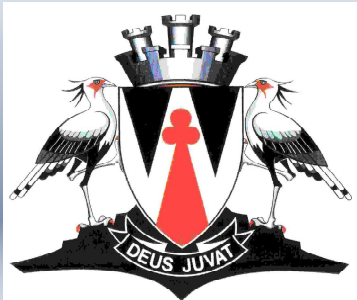




# Central Karoo District Municipality Annual Report

2010/11



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## EXECUTIVE MAYOR'S FOREWORD

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After the local elections of 18 May 2011 and the Transitional phase of the re-demarcation of municipal ward boundaries the Murraysburg DMA was demarcated to the Beaufort West Municipality.

The Central Karoo District Municipality consists of Beaufort West, Prince Albert and Laingsburg Municipalities including farm areas.

The Inauguration of Council took place on 10 June 2011.

### **THE IMMEDIATE PRIORITIES OF COUNCIL ARE AS FOLLOWS**

1. Inter-departmental assessments.
2. Alternative funding to address budget constraints.
3. Skills and Job Summits.
4. Establishment of Economic Development Agency.
5. Engagement with Provincial and National Government Departments.
6. Integrated Development Process Plan.
7. Transformation and the review of the organogram.
8. Appointment of the Municipal Manager
9. Municipal 5 year Strategy Plan.
10. Striving and working towards a clean audit.

***"WORKING TOGETHER WE CAN DO MORE"***

**E.Z. NJADU**

**Executive Mayor**



## MUNICIPAL MANAGER'S FOREWORD

---



The Central Karoo District is one of the smallest, if not the smallest, District Municipality in the country. It is responsible for a Region covering 38 000 km<sup>2</sup>, including serving 62 000 inhabitants. This includes the following B-Municipalities; Beaufort West, Laingsburg and Prince Albert Municipality with areas such as Nelspoort, Murraysburg, Leeu-Gamka and Merweville.

In accordance with the MSA Chapter 5, a District Municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by—*(a) ensuring integrated development planning* for the district as a whole; *(b) promoting bulk infrastructural development and services* for the district as a whole; *(c) building the capacity of local municipalities* in its area to perform their functions and exercise their powers where such capacity is lacking; and *(d) promoting the equitable distribution of resources* between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

I would like to take this opportunity to commemorate the passing away of our former Executive Mayor Honorable Clr. Doreen Hugo during the 2010/11 financial year and may her soul rest in peace.

This financial year was also importantly characterized by the Local Government Elections that took place in May 2011 which resulted in a new Council at the helm of the Municipality bringing with them a fresh approach, plenty of enthusiasm and a commendable work ethic.

The Central Karoo District Municipality is responsible for the Integrated development planning for the District Municipality as a whole including a framework for integrated development plans for the Local Municipalities within the area of the District Municipality, taking into account the Integrated Development Plans of those Local Municipalities in accordance with the roles and functions prescribed by the MSA (Act No. 117, 1998). The current functions of the District Municipality include the Roads, Global Fund and Working for Water services on an agency basis, Environmental Health, Disaster Management and firefighting and Regional Tourism. We also perform LED, Youth, Gender and people with disabilities functions.

In terms of equitable share in relation to total revenue the Municipality received (R'000) R 13 509 Equitable Share, R 7 336 Capital Grants, R 33 213 Operating Grants, and R 1 618 Own Revenue with a Total Revenue of R 55 676. Total operating expenditure was 62 695 with repairs and maintenance accounting for 466.

The capital expenditure funded by various sources include (R'000) R 7 028 Grants and Loans, R 980 Public contributions and donations, R 127 Own funding, R 208 other with Total expenditure being R 8 343.

Through hard work and dedication from all stakeholders involved including the Councilors, staff, Government Departments and importantly the involvement of the inhabitants of our Region the Municipality achieved certain performance highlights during this given financial which are noteworthy to say the least.

- The first commendable accomplishment reached by the Central Karoo District Municipality is the receipt of yet another Unqualified Audit report from the Audit General. The Municipality has managed to achieve this for the past three (3) consecutive financial years.
- Another achievement to be highlighted is the appointment of an LED Manager in March 2011 culminating in the establishment of an LED unit to fast-track and streamline the economic development activities, stakeholders and opportunities to the benefit of the inhabitants of the Regional at large and get them involved in their own development and upliftment.
- The Central Karoo District Municipality also oversaw the completion of the MurraysburgThusong Service Centre in the DMA Murraysburg as well as the effective transfer of the DMA personnel and financial systems and data to Beaufort West Municipality.
- The Regional Tourism function of the Municipality need also to be commended for their involvement in the Tourism development and job creation in the Region for the year. The Tourism buddy and Work and Skill projects respectively employed 25 unemployed youth each. The Department was also involved in the SA host training resulting in 100 delegates being employed at establishments.
- The Central Karoo District Municipality also held successful Water Imbizo's across the Region including Laingsburg, Prince Albert, Murraysburg, Nelspoort, Leeu-Gamka, and Merweville. The Imbizo's focused on investigating alternative sources of potable water for the Region as it was at the time experiencing one of its greatest droughts for the past 100 years as well as educating the masses on responsible water usage and saving measures.
- The Municipality also took the lead in organizing a successful World Cup 2010 Fanjol as Beaufort West was chosen as one of the few destinations to host one of the Fanjols for the entire Western Province.

This was truly a year mark by various challenges, opportunities and unforgettable achievements for our Country and particular our Region. I would therefore also like to take this opportunity to commend our Council for their tireless labour and dedication to ensuring the advancement and enhancement of the lives of the people of the Central Karoo. This would however not be able without the assistance and support of a highly devoted Senior Management and skilled staff component whose contributions should not go unnoticed.

**S. JOOSTE**

**ACTING MUNICIPAL MANAGER**

# CHAPTER 1

## MUNICIPAL OVERVIEW

### CODE OF ETHICS

#### **OUR INTEGRITY MEANS:-**

We show what we care about by leading by example.  
We deal with complaints or other work-related matters in a professional, accountable and consistent manner.  
We stick to the rules and policies where they apply.

#### **WE CARE ABOUT OUR COUNTRY, ITS PEOPLE AND JUSTICE BY:**

Serving the public with dedication and pride in everything we do.

#### **We CARE about our WORKPLACE AND EACH OTHER by:**

Respect and value difference and diversity within our working environment.  
Maintaining a workplace free of sexual harassment, discrimination or favoritism.  
Commitment to maintaining a working environment that people are proud and happy to work in.  
Commitment to addressing concerns, difficulties, transgressions and indiscretions.

#### **CENTRAL KAROO DM ASSETS:**

We treat public assets, including time, information, and other resources with respect and protect it as if it were our own.

We act honestly in the way we acquire, use and dispose any assets.  
We assume responsibility for ethics and compliance in all business decisions and actions.

#### **WE ARE DEDICATED TO:**

Fairness in our dealings with all stakeholders, including suppliers and vendors, and we therefore avoid conflicts of interest.

Remaining objective in our dealings and we therefore decline gifts.  
The best interest of the public and being deserving of their trust.  
Accountability for our decisions, our use of resources and our interaction with others.

#### **WE DREAM OF A CENTRAL KAROO DISTRICT MUNICIPALITY WHERE:**

People trust one another completely.  
People feel free to share opinions and concerns, and transparency is general practice.  
Where decisions are made fairly and without favoritism.  
Where the potential of each individual is unleashed and acknowledged.

## CHAPTER 1: INTRODUCTION AND MUNICIPAL OVERVIEW

---

### 1.1 MUNICIPAL OVERVIEW

---

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

The 2010/11 Annual Report reflects on the performance of the Central Karoo District Municipality for the period 1 July 2010 to 30 June 2011. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

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#### 1.1.1 VISION AND MISSION

---

**The Central Karoo District Municipality committed itself to the vision and mission of:**

*Vision:*

***“Optimal quality of life for all citizens”***

*Mission:*

***“We provide quality services for sustainable economic development and social stability through dynamic stakeholder partnerships and democratic involvement in the Central Karoo Node”***

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#### 1.1.2 DEMOGRAPHIC INFORMATION

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##### A) MUNICIPAL GEOGRAPHICAL INFORMATION

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The Central Karoo District Municipality is one of the five districts municipalities in the Western Cape Province. It covers a total area of 38 853 km<sup>2</sup> and with a total population of 54 248 it has a population density of about 1.6, hence the smallest population in the province, making it the largest district in the Western Cape. Invariably this means that the distance between settlements within the district is vast.

The Central Karoo forms part of the Great Karoo and is classified as a unique arid zone. The Karoo plateau is the largest of its kind outside Asia, rich in fossils and houses the largest variety of succulents in the world. A number

of mountain ranges borders the district, namely the Swartberg (near Prince Albert) Nieuveld Mountains (near Beaufort West).

The Central Karoo District Municipality's head office is situated in Beaufort West, which is about 500 km North West of Cape Town and about 1200 km South West of Johannesburg along the N1 road. The district borders the Eastern Cape and the Northern Cape Provinces.

The district houses the following local municipalities and district management area:

**Beaufort West Municipality:** Includes the towns of Beaufort West, Merweville and Nelspoort. The largest town in the district, Beaufort West, serves as the administrative centre of the district. The municipal area has a total population of approximately 37 598 residents, most of who are urbanised. Beaufort West is strategically situated approximately 415 km northwest from Cape Town along the N1 route, which connects Cape Town with cities like Bloemfontein and Johannesburg. It has all the characteristics of a modern town, including a magistrate's court, internet café's, hotels, B&B's, medical facilities, restaurants and all the other amenities and services usually found in larger towns.

**Laingsburg Municipality:** Includes the historic settlement of Matjiesfontein. It is the smallest municipality (i.t.o. population) in the Central Karoo District and indeed in the whole South Africa. The municipal area has a total population of approximately 6 681 residents. Laingsburg is situated halfway between Cape Town and Beaufort West on the N1 National. Passing transport is one of the most important markets for Laingsburg. Laingsburg is characterized by rural agriculture, consisting mainly of sheep farming, but also known for the production of soft fruits, especially in the southern part of the municipal area. The potential for the latter is, however, adversely affected by poor roads and long distances to major centra.

**Prince Albert Municipality:** Prince Albert is situated 400 km north of Cape Town and 170 km South West of Beaufort West. The municipality has a total population of approximately 10 512 residents and borders Beaufort West Local Municipality to the North and North West. Laingsburg is to the South West and the Eden District to the South. Prince Albert Municipal area covers a total of 8,800km<sup>2</sup>, a vast part of this being in the rural areas where vast hectares are under agricultural production, mainly fruit and sheep farming. District roads radiate out of Prince Albert connecting it to its satellite towns of Prince Albert Road on the N1 (45 km to the North West), Klarstroom on the R329 (55 km to the East) and Leeu –Gamka on the N1 (85 km to the North). In recent years Prince Albert has seen the biggest economic growth in the region due to the demand in high-income property being bought by especially Europeans. It is known as a little town with Victorian and Karoo style architecture, art & décor shops, side walk coffee shops, the breathtakingly beautiful Swartberg valley and Meiringspoort and the annual olive festival which attracts hundreds of tourists each year.

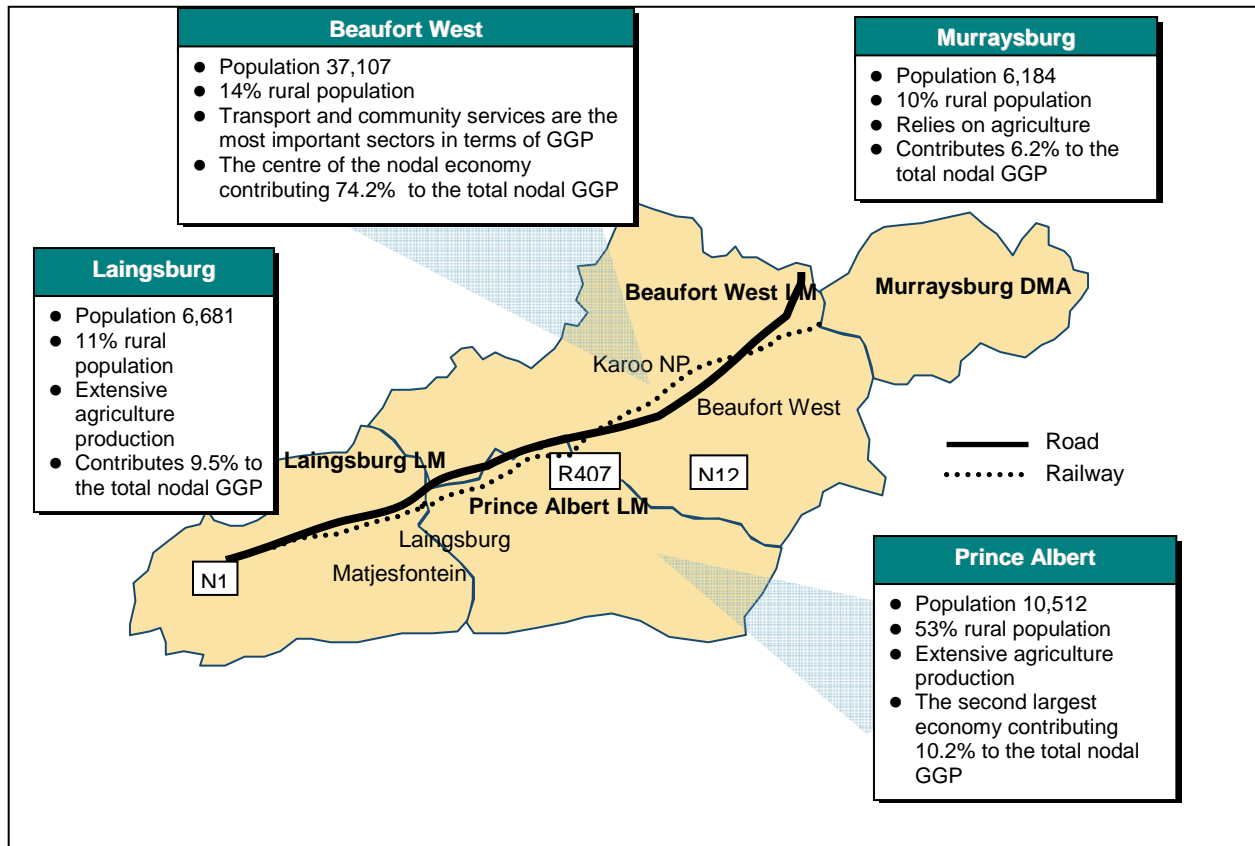
**Murraysburg (DMA) Municipal Area:** The town of Murraysburg is situated in the in the North East of the Western Cape Province, approximately 160 km North East of Beaufort West and 43km East of the N1 National Highway. The Route 63 between the Northern Cape and Eastern Cape Provinces runs through the town in a

Northwest-Southeasterly direction. The three major roads leading out of Murraysburg connects the town with its closest neighbours: Richmond in the Northern Cape - 72km, GraaffReinet in the Eastern Cape – 98km and Beaufort West, 127km South West which includes a 70km section of dirt road to Nelspoort.

The district management area (DMA) that was founded in 2000, forms part of the Central Karoo District Municipality. It is run directly by the district municipality as opposed to being part of the local municipalities. Murraysburg is relatively isolated from the main transportation routes. The town serves as a low order node for the surrounding farming community and has a few shops that provides for the very basic needs of the community.

The DMA has a particular low population density and faces several challenges, amongst which are high levels of unemployment, a slow growing economy, large distances to markets and dry climate.

**Below is a map that indicates the location of the Municipality:**



**Figure 1: Western Cape Area map**



B) POPULATION

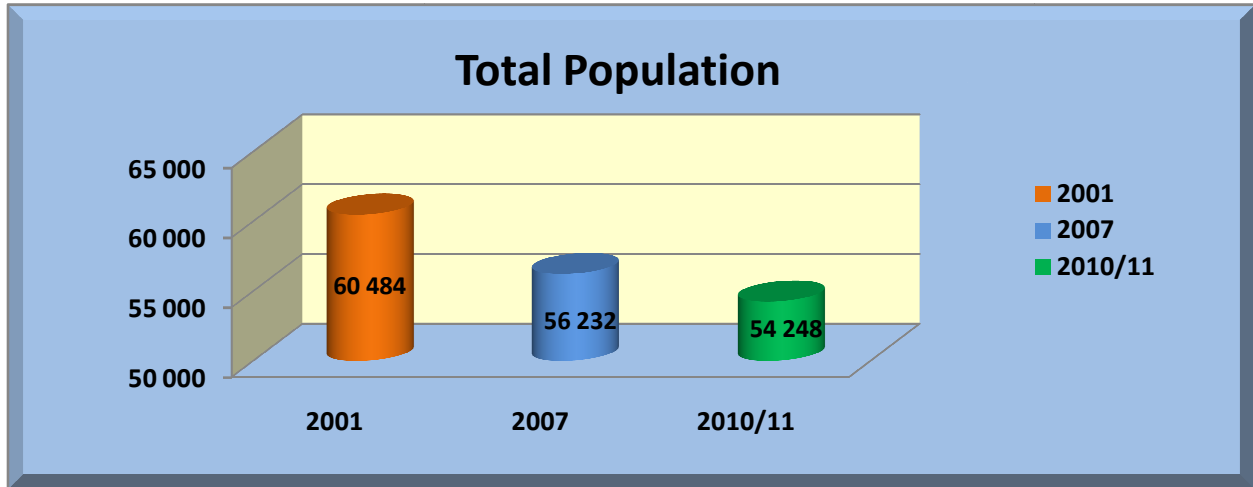
The Central Karoo District Municipality has a total population of 54 248 with an annual population growth decline rate of 1.2%.

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

2001	2007	2010/11	% Population Growth
60 484	56 232	54 248	(1.2)

*Table 1: Demographic information of the municipal area – Total population*

The graph below illustrate the yearly population growth for the municipal area.



*Graph 1: Total Population Growth*

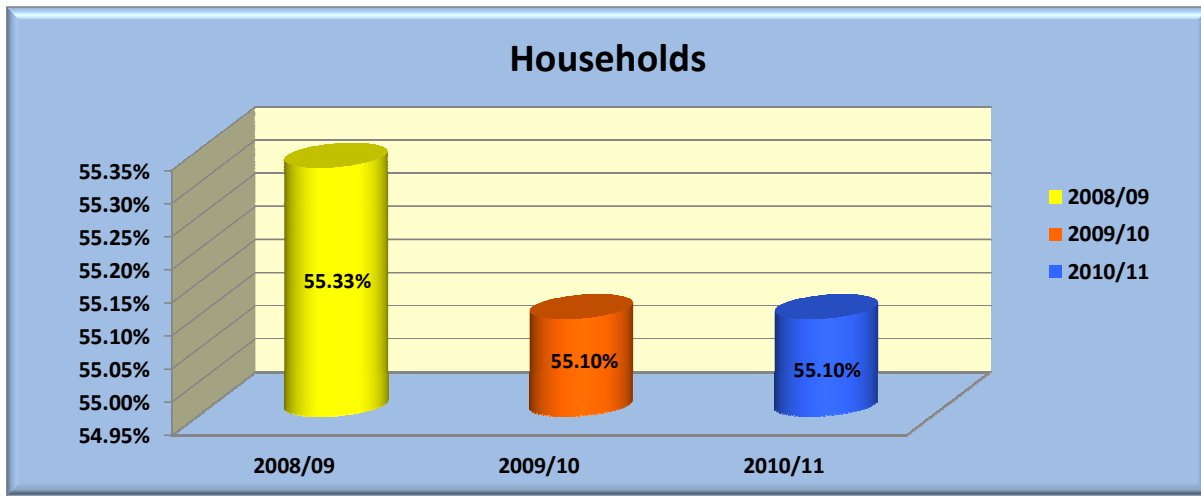
C) HOUSEHOLDS

The total number of households within the municipal area increased remained the same in 2010/11 as in 2009/11. The table below indicates the total number of households within the DMA from 2008/09 to 2010/11.

Households	2008/09	2009/10	2010/11
Number of households in municipal area	1 446	1 452	1 452
Number of indigent households in municipal area	800	800	800

*Table 2: Total number of households*

The graph below shows that the total number of indigent households remained the same in 2010/11 at 55.10%.



