</td>
<td>Construction Contracts</td>
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<td>(Revised)</td>
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<tr>
<td>GRAP 12</td>
<td>Inventories</td>
<td>1 April 2011</td>
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<td>(Revised)</td>
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<td>GRAP 13</td>
<td>Leases</td>
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<tr>
<td>GRAP 14</td>
<td>Events after the reporting date</td>
<td>1 April 2011</td>
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<td>(Revised)</td>
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<tr>
<td>GRAP 16</td>
<td>Investment Property</td>
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<td>(Revised)</td>
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<tr>
<td>GRAP 17</td>
<td>Property, Plant and Equipment</td>
<td>1 April 2011</td>
</tr>
<tr>
<td>(Revised)</td>
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<td></td>
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<tr>
<td>GRAP 19</td>
<td>Provisions, Contingent Liabilities and Contingent Assets</td>
<td>1 April 2011</td>
</tr>
<tr>
<td>(Revised)</td>
<td></td>
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</tr>
<tr>
<td>GRAP 21</td>
<td>Impairment of non-cash-generating assets</td>
<td>1 April 2012</td>
</tr>
<tr>
<td>GRAP 23</td>
<td>Revenue from Non-exchange Transactions</td>
<td>1 April 2012</td>
</tr>
<tr>
<td>GRAP 26</td>
<td>Impairment of cash-generating assets</td>
<td>1 April 2012</td>
</tr>
<tr>
<td>GRAP 100</td>
<td>Non-current Assets Held for Sale and Discontinued Operations</td>
<td>1 April 2011</td>
</tr>
<tr>
<td>(Revised)</td>
<td></td>
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</tr>
</tbody>
</table>

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not yet effective.
Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year’s financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: “The Application of Deemed Cost on the Adoption of Standards of GRAP” issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

GRAP 24: Presenting of Budget Information in Financial Statements is not yet effective. However GRAP 1.15 requires a comparison between actual and budgeted amounts. This information has been disclosed in the financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.
1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

<table>
<thead>
<tr>
<th>REFERENCE</th>
<th>TOPIC</th>
<th>EFFECTIVE DATE</th>
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<tbody>
<tr>
<td>GRAP 6</td>
<td><strong>Consolidated and Separate Financial Statements</strong></td>
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<tr>
<td>(Revised)</td>
<td>No significant impact is expected as the Municipality does not participate in such business transactions.</td>
<td></td>
</tr>
<tr>
<td>GRAP 7</td>
<td><strong>Investments in Associate</strong></td>
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<td>(Revised)</td>
<td>No significant impact is expected as the Municipality does not participate in such business transactions.</td>
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<tr>
<td>GRAP 8</td>
<td><strong>Interest in Joint Ventures</strong></td>
<td>Unknown</td>
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<tr>
<td>(Revised)</td>
<td>No significant impact is expected as the Municipality does not participate in such business transactions.</td>
<td></td>
</tr>
<tr>
<td>GRAP 18</td>
<td><strong>Segment Reporting</strong></td>
<td>Unknown</td>
</tr>
<tr>
<td></td>
<td>Information to a large extent is already included in the notes to the annual financial statements.</td>
<td></td>
</tr>
<tr>
<td>GRAP 24</td>
<td><strong>Presentation of Budget Information in Financial Statements</strong></td>
<td>1 April 2012</td>
</tr>
<tr>
<td></td>
<td>Information to a large extent is already included in the notes to the annual financial statements.</td>
<td></td>
</tr>
<tr>
<td>GRAP 103</td>
<td><strong>Heritage Assets</strong></td>
<td>1 April 2012</td>
</tr>
<tr>
<td></td>
<td>No adjustments will necessary other than a separate line item in the Statement of Financial Position and the transfer of the values from property, plant and equipment.</td>
<td></td>
</tr>
<tr>
<td>GRAP 105</td>
<td><strong>Transfer of Functions between Entities under Common Control</strong></td>
<td>Unknown</td>
</tr>
<tr>
<td></td>
<td>No significant impact is expected as the Municipality does not participate in such business transactions.</td>
<td></td>
</tr>
<tr>
<td>GRAP 106</td>
<td><strong>Transfer of Functions between Entities not under Common Control</strong></td>
<td>Unknown</td>
</tr>
<tr>
<td></td>
<td>No significant impact is expected as the Municipality does not participate in such business transactions.</td>
<td></td>
</tr>
<tr>
<td>GRAP 107</td>
<td><strong>Mergers</strong></td>
<td>Unknown</td>
</tr>
<tr>
<td></td>
<td>No significant impact is expected as the Municipality does not participate in such business transactions.</td>
<td></td>
</tr>
</tbody>
</table>
These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.7. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.8. RESERVES

1.8.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The funds in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

1.8.2. Revaluation Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.9. LEASES

1.9.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset’s fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that
exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

1.9.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.10. BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:
• Unspent conditional grants are recognised as a liability when the grant is received.
• When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
• The cash which backs up the creditor is invested until it is utilised.
• Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality’s interest it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

• Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

1.14. EMPLOYEE BENEFITS

(a) Post Retirement Medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.
(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality’s obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries

(c) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

(d) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.
When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item’s fair value was not determinable, it’s deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.15.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:
<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Years</th>
<th>Other</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads and Paving</td>
<td>10-30</td>
<td>Buildings</td>
<td>30-50</td>
</tr>
<tr>
<td>Pedestrian Malls</td>
<td>20</td>
<td>Specialist vehicles</td>
<td>10-15</td>
</tr>
<tr>
<td>Electricity</td>
<td>20-30</td>
<td>Other vehicles</td>
<td>5-10</td>
</tr>
<tr>
<td>Water</td>
<td>15-20</td>
<td>Office equipment</td>
<td>3-15</td>
</tr>
<tr>
<td>Sewerage</td>
<td>15-20</td>
<td>Furniture and fittings</td>
<td>5-15</td>
</tr>
<tr>
<td>Housing</td>
<td>30</td>
<td>Watercraft</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bins and containers</td>
<td>5</td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td>Specialised plant and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>equipment</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>30</td>
<td>Equipment</td>
<td>10-20</td>
</tr>
<tr>
<td>Recreational Facilities</td>
<td>20-30</td>
<td>Other plant and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>equipment</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>5</td>
<td>Equipment</td>
<td>2-5</td>
</tr>
<tr>
<td>Halls</td>
<td>20-30</td>
<td>Landfill sites</td>
<td>20</td>
</tr>
<tr>
<td>Libraries</td>
<td>20-30</td>
<td>Quarries</td>
<td>25</td>
</tr>
<tr>
<td>Parks and gardens</td>
<td>20-30</td>
<td>Emergency equipment</td>
<td>10</td>
</tr>
<tr>
<td>Other assets</td>
<td>15-20</td>
<td>Computer equipment</td>
<td>3-10</td>
</tr>
</tbody>
</table>

**Heritage assets**

No depreciation

**Finance lease assets**

Office 3-5
Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.15.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciated cost method was used to establish the deemed cost as on 1 July 2008.

1.16. INTANGIBLE ASSETS

1.16.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute),
regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item’s fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.16.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:
## Intangible Assets

<table>
<thead>
<tr>
<th>Intangible Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Software</td>
<td>5-10</td>
</tr>
<tr>
<td>Computer Software Licenses</td>
<td>5</td>
</tr>
</tbody>
</table>

### 1.16.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.16.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated cost method was used to establish the deemed cost as on 1 July 2008.

### 1.17. INVESTMENT PROPERTY

#### 1.17.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.
Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<table>
<thead>
<tr>
<th>Investment Property</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>30</td>
</tr>
</tbody>
</table>

1.17.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.
1.18. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.19. NON-CURRENT ASSETS HELD FOR SALE

1.19.1. Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.19.2. Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.
The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset’s recoverable amount.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2. Non-cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset’s recoverable service amount.

An asset’s recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset’s remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:
• **depreciation replacement cost approach** - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

• **restoration cost approach** - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

• **service unit approach** - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.
Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22. INVENTORY

1.22.1. Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.22.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.
1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

1.23.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.23.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost (“other”). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.23.2.1. Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all
collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.2. **Payables and Annuity Loans**

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3. **Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.23.3. **De-recognition**

1.23.3.1. **Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality’s continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.24. REVENUE

1.24.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.
Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

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

1.24.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.
Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.
The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24.3. Grants, Transfers and Donations (Non-exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.25. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.
Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2\textsuperscript{nd} and 3\textsuperscript{rd} bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity is the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.26. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality’s Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.
1.29. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.30. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality’s accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

**Post retirement medical obligations and Long service awards**

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**Impairment of trade receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**Property, plant and equipment**

The useful lives of property, plant and equipment are based on management’s estimation. Infrastructure’s useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the
optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management’s judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator’s valuation was based on assumptions about the market’s buying and selling trends and the remaining duration of the assets.

**Intangible assets**

The useful lives of intangible assets are based on management’s estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated cost method which was based on assumptions about the remaining duration of the assets.

**Investment Property**

The useful lives of investment property are based on management’s estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management’s judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator’s valuation was based on assumptions about the market’s buying and selling trends and the remaining duration of the assets.

**Provisions and contingent liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

**Revenue Recognition**

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.
In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.
<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th></th>
<th>2010</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td></td>
<td>R</td>
<td></td>
</tr>
<tr>
<td><strong>Long Service Awards</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance 1 July</td>
<td>1 145 969</td>
<td></td>
<td>1 014 462</td>
<td></td>
</tr>
<tr>
<td>Contribution for the year</td>
<td>218 184</td>
<td></td>
<td>202 973</td>
<td></td>
</tr>
<tr>
<td>Expenditure for the year</td>
<td>(122 907)</td>
<td></td>
<td>(90 030)</td>
<td></td>
</tr>
<tr>
<td>Actuarial Loss/(Gain)</td>
<td>(454 542)</td>
<td></td>
<td>18 564</td>
<td></td>
</tr>
<tr>
<td><strong>Total provision 30 June</strong></td>
<td>786 704</td>
<td></td>
<td>1 145 969</td>
<td></td>
</tr>
<tr>
<td><strong>Less:</strong> Transfer of Current Portion to Current Provisions - Note 5</td>
<td>(153 703)</td>
<td></td>
<td>(122 907)</td>
<td></td>
</tr>
<tr>
<td><strong>Balance 30 June</strong></td>
<td>633 001</td>
<td></td>
<td>1 023 062</td>
<td></td>
</tr>
</tbody>
</table>
2. **NET ASSET RESERVES**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESERVES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Replacement Reserve</td>
<td>710 770</td>
<td>1 837 177</td>
</tr>
</tbody>
</table>

Total Net Asset Reserve and Liabilities

710 770 1 837 177

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

3. **LONG TERM LIABILITIES**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity Loans - At amortised cost</td>
<td>-</td>
<td>4 164 891</td>
</tr>
<tr>
<td>Capitalised Lease Liability - At amortised cost</td>
<td>178 186</td>
<td>213 587</td>
</tr>
</tbody>
</table>

Less: Current Portion transferred to Current Liabilities

(40 877) (713 619)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity Loans - At amortised cost</td>
<td>-</td>
<td>(678 218)</td>
</tr>
<tr>
<td>Capitalised Lease Liability - At amortised cost</td>
<td>(40 877)</td>
<td>(35 401)</td>
</tr>
</tbody>
</table>

Total Long-term Liabilities - At amortised cost using the effective interest rate method

137 309 3 664 859

3.1 The obligations under finance leases are scheduled below:

<table>
<thead>
<tr>
<th></th>
<th>Minimum lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts payable under finance leases:</td>
<td></td>
</tr>
<tr>
<td>Payable within one year</td>
<td>64 020</td>
</tr>
<tr>
<td>Payable within two to five years</td>
<td>165 385</td>
</tr>
<tr>
<td>Payable after five years</td>
<td>-</td>
</tr>
</tbody>
</table>

Less: Future finance obligations

(51 219) (79 838)

Present value of finance lease obligations

178 186 213 587

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Finance Leases are secured by property, plant and equipment - Note 10

4. **NON-CURRENT EMPLOYEE BENEFITS**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for Post Retirement Health Care Benefits</td>
<td>14 659 220</td>
<td>13 452 991</td>
</tr>
<tr>
<td>Continued operations</td>
<td>7 845 534</td>
<td>13 452 991</td>
</tr>
<tr>
<td>Discontinued operations - Note 45</td>
<td>6 813 686</td>
<td>-</td>
</tr>
<tr>
<td>Provision for Long Service Awards</td>
<td>633 001</td>
<td>1 023 062</td>
</tr>
<tr>
<td>Total Non-current Employee Benefits</td>
<td>15 292 221</td>
<td>14 476 053</td>
</tr>
</tbody>
</table>

**Post Retirement Health Care Benefits**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance 1 July</td>
<td>14 527 891</td>
<td>14 348 468</td>
</tr>
<tr>
<td>Contribution for the year</td>
<td>1 461 268</td>
<td>1 474 082</td>
</tr>
<tr>
<td>Expenditure for the year</td>
<td>(1 074 900)</td>
<td>(948 708)</td>
</tr>
<tr>
<td>Actuarial Loss/(Gain)</td>
<td>919 317</td>
<td>(345 951)</td>
</tr>
<tr>
<td>Total provision 30 June</td>
<td>15 833 576</td>
<td>14 527 891</td>
</tr>
<tr>
<td>Balance 30 June</td>
<td>14 659 220</td>
<td>13 452 991</td>
</tr>
</tbody>
</table>
4.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-service (employee) members</td>
<td>50</td>
<td>71</td>
</tr>
<tr>
<td>In-service (employee) non-members</td>
<td>18</td>
<td>48</td>
</tr>
<tr>
<td>Continuation members (e.g. Retirees, widows, orphans)</td>
<td>46</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total Members</strong></td>
<td><strong>114</strong></td>
<td><strong>166</strong></td>
</tr>
</tbody>
</table>

The liability in respect of past service has been estimated to be as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-service members</td>
<td>1 850 410</td>
<td>2 556 005</td>
</tr>
<tr>
<td>In-service non-members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuation members</td>
<td>13 983 166</td>
<td>11 971 886</td>
</tr>
<tr>
<td><strong>Total Liability</strong></td>
<td><strong>15 833 576</strong></td>
<td><strong>14 527 891</strong></td>
</tr>
</tbody>
</table>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- LA Health
- Key Health, and
- SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R187 577, whereas the Interest Cost for the next year is estimated to be R1 261 518.

Key actuarial assumptions used:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Rate of interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>8.27</td>
<td>8.94</td>
</tr>
<tr>
<td>Health Care Cost Inflation Rate</td>
<td>7.21</td>
<td>6.52</td>
</tr>
<tr>
<td>Net Effective Discount Rate</td>
<td>0.99</td>
<td>2.27</td>
</tr>
</tbody>
</table>

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 60 years.
Reconciliation of present value of fund obligation:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of fund obligation at the beginning of the year</td>
<td>14 527 891</td>
<td>14 348 468</td>
</tr>
<tr>
<td>Total expenses</td>
<td>386 368</td>
<td>525 374</td>
</tr>
<tr>
<td>Current service cost</td>
<td>209 443</td>
<td>212 904</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>1 251 825</td>
<td>1 261 178</td>
</tr>
<tr>
<td>Benefits Paid</td>
<td>(1 074 900)</td>
<td>(948 708)</td>
</tr>
<tr>
<td>Actuarial (gains)/losses</td>
<td>919 317</td>
<td>345 951</td>
</tr>
<tr>
<td>Present value of fund obligation at the end of the year</td>
<td>15 833 576</td>
<td>14 527 891</td>
</tr>
</tbody>
</table>

Reconciliation of fair value of plan assets:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets at the beginning of the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions: Employer</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions: Employee</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Past Service Costs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial (gains)/losses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefits Paid</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value of plan assets at the end of the year</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Sensitivity Analysis on the Accrued Liability

<table>
<thead>
<tr>
<th>Assumption</th>
<th>In-service members liability (Rm)</th>
<th>Continuation members liability (Rm)</th>
<th>Total liability (Rm)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Assumptions</td>
<td>1.85</td>
<td>13.983</td>
<td>15.834</td>
<td></td>
</tr>
</tbody>
</table>

The effect of movements in the assumptions are as follows:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>In-service members liability (Rm)</th>
<th>Continuation members liability (Rm)</th>
<th>Total liability (Rm)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care inflation</td>
<td>1%</td>
<td>2.237</td>
<td>15.239</td>
<td>10%</td>
</tr>
<tr>
<td>Health care inflation</td>
<td>-1%</td>
<td>1.545</td>
<td>12.882</td>
<td>-9%</td>
</tr>
<tr>
<td>Post-retirement mortality</td>
<td>-1 year</td>
<td>1.918</td>
<td>14.605</td>
<td>4%</td>
</tr>
<tr>
<td>Average retirement age</td>
<td>-1 year</td>
<td>1.986</td>
<td>13.983</td>
<td>1%</td>
</tr>
<tr>
<td>Withdrawal Rate</td>
<td>-50%</td>
<td>2.134</td>
<td>13.983</td>
<td>2%</td>
</tr>
</tbody>
</table>

4.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 68 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R116 282 whereas the Interest Cost for the next year is estimated to be R55 637.