Graph 2: Total % indigent households within the municipal area

The following table shows the overall population as well as the total number of households within the specific municipality in the Central Karoo District Areas:

Municipality	No of Households	Total population
Beaufort West	8 273	35 804
Laingsburg	1 763	4 884
Prince Albert	2 305	8 139
Murraysburg (DMA)	1 221	5 421
<b>Total</b>	<b>13 562</b>	<b>54 248</b>

Table 3: Overview of the population within the district area

D) KEY ECONOMIC ACTIVITIES

Agriculture forms the backbone of the Central Karoo economy and accounts for the largest labourforce of the population to date. The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description
<b>Agriculture and agri-processing</b>	Fresh meat (mutton, game, Karoo lamb, ostrich, goat, beef)
	Processed meat (biltong, cold meats, "droëwors")
	Fresh fruit and vegetables (figs, olives, apricots, grapes, herbs)
	Processed fruit and vegetables (chutney, dried figs, olives, jams)
	Animal by-products (skins, hides, wool, mohair, milk)
	Processed animal by-products (leather products, dairy products, wool and mohair products)

Key Economic Activities	Description
	Other (traps for problem animals – manufacturing and servicing)
Transportation	The transportation sector in the Central Karoo is one of the strongest contributors to the regional economy and completely dominated by Beaufort West, which contributes 86.4% of the total GGP in this sector.
Tourism	Wide-open spaces, magnificent landscapes, panoramas and the sense of solitude attractions
	Historic and cultural attractions

*Table 4: Key Economic activities*

### 1.1.3 SOCIO ECONOMIC INFORMATION

#### A) SOCIO ECONOMIC GROWTH

The socio-economic information for the municipal area is as follows:

Housing Backlog	Unemployment Rate	Households with No Income	People older than 14 years illiterate	HIV/AIDS Prevalence	Urban/rural household split
	%	%	%	%	
50	36	7.5	43.8	2.7	37

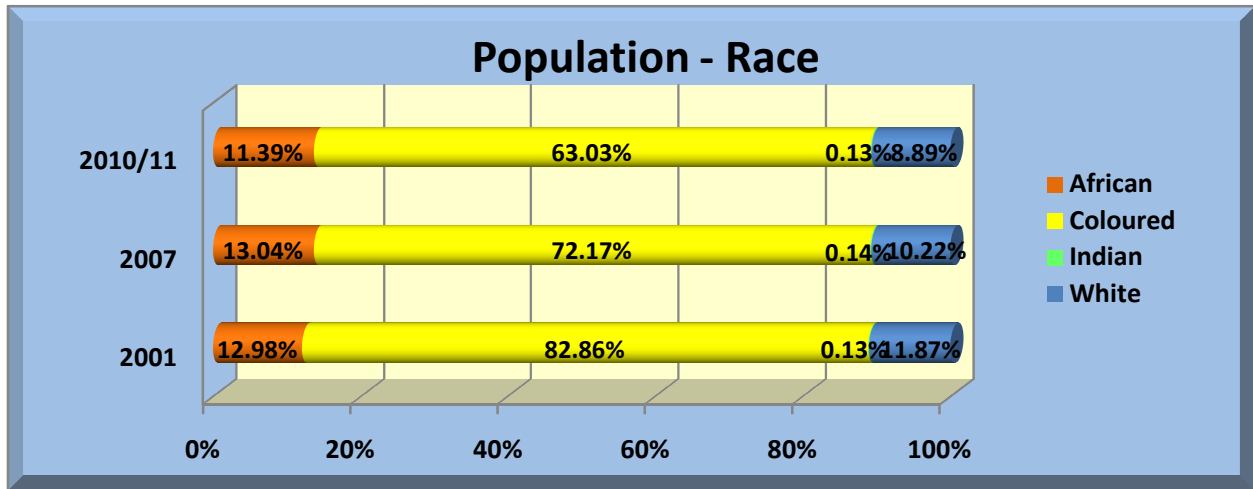
*Table 5: Socio Economic information*

#### B) POPULATION BY RACE CATEGORIES

Population - Racial	2001	2007	2010/11	% Growth/(decline)
African	7 280	7 672	7 401	1.66
Coloured	46 474	42 463	40 985	(11.81)
Indian	72	84	82	13.89
White	6 658	6013	5 780	(13.19)
<b>Total</b>	<b>60 484</b>	<b>56 232</b>	<b>54 248</b>	<b>(10.31)</b>

*Table 6: Demographic information of the municipal area – Race categories*

The graph below shows the population by race.



Graph 3: Population by race

#### 1.1.4 MUNICIPAL CHALLENGES

The following general challenges are experienced by the municipality:

CHALLENGES	ACTIONS TO ADDRESS
Insufficient resources financial and human resources	Implementation skills development plan and investigate funding streams from government and private sector. Establishment of a regional EDA
Lack of understanding of policy directives and none implemented	Extension of councillor training of programme
Weak linkages between IDP and budget	Researched strategic framework to inform the IDP based on the LED, Poverty Reduction and a Critical Infrastructure Plan
Filling of critical posts	Review organogram for internal restructuring
Unemployment and increase in poverty	Launch of a Job Summit during 2011/12
Culture of none payment for municipal services and lack of political will to collect arrears	Education programmes, innovative communication mechanisms and implementation credit control policies
Ageing of bulk infrastructure	Investigate the magnitude of the circumstances and compile of status quo report

Table 7: Municipal Challenges

## CHAPTER 2

## GOVERNANCE



## CHAPTER 2: GOVERNANCE

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

Pre 17 May 2011 the district municipality was led by ICOSA/ ANC coalition. Since the election the ANC rule by 7 councilors to 6 and the municipality experience political stability.

### 2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 71462001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA& INDICATORS	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT
	2008/09	2009/10	2010/11
The percentage of a municipality's <b>capital budget</b> actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	100	80	95

*Table 8:National KPIs - Good Governance and Public Participation Performance*

### 2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Highlight	Description
Community based programme completed in Murraysburg	Door-to-door campaigning to identify relevant needs to be incorporated in the IDP
Successful launch of several water Imbizo's in the region	Public meetings in all towns in the region
Implementation of council decision schedule to expedite council decisions	Action minutes and schedule
Upgrading of sound recording system in council chambers	Improved communication system
Financial shared services agreement with Prince Albert Municipality	Memorandum of understanding concluded

*Table 9:Good Governance and Public Participation Performance Highlights*



## 2.3 CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Description	Actions to address
Effective functioning of district coordinating forum	Quarterly meetings
Further extension of shared services with B-municipalities	Signed agreements
Adherence to schedule of meetings (council and committee meetings)	Strict discipline to comply with council's annual calendar of meetings

*Table 10: Good Governance and Public Participation Challenges*

## 2.4 GOVERNANCE STRUCTURE

### 2.4.1 POLITICAL GOVERNANCE STRUCTURE

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

#### A) COUNCIL

The Council consists of 14 members, which is representative of all the local municipalities in the district (Beaufort West Municipality 5, Laingsburg Municipality 1, Prince Albert Municipality 1, Murraysburg DMA 1 and Proportional List 6). The portfolio committees are made up of councillors drawn from all political parties. Below is a table that categorised the councillors within their specific political parties and wards:

Below is a table that categorises the councillors within their specific political parties and wards before 18 May 2011:

Name of councillor	Capacity	Political Party	Ward representing or proportional	Meetings Attendance
Ms DT Hugo	Ex Mayor	ANC	DMA	85.50%
Mr D September	Deputy Mayor	ANC	Proportional	71.60%
Mr M Gouws	Fulltime Councillor	ANC	Laingsburg	85.50%
Mr WF Maxhegwana	Speaker	ANC	Proportional	100%
MrEZ Njadu	Part Time Councillor	ANC	Proportional	92.12%
MeR Lottering	Part Time Councillor	ANC	Proportional	78.80%
MrSA Piti	Part Time Councillor	ANC	Proportional	57.20%
MsA Daniëls	Part Time Councillor	ICOSA	Beaufort West	71.60%

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Name of councillor	Capacity	Political Party	Ward representing or proportional	Meetings Attendance
MrPA Jacobs	Part Time Councillor	ICOSA	Proportional	78.80%
MrJ van Wyk	Part Time Councillor	ICOSA	Proportional	42.12%
MrAD Willemse	Part Time Councillor	DA	Beaufort West	92.12%
MrF MacPherson	Part Time Councillor	DA	Proportional	100%
MrW Jansen	Part Time Councillor	DA	Prins Albert	64.40%
MeR Long	Part Time Councillor	NPP	Proportional	85.50%

**Table 11: Council until 18 May 2011**

Below is a table that categorise the councillors within their specific political parties and wards after 18 May 2011:

Name of councillor	Capacity	Political Party	Ward representing or proportional	Meetings Attendance
MrEZ Njadu	Executive Mayor	ANC	Proportional	15.5%
MrsE Maans	Deputy Mayor	ANC	Proportional	15.5%
MrJ Bostander	Speaker	ANC	Beaufort West	15.5%
MrMS Hangana	Part Time Councillor	ANC	Proportional	15.5%
MrM Furmen	Part Time Councillor	ANC	Beaufort West	15.5%
MrG de Vos	Part Time Councillor	ANC	Beaufort West	15.5%
MrAD Willemse	Part Time Councillor	DA	Proportional	15.5%
MrsAM Slabbert	Part Time Councillor	DA	Ward	15.5%
MrsS Nortjé	Part Time Councillor	DA	Proportional	15.5%
MrS Botes	Part Time Councillor	DA	Proportional	15.5%
MrJ Mocke	Part Time Councillor	DA	Proportional	15.5%
MrB van As	Part Time Councillor	DA	Laingsburg	7.9%
MrIJ Windvogel	Full Time Councillor	KGP	Prins Albert	15.5%

**Table 12: Council after 18 May 2011**

Below is a table which indicates the council meeting attendance for the 2010/11 financial year:

Meeting dates	Council Meeting Attendance	Apologies for non-attendance
26 August 2010	78.80%	21.20%
14 October 2010	71.60%	28.40%
25 October 2010	92.12%	7.88%
27 October 2010	85.10%	14.90%
15 November 2010	57.20%	42.80%
08 December 2010	85.10%	14.90%

Meeting dates	Council Meeting Attendance	Apologies for non-attendance
14 December 2010	85.10%	14.90%
14 January 2011	85.10%	14.90%
26 January 2011	78.80%	21.20%
25 February 2011	85.10%	14.90%
28 February 2011	64.40%	35.60%
11 April 2011	78.80%	21.20%
20 April 2011	85.10%	14.90%
17 May 2011	85.10%	14.90%
10 June 2011	100%	0%
27 June 2011	100%	0%

**Table 13: Council meetings**

**B) EXECUTIVE MAYORAL COMMITTEE**

The Executive Mayor of the municipality, Councillor EZ Njadu, assisted by the Mayoral Committee, heads the executive arm of the municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 1 July 2010 to 18 May 2011:

Name of member	Capacity
MsDT Hugo	Executive Mayor
Mr D September	Deputy Mayor
MrM Gouws	Full Time Councillor

**Table 14: Executive Mayoral Committee until 18 May 2011**

The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 18 May to 30 June 2011:

Name of member	Capacity
MrEZ Njadu	Executive Mayor
MrsE Maans	Deputy Mayor

Name of member	Capacity
MrIJ Windvogel	Full Time Councillor

**Table 15: Executive Mayoral Committee after 18 May 2011**

The table below indicates the dates of the Executive Mayoral Committee meetings and the number of reports submitted to Council for the 2010/11 financial year:

Meeting date	Number of reports submitted to council
26 June 2011	1

**Table 16: Committee Meetings**

**c) PORTFOLIO COMMITTEES**

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

The portfolio committees for the 2006/11 mayoral term and their chairpersons are as follow:

a) Financial Services and Economic Development Portfolio Committee

Name of member	Capacity
Ms DT Hugo	Chairperson
Mr M Gouws	Member
Ms A Daniels	Member
MrAD Willemse	Member
Me R Long	Member

**Table 17: Financial Services & Development Portfolio Committees**

Meeting dates	Number of reports submitted to council
09 November 2010	2
15 February 2011	

**Table 18: Financial Services & Development Portfolio Committee Meetings**

b) Corporate Services and Social Development Portfolio Committee

Name of member	Capacity
Mr SA Piti	Chairperson
Mr J van Wyk	Member
Mr F MacPherson	Member
Mr D September	Member
Me R Long	Member

*Table 19: Corporate Services & Social Development Portfolio Committee*

Meeting dates	Number of reports submitted to council
10 August 2010	6
12 October 2010	
09 November 2010	
08 February 2011	
09 March 2011	
12 April 2011	

*Table 20: Corporate Services & Social Development Portfolio Committee Meetings*

c) Municipal Services and Infrastructure Portfolio Committee

Name of member	Capacity
MrPA Jacobs	Chairperson
MrM Gouws	Member
Ms A Daniëls	Member
Mr AD Willemse	Member
Me R Long	Member

*Table 21: Municipal Services and Infrastructure Portfolio Committee*

Meeting dates	Number of reports submitted to council
11 August 2011	3
28 October 2010	
16 February 2011	

*Table 22: Municipal Services and Infrastructure Portfolio Committee Meetings*

d) Appointment Portfolio Committee

Name of member	Capacity
Mr EZ Njadu	Chairperson
Mr PA Jacobs	Member
Mr F MacPherson	Member
Me R Long	Member
Mr D September	Member

**Table 23: Appointment Portfolio Committee**

Meeting dates	Number of reports submitted to council
1 July 2010	14
15 July 2010	
12 August 2010	
27 August 2010	
9 September 2010	
17 September 2010	
7 October 2010	
2 November 2010	
22 November 2010	
14 December 2010	
1 February 2011	
21 February 2011	
18 April 2011	
5 May 2011	

**Table 24: Appointment Portfolio Committee Meetings**

e) Training Portfolio Committee

Name of member	Capacity
Ms DT Hugo	Chairperson
Mr F MacPherson	Member
Mr PA Jacobs	Member

**Table 25: Training Portfolio Committee**

Meeting dates	Number of reports submitted to council
03 August 2010	2
17 August 2010	

**Table 26: Training Portfolio Committee meeting dates**



2.4.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

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

Name of Official	Department	Performance agreement signed
		(Yes/No)
MrS Jooste	Acting Municipal Manager	Yes
MrNW Nortjé	Director Corporate Services	Yes
MrCJ Kymdell	Director Financial Services	Yes
MrJH Theron	Director Technical Services	Yes

**Table 27: Administrative Governance Structure**

2.5 PUBLIC ACCOUNTABILITY

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

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

2.5.1 AREA COMMITTEE

The area committee participates in development planning processes and provides an input into council. To this end, the municipality constantly strives to ensure that the area committee functions optimally with community information provision such as convening of meetings, area planning, service delivery, IDP formulation and performance feedback to communities.

The members of the area committee for Murraysburg are as follow:

Name of representative	Capacity representing	Number of meetings held during the year
Ms DT Hugo	Chairperson	6
Mr R Klink	Secretary	
Mr FJ MacPherson	Member	
Me P Zahela	Chairperson Youth Committee	
Mr F Davids	Chairperson IDP Committee	
Mr N Thoba	Chairperson Sport Committee	
Mr J Wanie	Chairperson Education	
Ms M Blekiwe	Women	
Ms M Saba	Unemployed	
Mr G Douglas	Faith Base Organization	

Table 28: Murraysburg Area Committee

2.5.2 REPRESENTATIVE FORUMS

The tables below specify the members of the representative forums for the 2010/11 financial year:

A) LABOUR FORUM

Name of representative	Capacity	Meeting dates
Mr EZ Njadu	Chairperson	12 August 2010 17 August 2010
MrW Jansen	Member	16 September 2010
MrJ van Wyk	Member	1 December 2010 7 April 2011

Table 29: Labour Forum

B) DISTRICT & MURRAYSBURG IDP REPRESENTATIVE FORUM

Name of representative	Capacity	Meeting dates
Mr F Davids	Chairperson	16 September 2010 14 June 2011
Mr A Bans	Deputy Chairperson	
Mr A Jooste	Secretary	
Mrs NOrdman	Secretariat	
Mrs MQukwana	Treasurer	
Mrs NBlekiwe	Coordinator: Human Mainstreaming	
Mr S Mongo	Coordinator: Crime Prevention	
Mrs A Joseph	Coordinator: Environmental & Sustainable Human Settlements	
Mr D Swarts	Coordinator: Economic Transformation	
Mrs R Hollander	Coordinator: Communication	
Mr F MacPherson	Coordinator: Good Governance	
Mr T Tshikolo	Coordinator: Health & HIV & AIDS	

**Table 30: IDP Representative Forum**

C) DISTRICT COMMUNICATION FORUM

Name of representative/ Organisation presenting	Capacity	Meeting dates
R Long	Chairperson	23 September 2010 28 October 2010 1 December 2010 4 March 2011 8 April 2011
C Nash	Department of Local Government	
P Godfrey	Department of Local Government	
NC Macoli	Department of Home Affairs	
W Bantjie	Department of Home Affairs	
L Njoli	Department of Home Affairs	
C Benadie	Department of Social Development	
IA Dokter	Department of Social Development	
C van Rensburg	Department of Labour	
C Maans	Central Karoo District Municipality	
T Twani	Central Karoo District Municipality	
MC Mjadu	Karoo National Park	
M Hendriks	GCIS	
A Jikijela	KCHB	
G van Briesies	IEC	
R Twani	CDW	

Name of representative/ Organisation presenting	Capacity	Meeting dates
L Njoli	Department of Home Affairs	
A Post	Music Association Committee	
A Stoffels	Music Association Committee	
W van Niekerk	NARYSEC	
S Faas	NARYSEC	
P Godfrey	Department of Local Government	
D Strydom	NICRO	
J Jacobs	SANPARKS	
E Wentzel	MoloSongololo	
B Steenkamp	DCS	
H Esterhuizen	Prince Albert Municipality	
M Steenkamp	SASSA	
A Kearns	Department Cultural Affairs and Sport	
N Mendisi	Beaufort West Municipality	
N Petros	Karoo Centre for Human Rights	

**Table 31: District Communication Forum**

**D) DISTRICT COORDINATING FORUM**

Name of representative/ Organisation presenting	Capacity	Meeting dates
DT Hugo	Chairperson	22 March 2011
S Conradie	Department of Agriculture	
VS Mahlangu	Rural Development	
H Fast	Department of Local Government	
M Mogale	Department of Cooperative Governance and Traditional Affairs	
J Stegman	Provincial Treasury	
ME Swartz	Rural Development	
LC Archary	Rural Development	
B Magoba	Provincial Government	

**Table 32: District Coordinating Forum**

2.5.3 IZIMBIZO

Imbizo is a forum for enhancing dialogue and interaction between senior government executives and ordinary people and provides an opportunity for government to communicate its programmes and progress directly to the people. Izimbizo also promotes participation of the public in the programmes to improve their lives. Interaction through Izimbizo highlights particular problems needing attention, blockages in implementation of policy, or policy areas that may need review. It draws public input into how best to tackle challenges and gives the President and others direct access to what people say and feel about government and service delivery, to listen to their concerns, their grievances and advice about the pace and direction of government's work.

The table below categorise the date of events held within the different types of Izimbizo.

Type of Imbizo	Date of events	Event Purpose	No. of community members attending	Issues raised by community	Issues addressed (Yes/No)
District Izimbizo	14 February 2011	Laingsburg Water Imbizo	52	General concern with regards to supply of water to communities	Yes
	15 February 2011	Prince-Albert Water Imbizo	37		Yes
	16 February 2011	Merweville Water Imbizo	64		Yes
	17 February 2011	Murraysburg Water Imbizo	90		Yes
	18 February 2011	Nelspoort Water Imbizo	59		Yes
	20 February 2011	Beaufort West Water Imbizo	72		Yes

Table 33: Izimbizo

2.6 CORPORATE GOVERNANCE

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

2.6.1 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular

practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

A) DEVELOPED STRATEGIES

Name of strategy	Developed Yes/No	Date Adopted
Anti corruption strategy	Yes	March 2009
Fraud prevention strategy	Yes	March 2009

*Table 34: Strategies*

2.6.2 AUDIT COMMITTEE/S

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –

Advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance management; and
- Effective governance.

A) FUNCTIONS OF THE AUDIT COMMITTEE

The Council decided that the Audit Committee will also act as the Performance Committee.

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the MFMA, and the Local Government Municipal and Performance Management Regulation:

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual DoRA and other applicable legislation.
- Respond to the Council on any issues raised by the Auditor-General in the audit report.
- Carry out such investigations into the financial affairs of the municipality as Council may request.
- To review the quarterly reports submitted by internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.

- To evaluate the compliance to existing policies and relevant legislation.
- To review the performance management system and make recommendations in this regard to Council.
- To assess whether the performance indicators are sufficient.
- To determine possible reasons for discrepancies between performance and targets.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimized.
- To review the annual report of the municipality.
- Investigating cases of fraud, misbehaviour and conflict of interest involving employees.
- Review the plans of the Internal Audit function and, in so doing, ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Review audit results and action plans implemented by management.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.

B) MEMBERS OF THE AUDIT COMMITTEE

Name of representative	Qualifications	Meeting dates
Mr CE Lewack	OD3 National	14 April 2011 20 June 2011
Mr AH Fredericks	B Comm. (Managing accounting) (not completed)	
MrA Augustyn	B Comm.	
Mr TN Louw	MBA, Chartered Accountant, B Compt, B Com Financial Accounting	
Ms KE Murray	Matric	

**Table 35: Members of the Audit Committee**

2.6.3 INTERNAL AUDITING

Section 165 (2) (a), (b)(iv) of the MFMA requires that:

The internal audit unit of a municipality must –

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating torisk and risk management.

The internal audit function is performed internally with one staff member.

**Annual Audit Plan**

The Risk Based Audit Plan for 2010/11 was approved by Council on 27 May 2010. The table below provides detail on audits completed:

Description		No of Hours/ or no of days	Date completed	
<b>Phase 1</b>				
Revisiting current risk profile and priorities		0	Based on previous year	
<b>Phase 2</b>				
Compiling Risk Based Audit Plan for 2010/11		3 days	27 May 2010	
<b>Phase 3</b>				
Audit Engagement	Departmental System	Detail	No of Hours/ or no of days	Date completed
Governance	All	Stores	3 days	28 June 2011
		Policies and Procedures	n/a	On-going
Continuous Auditing/Consulting		n/a	On-going	
Prince Albert Municipality		5 days	n/a	
Training CPD		45 days	Minimum Competency Training/IMFO/ERA/IIA(SA)	

*Table 36: Internal Audit Coverage Plan*



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

Function	Date/Number
Risk analysis completed/reviewed	Based on previous year
Risk based audit plan approved for 2010/11 financial year	27 May 2010
Internal audit programme drafted and approved	18 February 2010
Number of audits conducted and reported on	14
<b>Audit reports included the following key focus areas:</b>	
<i>Internal controls</i>	5
<i>Loss control</i>	1

**Table 37: Internal Audit Functions**

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#### 2.6.4 AUDITOR GENERAL

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Central Karoo District Municipality is audited by the Auditor-General of South Africa in terms of section 188 of the Constitution and section 4 of the Public Audit Act and section 126 of the MFMA. The audit report for the financial year under review is in Annexure B of this report.

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#### 2.6.5 BY-LAWS AND POLICIES

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Section 11 of the MSA gives municipal councils the executive and legislative authority to pass and implement by-laws and policies. Although no By-laws or policies were reviewed during the year under review, an Environmental Health By-law was developed, but due to the transfer of the DMA (Murraysburg) it was not submitted to Council for approval.

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#### 2.6.6 COMMUNICATION

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Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication forum	Yes
Communication strategy	Yes

<b>Communication activities</b>	<b>Yes/No</b>
Communication Policy	Yes
Customer satisfaction surveys	No
Functional complaint management systems	Complaints logbook and box
Newsletters distributed monthly (internal newsletter)	Yes

*Table 38: Communication Activities*

# CHAPTER 3

# ORGANISATIONAL DEVELOPMENT PERFORMANCE



CHAPTER 3: ORGANISATIONAL DEVELOPMENT PERFORMANCE

3.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

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

KPA& INDICATORS	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT
	2008/09	2009/10	2010/11
The number of people from <b>employment equity</b> target groups employed in the three highest levels of management in compliance with a municipality’s approved employment equity plan	5	11	10
The percentage of a municipality’s budget actually spent on implementing its workplace skills plan	2.70	2.44	0.82

*Table 39: National KPIs– Municipal Transformation and Organisational Development*

3.2 PERFORMANCE HIGHLIGHTS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Highlight	Description
Developed a Code of Ethics for Personnel	Administrative internal guidelines
Developed procedure for the management of suspected intoxication	Administrative internal guidelines
Representation on the Provincial HR Policies Task Team as well as the Provincial Working Group for HR related matters	HR Manager serves on both structures
Representation on the Eden/Central Karoo TASK Evaluation Committee	HR Manager serves on both structures
Developed a Gift Register	Administrative internal guidelines
Assisted with the successful transfer of the DMA personnel to Beaufort West Municipality	Transfer agreement with Beaufort West Municipality
Support and assistance to Laingsburg & Prince Albert Municipality’s	Provide assistance regarding their labour relations matters
Shared service model in place for the regions	Prince Albert: Financial Service and Internal Audit Services Laingsburg: Building Inspection Services
Support and assistance to Prince Albert Municipality	Assistance and support pertaining to the review of the IDP
Regional Youth Development Strategy	Strategy completed

Highlight	Description
Implementation of Internships	In-service training of two financial interns and two LED interns.
Capacity building initiatives	Employment of students for in-service practical training

**Table 40: Performance Highlights– Municipal Transformation and Organisational Development**

### 3.3 CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Challenge	Actions to address
Appointments to be made in accordance with relevant legislation	Adopt new Appointment Policy
Streamline appointment processes	Appointments to be made in accordance with proposed appointment policy
Adoption of revised organogram	Council decision
Personnel career development	HR Manager to conduct interviews with personnel
Scarce skills retention policy	SALGA to develop

**Table 41: Challenges – Municipal Transformation and Organisational Development**

### 3.4 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Central Karoo District Municipality currently employs **169** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

#### 3.4.1 EMPLOYMENT EQUITY

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

A) EMPLOYMENT EQUITY TARGETS/ACTUAL

African			Coloured			Indian			White		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
35	38	<b>108%</b>	109	115	<b>105%</b>	1	1	<b>100%</b>	30	15	<b>50%</b>

Table 42: 2010/11 EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
123	131	<b>108%</b>	52	38	<b>73%</b>	2	2	<b>100</b>

Table 43: 2010/11 EE targets/actual by gender classification

B) EMPLOYMENT EQUITY VS. POPULATION

Description	African	Coloured	Indian	White	Total
Population numbers	7 401	40 985	82	5 780	<b>54 248</b>
% Population	13	76	0	11	<b>100</b>
Number for positions filled	38	115	1	15	<b>169</b>
% for Positions filled	22	68	1	9	<b>100</b>

Table 44: EE population 2010/11

C) OCCUPATIONAL LEVELS - GENDER

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

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	3	0	0	0	0	<b>4</b>
Senior management	0	2	0	1	0	0	0	0	<b>3</b>
Professionally qualified and experienced specialists and mid- management	2	3	0	5	1	1	0	4	<b>16</b>
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	6	11	0	0	5	11	0	2	<b>35</b>
Semi-skilled and discretionary decision making	1	26	1	0	1	0	0	0	<b>29</b>
Unskilled and defined decision making	17	52	0	0	5	8	0	0	<b>82</b>
<b>Total permanent</b>	<b>26</b>	<b>95</b>	<b>1</b>	<b>9</b>	<b>12</b>	<b>20</b>	<b>0</b>	<b>6</b>	<b>169</b>
Non- permanent employees	3	6	0	0	1	1	0	0	11

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
<b>Grand total</b>	<b>29</b>	<b>101</b>	<b>1</b>	<b>9</b>	<b>13</b>	<b>21</b>	<b>0</b>	<b>6</b>	<b>180</b>

*Table 45: Occupational Levels*

D) DEPARTMENTS - RACE

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

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	3	3	0	0	4	0	0	1	<b>11</b>
Corporate Services	9	20	0	7	4	11	0	1	<b>52</b>
Financial Services	0	0	0	1	2	1	0	3	<b>7</b>
Technical Services	15	72	1	1	3	7	0	0	<b>99</b>
<b>Total permanent</b>	<b>27</b>	<b>95</b>	<b>1</b>	<b>9</b>	<b>13</b>	<b>19</b>	<b>0</b>	<b>5</b>	<b>169</b>
Non- permanent	3	6	0	0	1	1	0	0	<b>11</b>
<b>Grand total</b>	<b>30</b>	<b>101</b>	<b>1</b>	<b>9</b>	<b>14</b>	<b>20</b>	<b>0</b>	<b>5</b>	<b>180</b>

*Table 46: Department - Race*

3.4.2 VACANCY RATE

The approved organogram for the municipality had **169** posts for the 2010/11 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 5 Posts were vacant at the end of 2010/11, resulting in a vacancy rate of **2.9%**.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant
MM &MSA section 57 & 56	4	1
Middle management	19	1
Admin Officers	64	2
General Workers	82	1
<b>Total</b>	<b>169</b>	<b>5</b>
PER FUNCTIONAL LEVEL		
Functional area	Filled	Vacant
Municipal Manager	<b>11</b>	1
Corporate Services	<b>52</b>	1

PER POST LEVEL		
Post level	Filled	Vacant
Financial Services	7	0
Technical Services	99	3
<b>Total</b>	<b>169</b>	<b>5</b>

*Table 47: Vacancy rate per post and functional level*

The table below indicates the number of staff per level expressed as total positions and current vacancies express as full time staff equivalents:

Salary Level	Number of current critical vacancies	Number total posts as per organogram	Vacancy job title	Vacancies (as a proportion of total posts per category)
Municipal Manager	1	1	Municipal Manager	100%
Chief Financial Officer	0	1	-	0%
Other Section 57 Managers	0	2	-	0%
Senior management	0	7	-	0%
Highly skilled supervision	1	16	Diesel Mechanic	6%
<b>Total</b>	<b>2</b>	<b>27</b>	<b>2</b>	<b>7%</b>

*Table 48: Vacancy rate per salary level*

### 3.4.3 TURNOVER RATE

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality for the past three years. The turnover rate shows a decrease from **6.32%** in 2009/10 to **5.17%** in 2010/11.

Financial year	New appointments	No of Terminations during the year	Turn-over Rate
2008/09	12	11	6.32%
2009/10	12	11	6.32%
2010/11	17	9	5.17%

*Table 49: Turnover Rate*



3.5 MANAGING THE MUNICIPAL WORKFORCE

3.5.1 INJURIES

The injury rate shows a decrease in 2010/11if compared to 2009/10.

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

Directorates	2008/09	2009/10	2010/11
Municipal Manager	0	0	0
Corporate Services	7	2	2
Financial Services	0	0	0
Technical Services	20	18	10
<b>Total</b>	<b>27</b>	<b>20</b>	<b>12</b>

*Table 50: Injuries*

3.5.2 SICK LEAVE

The total number of employees that have taken sick leave during the 2010/11 financial year shows a decrease when comparing it with the 2009/10 financial year.

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

Department	2009/10	2010/11
Municipal Manager	77 5 employees: 15.4 average	51 11 employees: 4.6 average
Corporate Services	198 19 employees: 10.4 average	192 25 employees: 7.6 average
Financial Services	65 8 employees: 8.1 average	88 6 employees: 14.6 average
Technical Services	1365 132 employees: 10.3 average	963 99 employees: 9.7 average
<b>Total</b>	<b>1705</b>	<b>1 294</b>

*Table 51: Sick Leave*

3.5.3 HR POLICIES AND PLANS

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Approved policies	
Name of policy	Date approved/ revised
Recruitment , selection and appointment	4 September 2008 (Draft)
Farewell functions on resignation	18 August 2008
Stop order facilities	31 May 2000
Accouchement leave	21 July 2009
Essential motor vehicle scheme	22 August 2007
Disability	8 May 2006
In service training (Students)	17 June 2008
Induction	1 August 2005
Medical membership	22 April 2005
HIV/AIDS	1 March 2005
Nepotism	22 April 2005
Evacuation plan	22 August 2005
Training and development (Skills))	1 August 2005
Parking spaces	30 August 2007
Public drivers permit (Professional drivers))	18 August 2008
Private work	19 July 2007
Affirmative action	15 July 2002
Travel and subsistence allowances	4 April 2008
Smoking	1 July 2001
Sexual harassment	13 March 2008
Cell phones	30 July 2008
Study / drivers license	23 July 2009
Acting in posts	18 August 2006
Housing subsidies on loans from pension/ provident fund	15 June 2004
Declaration of interests	22 February 2001
Disciplinary procedures and code	Collective agreement July 2009 – June 2012
E-mail records management	1 August 2008
Essential Services agreement	25 September 2002
Jail time	24 October 2001
Gift policy (receiving of)	May 2009 (Draft)
Group insurance	28 June 1999

<b>Name of policy</b>	<b>Date approved/ revised</b>
Revenue limit	28 January 2004
Communication lines (internal)	1 July 2001
Long services bonuses (20 years)	31 May 2001
Telephone usage	31 July 2003
Pension – single amount	6 October 1998
Reporting lines	27 January 2005
Travel time – re-gravelling team	26 November 2004
Rehabilitation policy	1 July 2001
Leave	3 January 2007
Leave – buy back	26 March 1997
Unpaid leave	April 2009 (Draft)
Fleet management – issuing and fuel	26 January 2009
Whistle blowing	March 2009 (Draft)
Intoxication Management	June 2011 (Draft)
Scarce Skills	June 2011 (Draft)

***Table 52: HR policies and plans***

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#### 3.5.4 EMPLOYEE PERFORMANCE REWARDS

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In accordance with regulation 32, a performance bonus, based on affordability, maybe paid to an employee, after

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

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance.

The table below shows the total number of Section 57 managers that received performance rewards:

Race	Gender	Number of beneficiaries	Total number of employees received performance rewards	% Employees received performance rewards
African	Female	0	0	0
	Male	0	0	0
Asian	Female	0	0	0
	Male	0	0	0
Coloured	Female	0	0	0
	Male	1	1	100
White	Female	0	0	0
	Male	3	3	100
Disability	Female	0	0	0
	Male	0	0	0
<b>Total</b>		<b>4</b>	<b>4</b>	<b>100</b>

*Table 53: Performance Rewards*

### 3.6 CAPACITATING THE MUNICIPAL WORKFORCE

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

#### 3.6.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
MM and S57	Female	0	0
	Male	4	4
Legislators, senior officials and managers	Female	5	5
	Male	2	2
Associate professionals and Technicians	Female	1	1
	Male	4	4
Professionals	Female	2	2

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
	Male	1	1
Clerks	Female	5	5
	Male	0	0
Service and sales workers	Female	0	0
	Male	2	2
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	5	5
Elementary occupations	Female	3	3
	Male	21	21
<b>Sub total</b>	<b>Female</b>	<b>16</b>	<b>16</b>
	<b>Male</b>	<b>39</b>	<b>39</b>
<b>Total</b>		<b>55</b>	<b>55</b>

*Table 54: Skills Matrix*

### 3.6.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
MM and S57	Female	0	0	0	0	<b>0</b>	<b>0</b>	<b>n/a</b>
	Male	4	4	0	0	<b>4</b>	<b>4</b>	<b>100</b>
Legislators, senior officials and managers	Female	5	5	0	0	<b>5</b>	<b>5</b>	<b>100</b>
	Male	1	1	1	1	<b>2</b>	<b>2</b>	<b>100</b>
Professionals	Female	2	2	0	0	<b>2</b>	<b>2</b>	<b>100</b>
	Male	1	1	1	3	<b>2</b>	<b>4</b>	<b>50</b>

Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
Technicians and associate professionals	Female	0	0	0	0	0	0	n/a
	Male	0	0	4	4	4	4	100
Clerks	Female	3	3	2	5	5	8	63
	Male	0	0	0	0	0	0	n/a
Service and sales workers	Female	0	0	0	0	0	0	n/a
	Male	0	0	2	2	2	2	100
Craft and related trade workers	Female	0	0	0	0	0	0	n/a
	Male	0	0	0	0	0	0	n/a
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	n/a
	Male	0	0	5	20	5	20	25
Elementary occupations	Female	0	0	3	10	3	10	30
	Male	0	0	21	30	21	30	70
Sub total	Female	10	10	5	10	15	20	75
	Male	6	6	34	60	40	66	67
Total		16	16	39	70	55	86	64

*Table 55: Skills Development*

### 3.6.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of **R600 426** were allocated to the workplace skills plan and that **90%** of the total amount was spending in the 2010/11 financial year:

Total personnel budget	Total Allocated	Total Spend	% Spend
R'000	R'000	R'000	
13 316 143	600 426	539 859	90

*Table 56: Budget allocated and spent for skills development*

3.7 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

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

3.7.1 PERSONNEL EXPENDITURE

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

Financial year	Total Expenditure salary and allowances(R'000)	Total Operating Expenditure(R'000)	Percentage(%)
2008/09	9 432	51 393	18
2009/10	12 798	53 988	24
2010/11	12 389	66 102	19

Table 57: Personnel Expenditure

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

Financial year	2006/7	2007/8	2008/9	2009/10	2010/11		
Description	Actual	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
<b>Councillors (Political Office Bearers plus Other)</b>							
Mayor	392 594	364 172	393 789	416 205	474 439	582 758	625 648
Executive Committee Members	922 046	1 119 696	1 249 473	1 414 297	1 388 491	580 647	1 140 946
Councilors	933 017	811 152	904 800	924 952	1 262 247	1 636 595	991 661
Sub Total	2 247 657	2 295 020	2 548 062	2 755 454	3 125 177	2 800 000	2 758 255
% increase/(decrease)	-	2	11	8	13	(10)	(1)
<b>Senior Managers of the Municipality</b>							
Salary	2 226 388	1 822 022	1 943 005	2 217 928	3 048 892	3 048 892	2 368 525
Performance Bonus	125 121	91 814	143 724	165 155	283 290	283 290	230 211
Other benefits or allowances	0	0	93 210	83 910	21 600	21 600	10 284
Sub Total	2 351 509	1 913 836	2 179 939	2 466 993	3 353 782	3 353 782	2 609 020

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Financial year	2006/7	2007/8	2008/9	2009/10	2010/11		
Description	Actual	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
% increase/(decrease)	-	(19)	14	13	36	0	(22)
<b>Other Municipal Staff</b>							
Basic Salaries and Wages	3 678 203	5 808 823	4 045 529	4 562 426	5 546 164	5 763 657	5 794 269
Pension Contributions	1 095 225	1 108 584	780 603	907 041	1 185 844	1 185 844	1 210 016
Medical Aid Contributions	671 756	660 408	526 705	541 531	752 236	752 236	634 409
Motor vehicle allowance	0	0	743 914	747 167	868 163	868 163	778 283
Cell phone allowance	0	0	3 600	9 000	10 800	10 800	7 200
Housing allowance	0	0	87 569	80 806	122 122	122 122	84 191
Performance Bonus	861 653	841 810	600 823	649 371	539 275	753 782	783 282
Other benefits or allowances	404 155	592 905	291 629	(107 457)	331 403	331 403	320 750
In-Kind benefits	172 160	176 100	198 985	185 933	174 354	174 354	167 966
<b>Sub Total</b>	<b>6 883 152</b>	<b>9 188 630</b>	<b>7 279 355</b>	<b>7 575 819</b>	<b>9 530 361</b>	<b>9 962 361</b>	<b>9 780 367</b>
% increase/(decrease)	-	33	(21)	4	26	5	(2)
<b>Total Municipality</b>	<b>9 234 661</b>	<b>11 102 466</b>	<b>9 459 294</b>	<b>10 042 812</b>	<b>12 884 143</b>	<b>13 316 143</b>	<b>12 389 387</b>
% increase/(decrease)	-	20	(15)	6	28	3	(7)

*Table 58: Personnel Expenditure*



# CHAPTER 4

## STRATEGIC PERFORMANCE



## CHAPTER 4: STRATEGIC PERFORMANCE

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This chapter will provide information on the strategic performance of the municipality and will indicate how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This chapter speaks to the strategic performance highlights in terms of the Municipality's IDP, performance on basic service delivery and backlogs addressed the MIG projects as well as the spending priorities for the following year. It addresses the communication and public participation processes of the Municipality to give a holistic view of how the Municipality communicates performance to its stakeholders.

The Strategy map below specifies the strategic link of the focus areas of the Central Karoo District municipality aligned with the National Key Performance Areas. The National Key Performance Areas is aligned with the Strategic Objectives that were identified in the 2010/11 reviewed IDP. The strategic objectives are linked to the outcomes for 2010/11. These alignments are directly link to the Central Karoo District municipality's vision and mission.

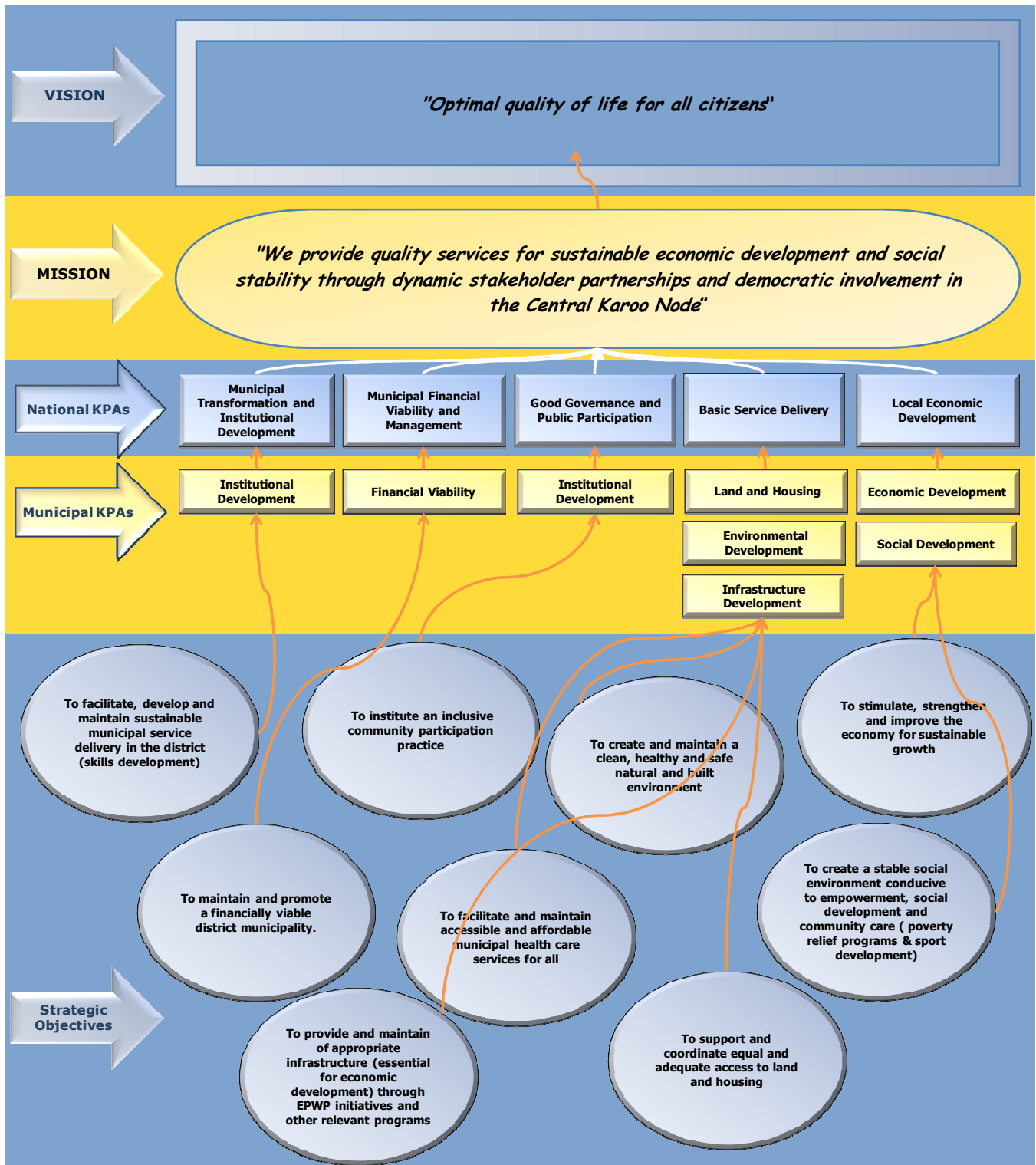


Figure 2: Strategy Map

The MSA and the Local Government: Municipal Planning and the Performance Management Regulations 2001 require municipalities to adopt a performance management system. Once the IDP and budget have been prepared and approved, the Municipality prepared their Service Delivery and Budget Implementation Plan (SDBIP) in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates monthly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. The Municipality assessed its performance on a monthly basis and reported progress on performance against targets to Council quarterly and presents the annual performance results in this annual report.