Key actuarial assumptions used:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Rate of interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>7.84</td>
<td>8.77</td>
</tr>
<tr>
<td>General Salary Inflation (long-term)</td>
<td>6.29</td>
<td>5.99</td>
</tr>
<tr>
<td>Net Effective Discount Rate applied to salary-related Long Service Bonuses</td>
<td>1.46</td>
<td>2.63</td>
</tr>
</tbody>
</table>
The amounts recognised in the Statement of Financial Position are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of fund obligations</td>
<td>786 705</td>
<td>1 145 969</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>786 705</td>
<td>1 145 969</td>
</tr>
</tbody>
</table>

Reconciliation of present value of fund obligation:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of fund obligation at the beginning of the year</td>
<td>1 145 969</td>
<td>1 014 462</td>
</tr>
<tr>
<td>Total expenses</td>
<td>95 278</td>
<td>112 943</td>
</tr>
<tr>
<td>Current service cost</td>
<td>123 476</td>
<td>116 629</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>94 709</td>
<td>86 344</td>
</tr>
<tr>
<td>Benefits Paid</td>
<td>(122 907)</td>
<td>(90 030)</td>
</tr>
<tr>
<td>Actuarial (gains)/losses</td>
<td>(454 542)</td>
<td>18 564</td>
</tr>
<tr>
<td><strong>Present value of fund obligation at the end of the year</strong></td>
<td>786 705</td>
<td>1 145 969</td>
</tr>
</tbody>
</table>

Reconciliation of fair value of plan assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets at the beginning of the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution: Employer</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution: Employee</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Past service costs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial (gains)/losses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fair value of plan assets at the end of the year</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Sensitivity Analysis on the Unfunded Accrued Liability

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Change</th>
<th>Liability (Rm)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central assumptions</td>
<td>0.787</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General salary inflation 1%</td>
<td>1%</td>
<td>0.832</td>
<td>6%</td>
</tr>
<tr>
<td>General salary inflation -1%</td>
<td>-1%</td>
<td>0.746</td>
<td>-5%</td>
</tr>
<tr>
<td>Average retirement age -2 yrs</td>
<td>-2 yrs</td>
<td>0.719</td>
<td>-9%</td>
</tr>
<tr>
<td>Average retirement age 2 yrs</td>
<td>2 yrs</td>
<td>0.859</td>
<td>9%</td>
</tr>
<tr>
<td>Withdrawal rates -50%</td>
<td>-50%</td>
<td>0.964</td>
<td>23%</td>
</tr>
</tbody>
</table>

4.3 Retirement funds

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2009 - 100%).

Contributions paid recognised in the Statement of Financial Performance 60 020 77 888

**CAPE JOINT RETIREMENT FUND**

The contribution rate paid by the members (9.0%) and Council (18.0%). The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 103.3% (30 June 2008 - 105.3%).
Contributions paid recognised in the Statement of Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td></td>
<td>R</td>
</tr>
<tr>
<td>Defined Contribution Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Employees Pension Fund</td>
<td>170 941</td>
<td>151 128</td>
</tr>
<tr>
<td>Sanlam Retirement Fund</td>
<td>145 485</td>
<td>141 513</td>
</tr>
<tr>
<td>SAMWU National Provident Fund</td>
<td>349 113</td>
<td>381 003</td>
</tr>
<tr>
<td>Total</td>
<td>665 540</td>
<td>673 644</td>
</tr>
</tbody>
</table>

5. Current Employee Benefits

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td></td>
<td>R</td>
</tr>
<tr>
<td>Staff Bonuses</td>
<td>335 870</td>
<td>655 078</td>
</tr>
<tr>
<td>Staff Leave</td>
<td>866 005</td>
<td>1 497 143</td>
</tr>
<tr>
<td>Current Portion of Non-Current Provisions</td>
<td>1 328 059</td>
<td>1 197 807</td>
</tr>
<tr>
<td>Current Portion of Post Retirement Benefits - Note 4</td>
<td>1 174 358</td>
<td>1 074 900</td>
</tr>
<tr>
<td>Current Portion of Long-Service Provisions - Note 4</td>
<td>153 703</td>
<td>122 907</td>
</tr>
<tr>
<td>Total Provisions</td>
<td>2 529 934</td>
<td>3 350 028</td>
</tr>
</tbody>
</table>

The movement in current provisions are reconciled as follows:

5.1 Staff Bonuses

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>655 078</td>
<td>605 569</td>
</tr>
<tr>
<td>Contribution to current portion</td>
<td>883 061</td>
<td>1 018 913</td>
</tr>
<tr>
<td>Expenditure incurred</td>
<td>(1 202 266)</td>
<td>(969 404)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>335 870</td>
<td>655 078</td>
</tr>
</tbody>
</table>

Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

5.2 Staff Leave

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>1 497 143</td>
<td>1 417 749</td>
</tr>
<tr>
<td>Contribution to current portion</td>
<td>(248 489)</td>
<td>166 909</td>
</tr>
<tr>
<td>Expenditure incurred</td>
<td>(382 648)</td>
<td>(87 515)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>866 005</td>
<td>1 497 143</td>
</tr>
</tbody>
</table>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 4 to the Financial Statements.
6. **PAYABLES FROM EXCHANGE TRANSACTIONS**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Payables</td>
<td>97 630</td>
<td>2 783 154</td>
</tr>
<tr>
<td>Payments received in advance</td>
<td>64 144</td>
<td>25 365</td>
</tr>
<tr>
<td>Other Creditors</td>
<td>3 877 040</td>
<td>12 650 229</td>
</tr>
<tr>
<td>Correction of Error - Note 35.5</td>
<td>-</td>
<td>(136 098)</td>
</tr>
<tr>
<td><strong>Total Trade Payables</strong></td>
<td><strong>4 038 814</strong></td>
<td><strong>15 322 649</strong></td>
</tr>
</tbody>
</table>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

7. **UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unspent Grants</td>
<td>11 685 054</td>
<td>13 488 397</td>
</tr>
<tr>
<td>National Government Grants</td>
<td>6 763 448</td>
<td>8 056 203</td>
</tr>
<tr>
<td>Correction of Error - Note 35.8</td>
<td>-</td>
<td>88 700</td>
</tr>
<tr>
<td>Provincial Government Grants</td>
<td>4 038 946</td>
<td>4 319 864</td>
</tr>
<tr>
<td>Other Sources</td>
<td>882 660</td>
<td>1 023 630</td>
</tr>
<tr>
<td><strong>Less: Unpaid Grants</strong></td>
<td>(1 105 408)</td>
<td>-</td>
</tr>
<tr>
<td>National Government Grants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provincial Government Grants</td>
<td>(1 105 408)</td>
<td>-</td>
</tr>
<tr>
<td>Other Sources</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Conditional Grants and Receipts</strong></td>
<td><strong>10 579 647</strong></td>
<td><strong>13 488 397</strong></td>
</tr>
</tbody>
</table>

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

8. **TAXES**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT Receivable</td>
<td>840 946</td>
<td>605 290</td>
</tr>
<tr>
<td>Correction of Error - Note 35.1</td>
<td>-</td>
<td>(20 377)</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td><strong>840 946</strong></td>
<td><strong>584 913</strong></td>
</tr>
</tbody>
</table>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

9. **SHORT-TERM LOANS**

The Municipality has no short term loans.
10. PROPERTY, PLANT AND EQUIPMENT

See attached sheet

page 1

page 2

page 3
10.3 Assets pledged as security:

Leased Property, Plant and Equipment of R162 611 is secured for leases as set out in Note 3.

11. INVESTMENT PROPERTY

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Net Carrying amount at 1 July</td>
<td>421 403</td>
<td>449 497</td>
</tr>
<tr>
<td>Cost</td>
<td>1 404 678</td>
<td>1 404 678</td>
</tr>
<tr>
<td>Correction of Error - Note 35.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(983 275)</td>
<td>(1 404 678)</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>(28 094)</td>
<td>(28 094)</td>
</tr>
<tr>
<td>Net Carrying amount at 30 June</td>
<td>393 309</td>
<td>421 403</td>
</tr>
<tr>
<td>Cost</td>
<td>1 404 678</td>
<td>1 404 678</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(1 011 369)</td>
<td>(983 275)</td>
</tr>
</tbody>
</table>

Estimate Fair Value of Investment Property at 30 June

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td>1 404 678</td>
<td>1 404 678</td>
</tr>
</tbody>
</table>

12. INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Net Carrying amount at 1 July</td>
<td>1 406 119</td>
<td>1 512 067</td>
</tr>
<tr>
<td>Cost</td>
<td>2 251 980</td>
<td>2 182 358</td>
</tr>
<tr>
<td>Correction of Error - Note 35.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated Amortisation</td>
<td>(845 861)</td>
<td>(797 743)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>200 495</td>
<td>69 622</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(189 606)</td>
<td>(175 570)</td>
</tr>
<tr>
<td>Net Carrying amount at 30 June</td>
<td>1 417 008</td>
<td>1 406 119</td>
</tr>
<tr>
<td>Cost</td>
<td>2 452 475</td>
<td>2 251 980</td>
</tr>
<tr>
<td>Accumulated Amortisation</td>
<td>(1 035 467)</td>
<td>(845 861)</td>
</tr>
</tbody>
</table>

13. INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Unlisted</td>
<td>1 146</td>
<td>1 146</td>
</tr>
<tr>
<td>Unlisted Stock: Nuweveld Co-op held for trading</td>
<td>1 146</td>
<td>1 146</td>
</tr>
</tbody>
</table>

Total Investments

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td>1 146</td>
<td>1 146</td>
</tr>
</tbody>
</table>

Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

14. INVENTORY

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Consumable Stores - Stationery and materials - At cost</td>
<td>680 932</td>
<td>482 367</td>
</tr>
</tbody>
</table>

Total Inventory

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td>680 932</td>
<td>482 367</td>
</tr>
</tbody>
</table>

Consumable stores materials written down due to losses as identified during the annual stores counts.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 569</td>
<td>18</td>
</tr>
</tbody>
</table>

15. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Taxes - Rates</td>
<td>307 969</td>
<td>205 439</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>3 570 443</td>
<td>3 208 726</td>
</tr>
<tr>
<td>Other</td>
<td>3 570 443</td>
<td>3 215 323</td>
</tr>
<tr>
<td>Correction of Error - Note 35.7</td>
<td>53 403</td>
<td>53 403</td>
</tr>
<tr>
<td></td>
<td>3 874 411</td>
<td>3 474 165</td>
</tr>
<tr>
<td>(2 874 371)</td>
<td>(2 692 725)</td>
<td></td>
</tr>
<tr>
<td>Less: Provision for bad debts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Receivables from non-exchange transactions

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td>1 004 040</td>
<td>781 430</td>
</tr>
</tbody>
</table>

The fair value of other receivables approximate their carrying value.
(Rates): Ageing

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current (0 - 30 days)</td>
<td>22 278</td>
<td>30 095</td>
</tr>
<tr>
<td>31 - 60 Days</td>
<td>18 852</td>
<td>25 437</td>
</tr>
<tr>
<td>61 - 90 Days</td>
<td>16 926</td>
<td>22 855</td>
</tr>
<tr>
<td>+ 90 Days</td>
<td>249 913</td>
<td>127 052</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>307 969</strong></td>
<td><strong>205 439</strong></td>
</tr>
</tbody>
</table>

Summary of Debtors (Rates) by Customer Classification

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Industrial/</th>
<th>Provincial</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30 June 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current (0 - 30 days)</td>
<td>-</td>
<td>21 554</td>
<td>724</td>
<td></td>
</tr>
<tr>
<td>31 - 60 Days</td>
<td>-</td>
<td>18 239</td>
<td>613</td>
<td></td>
</tr>
<tr>
<td>61 - 90 Days</td>
<td>-</td>
<td>16 376</td>
<td>550</td>
<td></td>
</tr>
<tr>
<td>+ 90 Days</td>
<td>-</td>
<td>241 842</td>
<td>8 072</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>-</td>
<td>298 011</td>
<td>9 959</td>
<td></td>
</tr>
<tr>
<td>Less: Provision for bad debts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total debtors by customer classification</strong></td>
<td>-</td>
<td>298 011</td>
<td>9 959</td>
<td></td>
</tr>
</tbody>
</table>

Summary of Debtors (Rates) by Customer Classification

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Industrial/</th>
<th>Provincial</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30 June 2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current (0 - 30 days)</td>
<td>-</td>
<td>29 120</td>
<td>975</td>
<td></td>
</tr>
<tr>
<td>31 - 60 Days</td>
<td>-</td>
<td>24 613</td>
<td>824</td>
<td></td>
</tr>
<tr>
<td>61 - 90 Days</td>
<td>-</td>
<td>22 115</td>
<td>741</td>
<td></td>
</tr>
<tr>
<td>+ 90 Days</td>
<td>-</td>
<td>122 936</td>
<td>4 117</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>-</td>
<td>198 784</td>
<td>6 656</td>
<td></td>
</tr>
<tr>
<td>Less: Provision for bad debts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total debtors by customer classification</strong></td>
<td>-</td>
<td>198 784</td>
<td>6 656</td>
<td></td>
</tr>
</tbody>
</table>

Reconciliation of Provision for Bad Debts

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>2 692 735</td>
<td>2 922 010</td>
</tr>
<tr>
<td>Contribution to provision</td>
<td>181 636</td>
<td>-</td>
</tr>
<tr>
<td>Bad Debts written off against provision</td>
<td>-</td>
<td>(184 851)</td>
</tr>
<tr>
<td>Reversal of provision</td>
<td>-</td>
<td>(44 424)</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td><strong>2 874 371</strong></td>
<td><strong>2 692 735</strong></td>
</tr>
</tbody>
</table>

The total amount of this provision is R2 874 371 and consist of:

Taxes -
Other -

Total Provision for Bad Debts on Trade Receivables from non-exchange transactions | 2 874 371 | 2 692 735 |

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

16. OPERATING LEASE ARRANGEMENTS

16.1 The Municipality as Lessor

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Straight-line of Operating Leases</td>
<td>50 663</td>
<td>33 288</td>
</tr>
</tbody>
</table>
Reconciliation

Balance at the beginning of the year 33 289 10 023
Correction of Error - Note 35.6 - 5 200
Movement during the year 17 374 18 066
Balance at the end of the year 50 663 33 289

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 1 Year</td>
<td>50 312</td>
<td>45 738</td>
</tr>
<tr>
<td>1 to 5 Years</td>
<td>256 847</td>
<td>233 497</td>
</tr>
<tr>
<td>More than 5 Years</td>
<td>216 845</td>
<td>290 506</td>
</tr>
<tr>
<td><strong>Total Operating Lease Arrangements</strong></td>
<td><strong>524 003</strong></td>
<td><strong>569 741</strong></td>
</tr>
</tbody>
</table>

This operating lease income determined from contracts that have a specific condition income. Property is rent at market related tariffs with a annual increase of 10%. The operating lease agreement expires in December 2018.

17. BANK ACCOUNTS

17.1 Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Accounts</td>
<td>145 912</td>
<td>4 798 801</td>
</tr>
<tr>
<td>Call Investments Deposits</td>
<td>63 102 116</td>
<td>71 985 747</td>
</tr>
<tr>
<td>Cash Floats</td>
<td>755</td>
<td>755</td>
</tr>
<tr>
<td><strong>Total Cash and Cash Equivalents - Assets</strong></td>
<td><strong>63 248 782</strong></td>
<td><strong>76 785 303</strong></td>
</tr>
</tbody>
</table>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R17 969 766 are held to fund the Unspent Conditional Grants (2010: R16 615 904).

The municipality has the following bank accounts:

Current Accounts

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSA Bank Limited - Account Number 2210000014 (Primary Bank Account):</td>
<td>145 912</td>
<td>4 798 801</td>
</tr>
<tr>
<td></td>
<td>145 912</td>
<td>4 798 801</td>
</tr>
<tr>
<td>Call Investment Deposits</td>
<td>2011 R</td>
<td>2010 R</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve):</td>
<td>1 288 162</td>
<td>2 000</td>
</tr>
<tr>
<td>BOE Bank - Account Number NAMAK001/83 (Call Deposit):</td>
<td>35 135 572</td>
<td>32 986 887</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit):</td>
<td>648 963</td>
<td>19 648 963</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 20 6629 1015 (Call Deposit):</td>
<td>6 645 993</td>
<td>1 374 340</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 20 7051 8285 (Call Deposit):</td>
<td>281 574</td>
<td>-</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 90 7473 1242 (Leave Reserve):</td>
<td>1 130 282</td>
<td>1 355 850</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 1091 2063 (Finance Management Grant):</td>
<td>79 132</td>
<td>125 741</td>
</tr>
<tr>
<td>Nuweveld Coop (Members Interest Fund):</td>
<td>1 804</td>
<td>1 804</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 22 1815 8326 (Contingency Fund):</td>
<td>869 434</td>
<td>917 927</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 0726 5605 (Municipal System Improvement Grant):</td>
<td>22 742</td>
<td>184 599</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 9251 2118 (Swartkoppies Sportgrounds):</td>
<td>207 475</td>
<td>207 475</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 9251 2477 (Spoegrivier Sportgrounds):</td>
<td>5 290</td>
<td>5 290</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 0726 6025 (Richertsveld Special Fund):</td>
<td>3 013</td>
<td>92 263</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 4340 6867 (EPWP):</td>
<td>341 240</td>
<td>135 792</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 0726 7085 (IDP):</td>
<td>392 556</td>
<td>420 906</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 0726 7128 (Fencing):</td>
<td>42 555</td>
<td>42 555</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 0726 7209 (Kamiesberg Special Fund):</td>
<td>80 757</td>
<td>146 055</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 0726 7306 (Border Fencing):</td>
<td>54 239</td>
<td>54 239</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 91 0726 7372 (SA Projects):</td>
<td>205 909</td>
<td>205 909</td>
</tr>
<tr>
<td>ABSA Bank Limited - Account Number 90 7473 1365 (Maintenance Fund):</td>
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Details of bank accounts are as follows:

**ABSA Bank Limited - Account Number 2210000014 (Primary Bank Account):**
- Cash book balance at beginning of year: 4 798 801
- Cash book balance at end of year: 7 013 050
- Bank statement balance at beginning of year: 145 912
- Bank statement balance at end of year: 4 798 801

**ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve):**
- Cash book balance at beginning of year: 2 000
- Cash book balance at end of year: 1 836 325
- Bank statement balance at beginning of year: 1 288 162
- Bank statement balance at end of year: 2 000

**BOE Bank - Account Number NAMAK001/83 (Call Deposit):**
- Cash book balance at beginning of year: 32 986 887
- Cash book balance at end of year: 30 582 618
- Bank statement balance at beginning of year: 35 135 572
- Bank statement balance at end of year: 32 986 887

**ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit):**
- Cash book balance at beginning of year: 19 648 963
- Cash book balance at end of year: 4 648 963
- Bank statement balance at beginning of year: 650 617
- Bank statement balance at end of year: 19 648 963
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<td>R</td>
<td></td>
</tr>
<tr>
<td>Bank statement balance at end of year</td>
<td>73 874</td>
<td>357 262</td>
<td></td>
</tr>
</tbody>
</table>
## Government Grants and Subsidies

**Unconditional**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equitable Share</td>
<td>5 704 000</td>
<td>2 846 812</td>
</tr>
</tbody>
</table>

**Conditional**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Donations</td>
<td>50 056 294</td>
<td>47 786 867</td>
</tr>
<tr>
<td>Subsidies</td>
<td>-</td>
<td>2 260 188</td>
</tr>
</tbody>
</table>

**Total Government Grants and Subsidies**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55 760 294</td>
<td>52 893 867</td>
</tr>
</tbody>
</table>

**Disclosed as follows:**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Grants and Subsidies - Operating</td>
<td>39 514 134</td>
<td>35 241 968</td>
</tr>
<tr>
<td>Government Grants and Subsidies - Capital</td>
<td>63 508</td>
<td>-</td>
</tr>
<tr>
<td>Government Grants and Subsidies - Discontinued Operations - Note 33</td>
<td>16 182 652</td>
<td>17 651 899</td>
</tr>
</tbody>
</table>

**Total Government Grants and Subsidies**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55 760 294</td>
<td>52 893 867</td>
</tr>
</tbody>
</table>

### 18.1 Equitable Share

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants received</td>
<td>5 704 000</td>
<td>2 846 812</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(5 704 000)</td>
<td>(2 846 812)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.
**18. GOVERNMENT GRANTS AND SUBSIDIES**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ABS A Bank Limited - Account Number 91 1931 2230 (Electronic Filing System):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash book balance at beginning of year</td>
<td>15 227</td>
<td>15 227</td>
</tr>
<tr>
<td>Cash book balance at end of year</td>
<td>15 227</td>
<td>15 227</td>
</tr>
<tr>
<td>Bank statement balance at beginning of year</td>
<td>15 227</td>
<td>15 227</td>
</tr>
<tr>
<td>Bank statement balance at end of year</td>
<td>15 227</td>
<td>15 227</td>
</tr>
<tr>
<td><strong>ABS A Bank Limited - Account Number 91 2120 8647 (Training Fund SETA):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash book balance at beginning of year</td>
<td>537 418</td>
<td>447 808</td>
</tr>
<tr>
<td>Cash book balance at end of year</td>
<td>619 351</td>
<td>537 418</td>
</tr>
<tr>
<td>Bank statement balance at beginning of year</td>
<td>537 418</td>
<td>447 808</td>
</tr>
<tr>
<td>Bank statement balance at end of year</td>
<td>620 932</td>
<td>537 418</td>
</tr>
<tr>
<td><strong>ABS A Bank Limited - Account Number 91 2287 0758 (MG):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash book balance at beginning of year</td>
<td>6 306 104</td>
<td>1 691 020</td>
</tr>
<tr>
<td>Cash book balance at end of year</td>
<td>7 679 608</td>
<td>6 306 104</td>
</tr>
<tr>
<td>Bank statement balance at beginning of year</td>
<td>6 306 104</td>
<td>1 691 020</td>
</tr>
<tr>
<td>Bank statement balance at end of year</td>
<td>7 699 209</td>
<td>6 306 104</td>
</tr>
<tr>
<td><strong>ABS A Bank Limited - Account Number 91 2356 3504 (Work for Water):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash book balance at beginning of year</td>
<td>12 228</td>
<td>72 915</td>
</tr>
<tr>
<td>Cash book balance at end of year</td>
<td>517 772</td>
<td>12 228</td>
</tr>
<tr>
<td>Bank statement balance at beginning of year</td>
<td>12 228</td>
<td>72 915</td>
</tr>
<tr>
<td>Bank statement balance at end of year</td>
<td>518 961</td>
<td>12 228</td>
</tr>
<tr>
<td><strong>ABS A Bank Limited - Account Number 91 3889 8455 (Brandvlei Electricity Network):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash book balance at beginning of year</td>
<td>12 896</td>
<td>12 896</td>
</tr>
<tr>
<td>Cash book balance at end of year</td>
<td>-</td>
<td>12 896</td>
</tr>
<tr>
<td>Bank statement balance at beginning of year</td>
<td>12 896</td>
<td>12 896</td>
</tr>
<tr>
<td>Bank statement balance at end of year</td>
<td>-</td>
<td>12 896</td>
</tr>
</tbody>
</table>

18.1 **Equitable Share**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants received</td>
<td>5 704 000</td>
<td>2 846 812</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(5 704 000)</td>
<td>(2 846 812)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.
18.2 **Local Government Financial Management Grant (FMG)**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>125 741</td>
<td>488 076</td>
</tr>
<tr>
<td>Grants received</td>
<td>1 000 000</td>
<td>750 000</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(1 091 354)</td>
<td>(1 112 335)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>(31 253)</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>3 134</td>
<td>125 741</td>
</tr>
</tbody>
</table>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

18.3 **Municipal Systems Improvement Grant (MSIG)**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>184 599</td>
<td>1 529 249</td>
</tr>
<tr>
<td>Grants received</td>
<td>150 000</td>
<td>(1 256 433)</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(332 482)</td>
<td>(88 217)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>2 117</td>
<td>184 599</td>
</tr>
</tbody>
</table>

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

18.4 **Municipal Infrastructure Grant (MIG)**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>6 306 104</td>
<td>1 655 104</td>
</tr>
<tr>
<td>Grants received</td>
<td>5 242 000</td>
<td>4 651 000</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(5 919 041)</td>
<td>(88 217)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>5 629 063</td>
<td>6 306 104</td>
</tr>
</tbody>
</table>

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

18.5 **RSC Levies Replacement Grant**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants received</td>
<td>22 808 508</td>
<td>22 142 000</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(22 808 508)</td>
<td>(22 142 000)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

This is an unconditional grant established to make provision for income for the District Municipalities after the RSC levies were terminated.

18.6 **Councillors Remuneration Grant**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants received</td>
<td>778 000</td>
<td>694 000</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(778 000)</td>
<td>(694 000)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

This is an unconditional grant to co-funding the councillors remuneration.

18.7 **Planning and Implementation Management System**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>1 528 459</td>
<td>576 334</td>
</tr>
<tr>
<td>Correction of Error - Note 35.8</td>
<td>-</td>
<td>88 700</td>
</tr>
<tr>
<td>Grants received</td>
<td>600 001</td>
<td>1 900 759</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(995 860)</td>
<td>(1 037 334)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>(3 465)</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>1 129 135</td>
<td>1 528 459</td>
</tr>
</tbody>
</table>

This is a planning reserve and is utilised for planning purposes.
18.8 **Border Fencing**

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>54 239</td>
<td>54 239</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>54 239</td>
<td>54 239</td>
</tr>
</tbody>
</table>

This grant was established to make provision for fencing next to public roads.

18.9 **Health Inspector Subsidy**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants received</td>
<td>1 385 188</td>
<td></td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(1 385 188)</td>
<td></td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

This unconditional grant is part of the equitable share and services to subsidise municipal health care.

18.10 **Civil Defence Subsidy**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants received</td>
<td>875 000</td>
<td></td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(875 000)</td>
<td></td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

This conditional grant is to establish a disaster management centre.

18.11 **Department of Transport**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>632 143</td>
<td>6 739 732</td>
</tr>
<tr>
<td>Grants received</td>
<td>14 445 102</td>
<td>15 175 000</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(16 182 652)</td>
<td>(21 282 590)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>(1 105 408)</td>
<td>632 143</td>
</tr>
</tbody>
</table>

This is the allocation by the Department of Transport in the Northern Cape to maintain the roads function on behalf of the Department of Transport.

18.12 **Drought Relief**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>357 262</td>
<td>743 951</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(283 388)</td>
<td>(386 689)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>73 874</td>
<td>357 262</td>
</tr>
</tbody>
</table>

This grant is to assist communities in drought relief.

18.13 **Expanded Public Works Program**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>135 792</td>
<td>135 792</td>
</tr>
<tr>
<td>Grants received</td>
<td>206 000</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>341 792</td>
<td>135 792</td>
</tr>
</tbody>
</table>

This grant service to establish work in local communities.
### 18.14 Fire Equipment Grant

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>307 515</td>
<td>316 568</td>
</tr>
<tr>
<td>Grants received</td>
<td>350 000</td>
<td>320 000</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(86 391)</td>
<td>(329 053)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>(28 790)</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>542 334</td>
<td>307 515</td>
</tr>
</tbody>
</table>

This grant is to assist local municipalities to render a fire service.

### 18.15 Integrated Development Planning

<table>
<thead>
<tr>
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<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>420 906</td>
<td>253 633</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>205 674</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(28 350)</td>
<td>(38 401)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>392 556</td>
<td>420 906</td>
</tr>
</tbody>
</table>

This reserve assist the municipality to compile and maintain the Integrated Development Plan.

### 18.16 Komaggas Road

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>4 371</td>
<td>4 371</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>4 371</td>
<td>4 371</td>
</tr>
</tbody>
</table>

This grant was used to build the Kommagas road.

### 18.17 SA Projects

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>205 909</td>
<td>205 909</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>205 909</td>
<td>205 909</td>
</tr>
</tbody>
</table>

This grant is to create work programmes in local communities.

### 18.18 Namaqua Sanitation Bucket System

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>213 395</td>
<td>239 583</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>(26 188)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>213 395</td>
<td>213 395</td>
</tr>
</tbody>
</table>

This grant was used to replace the old bucket systems to VIP and waterborne toilet systems.

### 18.19 NC Housing

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>500 000</td>
<td>500 000</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>500 000</td>
<td>500 000</td>
</tr>
</tbody>
</table>

This grant is to establish a housing unit at the District level.
### 18.20 Middelpos

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>21 240</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>(21 240)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

This grant was used to do a research on the establishment of a town in Middelpos.

### 18.21 Nieuwoudtville Access Road

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>126 312</td>
</tr>
<tr>
<td>Grants received</td>
<td>900 000</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(551 523)</td>
<td>(126 312)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>348 477</td>
<td>-</td>
</tr>
</tbody>
</table>

An access road was build in Nieuwoudvile.

### 18.22 Sakrivier Bridge

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>512 623</td>
<td>730 347</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>(217 724)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>512 623</td>
<td>512 623</td>
</tr>
</tbody>
</table>

This grant was used to rebuild the sakriver bridge after flooding.

### 18.23 Contingency Fund

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>917 927</td>
<td>938 463</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(126 333)</td>
<td>(20 536)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>791 594</td>
<td>917 927</td>
</tr>
</tbody>
</table>

This grant originated from the fuel levy and is used for projects determined by council.

### 18.24 Fencing

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>42 555</td>
<td>42 555</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>42 555</td>
<td>42 555</td>
</tr>
</tbody>
</table>

This grant was established to make provision for fencing next to public roads.

### 18.25 Electronic Filing System

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>15 227</td>
<td>15 227</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>15 227</td>
<td>15 227</td>
</tr>
</tbody>
</table>

The grant was used to implement an electronic filing system.
### Sport Development Grant

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td>17 700</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>(17 700)</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

This grant was to assist communities to establish sport development.

### Brandvlei Electricity Network

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>12 896</td>
<td>12 896</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>(12 896)</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>-</td>
<td>12 896</td>
</tr>
</tbody>
</table>

This grant was used to upgrade the electricity network in Brandvlei.

### Maintenance Fund

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>22 233</td>
<td>22 233</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>-</td>
<td>22 233</td>
</tr>
</tbody>
</table>

This grant was established to assist in the maintaining of assets.

### Spoegrivier Sport Ground (Lotto)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>5 290</td>
<td>5 290</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>5 290</td>
<td>5 290</td>
</tr>
</tbody>
</table>

This grant was received to build a sports ground in Spoegrivier.

### Swartzkop Sport Ground (Lotto)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>207 475</td>
<td>207 475</td>
</tr>
<tr>
<td>Grants received</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>207 475</td>
<td>207 475</td>
</tr>
</tbody>
</table>

This grant was received to build a sports ground in Swatzkop.

### Training Reserve (SETA)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>537 418</td>
<td>447 808</td>
</tr>
<tr>
<td>Grants received</td>
<td>81 934</td>
<td>89 610</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>619 351</td>
<td>537 418</td>
</tr>
</tbody>
</table>

This is the amount claimed back from SETA for training and is utilised for training.
### 18.32 Kamiesberg Special Fund

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>146 055</td>
<td>112 720</td>
</tr>
<tr>
<td>Grants received</td>
<td>497 000</td>
<td>630 000</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>617 758</td>
<td>596 664</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>25 297</td>
<td>146 055</td>
</tr>
</tbody>
</table>

This grand is used to purify the water in the local settlements.

### 18.33 Richtersveld Special Fund

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>92 263</td>
<td>40 713</td>
</tr>
<tr>
<td>Grants received</td>
<td>53 000</td>
<td>232 000</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>142 250</td>
<td>180 450</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met</td>
<td>3 013</td>
<td>92 263</td>
</tr>
</tbody>
</table>

This grand is used to purify the water in the local settlements.

### 18.34 Total Grants

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>13 488 397</td>
<td>16 183 520</td>
</tr>
<tr>
<td>Correction of Error - Note 35.8</td>
<td>-</td>
<td>88 700</td>
</tr>
<tr>
<td>Grants received</td>
<td>52 815 544</td>
<td>50 640 610</td>
</tr>
<tr>
<td>Conditions met - Operating</td>
<td>55 660 786</td>
<td>53 424 432</td>
</tr>
<tr>
<td>Conditions met - Capital</td>
<td>63 508</td>
<td>-</td>
</tr>
<tr>
<td>Conditions still to be met/(Grant expenditure to be recovered)</td>
<td>10 579 647</td>
<td>13 488 397</td>
</tr>
</tbody>
</table>

Disclosed as follows:

- Unspent Conditional Government Grants and Receipts: 11 685 054 | 13 488 397
- Unpaid Conditional Government Grants and Receipts: 1 105 408 | -

Total: 10 579 647 | 13 488 397

### 19. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundries</td>
<td>- 10 479</td>
</tr>
</tbody>
</table>

Total Other Revenue from Non-Exchange Transactions: - 10 479

### 20. RENTAL OF FACILITIES AND EQUIPMENT

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental of facilities</td>
<td>577 317</td>
</tr>
</tbody>
</table>

Total Rental of Facilities and Equipment: 577 317 | 592 074

### 21. INTEREST EARNED - EXTERNAL INVESTMENTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>- 2 125</td>
</tr>
<tr>
<td>Financial assets</td>
<td>3 407 420</td>
</tr>
</tbody>
</table>

Total Interest Earned - External Investments: 3 407 420 | 3 682 655

### 22. INTEREST EARNED - OUTSTANDING RECEIVABLES

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Receivables</td>
<td>202 005</td>
</tr>
</tbody>
</table>

Total Interest Earned - Outstanding Receivables: 202 005 | -

### 23. OTHER INCOME

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin Fees</td>
<td>567 244</td>
</tr>
<tr>
<td>Bad Debt Recovered</td>
<td>550</td>
</tr>
<tr>
<td>Sundries</td>
<td>209 864</td>
</tr>
<tr>
<td>Insurance Claims</td>
<td>60 133</td>
</tr>
</tbody>
</table>

Total Other Income: 837 790 | 696 723
24. EMPLOYEE RELATED COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Related Costs - Salaries and Wages</td>
<td>14 712 805</td>
<td>14 205 632</td>
</tr>
<tr>
<td>Employee Related Costs - Contributions for UIF, Pensions and Medical Aids</td>
<td>3 570 577</td>
<td>3 624 901</td>
</tr>
<tr>
<td>Travel, Motor Car, Accommodation, Subsistence and Other Allowances</td>
<td>951 436</td>
<td>1 111 892</td>
</tr>
<tr>
<td>Housing Benefits and Allowances</td>
<td>464 115</td>
<td>578 963</td>
</tr>
<tr>
<td>Overtime Payments</td>
<td>258 718</td>
<td>336 053</td>
</tr>
<tr>
<td>Bonuses</td>
<td>634 571</td>
<td>1 185 822</td>
</tr>
<tr>
<td>Provision for leave</td>
<td>248 489</td>
<td>166 909</td>
</tr>
<tr>
<td>Contribution to provision - Long Service Awards - Note 4</td>
<td>123 475</td>
<td>116 629</td>
</tr>
<tr>
<td>Contribution to provision - Post Retirement Medical - Note 4</td>
<td>209 443</td>
<td>212 904</td>
</tr>
<tr>
<td></td>
<td>21 173 628</td>
<td>21 539 706</td>
</tr>
</tbody>
</table>