#### 4.1 NATIONAL KEY PERFORMANCE INDICATORS – BASIC SERVICE DELIVERY AND LOCAL ECONOMIC DEVELOPMENT

The following table indicates the municipality’s performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the following two National Key Performance Areas: Basic Service Delivery and Local Economic Development.

KPA& INDICATORS	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT
	2008/09	2009/10	2010/11
<b>Basic Service Delivery</b>			
The percentage of households earning less than R 1100 per month with access to free basic services	100	100	100
The percentage of households with access to basic level of water	100	100	100
The percentage of households with access to basic level of sanitation	100	100	100
The percentage of households with access to basic level of electricity	100	100	100
The percentage of households with access to basic level of solid waste removal	100	100	100
<b>Local economic development</b>			
The number of <b>jobs created</b> through municipality’s local economic development initiatives including capital projects	22668 man days	22 590 man days	3 133 man days

*Table 59: National KPIs – Basic Service Delivery and Local Economic Development*

#### 4.2 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LEVEL)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The top layer (strategic) SDBIP is the municipality’s strategic plan and shows the strategic alignment between the different documents.(IDP, Budget

and performance agreements). The municipality compiled a top layer SDBIP for the first time in the 2010/11 financial year.

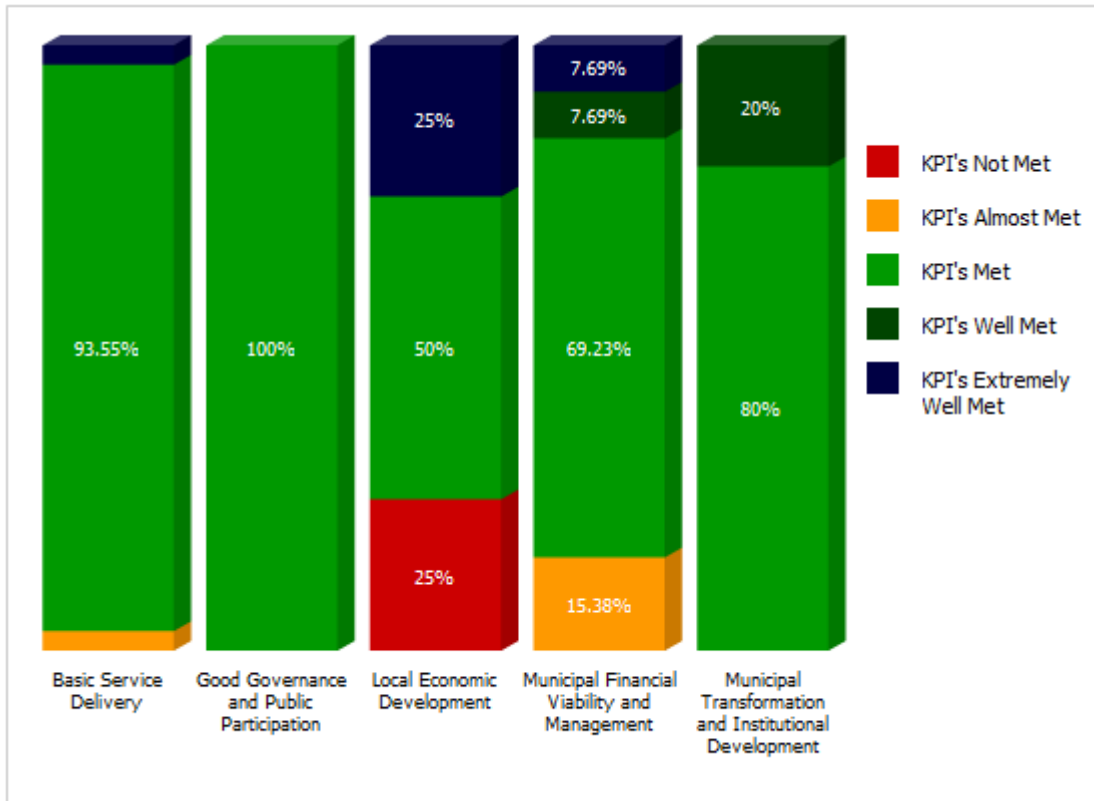
In the paragraphs below the performance achieved is illustrated against the top layer SDBIP according to the 5 National Key Performance Areas linked to the Municipal Key Performance Areas and IDP (strategic) objectives.

**The following figure illustrates the method in which actual performance in the sdbip is measured:**

Category	Color	Explanation
KPI's Not Yet Measured	Grey	KPIs with no targets or actuals in the selected period.
KPI's Not Met	Red	0% >= Actual/Target < 75%
KPI's Almost Met	Orange	75% >= Actual/Target < 100%
KPI's Met	Light Green	Actual/Target = 100%
KPI's Well Met	Dark Green	100% > Actual/Target < 150%
KPI's Extremely Well Met	Dark Blue	Actual/Target >= 150%

*Figure 3: SDBIP measurement categories*

**The graph below displays the performance per National Key Performance Areas:**



*Graph 4: Performance per National Key Performance Area*

4.2.1 TOP LAYER SDBIP - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The National Key Performance Area Good Governance and Public Participation are linked to the Municipal Key Performance Area namely “*Institutional Development*”. The IDP objective that is linked to Good Governance and Public Participation is: “*To institute a community participation practice*”

KPI name	Unit of Measurement	Area	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
Enhancement of integrated planning in the district	Develop or review district IDP framework	All	100%	New KPI	100%	100%	n/a	n/a
IDP to include all required sectoral plans - DMA	No of required sectoral plans included	All	7	New KPI	7	7	n/a	n/a
Reviewed IDP - DMA	IDP reviewed by May Annually	All	100%	New KPI	100%	100%	n/a	n/a
IDP and sectoral plans aligned with Spatial development plan - DMA	% alignment	All	100%	New KPI	100%	100%	n/a	n/a
Reaching of employment equity targets	% of targets reached	All	80%	New KPI	85%	85%	n/a	n/a
Effective communication with communities	Review of communication policy	All	100%	New KPI	100%	100%	n/a	n/a
IDP endorsed by community organizations and stakeholders as local social compacts - DMA	% compliance with public participation requirements	All	100%	New KPI	100%	100%	n/a	n/a
Improved good governance	% Implementation of anti-corruption policy	All	100%	New KPI	100%	100%	Not correctly updated, should be 20%	Insufficient funds to implement initiatives
Effective IGR in the district	No of meetings of the District Intergovernmental Forum	All	3	New KPI	4	4	n/a	n/a

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KPI name	Unit of Measurement	Area	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
Effective IGR in the district	No of meetings of the District Intergovernmental Forum (Technical)	All	3	New KPI	4	4	n/a	n/a
Annual performance reporting	Annual report and oversight report of council submitted before legislative deadline	All	100%	New KPI	100%	100%	n/a	n/a
Approval of SDBIP	Approval of SDBIP before legislative deadline	All	100%	New KPI	100%	100%	n/a	n/a
Effective functioning of committee system	No of sec 79 committee meetings per committee per annum	All	11	New KPI	12	12	n/a	n/a
Effective functioning of council	No of council meetings	All	4	New KPI	1	1	n/a	n/a
Enhancement of integrated planning in the district	No of meetings of the district IDP forum	All	2	New KPI	2	2	n/a	n/a
Functional Internal Audit unit	Approved Risk based audit plan by June 2011	All	100%	New KPI	100%	100%	Not correctly updated, should be 0%	Limited capacity
Functional performance audit committee	No of meetings of the performance audit committee	All	4	New KPI	4	4	n/a	n/a
Institutional Performance management system in place	No of performance agreements signed on time	All	4	New KPI	4	4	n/a	n/a
Municipality complying with all relevant legislation	% compliance with legislation	All	50%	New KPI	62.50%	62.50%	n/a	n/a
Planning and establishment of shared services in	No of service activities shared	All	3	New KPI	14	14	n/a	n/a

KPI name	Unit of Measurement	Area	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
the district								
Establish EDA	Office up and running and Board Members Elected	All	10%	New KPI	70%	<b>70%</b>	n/a	n/a
Expansion of Shared Services	Number of Agreements with B Municipalities	All	2	New KPI	1	<b>1</b>	n/a	n/a
Three critical posts filled (SC Manager, Planner and LED Manager)	No of critical posts filled	All	3	New KPI	3	<b>3</b>	n/a	n/a
Approval of adjustments budget	Approval of adjustments budget before legislative deadline	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Approval of Main budget	Approval of Main budget before legislative deadline	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Spatial development plan aligned with PSDP and PGDS - DMA	% alignment	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Creation of effective capacity	% Vacancy level as % of approved organogram	All	11%	New KPI	10%	<b>10%</b>	n/a	n/a

**Table 60: Top Level SDBIP – Good Governance and Public Participation**

#### 4.2.2 TOP LAYER SDBIP - MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The National Key Performance Area Municipal Transformation and Institutional Development are linked to the Municipal Key Performance Area namely “*Institutional Development*”. The IDP objective that is linked to Municipal Transformation and Institutional Development is: “*To facilitate, develop and maintain sustainable municipal service delivery in the district (skills development)*”.



KPI name	Unit of Measurement	Area	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
Targeted skills development	% Implementation of skills development plan	All	100%	New KPI	100%	100%	n/a	n/a
Targeted skills development	The percentage of budget spent on implementing its workplace skills plan	All	2.7	New KPI	2.80%	3.00%	n/a	n/a
Effective and up to date By-laws	No of By-laws revised annually	All	0	New KPI	2	2	n/a	n/a
Effective and up to date HR policies	Revision of all HR policies annually by June 2011	All	0	New KPI	2	2	n/a	n/a
Effective labour relations	No of meetings of the LLF	All	6	New KPI	6	6	n/a	n/a

**Table 61: Top Level SDBIP – Municipal Transformation and Institutional Development**

#### 4.2.3 TOP LEVEL SDBIP - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The National Key Performance Area Municipal Financial Viability and Management are linked to the Municipal Key Performance Area namely “*Financial Viability*”. The IDP objective that is linked to Municipal Financial Viability is: “*To maintain and promote a financially viable district municipality*”.

KPI name	Unit of Measurement	Area	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
Asset management	Maintained asset register	All	100%	New KPI	100%	100%	n/a	n/a
Clean audit	% of Root causes of issues raised by AG in AG report addressed	All	80%	New KPI	80%	80%	n/a	n/a
Effective SCM system	No of successful appeals	All	0	New KPI	0%	0%	n/a	n/a
Preparation of financial statements	Financial statements submitted on time	All	100%	New KPI	100%	100%	n/a	n/a

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KPI name	Unit of Measurement	Area	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
Financial Viability	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	All	0.05	New KPI	0.05	<b>0.12</b>	n/a	n/a
Financial Viability	Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	All	3.05	New KPI	3.05	<b>3.05</b>	n/a	n/a
Financial Viability	Revision of Equitable Share Formula	All	0	New KPI	1	<b>1</b>	n/a	n/a
Financial Viability	Revision of Indigent Registers	All	0	New KPI	1	<b>1</b>	n/a	n/a
Financial Viability	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	All	1.47	New KPI	1.47	<b>1.42</b>	n/a	n/a
Improved revenue collection	% Debt recovery rate	All	70%	New KPI	85.00%	<b>72.50%</b>	Debtors in DMA area, mostly indigent households	DMA transferred to Beaufort West Municipality
Improvement in conditional grant spending - capital	% of total conditional capital grants spent	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Improvement in conditional grant spending - operational	% of total conditional operational grants spent	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Updated indigent register for the provision of free basic services	Updated indigent register continually	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a

**Table 62: Top Level SDBIP – Municipal Financial Viability and Management**

**4.2.4 TOP LEVEL SDBIP - LOCAL ECONOMIC DEVELOPMENT**

The National Key Performance Area Local Economic Development is linked to the Municipal Key Performance Areas namely “*Economic Development*” and “*Social Development*”. The IDP objective that is linked to Local Economic Development is: “*To stimulate, strengthen and improve the economy for sustainable growth*” and “*To create a stable social environment conducive to empowerment, social development and community care*”.

KPI name	Unit of Measurement	Area	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
Reviewed and aligned LED strategy - DMA	LED strategy reviewed by May Annually	All	100%	New KPI	100%	100%	n/a	n/a
Employment through job creation schemes	No of temporary jobs created	All	86	New KPI	110	171	n/a	n/a
Enhancement of economic development	Value of contracts assigned to emerging contractors	All	R1m	New KPI	R 1,000,000	R 447,217	Less contracts outsourced than expected	n/a
Increase of tourism awareness in the district	% annual increase in number of tourists visiting the district	All	5%	New KPI	5%	5%	n/a	n/a

**Table 63: Top Level SDBIP – Local Economic Development**

**4.2.5 TOP LEVEL SDBIP - BASIC SERVICE DELIVERY**

The National Key Performance Area Basic Service Delivery is linked to the Municipal Key Performance Area namely “*Infrastructure Development*”, “*Environmental Development*” and “*Land and Housing*”. The IDP objective that is linked to Basic Service Delivery are: “*To create and maintain a clean, healthy and safe natural and built environment*”; “*To facilitate and maintain accessible and affordable municipal health care services for all*”; “*To provide and maintain appropriate infrastructure (essential for economic development) through EPWP initiatives and other relevant programmes*” and “*To support and coordinate equal and adequate access to land and housing*”

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KPI name	Unit of Measurement	Ward	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
Implementation of public awareness strategy	% implementation of Provincial and District Strategy	All	50%	New KPI	70%	<b>70%</b>	n/a	n/a
Chemical Safety monitoring	% of notifications investigated	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Communicable disease control monitoring	% of notifications investigated	All	100%	New KPI	100%	<b>100%</b>	No notifications were received to investigate, therefore 100%	n/a
Disposal of the dead	% of undertakers and facilities complying with health regulations	All	80%	New KPI	80%	<b>80%</b>	No notifications were received to investigate, therefore 80%	n/a
Effective environmental health services	Revision of all applicable policies by December	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Environmental pollution control monitoring	% of public premises complying with tobacco legislation	All	60%	New KPI	60%	<b>60%</b>	No notifications were received to investigate, therefore 60%	n/a
Monitoring of fire brigade service in the district	%/ No of Fire Brigade services that meet agreed standards	All	50%	New KPI	60%	<b>60%</b>	n/a	n/a
Monitoring of food premises	% of bacteriological food samples complying with health standard	All	80%	New KPI	80%	<b>80%</b>	n/a	n/a
Monitoring of food premises	% of chemical food samples complying with health standard	All	80%	New KPI	80%	<b>80%</b>	n/a	n/a
Monitoring of food premises	%/ No of formal & informal food premises complying to R918	All	70%	New KPI	75%	<b>75%</b>	n/a	n/a
Monitoring of	%	All	80%	New KPI	80%	<b>80%</b>	n/a	n/a

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KPI name	Unit of Measurement	Ward	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
milking sheds	bacteriological and chemical sample complying to health standard							
Monitoring of Sewerage treatments sites	No of municipalities complying with bacteriological standards	All	90%	New KPI	95%	95%	n/a	n/a
Monitoring of Waste management	No of liquid waste disposal sites complying to health legislation requirements	All	70%	New KPI	80%	80%	n/a	n/a
Monitoring of Waste management	No of solid waste disposal sites complying to health legislation requirements	All	30%	New KPI	60%	60%	n/a	n/a
Monitoring of water quality	No of municipalities complying with bacteriological standards i.t.o SANS241	All	70%	New KPI	80%	80%	n/a	n/a
Reviewed Disaster Management Framework	Disaster Management Framework reviewed by January Annually	All	80%	New KPI	100%	100%	n/a	n/a
Vector control monitoring	% of notifications investigated	All	100%	New KPI	100%	100%	No notifications were received to investigate, therefore 100%	n/a
Effective capital spending	% spent of approved streets capital projects	All	100%	New KPI	0%	100%	n/a	n/a
Effective capital spending - DMA	% spent of approved water capital projects	All	100%	New KPI	100%	100%	n/a	n/a
Effective capital spending - DMA	% spent of approved electricity capital projects	All	100%	New KPI	100%	100%	There were no electricity projects	n/a

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KPI name	Unit of Measurement	Ward	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
Effective capital spending - DMA	% spent of approved waste management capital projects	All	100%	New KPI	100%	100%	n/a	n/a
Effective capital spending - DMA	% spent of approved waste water management capital projects	All	100%	New KPI	100%	100%	n/a	n/a
Effective capital spending- DMA	% spent of approved stormwater capital projects	All	100%	New KPI	100%	100%	n/a	n/a
Excellent water quality - DMA	% water quality level as per blue drop project	All	80%	New KPI	97%	91%	n/a	n/a
Improvement of electricity distribution capacity - DMA	% improvement	All	100%	New KPI	-		No targets were set as there was no funding available	n/a
Improvement of refuse sites' capacity - DMA	% improvement	All	0	New KPI	-		No targets were set as there was no funding available	n/a
Improvement of sanitation system capacity	% improvement	All	0	New KPI	-		No targets were set as there was no funding available	n/a
Km of new streets upgraded in previously un-serviced areas - DMA	No of kilometers	All	100%	New KPI	0	1	n/a	n/a
Maintenance of electricity assets - DMA	% of approved maintenance plan executed	All	100%	New KPI	100%	100%	n/a	n/a
Maintenance of electricity assets - DMA	% of maintenance budget of electricity spent	All	100%	New KPI	100%	100%	n/a	n/a
Maintenance of gravel roads	% of maintenance budget of streets spent	All	100%	New KPI	100%	100%	n/a	n/a

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KPI name	Unit of Measurement	Ward	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
Maintenance of gravel roads	2,5Kms of streets patched, resealed and brick laid according to plan	All	2	New KPI	2.5	2.5	n/a	n/a
Maintenance of refuse removal assets - DMA	% of approved maintenance plan executed	All	100%	New KPI	100%	100%	n/a	n/a
Maintenance of refuse removal assets - DMA	% of maintenance budget of refuse removal spent	All	100%	New KPI	100%	100%	n/a	n/a
Maintenance of sanitation assets DMA	% of approved maintenance plan executed	All	100%	New KPI	100%	100%	n/a	n/a
Maintenance of sanitation assets DMA	% of maintenance budget of sanitation spent	All	100%	New KPI	100%	100%	n/a	n/a
Maintenance of stormwater assets - DMA	% of approved maintenance plan executed	All	100%	New KPI	100%	100%	n/a	n/a
Maintenance of water assets - DMA	% of approved maintenance plan executed	All	100%	New KPI	100%	100%	n/a	n/a
Maintenance of water assets - DMA	% of maintenance budget of water spent	All	100%	New KPI	100%	100%	n/a	n/a
New electricity connections - DMA	No of new electricity connections	All	100%	New KPI	100%	100%	n/a	n/a
New water connections - DMA	No of new water connections	All	100%	New KPI	100%	100%	n/a	n/a
Percentage of HH with no street lights - DMA	% of HH with street lights	All	100%	New KPI	100%	100%	n/a	n/a
Percentage of HH that meet agreed sanitation service standards (at	% of HH receiving the minimum service standard for sanitation	All	100%	New KPI	100%	100%	n/a	n/a

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KPI name	Unit of Measurement	Ward	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
least once a week) - Formal areas - DMA								
Percentage of HH that meet agreed sanitation service standards (at least once a week) - Informal areas - DMA	% of HH receiving the minimum service standard for sanitation	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Percentage of HH that meet agreed sanitation service standards (at least VIP on site) - Informal areas -DMA	% of HH with minimum standard sanitation service	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Percentage of HH that meet agreed service standards (cleaned piped water 200m from household) - Informal areas - DMA	% of HH receiving the agreed service standards	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Percentage of HH that meet agreed service standards (cleaned piped water 200m from household) - Formal areas - DMA	% of HH receiving the agreed service standards	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Percentage of HH that meet agreed service standards (connected to	% of HH receiving agreed service standards	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a



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KPI name	Unit of Measurement	Ward	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
the national grid) -Formal areas – DMA								
Percentage of HH that meet agreed service standards (connected to the national grid) - Informal areas - DMA	% of HH receiving agreed service standards	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Percentage of HH with stormwater system - DMA	% of HH with effective stormwater	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Percentage/of HH that meet agreed sanitation service standards (at least VIP on site) -Formal areas -DMA	% of HH with minimum standard sanitation service	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Quality of waste water discharge - DMA	% water quality level of waste water discharge	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Effective co-ordination of disaster management	Establishment of the district disaster management advisory forum	All	0%	New KPI	100%	<b>100%</b>	n/a	n/a
Review of the Spatial Development Plan - DMA	Review submitted to PAWC annually by September	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Percentage electricity losses - DMA	KW billed/ KW used by municipality	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Percentage water losses - DMA	KL billed/ KL used by municipality	All	100%	New KPI	100%	<b>100%</b>	n/a	n/a
Percentage of HH receiving free basic sanitation –	% of HH	All	55%	New KPI	55%	<b>55%</b>	n/a	n/a

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KPI name	Unit of Measurement	Ward	Baseline	Actual 2009/10	Performance 2010/11		Performance Comment	Corrective measures
					Target	Actual		
DMA								
Percentage of HH receiving free basic electricity - DMA	% of HH	All	55%	New KPI	55%	55%	n/a	n/a
Percentage of HH receiving free basic refuse removal - DMA	% of HH	All	55%	New KPI	55%	55%	n/a	n/a
Percentage of HH receiving free basic water - DMA	% of HH	All	55%	New KPI	55%	55%	n/a	n/a
Quantum of free basic electricity received	50 Kwh per month per household	All	50Kwh	New KPI	50	50	n/a	n/a
Quantum of free basic refuse removal received - DMA	R value per month per household	All	31	New KPI	31	31	n/a	n/a
Quantum of free basic sanitation received - DMA	R value per month per household	All	R27,90	New KPI	30	27.9	Average for the year	n/a
Quantum of free basic water received	6 Kl per month per household	All	6Kl	New KPI	6	6	n/a	n/a
Coordinate the implementation of an Integrated transport plan for the district	% implementation of the Integrated Transport Plan (dependent on prov funding)	All	100%	New KPI	100%	100%	n/a	n/a

**Table 64: Top Level SDBIP – Basic Service Delivery**

4.3 DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2011/12

The main development and service delivery priorities for 2011/12 forms part of the municipality's top layer SDBIP for 2011/12 and are indicated in the table below:

Municipal KPA	KPI	Unit of Measurement	Annual Target
Local Economic Development	The number of jobs created through municipality's local economic development initiatives including capital projects	The number of jobs created through municipality's local economic development initiatives including capital projects	10
Organisational Development and institutional support	Planning and establishment of shared services in the district by June 2012	No of service activities shared	1
Good Governance and Public participation	Enhancement of integrated planning in the district by developing an IDP framework by December	Develop district IDP framework by December 2011	100
Good Governance and Public participation	Enhancement of integrated planning in the district measured in terms of the number of IDP forums per annum	No of meetings of the district IDP forum per annum	4
Good Governance and Public participation	Effective communication with communities by reviewing and implementing the communication policy	Review of communication policy by December 2011	100
Good Governance and Public participation	Revision of the anti-corruption policy	Revised policy by June 2012	100
Local Economic Development	Revision of LED strategy	Revised strategy by March 2012	100
Local Economic Development	Establishment of a LED forum	Established by December 2011	100
Local Economic Development	Increase tourism awareness in the municipal area to enhance economic development with the revision of the tourism strategy	Revise Tourism strategy by June 2012	100
Basic Services	Annual revision of District Disaster Management Framework	District Disaster Management Framework reviewed April 2012	100
Basic Services	Annual revision of District Disaster Management contingency Plans	District Disaster Management contingency Plans reviewed March 2012	100
Basic Services	Annual revision of disaster risk assessment to identify possible high risk areas	Annual disaster risk assessment completed	100
Basic Services	Monitor the effective provision of fire brigade services in the District to ensure effective Fire Services	No of inspections of the fire brigade services of local municipalities in the District	6
Basic Services	Increase public awareness in terms of disaster management	No of initiatives executed	2
Basic Services	Provide training for emergency personnel and volunteers	No of training sessions per year	3
Basic Services	Improving of water quality in the district with water Quality monitoring measured by the no of samples taken	No of bacteriological & chemical water samples taken into SANS 241	144
Basic Services	Improving the quality of Sewerage Outflow	No of bacteriological sewerage	12

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Municipal KPA	KPI	Unit of Measurement	Annual Target
	Quality with monitoring measured in term of the no of samples taken	samples taken	
Basic Services	Monitoring of Solid Waste Sites to improve compliance with permit requirements	No of Solid Waste Site inspections	72
Basic Services	Monitoring of Liquid Waste Sites to improve compliance with permit requirements	No. of Liquid Waste Site inspections	48
Basic Services	Monitoring of Formal & Informal Food Premises to ensure compliance with standards and legislative requirements	No of food production and/or handling sites inspections ito Regulation 918	1152
Basic Services	Monitoring of Food Quality to ensure compliance with standards and legislative requirements	No of Bacteriological & Chemical food samples taken ito FCD Act	48
Basic Services	Monitoring of Milking Sheds to ensure compliance with standards and legislative requirements	No of Milking Shed inspections ito relevant legislation	24
Basic Services	Milk Quality Monitoring to ensure compliance with standards and legislative requirements	No of Bacteriological & Chemical milk samples taken ito FCD Act	12
Basic Services	Monitoring of Public Institutions (Non Food) to ensure compliance with standards and legislative requirements	No of Public Institution inspections ito relevant legislation	96
Basic Services	Monitoring of informal settlements to ensure compliance with standards wrt water and sanitation	No of inspections at informal settlements wrt. water and sanitation	36
Basic Services	Investigation and monitoring of notifiable medical conditions & diseases	% of reported conditions & diseases monitored	100
Basic Services	Investigation and monitoring of incidents of pesticide poisonings	% of reported incidents investigated & monitored	100
Basic Services	Investigation and monitoring of conditions promoting the habits and breeding of vectors	% of reported cases investigated & monitored	100
Basic Services	Monitoring & supervision of exhumations and re-interments	% of applications for exhumations and reinterments monitored	100
Basic Services	To enhance awareness with Health & Hygiene Promotion and Education	No of awareness initiative per quarter	16
Local Economic Development	Provide identified training for tourism burro's	No training sessions	3
Local Economic Development	Host the annual district and provincial "welcome" campaign	Hosted by December 2011	100
Basic Services	Maintain the existing Multi Sectoral Action Teams (MSAT's) for HIV/AIDS in the district	No of MSAT's maintained	4
Basic Services	Implement and monitor approved HIV/AIDS projects	No of projects 17	17
Basic Services	Review the HIV/AIDS policy	Reviewed by December 2011	100
Basic Services	Revision of the integrated public transport system in the District to improve road transport	Reviewed Integrated transport plan for the district with the support of the Provincial Department by June	100

Municipal KPA	KPI	Unit of Measurement	Annual Target
		2012	
Basic Services	Maintenance of provincial roads measured by the No of KM's graded per quarter	Kms of roads graded	7200
Basic Services	Regravel Roads	No of Kmsregravelled	45

*Table 65: Development and Service Delivery Priorities for 2011/12*

#### 4.4 BASIC SERVICE DELIVERY

##### 4.4.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS

Highlight	Description
Transfer of Murraysburg DMA	Effective transfer of the Murraysburg DMA to the Beaufort West Municipality

*Table 65: Basic Services Delivery Highlights*

##### 4.4.2 BASIC SERVICES DELIVERY CHALLENGES

Service Area	Challenge	Actions to address
Sanitation	Upgrading of municipal sewerage works	Apply for funding
Sanitation	Upgrading of sewerage network from 40mm to 110 mm piped system	Apply for funding
Public Amenities	Cleaning and upgrading of public amenities	Apply for funding
Basic Services	Extend basic services (water & sanitation) to rural areas and farms	Compilation of basic service plan for rural areas and farms in the region.
Water	Lack of a long term plan to address future water needs	Development of a water management plan for the region
Electricity	Availability of funding for expansion to rural areas	Assist & support Beaufort West Municipality with applications to potential funders

*Table 67: Basic Services Delivery Challenges*

4.4.3 ACCESS TO FREE BASIC SERVICES

In accordance with the approved indigent policy of the municipality, the following categories of households receive free basic services:

- Households earning between R 0 – R 250: 50 kwh electricity, 6 kl water, free sewerage en free refuse removal.
- Households earning between R 251 – R 1 100: 50 kwh electricity, 6 kl water and half the cost of sewerage.
- Households earning between R 1 100 – R 2 160: 50 kwh electricity and kl water.
- All households receive 6kl water and are exempted for R 19 000 property tax.

The following table indicates the percentage of indigent households that have access to free basic municipal services in the DMA area.

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No Access	%	No Access	%	No Access	%	No Access	%
2008/09	1 446	800	55	800	55	400	28	150	10
2009/10	1 452	800	55	800	55	400	28	150	10
2010/11	1452	800	55	800	55	400	28	150	10

Table 68: Free basic services to indigent households

Access to free basic services is summarised into the different services as specified in the following table:

Financial year	Electricity								
	Indigent Households			Non-indigent households			Households in Eskom areas		
	No of HH	Unit per HH (kwh)	Value R'000	No of HH	Unit per HH (kwh)	Value R'000	No of HH	Unit per HH (kwh)	Value R'000
2008/09	800	50	245	639	0	0	0	0	0
2009/10	800	50	286	652	0	0	0	0	0
2010/11	800	50	310	652	0	0	0	0	0

Table 69: Free basic Electricity services to indigent households

Water						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Unit per HH (kl)	Value	No of HH	Unit per HH (kl)	Value
			R'000			R'000
2008/09	800	6	207	585	0	0
2009/10	800	6	219	652	6	178
2010/11	800	6	245	652	6	200

*Table 70: Free basic Water services to indigent households*

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No of HH	R value per HH	Value	No of HH	Unit per HH per month	Value
			R'000			R'000
2008/09	150	26.50 pm	48	1 050	0	0
	250	13.25 pm	40			
2009/10	150	27.90 pm	50	1 052	0	0
	250	13.95 pm	42			
2010/11	150	30.00 pm	54	1052	0	0
	250	15.00 pm	45			

*Table 71: Free basic Sanitation services to indigent households*

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Service per HH per week	Value	No of HH	Unit per HH per month	Value
			R'000			R'000
2008/09	150	29.00 pm	52	1 235	0	0
2009/10	150	31.00 pm	56	1 302	0	0
2010/11	150	33.00 pm	59	1302	0	0

*Table 72: Free basic Refuse Removal services to indigent households per type of service*

4.4.4 ACCESS TO BASIC LEVEL OF SERVICES

The following table indicates the number of households that gained access for the first time to the different types of basic services during the 2010/11 financial year:

Type of service	2007/08	2008/09	2009/10	2010/11
Housing	0	0	0	0
Water	0	0	0	0
Sanitation	0	0	0	0
Refuse removal	0	0	0	0
Electricity	0	0	0	0
Streets & Storm Water	0	0	0	0

Table 73: Access to basic level of services

A) CAPITAL BUDGET SPENT ON MUNICIPAL SERVICES

The percentage (%) of the total approved capital budget spent on each municipal service respectively for the 2008/09, 2009/10 and 2010/11 financial years respectively are as follows:

Financial Year	Housing	Water	Sanitation	Refuse Removal	Electricity	Streets & Storm Water	Community facilities
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2008/09	100.0	93.3	8.0	81.0	62.1	47.8	96.3
2009/10	100.0	110.7	110.6	100.0	37.9	58.2	72.9
2010/11	100.0	100.0	100.0	100.00	100.00	100.00	66.6

Table 74: Capex

The following table indicates the total amount of capital expenditure on assets by asset class for the past three financial years:

Description	2007/08	2008/09	2009/10	2010/11		
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<b>Capital expenditure on new assets by Asset Class/Sub-class (R'000)</b>						
<b>Infrastructure</b>	<b>1 920</b>	<b>4 604</b>	<b>6 649</b>	<b>7 561</b>	<b>5 935</b>	<b>6 880</b>
Infrastructure - Road transport	100	2 552	6 539	7 461	5 920	5 920
Roads, Pavements & Bridges & Stormwater	100	2 489	6 539	7 461	5 920	5 920



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Description	2007/08	2008/09	2009/10	2010/11		
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<i>Storm water</i>	0	63	0	0	0	0
Infrastructure - Electricity	<b>0</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Transmission &amp; Reticulation</i>	0	45	0	0	0	0
<i>Street Lighting</i>	0	0	0	0	0	0
Infrastructure - Water	<b>1 326</b>	<b>1 995</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Water purification</i>	0	0	0	0	0	0
<i>Reticulation</i>	1 326	1 995	0	0	0	0
Infrastructure - Sanitation	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Reticulation</i>	0	0	0	0	0	0
<i>Sewerage purification</i>	0	0	0	0	15	15
Infrastructure - Other	<b>494</b>	<b>12</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Other</i>	494	12	110	100	0	945
<b><u>Community</u></b>	<b>0</b>	<b>1 008</b>	<b>1 999</b>	<b>1 846</b>	<b>1 237</b>	<b>1 036</b>
Fire Station	0	994	0	22	0	204
Buildings	0	0	1 946	1 800	1 213	808
Recreational facilities	0	0	0	0	0	0
Libraries	0	14	53	24	24	24
<b><u>Heritage assets</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Investment properties</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Capital expenditure on new assets by Asset Class/Sub-class</u></b>	<b>1 920</b>	<b>5 612</b>	<b>8 648</b>	<b>9 407</b>	<b>7 172</b>	<b>7 916</b>
<b><u>Other assets</u></b>	<b>120</b>	<b>295</b>	<b>325</b>	<b>221</b>	<b>409</b>	<b>428</b>
Plant & equipment	0	11	66	6	6	0
Computers - hardware/equipment	1	100	167	70	98	77
Furniture and other office equipment	119	44	92	45	305	351
Other	0	140	0	100	0	0
<b><u>Agricultural assets</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Biological assets</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Intangibles</u></b>	<b>15</b>	<b>16</b>	<b>139</b>	<b>0</b>	<b>0</b>	<b>0</b>
Computers - software & programming	15	16	139	0	0	0
Other	0	0	0	0	0	0

Description	2007/08	2008/09	2009/10	2010/11		
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<b>Total Capital Expenditure on new assets</b>	<b>2 055</b>	<b>5 923</b>	<b>9 112</b>	<b>9 628</b>	<b>7 581</b>	<b>8 344</b>
<b>Specialised vehicles</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Table 75: Total capital expenditure on assets*

B) PERCENTAGE SPENDING ON TOTAL CAPITAL BUDGET

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The total percentage (%) of the capital budget for the past three years is indicated in the table below:

Financial year	% of Capital budget spent	Reasons for under spending
2008/09	44.88	Thusong Centre in process
2009/10	79.71	Contractors late on site. New year allocation was utilised.
2010/11	94.76	Carports project not completed and Thusong Centre safe not installed, rolled over to 2011/12

*Table 76: Total capital expenditure*

C) SUMMARY OF BACKLOGS THAT MUST STILL BE ADDRESSED

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The following backlogs exist in the municipal area that must still be addressed, note that Beaufort West Municipality will be responsible for the rendering of municipal service in the Murraysburg (DMA) for the 2011/2012 financial year.

Area	Total nr of households affected	Timeframe to be addressed	Cost to address
			R'000
Housing	50	2 Years	2 500
Water (on site)	100	1 Year	100
Sanitation	120	1 Year	100
Refuse removal (at least once a week at site)	0	n/a	0
Electricity (in house)	130	1 Year	170
Streets and storm water	0	n/a	0

*Table 77: Backlogs*

4.4.5 WATER AND SANITATION

Water is probably the most fundamental and indispensable of natural resources – fundamental to life, the environment, food production, hygiene and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 25 liters of potable water per day supplied within 200 meters of a household.

A) WATER SERVICE DELIVERY LEVELS

Below is a table that specifies the different water service delivery levels per households for the financial years 2009/10 and 2010/11. The water service delivery levels in the DMA are all above minimum standards which is a huge accomplishment:

Description	2009/10	2010/11
	Actual	Actual
<b>Household</b>		
<b><i>Water: (above minimum level)</i></b>		
Piped water inside dwelling	1 446	1 446
Piped water inside yard (but not in dwelling)	0	0
Using public tap (within 200m from dwelling )	6	6
Other water supply (within 200m)	0	0
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>1 452</b>	<b>1 452</b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b>100</b>	<b>100</b>
<b><i>Water: (below minimum level)</i></b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b>0</b>	<b>0</b>
<b><i>Below Minimum Service Level Percentage</i></b>	<b>0</b>	<b>0</b>
<b>Total number of households (formal and informal)</b>	<b>1 452</b>	<b>1 452</b>

Table 78: Water service delivery levels

B) SANITATION SERVICE DELIVERY LEVELS

Below area table that specifies the different sanitation service delivery levels per households for the financial years 2007/08, 2008/09, 2009/10 and 2010/11:

Description	2009/10	2010/11
	Actual	Actual
<b>Household</b>		
<b><i>Sanitation/sewerage: (above minimum level)</i></b>		
Flush toilet (connected to sewerage)	1 446	1 446
Flush toilet (with septic tank)	0	0
Chemical toilet	0	0
Pit toilet (ventilated)	0	0
Other toilet provisions (above minimum service level)	0	0
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>1 446</b>	<b>1 446</b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b>99.6</b>	<b>99.6</b>
<b><i>Sanitation/sewerage: (below minimum level)</i></b>		
Bucket toilet	0	0
Other toilet provisions (below minimum service level)	0	0
No toilet provisions	6	6
<b><i>Below Minimum Service Level sub-total</i></b>	<b>6</b>	<b>6</b>
<b><i>Below Minimum Service Level Percentage</i></b>	<b>0.4</b>	<b>0.4</b>
<b>Total number of households</b>	<b>1 452</b>	<b>1 452</b>

*Table 79: Sanitation service delivery levels*

4.4.6 ELECTRICITY

Local Government plays a very important role in the provision electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support. The table below indicates the different service delivery level standards for electricity within the municipality:

The table below indicates the different service delivery level standards for electricity within the municipality:

Description	2009/10	2010/11
	Actual	Actual
<b>Household</b>		
<b><i>Electricity: (above minimum level)</i></b>		
Electricity (at least minimum service level)	0	0
Electricity - prepaid (minimum service level)	1 428	1 428
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>1 428</b>	<b>1 428</b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b>98.4</b>	<b>98.4</b>
<b><i>Electricity: (below minimum level)</i></b>		
Electricity (< minimum service level)	0	0
Electricity - prepaid (< min. service level)	24	24
Other energy sources	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b>24</b>	<b>24</b>
<b><i>Below Minimum Service Level Percentage</i></b>	<b>100</b>	<b>100</b>
<b>Total number of households</b>	<b>1 452</b>	<b>1 452</b>

*Table 80: Electricity service delivery levels*

#### 4.4.7 REFUSE REMOVAL

The table below indicates the different refuse removal service delivery level standards within the municipality:

Description	2009/10	2010/11
	Actual	Actual
<b>Household</b>		
<b><i>Refuse Removal: (Minimum level)</i></b>		
Removed at least once a week	1 458	1 458
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>1 458</b>	<b>1 458</b>
<b><i>Minimum Service Level and Above percentage</i></b>	<b>100</b>	<b>100</b>
<b><i>Refuse Removal: (Below minimum level)</i></b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b>0</b>	<b>0</b>
<b><i>Below Minimum Service Level percentage</i></b>	<b>0</b>	<b>0</b>

Description	2009/10	2010/11
	Actual	Actual
<b>Total number of households</b>	<b>0</b>	<b>0</b>

*Table 81: Refuse removal service delivery levels*

4.4.8 ROADS

The following tables give an overview of the total kilometers of roads maintained and new roads tarred:

A) TARRED ROADS

Financial year	Total km tarred roads	Km of new tar roads	Km existing tar roads re-tarred	Km of existing tar roads re-sheeted	Km tar roads maintained
2009/10	13	0.8	0	0	13
2010/11	13.8	0.5	0	0	14.3

*Table 82: Tarred roads*

B) GRAVELED ROADS

Financial year	Total km gravel roads	Km new gravel roads constructed	Km gravel roads upgraded to tar	Km gravel roads graded/maintained
2009/10	17	0	0.8	17
2010/11	17	0	0.5	15.7

*Table 83: Gravelled roads*

C) COST OF CONSTRUCTION/MAINTENANCE

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

Financial year	Gravel			Tar		
	New R'000	Gravel – Tar R'000	Maintained R'000	New R'000	Re-worked R'000	Maintained R'000
2009/10	0	6 539	35	0	0	10
2010/11	0	14 149	12115	0	13 193	269

*Table 84: Cost of construction/maintenance of roads*

4.5 MUNICIPAL INFRASTRUCTURE AND OTHER GRANTS

The Municipality had a total amount of **R7,445 million** for infrastructure and other capital projects available that were received in the form of grants from the National and Provincial Governments during the 2010/11 financial year. The performance in the spending of these grants is summarised as follows:

Description	2007/08		2008/09		2009/10		2010/11		
	Amount Received	Amount Spent	Amount Received	Amount Spent	Amount Received	Amount Spent	Amount Received	Amount Spent	% Spent
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>National Government:</b>									
MIG	1 426	1 426	4 484	4 484	6 539	6 539	5 920	5920	100
EDA	0	0	0	0	0	0	108	32	29.62
<b>Provincial Government:</b>									
Disaster Management Centre	0	0	994	994	0	0	204	204	100
Thusong Centre	0	0	0	0	1 946	1 946	1 213	808	66.62
<b>Total</b>	<b>1 426</b>	<b>1 426</b>	<b>5 478</b>	<b>5 478</b>	<b>8 485</b>	<b>8 485</b>	<b>7 445</b>	<b>6 964</b>	<b>93.53</b>

*Table 85: Spending of grants*

4.6 MUNICIPAL HEALTH

The National Health Act, 2003 (Act 61 of 2003) defines Municipal Health Services as Environmental Health. Environmental health means a condition of optimal wholesomeness of the environment in which man exists and interacts with, through the lowest possible presence therein or total absence of any stimuli detrimental to human health. The Section Environmental / Municipal Health are responsible for the identification, evaluation, control, monitoring and prevention of those factors that can be detrimental to people's health and well-being.

Environmental / Municipal Health Services are rendered by five (5) Environmental Health Practitioners (EHP's) in ten (10) communities in the Central Karoo Region, namely Murraysburg, Beaufort West, Nelspoort, Merweville, Prince Albert, Leeu-Gamka, Klaarstroom, Prince Albert Road, Laingsburg and Matjiesfontein, as well as in the rural areas of the four (4) districts in the Region, namely Murraysburg, Beaufort-Wes, Prince Albert and Laingsburg.