**Less:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Costs allocated elsewhere</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Employee Related Costs</strong></td>
<td>21 173 628</td>
<td>21 539 706</td>
</tr>
</tbody>
</table>

Disclosed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued Operations</td>
<td>13 126 013</td>
<td>13 346 787</td>
</tr>
<tr>
<td>Discontinued Operations</td>
<td>8 047 615</td>
<td>8 192 919</td>
</tr>
<tr>
<td><strong>Total Employee Related Costs</strong></td>
<td>21 173 628</td>
<td>21 539 706</td>
</tr>
</tbody>
</table>

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

**Remuneration of Key Management Personnel**

- Remuneration of the Municipal Manager (Former)
  - Annual Remuneration: 242 221
  - Travelling Allowance: 146 581
  - Severance Package: 450 000
  - Service Bonus: -
  - Contributions to UIF, Medical and Pension Funds: 32 498
  - **Total**: 871 300

- Remuneration of the Director: Finance (Current)
  - Annual Remuneration: 39 767
  - Car, Medical, House and Cellphone Allowance: 18 625
  - Contributions to UIF, Medical and Pension Funds: 860
  - **Total**: 59 252

- Remuneration of Director: Finance (Former)
  - Annual Remuneration: 77 014
  - Car, Medical, House and Cellphone Allowance: 32 233
  - Leave payout: 6 518
  - Telephone allowance: 6 000
  - Service Bonus: 28 880
  - Contributions to UIF, Medical and Pension Funds: 15 543
  - **Total**: 377 110

- Remuneration of Internal Auditor (Currently Director: Finance)
  - Annual Remuneration: 301 950
  - Car, Medical, House and Cellphone Allowance: 216 756
  - Service Bonus: 27 450
  - Contributions - UIF, Medical, Pension: 96 704
  - **Total**: 642 860

- Remuneration of Head of Human Resources
  - Annual Remuneration: 308 918
  - Car, Medical, House and Cellphone Allowance: 192 329
  - Telephone allowance: 6 000
  - Service Bonus: 25 435
  - Contributions - UIF, Medical, Pension: 59 269
  - **Total**: 591 951
### Remuneration of Head of Environmental Health

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>329 960</td>
<td>303 624</td>
</tr>
<tr>
<td>Car, Medical, House and Cellphone Allowance</td>
<td>156 403</td>
<td>151 701</td>
</tr>
<tr>
<td>Telephone allowance</td>
<td>6 000</td>
<td></td>
</tr>
<tr>
<td>Service Bonus</td>
<td>27 450</td>
<td>24 742</td>
</tr>
<tr>
<td>Contributions - UIF, Medical, Pension</td>
<td>87 043</td>
<td>91 857</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>606 856</td>
<td>571 925</td>
</tr>
</tbody>
</table>

### Remuneration of Head of PIMMS (Acting as Municipal Manager)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>567 736</td>
<td>522 468</td>
</tr>
<tr>
<td>Car, Medical, House and Cellphone Allowance</td>
<td>50 359</td>
<td>3 250</td>
</tr>
<tr>
<td>Acting Allowance (Municipal Manager)</td>
<td>435 572</td>
<td>190 066</td>
</tr>
<tr>
<td>Telephone allowance</td>
<td>14 939</td>
<td>-</td>
</tr>
<tr>
<td>Service Bonus</td>
<td>16 721</td>
<td>-</td>
</tr>
<tr>
<td>Contributions - UIF, Medical, Pension</td>
<td>4 012</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1 107 929</td>
<td>715 784</td>
</tr>
</tbody>
</table>

### Remuneration of Head of Economic Development

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>45 182</td>
<td>-</td>
</tr>
<tr>
<td>Car, Medical, House and Cellphone Allowance</td>
<td>31 492</td>
<td>-</td>
</tr>
<tr>
<td>Service Bonus</td>
<td>14 939</td>
<td>-</td>
</tr>
<tr>
<td>Contributions - UIF, Medical, Pension</td>
<td>14 218</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>90 892</td>
<td>-</td>
</tr>
</tbody>
</table>

### Remuneration of Head of Economic Development

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>28 621</td>
<td>-</td>
</tr>
<tr>
<td>Car, Medical, House and Cellphone Allowance</td>
<td>14 939</td>
<td>-</td>
</tr>
<tr>
<td>Telephone allowance</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Leave Payout</td>
<td>19 250</td>
<td>-</td>
</tr>
<tr>
<td>Service Bonus</td>
<td>16 721</td>
<td>-</td>
</tr>
<tr>
<td>Contributions - UIF, Medical, Pension</td>
<td>7 449</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>87 479</td>
<td>-</td>
</tr>
</tbody>
</table>

### Remuneration of Head of Economic Development

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>293 616</td>
<td>170 194</td>
</tr>
<tr>
<td>Car, Medical, House and Cellphone Allowance</td>
<td>178 235</td>
<td>75 776</td>
</tr>
<tr>
<td>Telephone allowance</td>
<td>6 000</td>
<td>-</td>
</tr>
<tr>
<td>Service Bonus</td>
<td>24 468</td>
<td>-</td>
</tr>
<tr>
<td>Contributions - UIF, Medical, Pension</td>
<td>74 111</td>
<td>44 061</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>576 430</td>
<td>290 031</td>
</tr>
</tbody>
</table>

### Remuneration of Head of Administration

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Remuneration</td>
<td>301 484</td>
<td>277 440</td>
</tr>
<tr>
<td>Car, Medical, House and Cellphone Allowance</td>
<td>153 801</td>
<td>118 085</td>
</tr>
<tr>
<td>Telephone allowance</td>
<td>6 000</td>
<td>-</td>
</tr>
<tr>
<td>Service Bonus</td>
<td>25 081</td>
<td>22 608</td>
</tr>
<tr>
<td>Contributions - UIF, Medical, Pension</td>
<td>70 161</td>
<td>64 004</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>556 527</td>
<td>482 137</td>
</tr>
</tbody>
</table>

### Remuneration of Councillors

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor</td>
<td>390 240</td>
<td>416 256</td>
</tr>
<tr>
<td>Speaker</td>
<td>337 686</td>
<td>333 004</td>
</tr>
<tr>
<td>Councillors</td>
<td>907 355</td>
<td>886 424</td>
</tr>
<tr>
<td>Travelling allowance</td>
<td>514 863</td>
<td>540 476</td>
</tr>
<tr>
<td>Telephone allowance</td>
<td>106 725</td>
<td>106 916</td>
</tr>
<tr>
<td><strong>Total Councillors’ Remuneration</strong></td>
<td>2 256 870</td>
<td>2 283 077</td>
</tr>
</tbody>
</table>

### In-kind Benefits

The Executive Mayor and Speaker are full-time Councillors. Each is provided with an office and secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

### Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Signed: Municipal Manager
### 26. DEBT IMPAIRMENT

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables from non-exchange transactions - Note 15</td>
<td>181 636</td>
<td>-</td>
</tr>
</tbody>
</table>

Total Contribution to Bad Debts Provision

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Contribution to Bad Debts Provision</td>
<td>181 636</td>
<td>-</td>
</tr>
</tbody>
</table>

### 27. DEPRECIATION AND AMORTISATION

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>1 795 601</td>
<td>1 945 888</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>189 606</td>
<td>175 570</td>
</tr>
<tr>
<td>Investment property carried at cost</td>
<td>28 094</td>
<td>28 094</td>
</tr>
</tbody>
</table>

Total Depreciation and Amortisation

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Depreciation and Amortisation</td>
<td>2 013 301</td>
<td>2 149 552</td>
</tr>
</tbody>
</table>

### 28. FINANCE COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Liabilities</td>
<td>145 588</td>
<td>677 597</td>
</tr>
<tr>
<td>Non-current Employee Benefits</td>
<td>1 346 534</td>
<td>1 347 522</td>
</tr>
</tbody>
</table>

Total Finance Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Finance Costs</td>
<td>1 492 122</td>
<td>2 025 119</td>
</tr>
</tbody>
</table>

### 29. GRANTS AND SUBSIDIES PAID

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants paid to Local Municipalities</td>
<td>5 834 507</td>
<td>5 848 652</td>
</tr>
</tbody>
</table>

Total Grants and Subsidies

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Grants and Subsidies</td>
<td>5 834 507</td>
<td>5 848 652</td>
</tr>
</tbody>
</table>

### 30. GENERAL EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration Costs</td>
<td>-</td>
<td>299 881</td>
</tr>
<tr>
<td>Advertisement</td>
<td>333 752</td>
<td>215 927</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>863 099</td>
<td>862 285</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>86 917</td>
<td>81 530</td>
</tr>
<tr>
<td>Congress Fees</td>
<td>14 730</td>
<td>26 267</td>
</tr>
<tr>
<td>Contractors Services</td>
<td>57 354</td>
<td>86 285</td>
</tr>
<tr>
<td>Entertainment and Receptions</td>
<td>97 241</td>
<td>93 234</td>
</tr>
<tr>
<td>Exhibitions</td>
<td>97 293</td>
<td>79 490</td>
</tr>
<tr>
<td>Fuel Cost</td>
<td>2 713 378</td>
<td>2 003 845</td>
</tr>
<tr>
<td>Insurance</td>
<td>92 881</td>
<td>105 522</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>47 533</td>
<td>554 904</td>
</tr>
<tr>
<td>Licences</td>
<td>54 235</td>
<td>68 266</td>
</tr>
<tr>
<td>Materials/Toxins</td>
<td>500 152</td>
<td>399 607</td>
</tr>
<tr>
<td>Membership Fees/Subscriptions</td>
<td>145 138</td>
<td>256 868</td>
</tr>
<tr>
<td>Municipal Services</td>
<td>663 843</td>
<td>698 132</td>
</tr>
<tr>
<td>Penalties on settlement of loan</td>
<td>-</td>
<td>269 362</td>
</tr>
<tr>
<td>Protective Clothing</td>
<td>44 670</td>
<td>37 206</td>
</tr>
<tr>
<td>Printing and Stationary</td>
<td>170 810</td>
<td>144 226</td>
</tr>
<tr>
<td>Rent</td>
<td>22 942</td>
<td>75 634</td>
</tr>
<tr>
<td>Projects</td>
<td>2 193 307</td>
<td>2 712 746</td>
</tr>
<tr>
<td>Sundries</td>
<td>461 172</td>
<td>868 325</td>
</tr>
<tr>
<td>Telephone and Postage</td>
<td>639 871</td>
<td>595 658</td>
</tr>
<tr>
<td>Travelling Costs</td>
<td>1 230 244</td>
<td>1 205 476</td>
</tr>
<tr>
<td>Training Fees</td>
<td>432 721</td>
<td>283 383</td>
</tr>
</tbody>
</table>

Total General Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total General Expenses</td>
<td>11 232 849</td>
<td>11 719 297</td>
</tr>
</tbody>
</table>
Disclosed as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued Operations</td>
<td>8 311 211</td>
<td>9 410 080</td>
</tr>
<tr>
<td>Discontinued Operations - Note 33</td>
<td>2 921 438</td>
<td>2 309 217</td>
</tr>
<tr>
<td><strong>Total General Expenses</strong></td>
<td><strong>11 232 649</strong></td>
<td><strong>11 719 297</strong></td>
</tr>
</tbody>
</table>

31. **GAIN/ (LOSS) ON SALE OF ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>(6 525 471)</td>
<td>(117 268)</td>
</tr>
<tr>
<td><strong>Total Gain/ (Loss) on Sale of Assets</strong></td>
<td><strong>(6 525 471)</strong></td>
<td><strong>(117 268)</strong></td>
</tr>
</tbody>
</table>

32. **(IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment</td>
<td>(83 247)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total (Impairment Loss)/ Reversal of Impairment Loss</strong></td>
<td><strong>(83 247)</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

33. **PROFIT/ (LOSS) FROM DISCONTINUED OPERATIONS**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>403 970</td>
<td>383 173</td>
</tr>
<tr>
<td>Government Grants and Subsidies</td>
<td>16 182 652</td>
<td>17 651 899</td>
</tr>
<tr>
<td>Expenditure:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related costs</td>
<td>(8 047 615)</td>
<td>(8 192 919)</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>(1 642 719)</td>
<td>(1 711 323)</td>
</tr>
<tr>
<td>Other Operating Grant Expenditure</td>
<td>(3 565 895)</td>
<td>(5 438 441)</td>
</tr>
<tr>
<td>General Expenses</td>
<td>(2 921 438)</td>
<td>(2 309 217)</td>
</tr>
<tr>
<td><strong>Total Profit/ (Loss) from Discontinued Operations</strong></td>
<td><strong>408 954</strong></td>
<td><strong>383 173</strong></td>
</tr>
</tbody>
</table>

Namakwa District Municipality provided services to District Management Areas under its control. These areas were transferred by a section 12 notice by the MEC of Cooperative Governance and Transitional Affairs to Local B-Municipalities. Since 30 June 2011, Namakwa District Municipality has no longer control over these District Management Areas and provide no longer any services to these areas. Namakwa District Municipality is from 1 July 2011 no longer an agent for Department of Roads and Public Works. The maintenance of roads function was transferred back to the department.

34. **CHANGE IN ACCOUNTING POLICY**

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

34.1 Property, Plant and Equipment - GRAP 17

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance previously reported</td>
<td>-</td>
<td>23 877 289</td>
</tr>
<tr>
<td>Implementation of GRAP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment measured at provisional amounts in prior years - Note 10.1</td>
<td>-</td>
<td>3 942 246</td>
</tr>
<tr>
<td>Lease Assets not recognised in prior years</td>
<td>-</td>
<td>18 605</td>
</tr>
<tr>
<td><strong>Restated Balance</strong></td>
<td>-</td>
<td><strong>27 838 140</strong></td>
</tr>
</tbody>
</table>

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure all, Plant and Equipment in accordance with GRAP 17.

34.2 Accumulated Surplus - 1 July 2009

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of GRAP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment measured at provisional amounts in prior years - Note 10.1</td>
<td>-</td>
<td>3 942 246</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td><strong>3 942 246</strong></td>
</tr>
</tbody>
</table>
34.3 Accumulated Surplus/(Deficit) - 2009/2010

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of GRAP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Assets not recognised in prior years</td>
<td></td>
<td>18 605</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>18 605</td>
</tr>
</tbody>
</table>

35. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

35.1 Taxes

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance previously reported</td>
<td></td>
<td>605 290</td>
</tr>
<tr>
<td>VAT liability not recognised in prior year - Note 8.1</td>
<td></td>
<td>(20 377)</td>
</tr>
<tr>
<td>Restated Balance</td>
<td></td>
<td>584 913</td>
</tr>
</tbody>
</table>

Output Tax i.r.o. of prior year not recognised.

35.2 Investment Properties

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance previously reported</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recalculation of depreciation on Investment Property prior to 1 July 2009 - Note 11</td>
<td></td>
<td>449 497</td>
</tr>
<tr>
<td>Recalculation of depreciation on Investment Property for 2009/2010 - Note 11</td>
<td></td>
<td>(28 094)</td>
</tr>
<tr>
<td>Restated Balance</td>
<td></td>
<td>421 403</td>
</tr>
</tbody>
</table>

Remaining useful lives of Investment Property were not reviewed in prior years. Useful lives are now reviewed for the first-time.

35.3 Intangible Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance previously reported</td>
<td></td>
<td>1 310 531</td>
</tr>
<tr>
<td>Recalculation of depreciation on Intangible Assets prior to 1 July 2009 - Note 12</td>
<td></td>
<td>127 452</td>
</tr>
<tr>
<td>Recalculation of depreciation on Intangible Assets for 2009/2010 - Note 12</td>
<td></td>
<td>(31 863)</td>
</tr>
<tr>
<td>Restated Balance</td>
<td></td>
<td>1 406 120</td>
</tr>
</tbody>
</table>

Remaining useful lives of Intangible Assets were not reviewed in prior years. Useful lives are now reviewed for the first-time.

35.4 Accumulated Depreciation - GRAP 17

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance previously reported</td>
<td></td>
<td>12 218 467</td>
</tr>
<tr>
<td>Recalculation of depreciation on Property, Plant and Equipment prior to 1 July 2009 - Note 10</td>
<td></td>
<td>(1 954 129)</td>
</tr>
<tr>
<td>Recalculation of depreciation on Property, Plant and Equipment for 2009/2010 - Note 10</td>
<td></td>
<td>609 351</td>
</tr>
<tr>
<td>Restated Balance</td>
<td></td>
<td>10 873 689</td>
</tr>
</tbody>
</table>

Remaining useful lives of Property, Plant and Equipment were not reviewed in prior years. Useful lives are now reviewed for the first-time.

35.5 Payables from exchange transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance previously reported</td>
<td></td>
<td>15 458 747</td>
</tr>
<tr>
<td>RSC Replacement Levy Grant incorrectly disclosed as Payable - Note 6</td>
<td></td>
<td>(47 398)</td>
</tr>
<tr>
<td>Expenditure allocated incorrectly to PIMMS Grant disclosed under Other Creditors in prior year - Note 35.8</td>
<td></td>
<td>(88 700)</td>
</tr>
<tr>
<td>Restated Balance</td>
<td></td>
<td>15 322 649</td>
</tr>
</tbody>
</table>

RSC Replacement Levy Grant received incorrectly disclosed as Payable.