The table below indicates various municipal activities with regard to the Municipal Health function:

Function	Description of activities during 2010/11
Water quality monitoring	<ul style="list-style-type: none"> <li>• Monitor the safety and adequate supply of drinking water.</li> <li>• Take steps to have any problems regarding water safety rectified.</li> <li>• Monitor quality of water resources intended for other essential uses, e.g. recreational waters.</li> </ul>
Food control	<ul style="list-style-type: none"> <li>• The implementation of all regulations regarding food safety. Monitor all food safety aspects, including hygiene conditions at food handling premises.</li> <li>• Investigate food poisoning outbreaks.</li> <li>• Health education regarding food safety.</li> </ul>
Waste management	<ul style="list-style-type: none"> <li>• Manage and monitor the safe collection, handling and disposal of solid and liquid waste.</li> </ul>
Health surveillance of premises	<ul style="list-style-type: none"> <li>• Render non-specialist environmental impact/risk/hazard assessments and occupational hygiene risk assessments.</li> <li>• Render environmental health services in the formal and informal sector.</li> <li>• Render environmental health services at care centers.</li> <li>• Render services regarding the control of nuisances as well as the keeping of animals.</li> <li>• Monitor environmental health aspects of accommodation and its immediate environment in particular the public health aspects of residential, public and institutional buildings.</li> <li>• Monitor environmental health legislation enforcement.</li> <li>• Render environmental health planning, zoning, license application services and,</li> <li>• Scrutinize building plans from a health point of view.</li> </ul>
Surveillance and prevention of communicable diseases, excluding immunisations	<ul style="list-style-type: none"> <li>• Play an active role in the outbreak response management team of the district.</li> <li>• Render services in respect of outbreak investigations, tracing of contacts and surveillance of communicable diseases.</li> </ul>
Vector control	<ul style="list-style-type: none"> <li>• Monitor the presence of vectors (arthropods, molluscs, rodents and other alternative hosts of disease) and enforce appropriate legislation.</li> <li>• Render vector control services.</li> </ul>
Environmental pollution control	<ul style="list-style-type: none"> <li>• Render disaster management services in respect of environmental health.</li> <li>• Render pollution control services: inspection and monitoring.</li> <li>• Monitor intensive animals feeding systems regarding environmental pollution and nuisances.</li> </ul>
Disposal of the dead	<ul style="list-style-type: none"> <li>• Monitor all environmental health aspects regarding the disposal of the dead (including exhumation, reburial and funeral parlours).</li> <li>• Manage and monitor pauper burials.</li> </ul>
Chemical safety	<ul style="list-style-type: none"> <li>• Render a non-specialist impact/risk/hazard assessment and environmental evaluation service with regard to the handling of chemicals.</li> <li>• Investigate agricultural and stock remedies poisonings.</li> </ul>

**Table 86: Municipal Health Development Strategies Progress**

The table below reflects some of the matters addressed by the Environmental Health Practitioners (EHP's) within the Central Karoo District Municipal Area.

Items	No of inspections	Action
Bacteriological water sampling on behalf of the Beaufort West Municipality (As per agreement)	165	<ul style="list-style-type: none"> <li>• Water sampling took place on a monthly basis.</li> <li>• 165 samples for bacteriological analysis were taken during the reporting period. Samples for the Beaufort West Municipality were taken in Beaufort West, Merweville and Nelspoort.</li> <li>• 152 (92%) of the samples taken did comply with the SANS 241 standard for water quality.</li> <li>• All sample results were send to the mentioned WSA.</li> </ul>



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<b>Items</b>	<b>No of inspections</b>	<b>Action</b>
Bacteriological water sampling on behalf of Murraysburg DMA (As per agreement)	23	<ul style="list-style-type: none"> <li>• Water sampling took place on a monthly basis.</li> <li>• A total of 23 samples were taken for bacteriological analysis during the reporting period.</li> <li>• 11 (48%) of the samples taken did comply with the SANS 241 standard for water quality.</li> <li>• All sample results were send to the mentioned WSA.</li> </ul>
Bacteriological water sampling in urban communities in the Region (excluding Beaufort West & DMA)	23	<ul style="list-style-type: none"> <li>• Water sampling took place on a quarterly basis.</li> <li>• A total of 23 samples were taken for bacteriological analysis during the reporting period.</li> <li>• 20 (87%) of the samples taken did comply with the SANS 241 standard for water quality.</li> <li>• All sample results were send to the various WSA's</li> </ul>
Chemical water sampling in urban communities in the Region	5	<ul style="list-style-type: none"> <li>• A total of 5 samples were taken for chemical analysis during the reporting period.</li> <li>• 4 of the samples taken did comply with the SANS 241 standard for water quality.</li> <li>• All sample results were send to the mentioned municipality.</li> </ul>
Bacteriological sampling of sewerage effluent at sewerage works in urban communities in the Region	49	<ul style="list-style-type: none"> <li>• Sewerage effluent sampling took place on a quarterly basis, except for the Beaufort West, Nelspoort and Merweville where sampling are done on a monthly basis.</li> <li>• A total of 49 samples were taken for bacteriological analysis during the reporting period.</li> <li>• 31 of the samples taken did comply with the set health standards for sewerage.</li> <li>• All sample results were send to the various WSA's.</li> </ul>
Capturing of water & sewerage sampling data on DWAF & EHS Database	100%	All water en sewerage results received from the National Health Laboratory were captured on the DWAF and EHS Databases.
Monitoring of Solid Waste Disposal sites in urban communities in the Region	98	<ul style="list-style-type: none"> <li>• In most instances monitoring of Solid Waste Disposal sites took place on a weekly basis.</li> <li>• A report on the status of Solid Waste Sites in the Central Karoo Region are send on an annual basis to the provincial Department of Health</li> </ul>
Monitoring of Liquid Waste Disposal sites in urban communities in the Region	98	In most instances monitoring of Liquid Waste Disposal sites took place on a weekly basis.
Monitoring of Health Care Waste facilities in the Region	40	40 inspections were executed at Health Care Waste facilities (clinics etc.) during the reporting period.
Monitoring of Formal & Informal Food Premises and enforcement of R918 of 1999	1 314	<ul style="list-style-type: none"> <li>• There are a total of 537 foodpremises within the Central Karoo region.</li> <li>• A total of 1 314 inspections were executed at foodpremises during the reporting period.</li> <li>• 68 Certificates of Acceptability were issued to new food premises which comply to the Regulations with regards to the General Hygiene requirements for Foodpremises and the Transport of Food (R 918 of 1999)</li> </ul>
Bacteriological & chemical sampling of foodstuffs ito FCD Act & Regulations	57	<ul style="list-style-type: none"> <li>• A total of 57 samples of foodstuffs were taken for bacteriological and chemical analysis.</li> <li>• 27 (47%) of the samples taken did comply with the standards as set in the Foodstuffs, Cosmetics and Disinfectants Act. ( Act. 54 of 1972)</li> </ul>
Monitoring of milking shed	20	A total of 20 inspections were executed during this reporting period.
Bacteriological & chemical sampling of raw milk & milk products	16	<ul style="list-style-type: none"> <li>• A total of 16 samples were taken for bacteriological and chemical analysis during this period.</li> <li>• 7 (43%) of the samples taken did comply to the standards set out in the Regulations with regards to Milk and Dairy Products (R1555 of 1997)</li> </ul>

Items	No of inspections	Action
Monitoring of Public Institutions (none-food)	128	A total of 128 inspections were executed during this reporting period.
Scrutinize & evaluate building plans from a health point of view	100%	<ul style="list-style-type: none"> <li>• 8 Building plans were scrutinized and evaluated for a health point of view.</li> <li>• All comments were send to the relevant role players.</li> </ul>
Identification, investigation & monitoring of notifiable medical conditions or any communicable disease	100%	<ul style="list-style-type: none"> <li>• 3 Notifiable medical conditions were reported during this period.</li> <li>• All notifications received were investigated and repots, where necessary, submitted to the Provincial Health Department.</li> </ul>
Investigation & monitoring of incidences of pesticide poisoning	100%	There were no incidents of pesticide poisonings reported during this period.
Monitoring of conditions promoting the habits and breeding habits of vectors	100%	There were no vector infestations reported during this period.
Monitoring & supervision of exhumations and re-interments	100%	<ul style="list-style-type: none"> <li>• 2 Applications for exhumations was received during the reporting period.</li> <li>• Monitoring and supervision were done at both.</li> </ul>
Health and Hygiene promotion	100%	28 actions with regards to health and hygiene promotion were undertaken during the reporting period.
EHS Report to Nat Dept of Health (Sinjani System)	48	4 Reports were submitted on a monthly basis to the National Department of Health. Reports were submitted on a Sinjani System of the relevant Department.
EHS related complaints followed up	100%	<ul style="list-style-type: none"> <li>• A total of 33 complaints were received during the reported period.</li> <li>• All complaints were attended to and followed up where necessary.</li> </ul>
Performance evaluations sessions of all staff in the Section EHS	4	Performance evaluations were executed on a quarterly basis against the set targets.
Annual review and updating of municipal health legislation, by-laws and policies	100%	A Tariff structure for the rendering of certain environmental health services were compiled and approved by Council for the reporting period.

**Table 87: Matters addressed by Environmental Health Practitioners (EHP's)**

#### 4.7 ADDITIONAL PERFORMANCE

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The table below enclose additional performance of the municipality:

Environmental Health	
Achievement	Description
Western Cape Working Group for Municipal Health Services	Municipality's environmental health practitioner was elected as chairman during the reported period.
South Cape / Karoo Institute for Environmental Health	Mr DHC Janse van Rensburg was elected as chairman and MrCrafford as treasurer during the reported period.
Institute for Environmental Health : World Conference on Environmental Health	Mr DHC Janse van Rensburg attended the mentioned Conference. A report in this regard was submitted to Council.
Visit to Uganda	Municipality's environmental health practitioner accompanied a delegation of the Eden District Municipality.

	A report in this regard was submitted to Council.
Murraysburg DMA Administrative duties	Municipality's environmental health practitioner was appointed by Council for 3 months to render an administrative service for the newly appointed DMA Manager in Murraysburg. A comprehensive environmental analysis report was also submitted to the DMA Manager and Council.

**Table 88: Additional Performance**

## 4.8 LED

### 4.8.1 HIGHLIGHTS: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Continued support for LED Projects in Murraysburg	<ul style="list-style-type: none"> <li>• Brick making Project</li> <li>• Firewood Project</li> <li>• Vegetable Gardens</li> <li>• Pig Farming Project</li> </ul>
Continued support for LED Projects in Laingsburg and Beaufort West	Leather Projects in both towns
Sponsorship of learnership in tourism	30 learners completed the learnership

**Table 89 LED Highlights**

### 4.8.2 CHALLENGES: LED

Challenges with regard to the implementation of the LED strategy are:

Description	Actions to address
Capacity constraints to provide hands-on support	Appointment of LED official at local level
Early involvement and buy-in of the business sector	Discussions with the Chamber of Commerce

**Table 90: LED Challenges**

### 4.8.3 LED STRATEGY

The LED Strategy is a sector plan that forms part of the IDP process. The purpose of the district LED strategy is to support pro-poor economic growth and job creation through an integrated approach. Several areas are mentioned in this regard, incorporating new business creation, improving infra-structure, attracting inward investment, strengthening the LED capacity, encouraging local procurement, and improving skills and knowledge.

### **Spatial profile of economic need versus potential**

In alignment with the spatial references of the NSDP, the district LED strategy highlights areas of economic need and areas with low development potential within the district. Beaufort West (a regional centre and agricultural service centre) is rated as the town with the highest level of economic development and Prince Albert is found to have potential for growth due to its more viable agricultural sectors and its tourism industry. According to the principles of the NSDP, "government spending on fixed investment should be focused on localities of economic growth and/or economic potential in order to gear up private sector investment, stimulate sustainable economic activities and to create long-term employment opportunities".

Towns with very low development potential are Matjiesfontein (Laingsburg LM), Merweville (Beaufort West LM), Murraysburg (DMA) and Leeu-Gamka (Prince Albert LM). All of these towns with the exception of Matjiesfontein also rate highly in terms of human need. The NSDP principle that relates to these areas suggests an effort to address past and current social inequalities by focusing on people not places.

### **Economic sector analysis**

The purpose of the economic sector analysis is to identify sectors and areas of economic growth/economic potential to gear up investment in those sectors. The district LED strategy gives the predominant economic sectors as Finance and business services, Transport, Retail and Services, which collectively produce 72% of the district's GDP. The fastest growing industries (between 2005 and 2007) are Finance and business services, Manufacturing and Construction. The concept of comparative advantage is useful in identifying economic sectors that are likely to be established/are drivers of the economy in question. Comparative advantage is determined in terms of the location quotient, a ratio which compares the district economy to the province to determine whether or not the district economy has a greater share of each industry than expected when compared to the province. Agriculture has the highest location quotient, followed by Electricity and water (utilities), Transport and communication, and Construction. The tourism sector contributed 2.3% to GDP in 2004 and employed 2.4% of the workforce. The Central Karoo is seen as a convenient stop en route between Gauteng and Cape Town, but is not seen as a tourist destination.

The district LED document uses a SWOT analysis and a sector potential analysis to gain an understanding of competitive advantages. The district LED and the district IDP have matched economic strengths, weaknesses, opportunities and threats. The sector potential analysis in the district LED examines the SIC economic sectors. A selection of these sectors is discussed in turn.

**Agriculture:**

- Agriculture has a comparative advantage in the Central Karoo and is a big part of economic activity in the Central Karoo, employing 22.6% of the working population.
- Economic comparative & competitive advantages of the region are identified in the district IDP and this list includes the established agriculture sector.
- The district LED notes that economic linkages are well-developed, but there is potential to improve and create new linkages, for example, the development of organic farming, or tourism (accommodation on farms, adventure tourism, game farming and agri-business). There is large potential to increase the value added to agricultural products (agro-processing).
- The iKapa GDS focus on sectoral development and recognises that agricultural sectors need to be promoted in order to become less reliant on imported agri-products as their prices rise in the medium to long term. In addition, natural areas need to be protected, specifically areas with tourist and agricultural development. The Micro Economic Development Strategy (MEDS), a strategic framework for public-sector intervention in various economic sectors, identified sustainable agriculture and tourism among the sectors where government policy can have maximum impact. Food-processing is also acknowledged as a focus area. Although agriculture has declined in the Western Cape in recent years, the sector could play a major or minor role in the future depending on how the sector deals with adjustments (rising prices of food imports and the change to organic farming methods) in the context of global warming. Land reform is likely to bring new investment into agriculture. Under-investment in the sector undermines the long term need for affordable food for poor urban households in the Western Cape. Agriculture and food-processing in the Overberg and Eden and agro-processing in George, Mossel Bay and Knysna are featured in the iKapa GDS as priorities. PGWC's involvement in terms of economic infrastructure investment includes port infrastructure, particularly in Cape Town but also in Mossel Bay and Saldanha to service the Karoo and Eden regions.

**Tourism:**

- Tourism is one of the sectors with the largest potential for growth and development in the Western Cape. The district LED document analyses the tourism sector separately, as it is not separated in the economic SIC classification, although it does form part of the Trade, Transport and Finance sectors.
- Economic comparative & competitive advantages of the Central Karoo are identified in the district IDP and this list includes the established tourism sector such as:

- Game Farming industry established; Established and organized hospitality industry; Eco-tourism industry established (Karoo National Park and other)
- Diversifying tourism sector (township routes, proposed Khoi San village, etc)
- Tourism Gateways in Laingsburg & Beaufort West (to position the region as a gateway to the markets of the Western Cape in the South, Northern Cape in the north, Eastern Cape in the east and Gauteng in the North east)
- Tourism potential is province-wide, but is found to be highest in tourism corridors proposed by the PSDF.
- Tourist's length of stay and expenditure is low as the area is viewed as a stop en route to other destinations, although the area has significant potential to develop this sector. Tourist attractions include the Karoo National Park, Prince Albert (attracting Garden Route tourists), the Swartberg pass and Gamkaskloof and fossil sites throughout the region. Central Karoo has the potential to develop cultural tourism and this may be linked to the selling of arts and crafts. The development of eco-tourism and agri-tourism holds significant potential. Edu-tourism, sports-related tourism, astronomy tourism, heritage and museum tourism and mining tourism has also been mentioned in the district LED. Beaufort West could position itself as a conference location for national events, given its dominance as a town in the region and its strategic central location. Resources should be focused on areas of tourism potential, such as SANPARKS and Prins Albert. The Beaufort West airport should be supported if a feasibility study shows sufficient evidence of demand for the airport and potential for sustaining the operations of such a facility in the long term.
- Gaps in the tourism value chain present opportunities for development. These include tourism infrastructure (transport, signage, basic services, information centres and databases), marketing, developing and improving facilities and human capital.

**Manufacturing:**

- Manufacturing in the Central Karoo economy is basic and linked to the primary sector. There is no comparative advantage in this sector but a number of opportunities for development exist. The leading industries are listed below.
  - Metal products, machinery and equipment
  - Food and beverages
  - Furniture manufacturing
  - Petroleum products Transport equipment
  - Other non-metal mineral products

- Textile clothing and leather goods
- Wood and paper products.
- Agri-food processing has potential to be developed as the focus currently falls on the primary agricultural sector in the Central Karoo. The factors that contribute to an enabling environment for the sub-sector are highlighted in the district LED.
- The clothing and textiles sector in the Central Karoo is also focused around agriculture (i.e. mohair, wool, skin processing and primary manufacturing). Gaps in the value chain present opportunities for development.

**Wholesale and retail trade:**

- The trade sector is one of the largest sectors in the Central Karoo, employing approximately 18% of the workforce and is an important source of informal employment. The sector is concentrated in Beaufort West CBD. Catering and accommodation forms a fairly large part of the sector due to tourism, however, the majority of the facilities and destination points are not registered with tourism bureaus. Beaufort West Mall and Square agglomerates traders and increases access to services. More importantly, it keeps spending power in the region. The sector has potential for growth and employment creation as there is considerable leakage of spending to other areas.
- Transport is an economic driver of the Central Karoo, mainly as a result of passing vehicles on the N1 and N12 national roads. Agglomeration advantages of this sector provide potential for development, for example, the establishment of a package, storage and distribution hub. Upgrading the Beaufort West airport would assist in improving accessibility of the region.

**Finance and business services:**

- Finance and business services contribute substantially to Central Karoo's GDP and employment. Development opportunities include capital funding for government programmes, awareness programmes, needs-based financial packages, and business incentives to encourage SMME and young entrepreneurs and business/office park developments.

**Community services and general government services:**

- This sector contributes the most to employment. Development potential exists to address the shortage of skills in the Central Karoo. Other areas of potential include a call centre, provision of land for housing developments and a private hospital in Beaufort West.

**Mining:**

- Uranium resources are an untapped source.

Diversifying the economic base and adding value to the primary products of the Central Karoo are key challenges for local economic development. A summary of development opportunities and constraints are identified in the district LED document as follows:

- Agriculture and Transport have a comparative advantage.
- Constraints to agriculture include a lack of arable land, lack of water, high input costs, low productivity and lack of access to financial support. Opportunities in agriculture incorporate agricultural value chains, red meats and horticulture, and a focus on niche and export markets.
- Constraints to the manufacturing sector are the decline in the agricultural sector, lack of investment, lack of linkages and skilled labour. Opportunities in manufacturing include agro-processing, textiles, leather and clothing and agriculture waste recycling.
- Finance, trade and services are a derived demand and therefore improve as the previously mentioned sectors improve. Transport and communication have a significant role to play in improving accessibility of the district.
- A shortage of tertiary education facilities in the Central Karoo is raised as a constraint.

Agglomeration advantages and cluster of certain production functions are encouraged, for example in the manufacture of arts and crafts using leather products, ostrich-ware and tourism. Linking the manufacturing industry and tourism presents additional development opportunities.

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#### 4.9 SERVICE PROVIDERS STRATEGIC PERFORMANCE

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Although the municipality has not implemented a system to measure the performance of service providers, performance of any service providers was addressed. All appointed service providers have delivered services in terms of agreements and appointment letters.



# CHAPTER 5

## FUNCTIONAL PERFORMANCE



**CHAPTER 5: FUNCTIONAL PERFORMANCE**

This chapter provides information on the functional performance of the municipality on the implementation of the top layer and departmental SDBIP for 2010/11.

The municipal functional areas are as indicated below:

<b>Municipal Function</b>	<b>Municipal Function (Yes / No)</b>
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Fire fighting services	No designated fire service (Lies with B-municipalities) only coordinating, training and standardization of all fire services.
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	Yes
Municipal public transport	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes

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

**Table 91: Functional Areas**

### 5.1 PERFORMANCE HIGHLIGHTS PER FUNCTIONAL AREAS

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Directorate/ Functional area	Sub Directorate	Highlights
<b>Council &amp; Executive</b>	IDP	The CKDM has been commended for the best alignment of the Disaster Management Chapter in the IDP within the Western Cape Province.
		Acknowledgment of redefining the role of district municipalities.
		Successful recruitment and implementation of NARYSEC Programme where more than a 100 young people were appointed.
	LED	LED Manager appointed as from March 2011. This culminated into the preliminary establishment of the LED unit
		Meetings were held with local municipalities to introduce the unit and its purpose. Meetings were held with stakeholders in the then DMA (Murraysburg). This meeting was followed by a public meeting
		Outreach meetings were held in the Beaufort West municipal area of Kwa-Mandlenkosi. These were Youth and Women public meetings. The primary objective was to encourage youth and women involvement in LED through entrepreneurship in the form of cooperatives.
<b>Corporate Services</b>	Administration	Inputs on further development of the Administrator record keeping system that is used nationally
		Involvement in research and purchase of new photocopier and scanner for effective record keeping purposes.
		Development of a cleaning schedule with respect to the cleaners.
	DMA Administration	Effective transfer of DMA personnel to Beaufort West Municipality.
	Human Resource	Developed a Code of Ethics for Personnel.
Developed a Management of Suspected Intoxication Procedure.		