35.6 Operating Lease Asset

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance previously reported</td>
<td></td>
<td>28 089</td>
</tr>
<tr>
<td>Recalculation of Operating Lease Asset - Note 16</td>
<td></td>
<td>5 200</td>
</tr>
<tr>
<td>Restated Balance</td>
<td></td>
<td>33 288</td>
</tr>
</tbody>
</table>

Correction of Operating Lease Asset due to calculation error in prior years.
35.7 Receivables from non-exchange transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance previously reported</td>
<td>-</td>
<td>728 027</td>
</tr>
<tr>
<td>Administration Cost not allocated against Work-for-Water Debtor in prior year - Note 15</td>
<td>-</td>
<td>53 403</td>
</tr>
<tr>
<td>Restated Balance</td>
<td>-</td>
<td>781 430</td>
</tr>
</tbody>
</table>

Administration Cost not allocated to Work-for-Water project in prior year.

35.8 Unspent Conditional Government Grants and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance previously reported</td>
<td>-</td>
<td>13 399 697</td>
</tr>
<tr>
<td>Expenditure allocated incorrectly against PIMMS Grant - Note 7</td>
<td>-</td>
<td>88 700</td>
</tr>
<tr>
<td>Restated Balance</td>
<td>-</td>
<td>13 488 397</td>
</tr>
</tbody>
</table>

Expenditure was allocated incorrectly against PIMMS Grant in prior years.

35.9 Accumulated Surplus

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT liability not recognised in prior year - Note 8.1</td>
<td>-</td>
<td>(20 377)</td>
</tr>
<tr>
<td>Recalculation of depreciation on Investment Property prior to 1 July 2009 - Note 11</td>
<td>-</td>
<td>449 487</td>
</tr>
<tr>
<td>Recalculation of depreciation on Intangible Assets prior to 1 July 2009 - Note 12</td>
<td>-</td>
<td>127 452</td>
</tr>
<tr>
<td>Recalculation of depreciation on Property, Plant and Equipment prior to 1 July 2009 - Note 10</td>
<td>-</td>
<td>1 954 129</td>
</tr>
<tr>
<td>RSC Replacement Levy Grant incorrectly disclosed as Payable - Note 35.5</td>
<td>-</td>
<td>47 398</td>
</tr>
<tr>
<td>Recalculation of Operating Lease Asset - Note 35.6</td>
<td>-</td>
<td>5 200</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>2 563 299</td>
</tr>
</tbody>
</table>

35.11 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance previously reported</th>
<th>Adjustments</th>
<th>Restated Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government Grants and Subsidies</td>
<td>35 241 968</td>
<td>-</td>
<td>35 241 968</td>
</tr>
<tr>
<td>Public Contributions and Donations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributed Property, Plant and Equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fines</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Third Party Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial Gains</td>
<td>345 951</td>
<td>-</td>
<td>345 951</td>
</tr>
<tr>
<td>Other Revenue from non-exchange transactions</td>
<td>10 479</td>
<td>-</td>
<td>10 479</td>
</tr>
<tr>
<td>Property Rates - penalties imposed and collection charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Service Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Water Services Authority Contribution</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rental of Facilities and Equipment</td>
<td>592 074</td>
<td>-</td>
<td>592 074</td>
</tr>
<tr>
<td>Interest Earned - external investments</td>
<td>3 682 655</td>
<td>-</td>
<td>3 682 655</td>
</tr>
<tr>
<td>Interest Earned - outstanding receivables</td>
<td>3 682 655</td>
<td>-</td>
<td>3 682 655</td>
</tr>
<tr>
<td>Licences and Permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income for Agency Services</td>
<td>2 294 478</td>
<td>-</td>
<td>2 294 478</td>
</tr>
<tr>
<td>Other Income</td>
<td>643 320</td>
<td>345 951</td>
<td>988 271</td>
</tr>
<tr>
<td>Unamortised Discount - Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>42 810 925</td>
<td>345 951</td>
<td>42 864 328</td>
</tr>
</tbody>
</table>

Expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee related costs</td>
<td>(13 346 786)</td>
<td>-</td>
</tr>
<tr>
<td>Remuneration of Councillors</td>
<td>(2 283 077)</td>
<td>-</td>
</tr>
<tr>
<td>Debt Impairment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Collection Costs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>(1 480 248)</td>
<td>(669 304)</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>(169 047)</td>
<td>-</td>
</tr>
<tr>
<td>Unamortised Discount - Interest</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial Losses</td>
<td>(18 564)</td>
<td>-</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>(2 025 119)</td>
<td>-</td>
</tr>
<tr>
<td>Bulk Purchases</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants and Subsidies Paid</td>
<td>(5 848 652)</td>
<td>-</td>
</tr>
<tr>
<td>Other Operating Grant Expenditure</td>
<td>(3 501 603)</td>
<td>-</td>
</tr>
<tr>
<td>General Expenses</td>
<td>(9 410 080)</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>(38 083 176)</td>
<td>(669 304)</td>
</tr>
</tbody>
</table>

Gains/(Loss) on Sale of Assets                                               | (117 268) | -       | (117 268)       |

Net Surplus/(Deficit) from discontinued operations                           | 383 173 | -       | 383 173         |

Net Surplus/(Deficit) for the year                                           | 4 993 655 | (615 901) | 4 377 754       |
36. **RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficit) for the year</td>
<td>(1 877 239)</td>
<td>4 377 754</td>
</tr>
</tbody>
</table>

**Adjustments for:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortisation</td>
<td>2 013 298</td>
<td>2 149 552</td>
</tr>
<tr>
<td>Loss/(Gain) on disposal of property, plant and equipment</td>
<td>6 525 471</td>
<td>117 268</td>
</tr>
<tr>
<td>Impairment Loss/(Reversal of Impairment Loss)</td>
<td>83 247</td>
<td>-</td>
</tr>
<tr>
<td>Contribution to provisions – Non-Current Provisions</td>
<td>332 918</td>
<td>-</td>
</tr>
<tr>
<td>Debt Impairment</td>
<td>181 636</td>
<td>44 424</td>
</tr>
<tr>
<td>Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses</td>
<td>919 317</td>
<td>18 564</td>
</tr>
<tr>
<td>Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains</td>
<td>(454 542)</td>
<td>(345 951)</td>
</tr>
<tr>
<td>Operating lease income accrued</td>
<td>(17 374)</td>
<td>(18 066)</td>
</tr>
</tbody>
</table>

Operating Surplus/(Deficit) before changes in working capital: 7 706 732 6 343 544

Changes in working capital: (15 853 050) 11 342 179

Increase/(Decrease) in Trade and Other Payables: (11 372 536) 11 771 228

Increase/(Decrease) in Employee Benefits: (801 619) 439 833

Increase/(Decrease) in Unspent Conditional Government Grants and Receipts: (1 714 642) (2 783 822)

Increase/(Decrease) in Taxes: (256 032) (439 909)

Increase/(Decrease) in Inventory: (198 565) 105 011

Increase/(Decrease) in Other Receivables from non-exchange transactions: (404 247) 2 249 838

Increase/(Decrease) in Unpaid Conditional Government Grants and Receipts: (1 105 408) -

Cash generated/(absorbed) by operations: (16 461 317) 17 685 724

37. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Accounts - Note 17</td>
<td>145 912</td>
<td>4 798 801</td>
</tr>
<tr>
<td>Call Investments Deposits - Note 17</td>
<td>63 102 116</td>
<td>71 985 747</td>
</tr>
<tr>
<td>Cash Floats - Note 17</td>
<td>755</td>
<td>755</td>
</tr>
</tbody>
</table>

Total cash and cash equivalents: 63 248 782 76 785 303

38. **RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**

Cash and Cash Equivalents - Note 37: 63 248 782 76 785 303

Less:

Unspent Committed Conditional Grants - Note 7: (11 685 054) (13 488 397)

Net cash resources available for internal distribution: 51 563 728 63 296 906

Allocated to:

Capital Replacement Reserve: (710 770) (1 837 177)

Resources available for working capital requirements: 50 852 958 61 459 729

39. **UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term Liabilities - Note 3: 178 186 4 378 478

Used to finance property, plant and equipment - at cost: (178 186) (4 378 478)

Cash set aside for the repayment of long-term liabilities: - -

Cash invested for repayment of long-term liabilities: - -

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.
## 40. BUDGET COMPARISONS

### 40.1 Operational Budget by source/type

#### Revenue by source

<table>
<thead>
<tr>
<th>Source</th>
<th>2011 Actual R</th>
<th>2011 Budget R</th>
<th>Variance R</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property rates</td>
<td>403 970</td>
<td>405 000</td>
<td>(1 030)</td>
<td>-0.25%</td>
</tr>
<tr>
<td>Property rates - penalties &amp; collection charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Service charges - electricity revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Service charges - water revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Service charges - sanitation revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Service charges - refuse revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Service charges - other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rental of facilities and equipment</td>
<td>577 317</td>
<td>907 000</td>
<td>(329 683)</td>
<td>-36.35%</td>
</tr>
<tr>
<td>Interest earned - external investments</td>
<td>3 407 420</td>
<td>1 800 000</td>
<td>1 607 420</td>
<td>89.30%</td>
</tr>
<tr>
<td>Interest earned - outstanding debtors</td>
<td>202 005</td>
<td>500</td>
<td>201 505</td>
<td>40300.98%</td>
</tr>
<tr>
<td>Dividends received</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fines</td>
<td>-</td>
<td>30 000</td>
<td>(30 000)</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Licences and Permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Agency services</td>
<td>1 474 404</td>
<td>41 734 000</td>
<td>(40 259 596)</td>
<td>-96.47%</td>
</tr>
<tr>
<td>Interest earned - external investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest earned - outstanding debtors</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Total Revenue (excluding capital transfers and contributions)

<table>
<thead>
<tr>
<th>Source</th>
<th>2011 Actual R</th>
<th>2011 Budget R</th>
<th>Variance R</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>63 117 741</td>
<td>105 705 500</td>
<td>(42 587 759)</td>
<td>-40.29%</td>
</tr>
</tbody>
</table>

#### Expenditure by Type

<table>
<thead>
<tr>
<th>Type</th>
<th>2011 Actual R</th>
<th>2011 Budget R</th>
<th>Variance R</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee related costs</td>
<td>(22 092 945)</td>
<td>(28 532 000)</td>
<td>6 439 055</td>
<td>-22.57%</td>
</tr>
<tr>
<td>Remuneration of councillors</td>
<td>(2 256 671)</td>
<td>(3 530 000)</td>
<td>1 273 129</td>
<td>-36.07%</td>
</tr>
<tr>
<td>Debt Impairment</td>
<td>(181 636)</td>
<td>(181 636)</td>
<td>-</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Depreciation &amp; asset impairment</td>
<td>(2 096 548)</td>
<td>(692 200)</td>
<td>(1 404 348)</td>
<td>-202.88%</td>
</tr>
<tr>
<td>Finance charges</td>
<td>(1 492 122)</td>
<td>(227 000)</td>
<td>(1 265 122)</td>
<td>557.32%</td>
</tr>
<tr>
<td>Bulk purchases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other materials</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contracted services</td>
<td>-</td>
<td>(100 000)</td>
<td>100 000</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Transfers and grants</td>
<td>(11 502 861)</td>
<td>(41 848 000)</td>
<td>30 345 439</td>
<td>-72.51%</td>
</tr>
<tr>
<td>Other expenditure</td>
<td>(18 846 826)</td>
<td>(34 471 000)</td>
<td>(15 624 174)</td>
<td>-45.33%</td>
</tr>
<tr>
<td>Loss on disposal of PPE</td>
<td>(6 525 471)</td>
<td>(6 525 471)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Total Expenditure

<table>
<thead>
<tr>
<th>Source</th>
<th>2011 Actual R</th>
<th>2011 Budget R</th>
<th>Variance R</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure</td>
<td>(64 994 980)</td>
<td>(109 400 200)</td>
<td>44 405 220</td>
<td>-40.59%</td>
</tr>
</tbody>
</table>

#### Surplus/(Deficit) for the year

<table>
<thead>
<tr>
<th>Source</th>
<th>2011 Actual R</th>
<th>2011 Budget R</th>
<th>Variance R</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficit)</td>
<td>(1 877 238)</td>
<td>(3 694 700)</td>
<td>1 817 462</td>
<td>-49.19%</td>
</tr>
</tbody>
</table>

#### Details of material variances

Underspending of the operating budget could be summarised as follow:

- MIG Funds not spend B-Municipalities and carried forward to the following year: 5 629 063
- Transfers and Grants not received or utilised during the year: 31 866 398
- Savings on salary budget due to vacant posts and discontinued operations: 6 439 055
- Savings on general expenses due to discontinued operations: 470 755

Total under expenditure: 44 405 220

### 40.2 Operational Budget by Standard Classification

#### Revenue - Standard

<table>
<thead>
<tr>
<th>Category</th>
<th>2011 Actual R</th>
<th>2011 Budget R</th>
<th>Variance R</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance and Administration</td>
<td>8 515 340</td>
<td>11 830 500</td>
<td>(3 315 160)</td>
<td>-28.02%</td>
</tr>
<tr>
<td>Budget and Treasury Office</td>
<td>25 580 449</td>
<td>28 030 000</td>
<td>(3 449 551)</td>
<td>-8.74%</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>1 490 845</td>
<td>7 239 000</td>
<td>(5 748 055)</td>
<td>-79.40%</td>
</tr>
<tr>
<td>Community and Social Services</td>
<td>-</td>
<td>1 878 000</td>
<td>(1 878 000)</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Sport and Recreation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety</td>
<td>666 704</td>
<td>1 335 000</td>
<td>(668 296)</td>
<td>-50.06%</td>
</tr>
<tr>
<td>Housing</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Health</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Economic and Environmental Services</td>
<td>16 799 200</td>
<td>24 793 000</td>
<td>(7 993 800)</td>
<td>-32.24%</td>
</tr>
<tr>
<td>Planning and Development</td>
<td>10 065 104</td>
<td>30 565 000</td>
<td>(20 499 896)</td>
<td>-67.07%</td>
</tr>
<tr>
<td>Road Transport</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trading Services</td>
<td>10 065 104</td>
<td>30 565 000</td>
<td>(20 499 896)</td>
<td>-67.07%</td>
</tr>
<tr>
<td>Electricity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Water</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Waste Water Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Waste Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>35 000</td>
<td>(35 000)</td>
<td>-100.00%</td>
<td></td>
</tr>
</tbody>
</table>

#### Total Revenue

<table>
<thead>
<tr>
<th>Source</th>
<th>2011 Actual R</th>
<th>2011 Budget R</th>
<th>Variance R</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>63 117 741</td>
<td>105 705 500</td>
<td>(42 587 759)</td>
<td>-40.29%</td>
</tr>
</tbody>
</table>
### Expenditure - Standard

<table>
<thead>
<tr>
<th>Category</th>
<th>2011 Actual R</th>
<th>2011 Budget R</th>
<th>Variance R</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance and Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive and council</td>
<td>(18 067 515)</td>
<td>(27 950 200)</td>
<td>9 882 685</td>
<td>-35.36%</td>
</tr>
<tr>
<td>Budget and Treasury Office</td>
<td>(3 268 909)</td>
<td>(4 536 000)</td>
<td>1 267 091</td>
<td>-27.93%</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>(6 928 105)</td>
<td>(7 808 000)</td>
<td>879 895</td>
<td>-11.27%</td>
</tr>
<tr>
<td>Community and Public Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community and Social Services</td>
<td>(3 272 737)</td>
<td>(4 516 000)</td>
<td>1 243 263</td>
<td>-27.53%</td>
</tr>
<tr>
<td>Sport and Recreation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td>(2 648 377)</td>
<td>(3 218 000)</td>
<td>569 623</td>
<td>-17.70%</td>
</tr>
<tr>
<td>Housing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>(50 866)</td>
<td>(84 000)</td>
<td>33 134</td>
<td>-39.45%</td>
</tr>
<tr>
<td>Economic and Environmental Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning and Development</td>
<td>(21 130 152)</td>
<td>(28 963 000)</td>
<td>7 832 848</td>
<td>-27.04%</td>
</tr>
<tr>
<td>Road Transport</td>
<td>(9 612 960)</td>
<td>(28 165 000)</td>
<td>19 552 040</td>
<td>-67.04%</td>
</tr>
<tr>
<td>Trading Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>(15 360)</td>
<td>(765 000)</td>
<td>749 640</td>
<td>-97.99%</td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td>(565 000)</td>
<td>565 000</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Waste Water Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>(1 830 000)</td>
<td>1 830 000</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>(64 994 980)</td>
<td>(109 400 200)</td>
<td>44 405 220</td>
<td>-40.59%</td>
</tr>
<tr>
<td>Surplus/(Deficit) for the year</td>
<td>(1 877 239)</td>
<td>(3 694 700)</td>
<td>1 817 461</td>
<td>-49.19%</td>
</tr>
</tbody>
</table>

#### Details of material variances

Refer to Annexure E(1) for explanations.

### 40.3 Capital Expenditure by Standard Classification

<table>
<thead>
<tr>
<th>Category</th>
<th>2011 Capital Expenditure R</th>
<th>Budget Capital Expenditure R</th>
<th>Variance R</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance and Administration</td>
<td>55 991</td>
<td>77 000</td>
<td>(21 009)</td>
<td>-27.28%</td>
</tr>
<tr>
<td>Budget and Treasury Office</td>
<td>331 968</td>
<td>455 000</td>
<td>(123 032)</td>
<td>-27.04%</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>573 420</td>
<td>1 441 000</td>
<td>(867 580)</td>
<td>-60.21%</td>
</tr>
<tr>
<td>Community and Public Safety</td>
<td>24 576</td>
<td>36 000</td>
<td>(11 424)</td>
<td>-31.73%</td>
</tr>
<tr>
<td>Economic and Environmental Services</td>
<td>203 960</td>
<td>228 000</td>
<td>(24 040)</td>
<td>-10.54%</td>
</tr>
<tr>
<td>Trading Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Water</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Waste Water Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Waste Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Capital Expenditure</td>
<td>1 189 915</td>
<td>2 245 000</td>
<td>(1 055 085)</td>
<td>-47.00%</td>
</tr>
</tbody>
</table>

#### Details of material variances

Refer to Annexure E(2) for explanations.
41. **UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

### Unauthorised expenditure

Reconciliation of unauthorised expenditure:

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>815 434</td>
<td>815 434</td>
</tr>
<tr>
<td>Unauthorised expenditure current year - operational</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unauthorised expenditure current year - capital</td>
<td>(815 434)</td>
<td>-</td>
</tr>
<tr>
<td>Approved by Council: URN29/11/2010</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to receivables for recovery</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unauthorised expenditure awaiting authorisation</td>
<td>-</td>
<td>815 434</td>
</tr>
</tbody>
</table>

### Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>1 530 457</td>
<td>1 530 457</td>
</tr>
<tr>
<td>Fruitless and wasteful expenditure current year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Condoned or written off by Council: URN29/11/2010</td>
<td>(1 530 457)</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to receivables for recovery - not condoned</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fruitless and wasteful expenditure awaiting condonement</td>
<td>-</td>
<td>1 530 457</td>
</tr>
</tbody>
</table>

### Irregular expenditure

Reconciliation of irregular expenditure:

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>6 323 059</td>
<td>6 204 215</td>
</tr>
<tr>
<td>Irregular expenditure current year</td>
<td>-</td>
<td>312 928</td>
</tr>
<tr>
<td>Recovered during the year (payment to Mayor)</td>
<td>-</td>
<td>(1 818)</td>
</tr>
<tr>
<td>Correction of Error - Note 35.4</td>
<td>-</td>
<td>(192 286)</td>
</tr>
<tr>
<td>Condoned or written off by Council: URN29/11/2010</td>
<td>(6 323 059)</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to receivables for recovery - not condoned</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Irregular expenditure awaiting condonement</td>
<td>-</td>
<td>6 323 059</td>
</tr>
</tbody>
</table>

42. **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

#### 42.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>53 616</td>
</tr>
<tr>
<td>Council subscriptions</td>
<td>173 591</td>
<td>151 218</td>
</tr>
<tr>
<td>Amount paid - current year</td>
<td>(173 591)</td>
<td>(53 616)</td>
</tr>
<tr>
<td>Amount paid - previous years</td>
<td>-</td>
<td>(151 218)</td>
</tr>
<tr>
<td>Balance unpaid (included in creditors)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### 42.2 Audit fees - [MFMA 125 (1)(c)]

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>38 189</td>
</tr>
<tr>
<td>Current year audit fee</td>
<td>863 099</td>
<td>862 285</td>
</tr>
<tr>
<td>External Audit - Auditor-General</td>
<td>863 099</td>
<td>862 285</td>
</tr>
<tr>
<td>Internal Audit - Audit Committee</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount paid - current year</td>
<td>(786 072)</td>
<td>(862 285)</td>
</tr>
<tr>
<td>Amount paid - previous year</td>
<td>-</td>
<td>(38 189)</td>
</tr>
<tr>
<td>Balance unpaid (included in creditors)</td>
<td>77 027</td>
<td>-</td>
</tr>
</tbody>
</table>

#### 42.3 VAT - [MFMA 125 (1)(c)]

<table>
<thead>
<tr>
<th></th>
<th>2011 R</th>
<th>2010 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>605 290</td>
<td>165 381</td>
</tr>
<tr>
<td>Amounts received - current year</td>
<td>(1 670 692)</td>
<td>(962 134)</td>
</tr>
<tr>
<td>Amounts claimed - current year (payable)</td>
<td>1 906 348</td>
<td>1 402 043</td>
</tr>
<tr>
<td>Amount paid - current year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount paid - previous year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance</td>
<td>840 946</td>
<td>605 290</td>
</tr>
</tbody>
</table>

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS.
42.4 PAYE and UIF - [MFMA 125 (1)(c)]

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year payroll deductions</td>
<td>2 961 818</td>
<td>3 068 035</td>
</tr>
<tr>
<td>Amount paid - current year</td>
<td>(2 961 818)</td>
<td>(3 068 035)</td>
</tr>
<tr>
<td>Balance unpaid (included in creditors)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

42.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year payroll deductions and Council Contributions</td>
<td>5 549 924</td>
<td>7 015 296</td>
</tr>
<tr>
<td>Amount paid - current year</td>
<td>(5 549 924)</td>
<td>(7 015 296)</td>
</tr>
<tr>
<td>Amount paid - previous year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance unpaid (included in creditors)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

42.6 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

<table>
<thead>
<tr>
<th>Less than R30,000</th>
<th>Between R30,001 and R200,000</th>
<th>Between R200,001 and R2,000,000</th>
<th>More than R2,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive &amp; Council</td>
<td>-</td>
<td>232 252</td>
<td>-</td>
</tr>
<tr>
<td>Financial Services</td>
<td>-</td>
<td>-</td>
<td>300 000</td>
</tr>
<tr>
<td>Technical Services</td>
<td>-</td>
<td>-</td>
<td>1 180 645</td>
</tr>
<tr>
<td></td>
<td></td>
<td>232 252</td>
<td>1 480 645</td>
</tr>
</tbody>
</table>

42.7 Commitments in respect of contracts:

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Services</th>
<th>Date awarded</th>
<th>Balance of contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nashua</td>
<td>Rental of photocopiers</td>
<td>01/02/2010</td>
<td>229 405</td>
</tr>
</tbody>
</table>

43. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity’s income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity’s surplus/(deficit) for the year due to changes in interest rates were as follow:

<table>
<thead>
<tr>
<th>Interest rate change</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in interest rates</td>
<td>630 698</td>
<td>724 061</td>
</tr>
<tr>
<td>Decrease in interest rates</td>
<td>(630 698)</td>
<td>(724 061)</td>
</tr>
</tbody>
</table>

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council’s Credit Control and Debt Collection Policy.

All rates are payable within 30 days from invoice date. Refer to note 15 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.
<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2011</th>
<th>2010</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-exchange Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates</td>
<td>7.94%</td>
<td>307 969</td>
<td>5.91%</td>
<td>205 439</td>
</tr>
<tr>
<td>Other</td>
<td>92.06%</td>
<td>3 570 443</td>
<td>94.09%</td>
<td>3 268 726</td>
</tr>
<tr>
<td></td>
<td>100.00%</td>
<td>3 878 411</td>
<td>100.00%</td>
<td>3 474 165</td>
</tr>
</tbody>
</table>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 15 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2011</th>
<th>2010</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-exchange Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates</td>
<td>0.00%</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>100.00%</td>
<td>2 874 371</td>
<td>100.00%</td>
<td>2 692 735</td>
</tr>
<tr>
<td></td>
<td>100.00%</td>
<td>2 874 371</td>
<td>100.00%</td>
<td>2 692 735</td>
</tr>
</tbody>
</table>

The provision for bad debts could be allocated between the different categories of receivables as follow:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2011</th>
<th>2010</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>82.17%</td>
<td>2 361 999</td>
<td>13.65%</td>
<td>367 601</td>
</tr>
<tr>
<td>Industrial</td>
<td>3.04%</td>
<td>87 242</td>
<td>2.13%</td>
<td>57 246</td>
</tr>
<tr>
<td>Residential</td>
<td>14.79%</td>
<td>425 129</td>
<td>84.22%</td>
<td>2 267 888</td>
</tr>
<tr>
<td></td>
<td>100.00%</td>
<td>2 874 371</td>
<td>100.00%</td>
<td>2 692 735</td>
</tr>
</tbody>
</table>

Bad debts written-off per receivable class:
Non-exchange Receivables

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2011</th>
<th>2010</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>R</td>
<td>%</td>
<td>R</td>
</tr>
<tr>
<td>Rates</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
<td>184 851</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>100.00%</td>
<td>184 851</td>
</tr>
</tbody>
</table>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Financial assets exposed to credit risk at year end are as follows:

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables from non-exchange transactions</td>
<td>3 878 411</td>
<td>3 474 165</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>63 248 027</td>
<td>76 784 548</td>
</tr>
<tr>
<td>Unpaid Conditional Grants and Subsidies</td>
<td>1 105 408</td>
<td>184 851</td>
</tr>
</tbody>
</table>

Total financial assets exposed to credit risk at year end: 80 258 713

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<table>
<thead>
<tr>
<th>Less than 1 year</th>
<th>Between 1 and 5 years</th>
<th>Between 5 and 10 years</th>
<th>More than 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2011</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>64 020</td>
<td>165 385</td>
<td>-</td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td>4 038 814</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unspent Conditional Grants and Receipts</td>
<td>11 685 054</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15 787 888</td>
<td>165 385</td>
<td>-</td>
</tr>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>64 020</td>
<td>229 405</td>
<td>-</td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td>15 322 649</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unspent Conditional Grants and Receipts</td>
<td>13 488 397</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>28 875 066</td>
<td>229 405</td>
<td>-</td>
</tr>
</tbody>
</table>

44. FINANCIAL INSTRUMENTS

In accordance with IAS 39.07 and IAS 39.09 the financial liabilities and assets of the municipality are classified as follows:

44.1 Financial Assets

<table>
<thead>
<tr>
<th>Classification</th>
<th>Investments</th>
<th>Receivables from Non-Exchange Transactions</th>
<th>Cash and Cash Equivalents</th>
<th>Total Financial Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted Investments</td>
<td>Available for sale</td>
<td>Available for sale</td>
<td>Available for sale</td>
<td>Available for sale</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
</tr>
<tr>
<td>Assessment Rates</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
</tr>
<tr>
<td>Bank Balances</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
</tr>
<tr>
<td>Call Deposits</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
</tr>
<tr>
<td>Cash Flows and Advances</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
<td>Loans and Receivables</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td><strong>64 253 968</strong></td>
<td><strong>77 514 476</strong></td>
<td><strong>129</strong></td>
<td><strong>1 146</strong></td>
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</table>
### Financial Instruments at amortised cost:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>Receivables from Non-exchange Transactions</td>
<td></td>
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<tr>
<td>Sundry Debtors</td>
<td>696 071</td>
<td>522 587</td>
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<td>Receivables from Non-exchange Transactions</td>
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<td>205 440</td>
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<td>Cash and Cash Equivalents</td>
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<td></td>
</tr>
<tr>
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<td>145 912</td>
<td>4 798 801</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Floats and Advances</td>
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<td>755</td>
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<td>Cash and Cash Equivalents</td>
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<td></td>
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<tr>
<td>Call Deposits</td>
<td>63 102 116</td>
<td>71 985 747</td>
</tr>
<tr>
<td></td>
<td>64 252 822</td>
<td>77 513 330</td>
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<td><strong>Total Financial Assets</strong></td>
<td>64 253 968</td>
<td>77 514 476</td>
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### 44.2 Financial Liabilities

#### Classification

<table>
<thead>
<tr>
<th>Description</th>
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</thead>
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<tr>
<td>Long-term Liabilities</td>
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<td></td>
</tr>
<tr>
<td>Annuity Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitalised Lease Liability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments received in advance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Portion of Long-term Liabilities</td>
<td></td>
<td></td>
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<td>Annuity Loans</td>
<td></td>
<td></td>
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<tr>
<td>Capitalised Lease Liability</td>
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**SUMMARY OF FINANCIAL LIABILITIES**

<table>
<thead>
<tr>
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<td>Long-term Liabilities</td>
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<tr>
<td>Annuity Loans</td>
<td>3 486 673</td>
<td>3 486 673</td>
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<tr>
<td>Capitalised Lease Liability</td>
<td>137 309</td>
<td>178 186</td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Creditors</td>
<td>97 630</td>
<td>2 783 154</td>
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<tr>
<td>Payments received in advance</td>
<td>64 144</td>
<td>25 365</td>
</tr>
<tr>
<td>Other Creditors</td>
<td>3 877 040</td>
<td>12 650 229</td>
</tr>
</tbody>
</table>

#### Events after the Reporting Date

Namakwa District Municipality is from 1 July 2011 no longer an agent for Department of Roads and Public Works. The maintenance of roads function was transferred back to the department.

Graders and radio's with a book value of R78 331 was donated to farming communities after year-end.

#### In-kind Donations and Assistance

The municipality did not receive any in-kind donations or assistance during the year under review.

#### Private Public Partnerships

Council has not entered into any private public partnerships during the financial year.

#### Contingent Liability

5 Employees of Namakwa District Municipality is currently in dispute with the municipality. Houses rent by these employees from the municipality are charged at market related rates. The employees are of the opinion that the rates charged should be 6% of their basic salary. Additional employees tax of R19 244 must be deducted from the salaries of these employees and paid over to SARS if employees are successful in their case.

#### Related Parties

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers.

#### Compensation of Key Management Personnel

The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.

#### Going Concern

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.
### Reconciliation of Carrying Value

<table>
<thead>
<tr>
<th>Carrying value at 1 July 2010</th>
<th>Land and Buildings R</th>
<th>Infrastructure R</th>
<th>Community R</th>
<th>Heritage R</th>
<th>Lease Assets R</th>
<th>Other R</th>
<th>Housing R</th>
<th>Total R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>9 671 564</td>
<td>9 186 280</td>
<td>159 133</td>
<td>-</td>
<td>226 899</td>
<td>8 594 265</td>
<td>-</td>
<td>16 964 451</td>
</tr>
<tr>
<td>Original Cost</td>
<td>9 671 564</td>
<td>9 186 280</td>
<td>159 133</td>
<td>-</td>
<td>226 899</td>
<td>8 594 265</td>
<td>-</td>
<td>27 838 141</td>
</tr>
<tr>
<td>Change in Accounting Policy - Note 34.1</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(5 240 671)</td>
<td>(2 448 177)</td>
<td>(111 393)</td>
<td>-</td>
<td>(18 908)</td>
<td>(3 054 541)</td>
<td>-</td>
<td>(10 873 690)</td>
</tr>
<tr>
<td>Original Cost</td>
<td>(5 240 671)</td>
<td>(2 448 177)</td>
<td>(111 393)</td>
<td>-</td>
<td>(18 908)</td>
<td>(3 054 541)</td>
<td>-</td>
<td>(10 873 690)</td>
</tr>
<tr>
<td>Correction of Error - Note 35.4</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Acquisitions</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>715 474</td>
<td>-</td>
<td>989 420</td>
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<tr>
<td>Capital under Construction</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(193 221)</td>
<td>(267 798)</td>
<td>(3 163)</td>
<td>-</td>
<td>(45 380)</td>
<td>(1 286 015)</td>
<td>-</td>
<td>(1 795 507)</td>
</tr>
<tr>
<td>Normal Depreciation</td>
<td>(193 221)</td>
<td>(267 798)</td>
<td>(3 163)</td>
<td>-</td>
<td>(45 380)</td>
<td>(1 286 015)</td>
<td>-</td>
<td>(1 795 507)</td>
</tr>
<tr>
<td>Backlog Depreciation previously not recorded</td>
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<td>-</td>
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<td>-</td>
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</tr>
<tr>
<td>Impairment loss</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>(63 247)</td>
<td>-</td>
<td>(63 247)</td>
</tr>
<tr>
<td>Derecognition</td>
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<td>-</td>
<td>-</td>
<td>(118 417)</td>
<td>(6 525 471)</td>
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</tr>
<tr>
<td>Cost</td>
<td>-</td>
<td>(9 080 863)</td>
<td>-</td>
<td>-</td>
<td>(398 825)</td>
<td>(9 479 688)</td>
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<td>Accumulated Depreciation</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>260 408</td>
<td>2 954 217</td>
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<tr>
<td>Carrying value at 30 June 2011</td>
<td>4 511 618</td>
<td>63 251</td>
<td>44 557</td>
<td>-</td>
<td>162 611</td>
<td>4 767 519</td>
<td>-</td>
<td>9 549 556</td>
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<tr>
<td>Cost</td>
<td>9 945 599</td>
<td>105 417</td>
<td>159 133</td>
<td>-</td>
<td>226 899</td>
<td>8 910 914</td>
<td>-</td>
<td>19 347 872</td>
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<tr>
<td>Original Cost</td>
<td>9 945 599</td>
<td>105 417</td>
<td>159 133</td>
<td>-</td>
<td>226 899</td>
<td>8 910 914</td>
<td>-</td>
<td>19 347 872</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(5 433 892)</td>
<td>(42 165)</td>
<td>(114 576)</td>
<td>-</td>
<td>(64 288)</td>
<td>(4 143 395)</td>
<td>-</td>
<td>(9 798 316)</td>
</tr>
<tr>
<td>Original Cost</td>
<td>(5 433 892)</td>
<td>(42 165)</td>
<td>(114 576)</td>
<td>-</td>
<td>(64 288)</td>
<td>(4 143 395)</td>
<td>-</td>
<td>(9 798 316)</td>
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</table>
## 10.2 30 JUNE 2010