Directorate/ Functional area	Sub Directorate	Highlights
		HR Manager serves on the Provincial HR Policies Task Team as well as the Provincial Working Group for HR related matters.
		HR Manager serves on the Eden/Central Karoo TASK Evaluation Committee
		Developed and implemented a Gift Register.
		Participation of municipal officials in two learnerships i.e. Water and Spatial Development
		Assisted with the successful transfer of the DMA personnel to Beaufort West Municipality.
	Disaster Management	<p>The NPO organization HOPE (Help Other People Emotionally) is there to get the volunteer (public) side onboard of disaster management activities. This organization helps with people that are in trouble during accidents on the roads or in disaster situations and feeds direct into the KPI of capacitating disaster management by volunteers. – Highlights: On 28-29 Oct 2010 a 3 x busses from a school "OranjeDiamant in Hopetown" got trouble on the N-1 route between Beaufort West and Laingsburg.(broken bus 112 children) The org. HOPE helped this school by providing food and accommodation and got them back on the road to Hopetown.</p>
	<p><b>Training Public and Schools:</b> Training to members of the public on fire prevention. On 27 Oct 2011 a group of employees from BP Beaufort West attended a short cause given by CKDM on this topic.</p> <p>An awareness program was run by CKDM in collaboration with Disaster Management Western Province at 4 schools (AH Barnard Primary, Teske Primary, John D Crawford and St Mathews) and the public during Sept. – Oct. 2011.</p> <p>A competition for primary schools towards awareness were also launch during this time and two of the schools namely A.H. Barnard and 'Vorbereidingskool' came out as winners in the Province. They were congratulated by the Minster of Local Government on a function for prizewinners in Cape Town.</p>	
	<p>Several <b>Prevention inspections</b> were held throughout the year of which the inspection and guidance of safety for all the Old Age Homes in CKDM and ESKOM installations in the area of jurisdiction were outstanding. This action needs to be followedup annually.</p>	
	<p>As part of coordinating and functioning of the disaster management <b>Advisory Forum and the Drought Workgroup</b>, disaster management CKDM played a major role in the water crises that occurred in the local municipality of Beaufort West. A disaster was declared on 11 May 2010. Help came from allover South Africa in the form of 5lt bottled water and water tankers (trucks) to Beaufort West. This actions and way of compassion by the public were coordinated and managed by CKDM disaster management in collaboration with Beaufort West Municipality.</p>	
	Municipal Health	All targets for Municipal Health Services were met during the reporting period.
	Municipality's environmental health practitioner was elected as chairman of the Western Cape Working Group for Municipal Health Services.	
	Municipality's environmental health officials were elected as chairman and treasurer of the South Cape / Karoo Institute for Environmental Health.	
	Municipality's environmental health practitioner accompanied a delegation of the Eden District Municipality to Uganda. A report in this regard was submitted to Council.	
	A municipal environmental health official attended an International Conference for Environmental Health, held in Toronto, Canada. A report in this regard was submitted to Council.	
	The municipality's environmental health practitioner was appointed by Council for 3 months to render an administrative service for the newly appointed DMA Manager in Murraysburg. A comprehensive environmental analysis report was also submitted to the	

Directorate/ Functional area	Sub Directorate	Highlights
		DMA Manager and Council.
	Municipal Health/ HIV/AIDS	Four (4) functional Multi – Sectoral Action Teams (representative of NGO’s & Government Departments) out of which nine (9) projects were funded, which benefited the communities of Laingsburg, Prince Albert, Klaarstroom, Leeu – Gamka, Beaufort West, Nelspoort and Murraysburg
		In September 2010 in partnership with Provincial Department of Health hosted successful “Live Out Loud” Scrutinize HIV/AIDS Awareness Campaign in Beaufort West
		14 – 20 February 2011 hosted District wide Water Imbizo’s where community buy – in were obtained to investigate the possibility of establishing a pipeline from the Lesotho Highlands Water project
	Tourism	<p><b><u>Tourism Marketing:</u></b></p> <ul style="list-style-type: none"> <li>• December Welcome Project: distribution of 2000 information packs over 5 days/20 youth employed.</li> <li>• Karoo Highways Brochure: print run 100 000/ Marketing the Central Karoo</li> <li>• Tourism Indaba: Travel trade Show attracting 13 000 delegates-Cape Karoo Exhibition stand/ tour operators concluded trade agreements initiated network opportunities</li> </ul>
		<p><b><u>Tourism Development:</u></b></p> <ul style="list-style-type: none"> <li>• Tourism Month:120 learners PDI’s expose to tourism experience @ Karoo National Park</li> <li>• Access to the Cape:60 unemployed youth taken on a tourism excursion to Oudtshoorn</li> <li>• Nelspoort Rock Art: compile a funding proposal/ establish a community project committee</li> </ul>
		<p><b><u>Tourism Training/Job Creation:</u></b></p> <ul style="list-style-type: none"> <li>• Tourism Buddy Project:25 unemployed youth employed for 1 year @ Karoo National Park/ stipend of R1500</li> <li>• Work and Skill Project:25 unemployed youth employed for 6months @ various tourism establishments/ stipend of R1200</li> <li>• SA Host Training: 100 delegates currently employed at tourism establishments got trained in customers service and national pride.</li> </ul>
	Working for Water	The workers of the two projects (LeeuGamka& Beaufort West) had a combined Awareness program, hosted by Disaster Management regarding Flood and Fire Management
		The Provincial Department of Water Affairs concluded Water Week (29 – 30 March 2011) in Beaufort West. Two contractors from Beaufort West showcased the Working for Water program and the importance thereof to the broader community
	Fire Fighting Services Management	Fire inspections to businesses carryout in collaboration with Fire Officers from B-municipalities as part of the yearly compliance of businesses to adhere to fire safety.
		Capacitating of fire safety personnel from Technical Dept. CKDM in basic firefighting during Sept. 2010.
		Basic Training for all volunteer firemen was given over the period 1- 2 Sept. 2010 as part of capacitating the fire services within local municipals – Laingsburg, Prins Albert and Murraysburg.
Coordinating of fire callouts through the Disaster Management Centre to adhere to turnout times for fire reporting in the entire region of Central Karoo.		

Directorate/ Functional area	Sub Directorate	Highlights
		Coordinating and pro-active planning of aerial firefighting by helicopter and rapped respond to accident-rescue and fires on the N-1 route during the World Cup July 2010 and the festive season over Easter holidays 2011.
<b>Financial Services</b>	Financial Services	Unqualified audit report.
		Shared Services with Prince Albert Municipality.
		Combined Accounting and Supply Chain Management post.
<b>Technical Services</b>	Roads	Total amount spent by the Technical Department on roads was R 25 577 636 to maintain the 6454 kilometres of road as per agreement with the Western Cape Provincial Administration. This was done with a staff component of only 112 people. In a study done by Daveng consultants in 2010 it was clear that the Department has not sufficient internal capacity for this task. Despite of that maintenance was done on a reasonable level with few complaints in relation to the distance maintained. Only two technical qualified people work in the Department in management and further supervision is done by two senior foremen and a workshop manager. Lack of skills put enormous pressure on management and day to day operations must often be directly managed out of office.
		Tenders for road purchases were in place. Budget control and costing is internally done in the department.
		Several expensive mechanical break downs occurred through the year and an additional R 1500 000 had to be added to the budget for that. The Dept. was also instrumental in the upgrading of sections of Main Rd. 582 as well the flood damage repairs on that road.
		Re-gravel kilometres were 61.12 km against the planned 48 km and blading kilometres were 10078 against 8800 km planned.

**Table 92 Performance highlights per functional area**

## 5.2 OVERVIEW OF PERFORMANCE

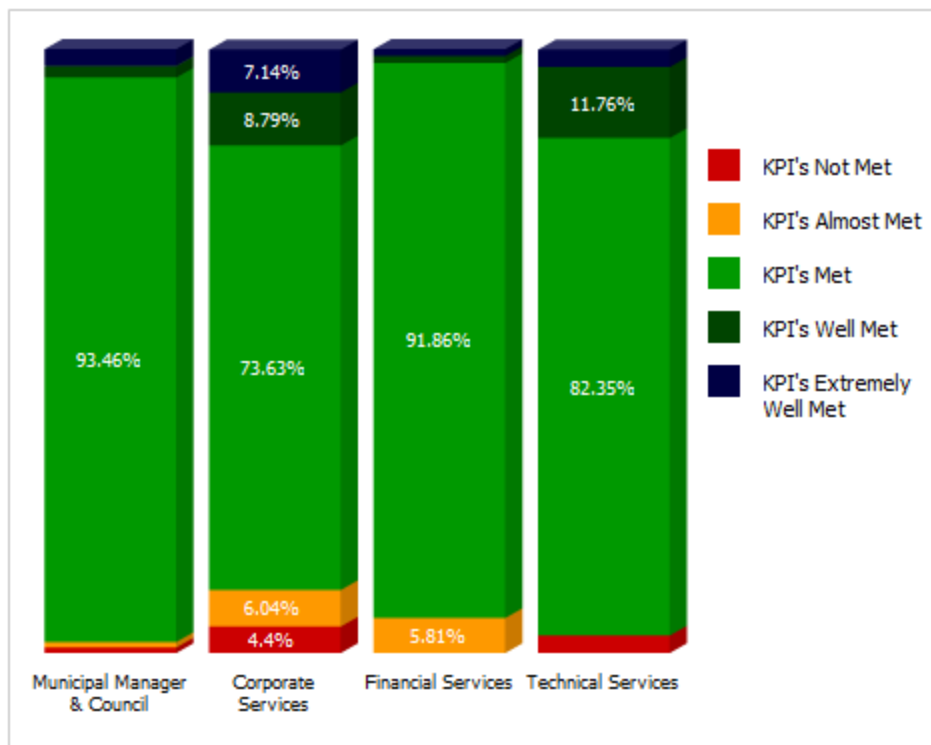
The performance statistics in the table below and all the graphs in the following sub paragraphs include performance in terms of the departmental SDBIP, which measures operational performance, as well as, the performance in terms of the top layer SDBIP. The graph for each directorate is an overview of the overall results of all the KPI's measured in terms of the municipal SDBIP performance management system.

Directorate	Financial year	Total KPIs	KPIs extremely well met	KPI's well met	KPIs met	KPIs almost met	KPIs not met
Municipal Manager and Council	2009/10	48	n/a	n/a	42	2	4
	2010/11	107	3	2	100	1	1
Corporate Services	2009/10	112	n/a	n/a	96	6	10
	2010/11	182	13	16	134	11	8
Financial Services	2009/10	77	n/a	n/a	66	7	4
	2010/11	86	1	1	79	5	0

Directorate	Financial year	Total KPIs	KPIs extremely well met	KPI's well met	KPIs met	KPIs almost met	KPIs not met
Technical Services	2009/10	36	n/a	n/a	22	11	3
	2010/11	34	1	4	28	0	1
Central Karoo District Municipality	2009/10	273	n/a	n/a	226	26	21
	2010/11	409	18	23	341	17	10

**Table 93: Summary of total performance**

The following graph indicates the overall results of all the KPI's measured of the various directorates in terms of the municipal SDBIP performance management system



**Graph 5: Overall performance of directorates**

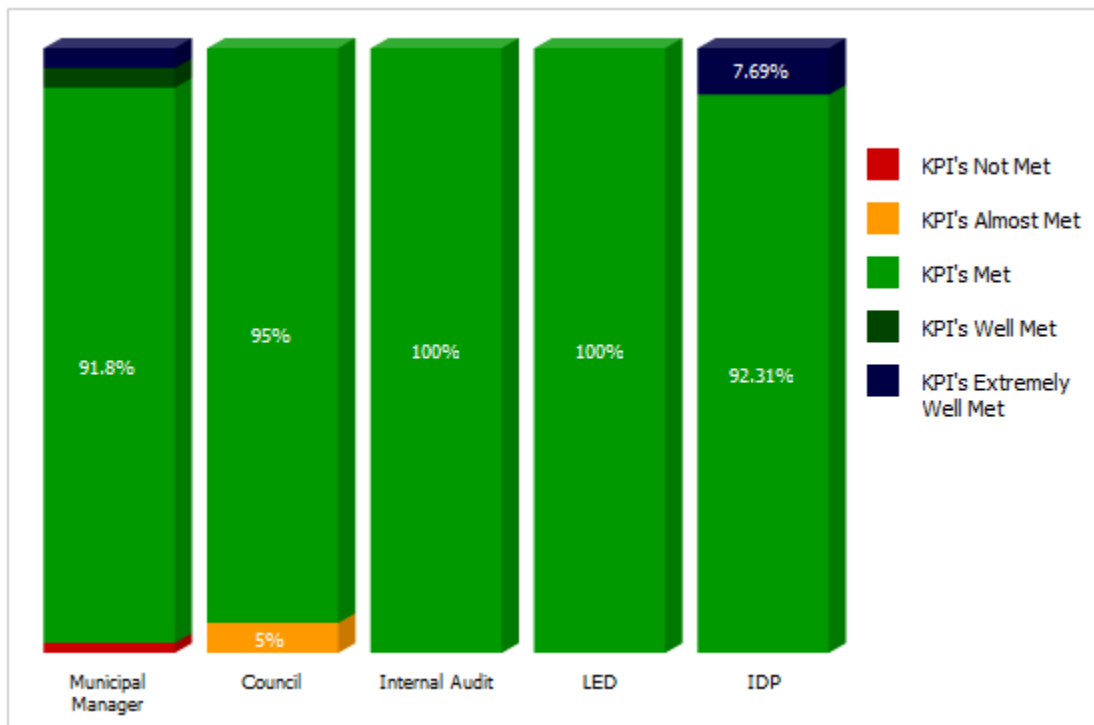
5.3 PERFORMANCE PER FUNCTIONAL AREA (DEPARTMENTAL/OPERATIONAL SDBIP)

5.3.1 MUNICIPAL MANAGER AND COUNCIL

The Municipal Manager and Council directorate consists of the following divisions:

- Council
- Municipal Manager
- IDP
- LED
- Internal Audit

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Municipal Manager and Council directorate in terms of the municipal SDBIP performance management system



Graph 6: Municipal Manager and Council sub-directorate performance

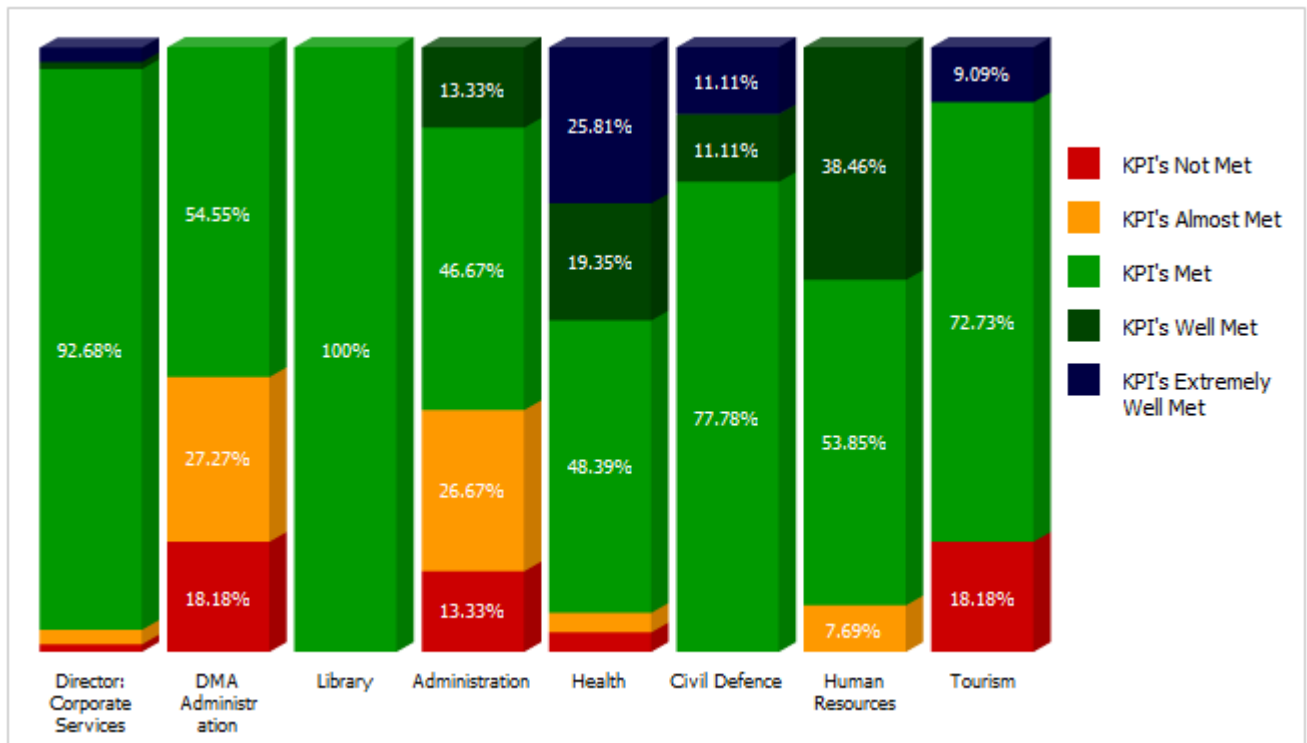


5.3.2 CORPORATE SERVICES

Corporate Services consists of the following divisions:

- Director: Corporate Services
- Administration
- DMA Administration
- Human Resources
- Libraries
- Civil Defence
- Municipal Health
- Tourism

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Corporate Services directorate in terms of the municipal SDBIP performance management system



Graph 7: Corporate Services sub-directorate performance

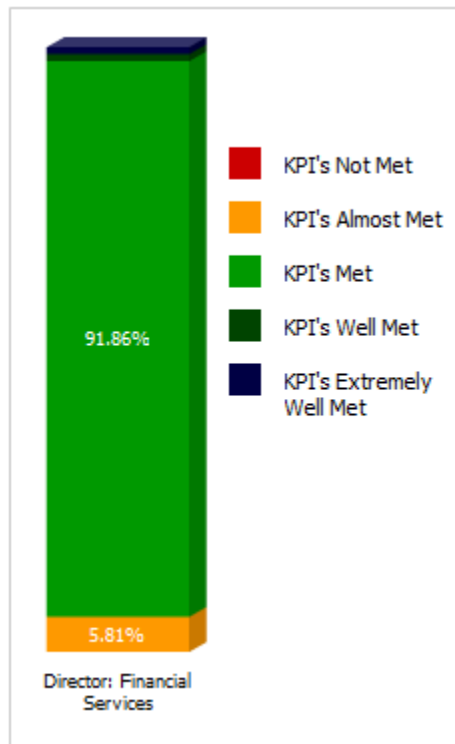
5.3.3 FINANCIAL SERVICES

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Financial Services consists of the following divisions:

- Director: Financial Services

**The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Financial Services directorate in terms of the municipal SDBIP performance management system**



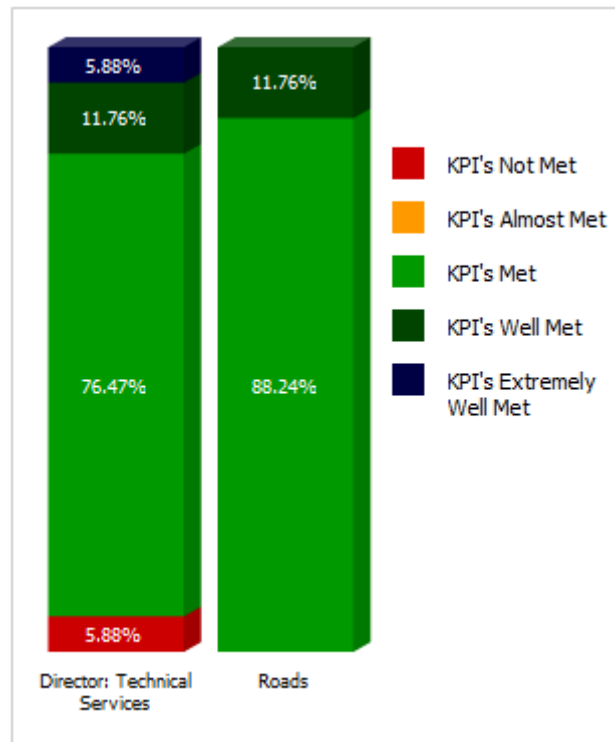
**Graph 8: Financial Services sub-directorate performance**

5.3.4 TECHNICAL SERVICES

Community Services consists of the following divisions:

- Director: Community Services
- Roads

**The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Technical Services directorate in terms of the municipal SDBIP performance management system**



**Graph 9: Community Services sub-directorate performance**

# **CHAPTER 6**

## **FINANCIAL PERFORMANCE**

## CHAPTER 6: FINANCIAL PERFORMANCE

### 6.1 NATIONAL KEY PERFORMANCE INDICATORS - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA& INDICATOR	2007/08	2008/09	2009/10	2010/11
Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	2.46	3.05	1.09	3.76
Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	1.51	1.47	1.86	0.46
Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	0.01	0.05	0.06	0.04

*Table 94: National KPI's for financial viability and management*

### 6.3 FINANCIAL VIABILITY CHALLENGES

Challenge	Action to address
Severe cut backs in MIG-funding	We had meetings with Provincial Treasury and COGTA in relation to Equitable share Allocations.
Replacement of Regional Services Levies	
Phasing out of nodal allocation	
Severe cut backs in the Equitable Share Allocations	
Unqualified Audit Report	Assets GRAP 17