### Reconciliation of Carrying Value

<table>
<thead>
<tr>
<th></th>
<th>Land and Buildings</th>
<th>Infrastructure</th>
<th>Community</th>
<th>Heritage</th>
<th>Lease</th>
<th>Assets</th>
<th>Other</th>
<th>Housing</th>
<th>Total</th>
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<tr>
<td><strong>Carrying value at 1 July 2009</strong></td>
<td>4 644 061</td>
<td>6 997 138</td>
<td>50 923</td>
<td>-</td>
<td>-</td>
<td>4 850 643</td>
<td>-</td>
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<tr>
<td><strong>Cost</strong></td>
<td>8 449 848</td>
<td>9 098 895</td>
<td>1 903 811</td>
<td>-</td>
<td>-</td>
<td>7 025 092</td>
<td>-</td>
<td>26 477 646</td>
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<tr>
<td><strong>Original Cost</strong></td>
<td>4 507 002</td>
<td>9 098 895</td>
<td>1 903 811</td>
<td>-</td>
<td>-</td>
<td>7 025 092</td>
<td>-</td>
<td>22 535 400</td>
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<tr>
<td><strong>Accumulated Depreciation</strong></td>
<td>(3 805 787)</td>
<td>(2 101 757)</td>
<td>(1 852 888)</td>
<td>-</td>
<td>-</td>
<td>(2 174 449)</td>
<td>-</td>
<td>(9 934 881)</td>
<td></td>
</tr>
<tr>
<td><strong>Original Cost</strong></td>
<td>(3 997 899)</td>
<td>(2 129 987)</td>
<td>(1 903 811)</td>
<td>-</td>
<td>-</td>
<td>(3 657 313)</td>
<td>-</td>
<td>(11 889 010)</td>
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</tr>
<tr>
<td><strong>Correction of Error</strong></td>
<td>192 112</td>
<td>28 230</td>
<td>50 923</td>
<td>-</td>
<td>-</td>
<td>1 682 864</td>
<td>-</td>
<td>1 954 129</td>
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<td>-</td>
<td>245 504</td>
<td>-</td>
<td>2 388 338</td>
<td>2 633 842</td>
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<td><strong>Proceeds on Sale of Assets</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>266 346</td>
<td>-</td>
<td>266 264</td>
<td>-</td>
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<tr>
<td><strong>Depreciation</strong></td>
<td>(215 753)</td>
<td>(339 331)</td>
<td>(3 183)</td>
<td>-</td>
<td>(18 908)</td>
<td>(1 867 155)</td>
<td>-</td>
<td>(2 444 329)</td>
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<td><strong>Original Cost</strong></td>
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<td>(323 779)</td>
<td>(15 552)</td>
<td>-</td>
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<td>(1 867 155)</td>
<td>-</td>
<td>(2 444 329)</td>
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</tr>
<tr>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>(87 385)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>7 090</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Impairment losses</strong></td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>(34 090)</td>
<td>-</td>
<td>(34 090)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Carrying value at 30 June 2010</strong></td>
<td>4 428 308</td>
<td>6 738 103</td>
<td>47 740</td>
<td>-</td>
<td>-</td>
<td>5 523 706</td>
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<td>16 964 452</td>
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</tr>
<tr>
<td><strong>Cost</strong></td>
<td>9 671 564</td>
<td>9 186 280</td>
<td>159 133</td>
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<td>-</td>
<td>8 594 265</td>
<td>-</td>
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<tr>
<td><strong>Original Cost</strong></td>
<td>9 671 564</td>
<td>9 186 280</td>
<td>159 133</td>
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<td>8 594 265</td>
<td>-</td>
<td>27 838 141</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated Depreciation</strong></td>
<td>(5 240 671)</td>
<td>(2 448 177)</td>
<td>(111 393)</td>
<td>-</td>
<td>(18 908)</td>
<td>(3 054 541)</td>
<td>-</td>
<td>(10 873 690)</td>
<td></td>
</tr>
<tr>
<td><strong>Original Cost</strong></td>
<td>(5 240 671)</td>
<td>(2 448 177)</td>
<td>(111 393)</td>
<td>-</td>
<td>(18 908)</td>
<td>(3 054 541)</td>
<td>-</td>
<td>(10 873 690)</td>
<td></td>
</tr>
</tbody>
</table>

Refer to Appendix B for a more detailed disclosure of Property, Plant and Equipment.

Since the previous reporting date the following Property, Plant and Equipment were measured in accordance with GRAP 17 and restated retrospectively:

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<th>2010</th>
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</thead>
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<td><strong>Accumulated depreciation as a result of review of useful lives.</strong></td>
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<tr>
<td></td>
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</table>

132
# NAMAKWA DISTRICT MUNICIPALITY
## Schedule of External Loans as at 30 June 2011

<table>
<thead>
<tr>
<th>External Loans</th>
<th>Rate</th>
<th>Loan Number</th>
<th>Redeemable</th>
<th>Balance at 30 June 2010</th>
<th>Received during the period</th>
<th>Redeemed written off during the period</th>
<th>Balance at 30 June 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annuity Loans</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DBSA 100126</td>
<td>30/06/2013</td>
<td>1 854 168</td>
<td></td>
<td>1 854 168</td>
<td>-</td>
<td>1 854 168</td>
<td>-</td>
</tr>
<tr>
<td>DBSA Various</td>
<td>2018/2019</td>
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<td></td>
<td>2 310 723</td>
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<td>2 310 723</td>
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</tr>
<tr>
<td><strong>Total Annuity Loans</strong></td>
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<td></td>
<td></td>
<td>4 164 891</td>
<td>-</td>
<td>4 164 891</td>
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</tr>
<tr>
<td><strong>Lease Liability</strong></td>
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</tr>
<tr>
<td>Office Equipment</td>
<td>30/06/2009</td>
<td>213 587</td>
<td></td>
<td>35 401</td>
<td>178 186</td>
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<td></td>
</tr>
<tr>
<td><strong>Total Lease Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td>213 587</td>
<td>-</td>
<td>35 401</td>
<td>178 186</td>
</tr>
<tr>
<td><strong>Total External Loans</strong></td>
<td></td>
<td></td>
<td></td>
<td>4 378 478</td>
<td>-</td>
<td>4 200 292</td>
<td>178 186</td>
</tr>
</tbody>
</table>

---

**APPENDIX A**

NAMAKWA DISTRICT MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011
## APPENDIX B
NAMAKWA DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

<table>
<thead>
<tr>
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<th>Cost/Revaluation</th>
<th>Accumulated Depreciation</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Opening Balance</td>
<td>Closing Balance</td>
</tr>
<tr>
<td></td>
<td>Additions</td>
<td>Under Construction</td>
</tr>
<tr>
<td></td>
<td>Disposals</td>
<td>Impairments Disposals</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Land and Buildings</strong></td>
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<td></td>
</tr>
<tr>
<td>Land</td>
<td>1 822 809</td>
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</tr>
<tr>
<td>Buildings</td>
<td>5 729 284</td>
<td>2 119 437</td>
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<td>273 946</td>
<td>273 946</td>
</tr>
<tr>
<td></td>
<td>139 121</td>
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</tr>
<tr>
<td></td>
<td>3 942 246</td>
<td>3 942 246</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
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</tr>
<tr>
<td>Drains</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Roads and Streets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Beach Improvements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sewerage Mains and Purification</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Electricity mains</td>
<td>9 080 863</td>
<td>(9 080 863)</td>
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<tr>
<td></td>
<td></td>
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</tr>
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<td></td>
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</tr>
<tr>
<td><strong>Community Assets</strong></td>
<td></td>
<td></td>
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<tr>
<td>Parks and Gardens</td>
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<td>Libraries</td>
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<tr>
<td>Recreation Grounds</td>
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<td>Civic Buildings</td>
<td>159 133</td>
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<td><strong>Heritage Assets</strong></td>
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<tr>
<td><strong>Total carried forward</strong></td>
<td>15 074 730</td>
<td>3 942 246</td>
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<tr>
<td></td>
<td>5 590 632</td>
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### APPENDIX B

NAMAKWA DISTRICT MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

<table>
<thead>
<tr>
<th>Cost/Revaluation</th>
<th>Accumulated Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>Change in Accounting</td>
</tr>
<tr>
<td></td>
<td>Policy/Correction of</td>
</tr>
<tr>
<td></td>
<td>Error</td>
</tr>
<tr>
<td>Additions</td>
<td>Under Construction</td>
</tr>
<tr>
<td>Disposals/Impairment</td>
<td>Closing Balance</td>
</tr>
<tr>
<td>Opening Balance</td>
<td>Change in Accounting</td>
</tr>
<tr>
<td></td>
<td>Policy/Correction of</td>
</tr>
<tr>
<td></td>
<td>Error</td>
</tr>
<tr>
<td>Additions</td>
<td>Disposals/Impairment</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>Closing Balance</td>
</tr>
<tr>
<td></td>
<td>Carrying Value</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lease Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment (Lease)</td>
</tr>
<tr>
<td>Opening Balance</td>
</tr>
<tr>
<td>Additions</td>
</tr>
<tr>
<td>Under Construction</td>
</tr>
<tr>
<td>Disposals/Impairment</td>
</tr>
<tr>
<td>Closing Balance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Assets</th>
</tr>
</thead>
<tbody>
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<td>Office Equipment</td>
</tr>
<tr>
<td>Opening Balance</td>
</tr>
<tr>
<td>Additions</td>
</tr>
<tr>
<td>Under Construction</td>
</tr>
<tr>
<td>Disposals/Impairment</td>
</tr>
<tr>
<td>Closing Balance</td>
</tr>
<tr>
<td>Additions</td>
</tr>
<tr>
<td>Under Construction</td>
</tr>
<tr>
<td>Disposals/Impairment</td>
</tr>
<tr>
<td>Closing Balance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Assets</td>
</tr>
<tr>
<td>Office Equipment (Lease)</td>
</tr>
<tr>
<td>Opening Balance</td>
</tr>
<tr>
<td>Additions</td>
</tr>
<tr>
<td>Under Construction</td>
</tr>
<tr>
<td>Disposals/Impairment</td>
</tr>
<tr>
<td>Closing Balance</td>
</tr>
<tr>
<td>Lease Assets</td>
</tr>
<tr>
<td>Office Equipment</td>
</tr>
<tr>
<td>Opening Balance</td>
</tr>
<tr>
<td>Additions</td>
</tr>
<tr>
<td>Under Construction</td>
</tr>
<tr>
<td>Disposals/Impairment</td>
</tr>
<tr>
<td>Closing Balance</td>
</tr>
<tr>
<td>Additions</td>
</tr>
<tr>
<td>Under Construction</td>
</tr>
<tr>
<td>Disposals/Impairment</td>
</tr>
<tr>
<td>Closing Balance</td>
</tr>
</tbody>
</table>
## APPENDIX C

**NAMAKWA DISTRICT MUNICIPALITY**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

**GENERAL FINANCE STATISTICS CLASSIFICATION**

<table>
<thead>
<tr>
<th>Cost/Revaluation</th>
<th>Accumulated Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>Change in Accounting Policy/Correction of Error</td>
</tr>
<tr>
<td>------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Executive Mayor</td>
<td>134 571</td>
</tr>
<tr>
<td>Mayor: PA</td>
<td>13 025</td>
</tr>
<tr>
<td>Speaker</td>
<td>65 337</td>
</tr>
<tr>
<td>Speaker: Secretary</td>
<td>35 889</td>
</tr>
<tr>
<td>Council: Councillors</td>
<td>5 432</td>
</tr>
<tr>
<td>Council Exp: Admin</td>
<td>6 377 382</td>
</tr>
<tr>
<td>Community Development Officer</td>
<td>15 540</td>
</tr>
<tr>
<td>Municipal Manager</td>
<td>116 366</td>
</tr>
<tr>
<td>Municipal Manager Admin</td>
<td>47 487</td>
</tr>
<tr>
<td>Deputy Municipal Manager</td>
<td>-</td>
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<tr>
<td>Internal Audit</td>
<td>25 678</td>
</tr>
<tr>
<td>Administration - Admin</td>
<td>685 474</td>
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<td>Administration - HR</td>
<td>79 612</td>
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<tr>
<td>Equitable Share</td>
<td>-</td>
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<tr>
<td>Manager - Finance</td>
<td>913 010</td>
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<tr>
<td>Finance - Income</td>
<td>-</td>
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<tr>
<td>Finance - Expenditure</td>
<td>-</td>
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<tr>
<td>Safety</td>
<td>674 717</td>
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<tr>
<td>Head - Economic Development</td>
<td>60 320</td>
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<tr>
<td>Development &amp; Marketing Officer</td>
<td>-</td>
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<tr>
<td>Tourism</td>
<td>290 014</td>
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<tr>
<td>Problem Animal Control</td>
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<tr>
<td>Head: Socio-Economic Develop</td>
<td>-</td>
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<tr>
<td>RMS</td>
<td>397 807</td>
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<td>Head Projects</td>
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<td>801 414</td>
</tr>
<tr>
<td>Council Vehicles</td>
<td>3 532 571</td>
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<tr>
<td>Council Projects</td>
<td>4 983 408</td>
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<tr>
<td>Environmental Health</td>
<td>106 967</td>
</tr>
<tr>
<td>Operational and Maintenance</td>
<td>14 597</td>
</tr>
<tr>
<td>PMU</td>
<td>872</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23 877 290</td>
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### APPENDIX D

**NAMAKWA DISTRICT MUNICIPALITY**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2 303 190</td>
<td>13 025 775</td>
<td>(10 722 585)</td>
<td>Executive &amp; Council 8 515 340</td>
<td>18 067 515</td>
<td>(9 552 175)</td>
</tr>
<tr>
<td>25 198 848</td>
<td>4 809 250</td>
<td>20 389 598</td>
<td>Budget &amp; Treasury Office 25 580 449</td>
<td>3 268 909</td>
<td>22 311 540</td>
</tr>
<tr>
<td>1 485 642</td>
<td>5 955 079</td>
<td>(4 469 437)</td>
<td>Corporate Services 1 490 945</td>
<td>6 928 105</td>
<td>(5 437 160)</td>
</tr>
<tr>
<td>25 198 848</td>
<td>4 809 250</td>
<td>20 389 598</td>
<td>Planning &amp; Development 16 799 200</td>
<td>21 130 152</td>
<td>(4 330 952)</td>
</tr>
<tr>
<td>1 485 642</td>
<td>5 955 079</td>
<td>(4 469 437)</td>
<td>Health -</td>
<td>50 866</td>
<td>(50 866)</td>
</tr>
<tr>
<td>1 485 642</td>
<td>5 955 079</td>
<td>(4 469 437)</td>
<td>Community &amp; Social Services -</td>
<td>3 272 737</td>
<td>(3 272 737)</td>
</tr>
<tr>
<td>1 485 642</td>
<td>5 955 079</td>
<td>(4 469 437)</td>
<td>Housing -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>25 198 848</td>
<td>4 809 250</td>
<td>20 389 598</td>
<td>Public Safety 666 704</td>
<td>2 648 377</td>
<td>(1 981 673)</td>
</tr>
<tr>
<td>1 485 642</td>
<td>5 955 079</td>
<td>(4 469 437)</td>
<td>Sport and Recreation -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1 485 642</td>
<td>5 955 079</td>
<td>(4 469 437)</td>
<td>Environmental Protection -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1 485 642</td>
<td>5 955 079</td>
<td>(4 469 437)</td>
<td>Waste Management -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1 485 642</td>
<td>5 955 079</td>
<td>(4 469 437)</td>
<td>Waste Water Management -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>20 806 243</td>
<td>20 806 243</td>
<td>-</td>
<td>Road Transport 10 065 104</td>
<td>9 612 960</td>
<td>452 144</td>
</tr>
<tr>
<td>1 485 642</td>
<td>5 955 079</td>
<td>(4 469 437)</td>
<td>Water -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>600</td>
<td>98 550</td>
<td>(97 950)</td>
<td>Electricity -</td>
<td>15 360</td>
<td>(15 360)</td>
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<tr>
<td>60 994 994</td>
<td>56 617 240</td>
<td>4 377 754</td>
<td>Sub Total 63 117 741</td>
<td>64 994 980</td>
<td>(1 877 239)</td>
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<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Less Inter-Departmental Charges -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>60 994 994</td>
<td>56 617 240</td>
<td>4 377 754</td>
<td>Total 63 117 741</td>
<td>64 994 980</td>
<td>(1 877 239)</td>
</tr>
</tbody>
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## APPENDIX E(1)

NAMAKWA DISTRICT MUNICIPALITY

REVENUE AND EXPENDITURE

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011

GENERAL FINANCE STATISTIC CLASSIFICATIONS

<table>
<thead>
<tr>
<th></th>
<th>2011 Actual (R)</th>
<th>2011 Budget (R)</th>
<th>2011 Variance (R)</th>
<th>2011 Variance (%)</th>
<th>Explanation of Significant Variances greater than 10% versus Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property rates</td>
<td>403 970</td>
<td>405 000</td>
<td>(1 030)</td>
<td>-0.25%</td>
<td></td>
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<tr>
<td>Government Grants and Subsidies</td>
<td>55 760 294</td>
<td>60 047 000</td>
<td>(4 286 706)</td>
<td>-7.14%</td>
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</tr>
<tr>
<td>Public Contributions and Donations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Contributed PPE</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
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<tr>
<td>Fines</td>
<td>-</td>
<td>30 000</td>
<td>(30 000)</td>
<td>-100.00%</td>
<td>Incorrect Budgeting</td>
</tr>
<tr>
<td>Third Party Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Actuarial gains</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
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</tr>
<tr>
<td>Dividends received</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Property rates - Penalties &amp; Collection Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Service Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Water Services Authority Contribution</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Rental of Facilities and Equipment</td>
<td>577 317</td>
<td>907 000</td>
<td>(329 683)</td>
<td>-36.35%</td>
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</tr>
<tr>
<td>Interest Earned - External Investments</td>
<td>3 407 420</td>
<td>1 800 000</td>
<td>1 607 420</td>
<td>89.30% Additional interest received</td>
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<td>Interest Earned - Outstanding Receivables</td>
<td>202 005</td>
<td>500</td>
<td>201 505</td>
<td>40300.98% Additional interest received</td>
<td></td>
</tr>
<tr>
<td>Licences and Permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
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</tr>
<tr>
<td>Agency Services</td>
<td>1 474 404</td>
<td>41 734 000</td>
<td>(40 259 596)</td>
<td>-96.47% Incorrect Budgeting</td>
<td></td>
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<tr>
<td>Other Income</td>
<td>1 292 332</td>
<td>510 332</td>
<td>782 000</td>
<td>65.26% Additional income received</td>
<td></td>
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<tr>
<td>Unamortised discount - Interest</td>
<td>-</td>
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<td>0.00%</td>
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<tr>
<td>Gains on Disposal of PPE</td>
<td>-</td>
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<td>-</td>
<td>0.00%</td>
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<tr>
<td>Reversal of Impairment Loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
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<tr>
<td>Changes in Fair Value</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Inventory: Reversal of write-down to Net Realisable Value</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>63 117 741</td>
<td>105 705 500</td>
<td>(42 587 759)</td>
<td>-40.29%</td>
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</table>

**Expenditure**

<table>
<thead>
<tr>
<th></th>
<th>2011 Actual (R)</th>
<th>2011 Budget (R)</th>
<th>2011 Variance (R)</th>
<th>2011 Variance (%)</th>
<th>Explanation of Significant Variances greater than 10% versus Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive &amp; Council</td>
<td>(18 067 515)</td>
<td>(29 780 200)</td>
<td>11 712 685</td>
<td>-39.33% Incorrect budgeting</td>
<td></td>
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<tr>
<td>Budget &amp; Treasury Office</td>
<td>(3 268 909)</td>
<td>(4 536 000)</td>
<td>1 267 091</td>
<td>-27.93% Incorrect budgeting</td>
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</tr>
<tr>
<td>Corporals Services</td>
<td>(6 928 105)</td>
<td>(7 808 000)</td>
<td>879 895</td>
<td>-11.27% Incorrect budgeting</td>
<td></td>
</tr>
<tr>
<td>Planning &amp; Development</td>
<td>(21 130 152)</td>
<td>(28 963 000)</td>
<td>7 832 848</td>
<td>-27.04% Incorrect budgeting</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>(50 866)</td>
<td>(84 000)</td>
<td>33 134</td>
<td>-39.45% Incorrect budgeting</td>
<td></td>
</tr>
<tr>
<td>Community &amp; Social Services</td>
<td>(3 272 737)</td>
<td>(4 516 000)</td>
<td>1 243 263</td>
<td>-27.53% Incorrect budgeting</td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td>(2 648 377)</td>
<td>(3 218 000)</td>
<td>569 623</td>
<td>-17.70% Incorrect budgeting</td>
<td></td>
</tr>
<tr>
<td>Sport &amp; Recreation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
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</tr>
<tr>
<td>Environmental Protection</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Waste Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Waste Water Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Road Transport</td>
<td>(9 612 960)</td>
<td>(29 165 000)</td>
<td>19 552 040</td>
<td>-67.04% Incorrect budgeting</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>(565 000)</td>
<td>(565 000)</td>
<td>-100.00%</td>
<td>Swartzkop not promulgated as a town</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>(15 360)</td>
<td>(765 000)</td>
<td>749 640</td>
<td>-97.99% Swartzkop not promulgated as a town</td>
<td></td>
</tr>
<tr>
<td>Less: Interdepartmental Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>(64 994 980)</td>
<td>(109 400 200)</td>
<td>44 405 220</td>
<td>-40.59%</td>
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**Net Surplus/(Deficit) For the Year**

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<tr>
<th></th>
<th>2011 Actual (R)</th>
<th>2011 Budget (R)</th>
<th>2011 Variance (R)</th>
<th>2011 Variance (%)</th>
<th>Explanation of Significant Variances greater than 10% versus Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1 877 238)</td>
<td>(2 694 700)</td>
<td>817 462</td>
<td>-49.19%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIX E (2)

**NAMAKWA DISTRICT MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive &amp; Council</td>
<td>55 991</td>
<td>-</td>
<td>55 991</td>
<td>77 000</td>
<td>(21 009)</td>
<td>-27.28% Savings on budget due to economic purchases</td>
</tr>
<tr>
<td>Budget &amp; Treasury Office</td>
<td>331 968</td>
<td>-</td>
<td>331 968</td>
<td>455 000</td>
<td>(123 032)</td>
<td>-27.04% Roll-over of budget</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>573 420</td>
<td>-</td>
<td>573 420</td>
<td>1 441 000</td>
<td>(867 580)</td>
<td>-60.21% Roll-over of budget</td>
</tr>
<tr>
<td>Planning &amp; Development</td>
<td>200 495</td>
<td>-</td>
<td>200 495</td>
<td>228 000</td>
<td>(27 505)</td>
<td>-12.06% Roll-over of budget</td>
</tr>
<tr>
<td>Health</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Community &amp; Social Services</td>
<td>24 576</td>
<td>-</td>
<td>24 576</td>
<td>36 000</td>
<td>(11 424)</td>
<td>-31.73% Savings on budget due to economic purchases</td>
</tr>
<tr>
<td>Housing</td>
<td>-</td>
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<tr>
<td>Public Safety</td>
<td>3 465</td>
<td>-</td>
<td>3 465</td>
<td>8 000</td>
<td>(4 535)</td>
<td>-56.69% Savings on budget due to economic purchases</td>
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<td>Sport &amp; Recreation</td>
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<tr>
<td>Waste Management</td>
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<tr>
<td>Waste Water Management</td>
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<td>Electricity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1 189 915</td>
<td>-</td>
<td>1 189 915</td>
<td>2 245 000</td>
<td>(1 055 085)</td>
<td>-47.00%</td>
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### APPENDIX F

**NAMAKWA DISTRICT MUNICIPALITY**

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

<table>
<thead>
<tr>
<th>Grant Description</th>
<th>Balance 30 June 2010</th>
<th>Contributions during the year</th>
<th>Correction of Error</th>
<th>Other Operating Income</th>
<th>Operating Expenditure during the year Transferred to Revenue</th>
<th>Capital Expenditure during the year Transferred to Revenue</th>
<th>Balance 30 June 2011</th>
<th>Unspent 30 June 2011 (Creditor)</th>
<th>Unpaid 30 June 2011 (Debtor)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Government Grants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Finance Management Grant</td>
<td>125 741</td>
<td>1 000 000</td>
<td>-</td>
<td>-</td>
<td>(1 091 354)</td>
<td>(31 253)</td>
<td>3 134</td>
<td>3 134</td>
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<tr>
<td>RSC Levies Replacement Grant</td>
<td>-</td>
<td>22 808 508</td>
<td>-</td>
<td>-</td>
<td>(22 808 508)</td>
<td></td>
<td>-</td>
<td>-</td>
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<tr>
<td>Equitable Share</td>
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<td>-</td>
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<td>Conciliators Remuneration Grant</td>
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<td>-</td>
<td>-</td>
<td>(778 000)</td>
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<tr>
<td>Municipal Infrastructure Grant</td>
<td>6 306 104</td>
<td>5 242 000</td>
<td>-</td>
<td>-</td>
<td>(5 919 041)</td>
<td>5 629 063</td>
<td>5 629 063</td>
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<tr>
<td>Municipal System Improvement Grant</td>
<td>184 599</td>
<td>150 000</td>
<td>-</td>
<td>-</td>
<td>(332 452)</td>
<td>4 117</td>
<td>2 117</td>
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<td>PIMS</td>
<td>1 439 759</td>
<td>600 001</td>
<td>88 700</td>
<td>-</td>
<td>(995 860)</td>
<td>(3 465)</td>
<td>1 129 135</td>
<td>1 129 135</td>
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<td><strong>Total National Government Grants</strong></td>
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<td>36 282 509</td>
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<td>(37 629 246)</td>
<td>(34 718)</td>
<td>6 763 448</td>
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<td><strong>Provincial Government Grants</strong></td>
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<td>Border Fencing</td>
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<td>Civil Defence Subsidy</td>
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<td>Department of Transport</td>
<td>632 143</td>
<td>14 445 102</td>
<td>-</td>
<td>-</td>
<td>(16 182 652)</td>
<td>- (1 105 406)</td>
<td>- (1 105 406)</td>
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<td>Drought Relief</td>
<td>357 262</td>
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<td>(286 388)</td>
<td>73 874</td>
<td>73 874</td>
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<td>EPWP</td>
<td>135 792</td>
<td>206 000</td>
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<td>341 792</td>
<td>341 792</td>
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<td>Fire Equipment Grant</td>
<td>307 515</td>
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<td>-</td>
<td>(86 391)</td>
<td>(28 790)</td>
<td>542 334</td>
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<td>DFPLDO</td>
<td>420 906</td>
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<td>-</td>
<td>-</td>
<td>(28 350)</td>
<td>392 556</td>
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<td>Komaggas Road</td>
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<td>Namakwa Sanitation Bucket System</td>
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<td>213 395</td>
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<td>500 000</td>
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<td>500 000</td>
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<td>Nieuwoudville Access Road</td>
<td>-</td>
<td>900 000</td>
<td>-</td>
<td>-</td>
<td>(551 523)</td>
<td>- 348 477</td>
<td>348 477</td>
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<td>Saakrivier Bridge</td>
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<td>512 623</td>
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<td>512 623</td>
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<tr>
<td>Contingency Fund</td>
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<td>-</td>
<td>(126 333)</td>
<td>791 594</td>
<td>791 594</td>
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<td>42 555</td>
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<td>42 555</td>
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<tr>
<td>Electronic Filing System</td>
<td>15 227</td>
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<td>15 227</td>
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<td>15 227</td>
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<tr>
<td><strong>Total Provincial Government Grants</strong></td>
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<td>15 901 102</td>
<td>-</td>
<td>-</td>
<td>(17 258 636)</td>
<td>(28 790)</td>
<td>2 933 539</td>
<td>4 038 946 (1 105 408)</td>
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<td><strong>Other Grant Providers</strong></td>
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<td>Brandvlei Electricity Network</td>
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<td>-</td>
<td>(12 896)</td>
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<td>-</td>
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<td>Maintenance Fund</td>
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<td>22 333</td>
<td></td>
<td>22 333</td>
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</tr>
<tr>
<td>Spoegrivier Sport Ground (Lotto)</td>
<td>5 290</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5 290</td>
<td></td>
<td>5 290</td>
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<tr>
<td>Swartkop Sport Ground (Lotto)</td>
<td>207 475</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>207 475</td>
<td></td>
<td>207 475</td>
<td>-</td>
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<td>Training Reserve (SETA)</td>
<td>537 418</td>
<td>81 934</td>
<td>-</td>
<td>-</td>
<td>(617 758)</td>
<td>25 297</td>
<td>25 297</td>
<td>-</td>
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<td>Kamiesberg Special Fund</td>
<td>146 055</td>
<td>497 000</td>
<td>-</td>
<td>-</td>
<td>(617 758)</td>
<td></td>
<td>25 297</td>
<td>-</td>
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<td>Richtersveld Special Fund</td>
<td>92 263</td>
<td>53 000</td>
<td>-</td>
<td>-</td>
<td>(142 250)</td>
<td>3 013</td>
<td>3 013</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total Other Grant Providers</strong></td>
<td>1 023 630</td>
<td>631 934</td>
<td>-</td>
<td>-</td>
<td>(772 904)</td>
<td>882 660</td>
<td>882 660</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total Grants</strong></td>
<td>13 399 697</td>
<td>52 815 544</td>
<td>88 700</td>
<td>-</td>
<td>(55 660 766)</td>
<td>(63 508)</td>
<td>10 579 647</td>
<td>11 685 054 (1 105 408)</td>
<td>-</td>
</tr>
</tbody>
</table>

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REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE NAMAKWA DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction
1. I have audited the accompanying financial statements of the Namakwa District Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages xx to xx.

Accounting officer’s responsibility for the financial statements
2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010 as amended) (DoRA), and for such internal control as management determines necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General’s responsibility
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.
Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Namakwa District Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and in the manner required by the MFMA and DoRA.

Additional matters

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

Material inconsistencies in other information included in the annual report

9. As the annual report was not presented for audit purposes, I was not able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and in terms of General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages XXX to XXX and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Presentation of information

12. The following criterion is relevant to the findings below:

- Performance against predetermined objectives is reported using the National Treasury guidelines.

13. Audit findings:

- The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes as well as disclose the effectiveness of its performance in its service delivery budget implementation plan during the financial year, as required by section 40(1)(a) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) read with regulation 14(1)(a) of the Municipal Planning and Performance Management Regulations, 2001.

- The municipality did not implement an adequate framework that described and represented how the municipality’s cycle and processes of performance, monitoring, measurement, review and improvement would be conducted, organised and managed, as it did not relate to the municipality’s employee performance management processes, as required by sections 38, 39, 40 and 41 of the MSA read with regulations 7(1), (2)(f) and 8 of the Municipal Planning and Performance Management Regulations, 2001.

- Adequate measures taken to improve performance and reasons for deviations between planned and actual reported targets were not provided in the performance report, as required in terms of section 46(1)(c) of the MSA.
Furthermore, 23% of the reported targets, where improvement was required, were not explained adequately.

Usefulness of information

14. The following criteria are relevant to the findings below:

• Relevance: A clear and logical link exists between the objectives, outcomes, outputs, indicators and performance targets.
• Measurability: Indicators are well defined and verifiable, and targets are specific, measurable and time bound.

15. Audit findings:

Reported information not consistent with planned objectives, indicators and targets (consistency)

• The municipality did not report on its performance against predetermined targets, which were consistent with the approved integrated development plan.

Planned and reported targets not specific (measurability)

• For the selected programmes, namely basic service delivery and infrastructure (KPA 2) and good governance and public participation (KPA 5), 49% of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance.

Planned and reported targets not time bound (measurability)

• For the selected programmes, namely basic service delivery and infrastructure (KPA 2) and good governance and public participation (KPA 5), 32% of the planned and reported targets were not time bound in specifying the time period or deadline for delivery.

Planned and reported indicators not well defined (measurability and relevance)

• For the selected programmes, namely basic service delivery and infrastructure (KPA 2) and good governance and public participation (KPA 5), 59% of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

Reliability of information

16. The following criterion is relevant to the finding below:

• Completeness: All actual results and events that should have been recorded have been included in the annual performance report.

17. Audit finding:

Reported information not complete when compared to planned objectives, indicators and targets

• Reported indicators were not complete when compared to the planned indicators per the approved integrated development plan.
Compliance with laws and regulations

Strategic planning and performance management

18. The municipality did not appoint a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2)(a) of the Municipal Planning and Performance Management Regulations, 2001.

19. The integrated development plan of the municipality did not include a financial plan that included a budgeted projection for at least three years, as required by section 26(h) of the MSA.

Annual financial statements, performance report and annual report

20. The annual performance report did not contain a comparison of the performance of the municipality and of each external service provider with development priorities, objectives and performance indicators set out in its integrated development plan, as required by section 46(1)(a) of the MSA.

Audit committee

21. The municipality did not establish an audit committee during the financial year, contrary to the requirements of section 166(1) of the MFMA.

Internal audit

22. The internal audit unit did not adequately advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to internal control, accounting procedures and practices, risk and risk management as well as compliance with the MFMA, the MSA and DoRA. Furthermore, the internal audit unit was not independent from the operational management structure of the municipality and did not perform its work in accordance with prescribed internal audit standards, contrary to the requirements of section 165(2) of the MFMA.

Procurement and contract management

23. The municipality did not publish the bid result of the winning bidders for all tenders on its website, contrary to regulation 23(c)(iii) of the Municipal Supply Chain Management Regulations.

Human resource management

24. The municipality did not establish a performance monitoring system for the evaluation of the performance of employees, contrary to the requirements of section 67(1)(d) of the MSA. The municipality did not have an approved selection and recruitment policy or a skills retention policy, contrary to the requirements of section 67(1)(a) of the MSA.

Revenue management

25. The accounting officer did not ensure that the municipality had an effective revenue-collections system, as no effective action had been taken for a greater part of the financial period to recover long-outstanding debtor accounts, contrary to the requirements of section 64(2)(a) of the MFMA.

INTERNAL CONTROL

26. In accordance with the PAA and in terms of General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the
effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

27. A number of audit findings relating to material non-compliance with the provisions of the MFMA and the MSA were identified. The instances of non-compliance occurred due to the fact that the mayor and the accounting officer did not exercise oversight responsibility over reporting and compliance with laws and regulations. A direct contributing factor was the suspension of the municipal manager and the chief financial officer during the previous financial year, resulting in these oversight functions being vacant for a greater part of the financial period.

Financial and performance management

28. A number of audit findings were identified relating to inadequate formal controls over monthly controls, information technology (IT) systems as well as the completeness of the predetermined objectives set out in the integrated development plan and the annual performance report. Misstatements identified were due to the following:

- Lack of awareness and appropriate skills regarding IT systems.
- The municipality did not have adequate key controls to address the systems of collation and disclosure of performance information, specifically relating to the completeness and consistency of the output of information.

Governance

29. The internal audit unit did not fulfill its responsibilities as set out in legislation and in accordance with accepted best practice and standards.

30. The municipality did not establish an audit committee that promoted independent accountability and service delivery.

31. The municipality developed a fraud prevention plan and a risk management plan, but these plans were not effectively implemented and monitored due to the absence of an oversight function.

Kimberley
30 November 2011