*Table 95 Financial Viability Challenges*

### 6.4 FINANCIAL SUSTAINABILITY

#### 6.4.1 OPERATING RESULTS

The table below shows a summary of performance against budgets

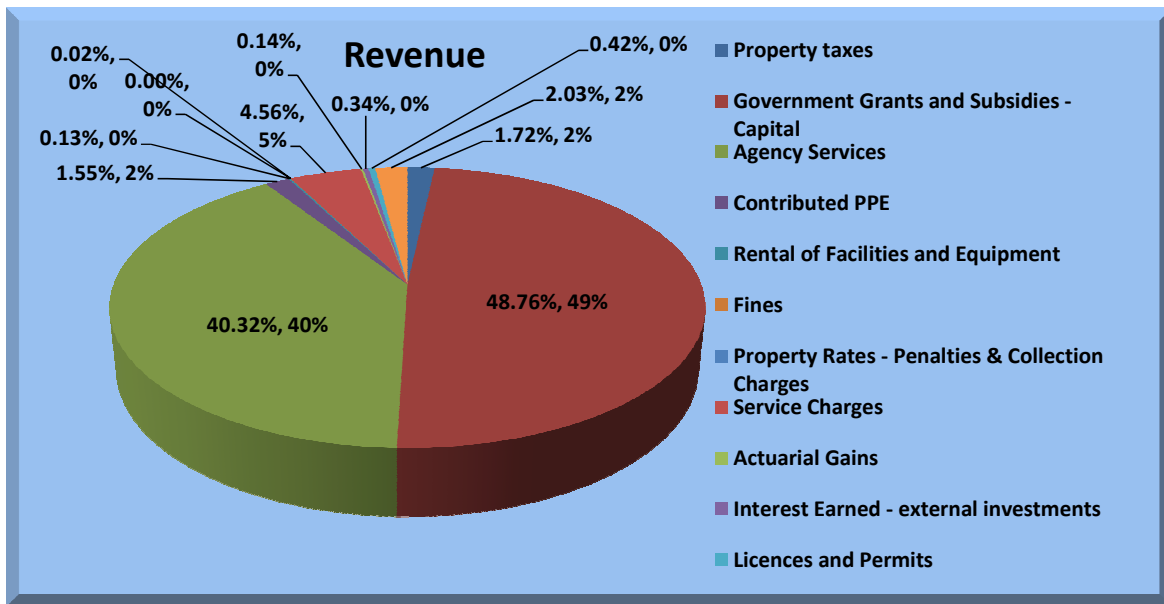
Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2007/08	52 398	46 929	(5 469)	90	54 994.	51 237	3 757	93

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2008/09	66 442	56 251	(10191)	85	61 566	51 408	10 158	84
2009/10	63 790	61 111	(2 679)	96	55 200	53 988	1 212	98
2010/11	71 239	63 171	(8 068)	89	66 102	62 695	3 407	95

**Table 96: Performance against budgets**

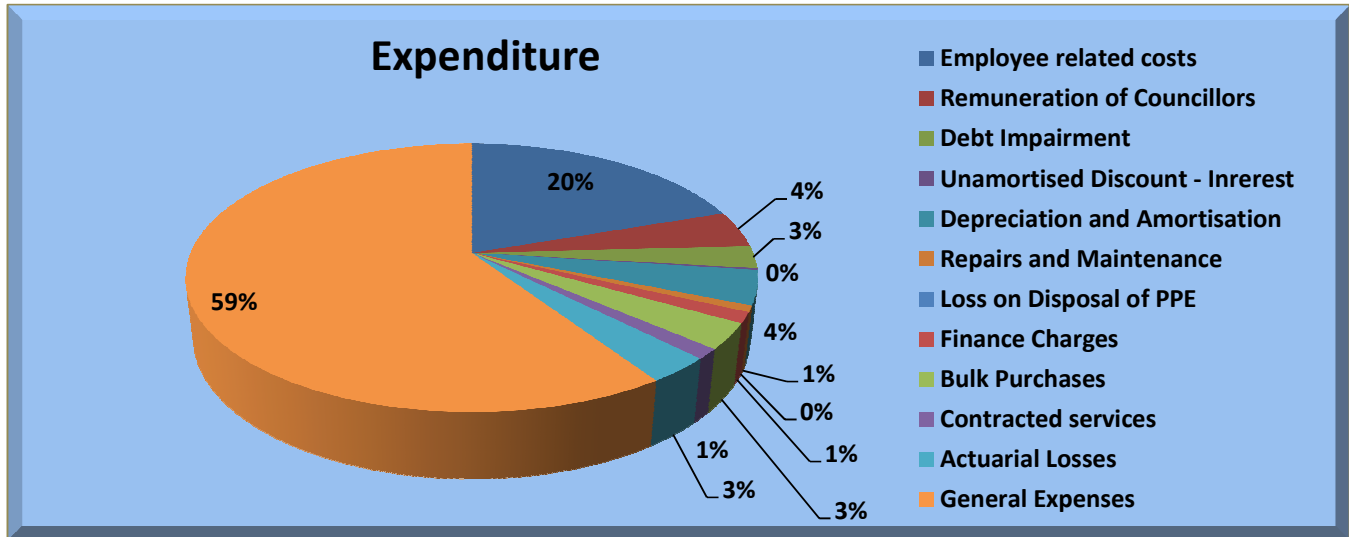
The municipality received R 63,1 million revenue for the year of which R 62,6 million was utilized for operating expenditure. Salaries and councilor allowances were 24% of the operating expenditure for the year under review and the percentage is well within the national norm of between 35-40%. General expenses and expenditure with regards to grants and subsidies that were received from other spheres of government, along with salaries and allowances, constitute most of the total operating expenditure of the municipality. Grant and subsidies received and funding for the Roads Agency Service account for most of the revenue for the year under review.

**The following graph indicates the various types of revenue items in the municipal budget for 2010/11**



**Graph 10: Revenue**

The following graph indicates the various types of expenditure items in the municipal budget for 2010/11



Graph 11: Operating expenditure

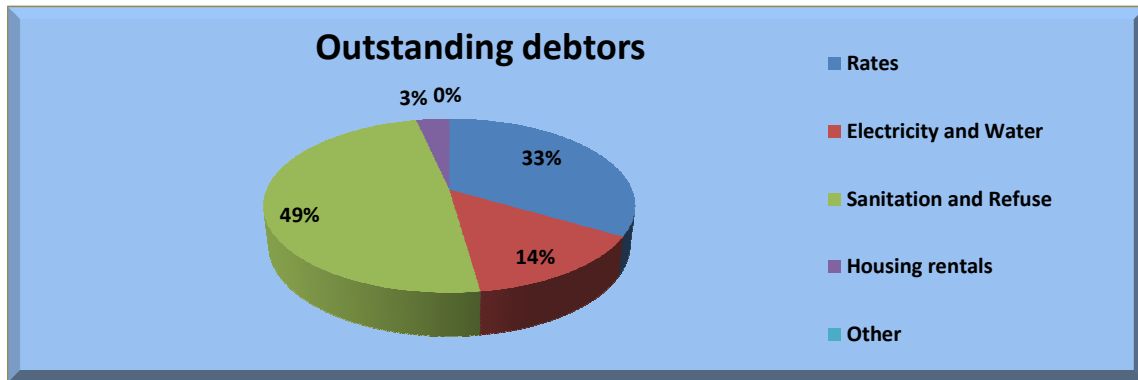
#### 6.4.2 OUTSTANDING DEBTORS

##### A) GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2008/09	659	1 276	1 639	85	3 659	659
2009/10	838	1 370	2 586	182	4 976	838
2010/11	614	262	895	63	0	1 834
Difference	(224)	(1 108)	(2 799)	(119)	(4 976)0	(3 142)
% growth year on year	(27)	(81)	(108)	(65)	(100)	(63)

Table 97: Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2010/11



Graph 12: Debt per type of service

B) TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2008/09	151	121	81	3 306	3 659
2009/10	364	181	125	4 306	4 976
2010/11	243	62	47	1 482	1 834
Difference	(121)	(119)	(78)	(2 824)	(3 142)
% growth year on year	(33%)	(66%)	(62%)	(66%)	(63%)

Table 98 Service debtor age analysis

Note: Figures exclude provision for bad debt

6.4.3 VIABILITY INDICATORS

A) LEVEL OF RELIANCE ON GRANTS AND SUBSIDIES

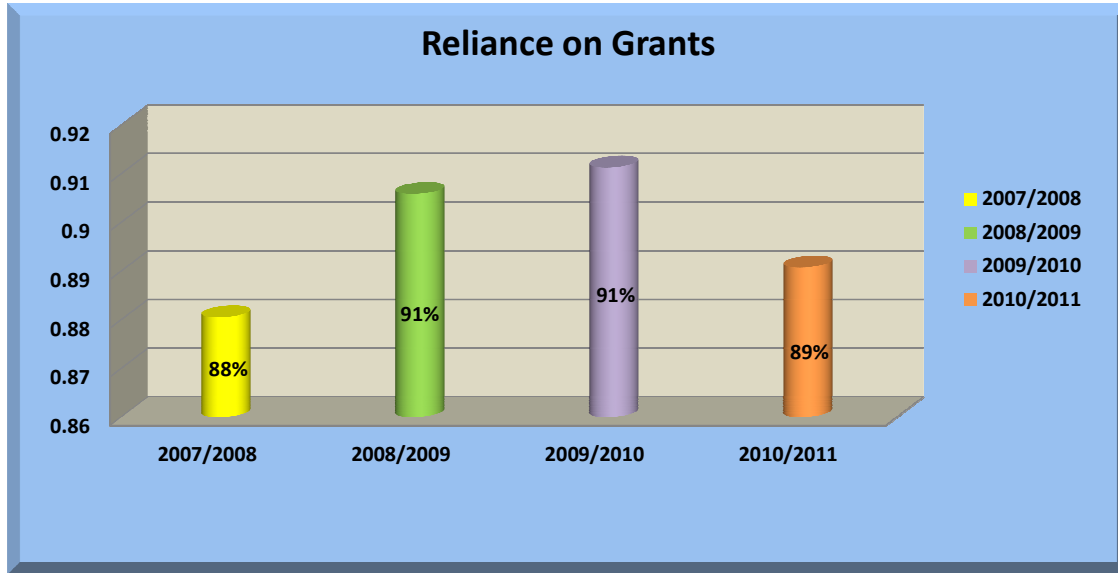
Financial year	Total grants and subsidies received (R'000)	Total Operating Revenue (R'000)	Percentage (%)
2007/08	41 321	46 929	88
2008/9	50 956	56 251	92
2009/10	55 691	61 111	91
2010/11	56 270	63 171	89

Table 99: Reliance on grants



As a district municipality, 89% of the municipality's revenue is dependent on other spheres of government, either for agency functions on behalf of the Province such as roads, or equitable share from the national government.

The following graph indicates the municipality's reliance on grants as percentage for the last three financial years



Graph13: Reliance on grants as %

B) LIQUIDITY RATIO

Financial year	Net current assets (R'000)	Net current liabilities (R'000)	Ratio
2007/08	7 403	9 639	0.7:1
2008/09	7 895	11 169	0.7:1
2009/10	7 591	10 614	0.7:1
2010/11	3 684	10 825	0.3:1

Table 100: Liquidity ratio

The ratio remained the same over the previous three financial years, which is mainly due to the declining revenue base of the municipality and is currently below the national norm of 1.5:1, but this year the ratio decrease to 0.3:1 which is mainly due to the transfer of the DMA Area.

6.4.4 AUDITED OUTCOMES

Year	2007/2008	2008/2009	2009/2010	2010/11
Status	Unqualified	Unqualified	Unqualified	Unqualified

Table 101: Audit outcomes

The following table provides the details on the audit outcomes for the past two financial years with the correctives steps implemented:

<b>2008/09</b>	
<b>Issue raised</b>	<b>Corrective step implemented</b>
<b><u>Emphasis of matter:</u></b>	
Unauthorised expenditure: An amount of R 275 577 which related to overspending of amount appropriated for votes in the approved budget has not yet been approved by council	Was approved by council
Irregular expenditure to the amount of R 4 318 777 was incurred as a result of non compliance with the supply chain management policy	Was condoned by council
Materially under spent the budget on other votes to the amount of R627 886 of not completing the Multi-Purpose Centre	Completed in 2009/10

*Table 102: 2008/09 Detail on audit outcomes*

<b>2009/10</b>	
<b>Issue raised</b>	<b>Corrective step implemented</b>
<b><u>Emphasis of matter:</u></b>	
There has been material under spending to the amount of R 2 241 284 on road transport, as a result of contractors arriving late on site. As a consequence the roads in Murraysburg was not completed	This allocation was already part of the new allocation for 2010/11 and will be spent in 2010/11
The municipality incurred unauthorised expenditure to the amount of R4 197 138	Will be approved by council
Irregular expenditure to the amount of R802 094, due to the tender procedures not being followed	Will be approved by council

*Table 103: 2009/10 Detail on audit outcomes*

<b>2010/11</b>	
<b>Issue raised</b>	<b>Corrective step implemented</b>
<b><u>Emphasis of matter:</u></b>	
Predetermined objectives: Usefulness of information	Usefulness of KPI's will improve in 2011/12
Predetermined objectives: Reliability of reported performance information	Portfolio of Evidence on performance achieved will be kept more effectively in 2011/12
Non-functioning of Audit Committee and Performance Audit Committee	Will ensure more effective functioning in 2011/12
Non-functioning of Internal Audit	Will be outsources in future
Irregular expenditure	Was approved by council

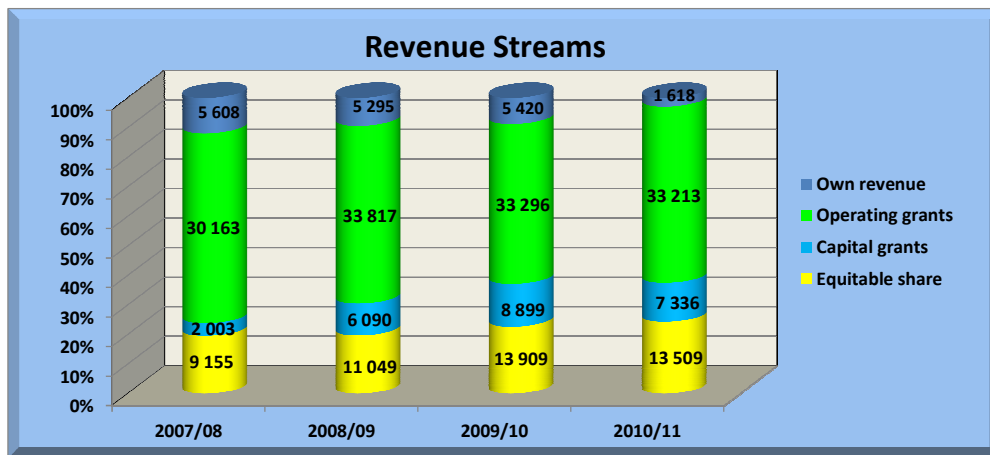
*Table 104: 2010/11 Detail on audit outcomes*

6.4.5 EQUITABLE SHARE VS TOTAL REVENUE

Description of revenue	Amount received 2007/08 (R'000)	Amount received 2008/09 (R'000)	Amount received 2009/10 (R'000)	Amount received 2010/11 (R'000)
Equitable share	9 155	11 049	13 909	13 509
Capital grants	2 003	6 090	8 899	7 336
Operating grants	30 163	33 817	33 296	33 213
Own revenue	5 608	5 295	5 420	1 618
<b>Total revenue</b>	<b>46 929</b>	<b>56 251</b>	<b>61 111</b>	<b>55 676</b>

Table 105: Equitable share vs total revenue

The following graph indicates the various revenue streams of the municipality for the past three financial years



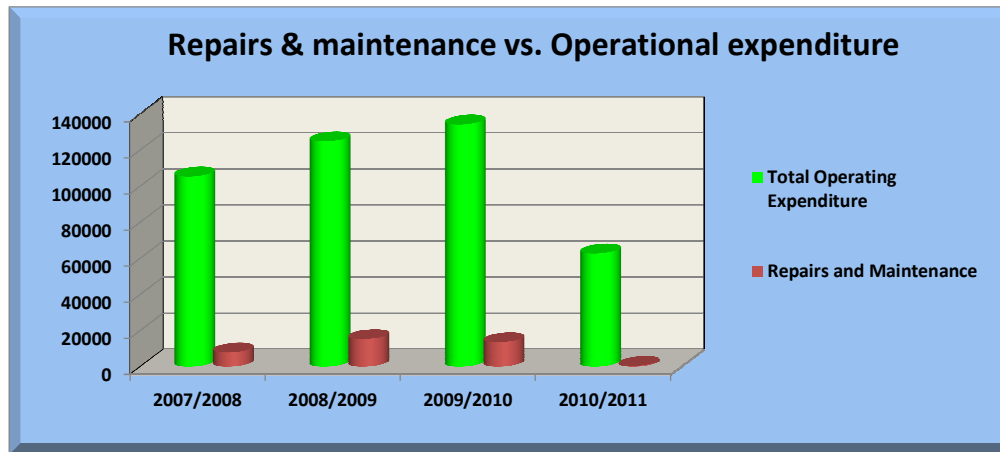
Graph 14: Revenue streams

6.4.6 REPAIRS AND MAINTENANCE

Description	2007/2008 (R'000)	2008/2009 (R'000)	2009/2010 (R'000)	2010/11 (R'000)
Total Operating Expenditure	50 680	51 393	53 988	62 695
Repairs and Maintenance	313	422	524	466
% of total OPEX	<b>1</b>	<b>1</b>	<b>1</b>	<b>0.75</b>

Table 106: Repairs & maintenance as % of total OPEX

The following graph indicates the percentage of the budget that was spent on repairs & maintenance in relation to the operational budget



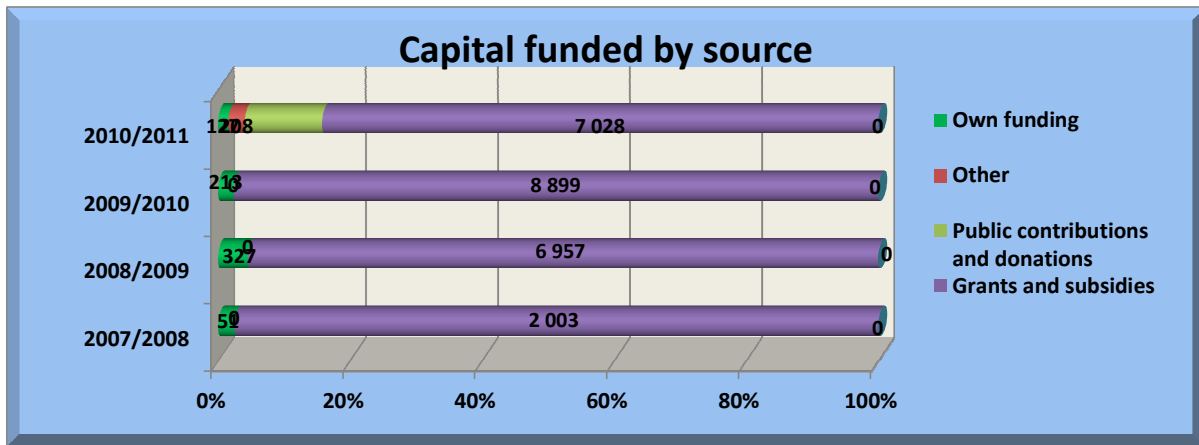
Graph 15: Repairs and maintenance as percentage of OPEX

#### 6.4.7 CAPITAL FUNDED BY SOURCE

Description Source	2007/2008	2008/2009	2009/2010	2010/11
	R'000	R'000	R'000	R'000
External loans	0	0	0	0
Grants and subsidies	2 003	6 957	8 899	7 028
Public contributions and donations	0	0	0	980
Own funding	51	327	213	127
Other	0	0	0	208
<b>Total capital expenditure</b>	<b>2 054</b>	<b>7 284</b>	<b>9 112</b>	<b>8 343</b>

Table 107: Capital funded by source

The following graph indicates capital expenditure funded by the various sources



Graph 16: Capital funded by source

## LIST OF ABBREVIATIONS

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<b>AG</b>	Auditor-General
<b>CAPEX</b>	Capital Expenditure
<b>CBP</b>	Community Based Planning
<b>CFO</b>	Chief Financial Officer
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>EE</b>	Employment Equity
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standards
<b>IMFO</b>	Institute for Municipal finance officers
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>MAYCOM</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MMC</b>	Member of Mayoral Committee
<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>NGO</b>	Non governmental organisation
<b>NT</b>	National Treasury
<b>OPEX</b>	Operating expenditure
<b>PMS</b>	Performance Management System

<b>PT</b>	Provincial Treasury
<b>SALGA</b>	South African Local Government Organisation
<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework

## Annexure A: Financial Statements





**SENTRAAAL KAROO** Distriksmunisipaliteit  
District Municipality



**Finansiële State**  
**Financial Statements**                      **2010/11**

# CENTRAL KAROO DISTRICT MUNICIPALITY

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# CENTRAL KAROO DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

## GENERAL INFORMATION

### NATURE OF BUSINESS

Central Karoo District Municipality is a District 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 Central Karoo District Municipality includes the following areas:

*Beaufort West*

*Prince Albert*

*Laingsburg*

*DMA Murraysburg*

### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor

Deputy Executive Mayor

Executive Councillor

### MUNICIPAL MANAGER

*Mr. S Jooste*

### CHIEF FINANCIAL OFFICER

*Mr. C J Kymdell*

### REGISTERED OFFICE

*Private Bag X560*

*BEAUFORT WEST*

*6970*

### AUDITORS

Auditor-General of South Africa

Private Bag X1

Chempet

7442

### PRINCIPLE BANKERS

First National Bank

### ATTORNEYS

*Van Niekerk Attorneys*

### 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

**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2011**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 82, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 35 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

---

S Jooste  
Municipal Manager

---

Date

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011**

	Notes	2011 R	2010 Restated R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>(13,150,926)</b>	<b>30,851,294</b>
Housing Development Fund	1	-	348,691
Capital Replacement Reserve	2	-	-
Capitalisation Reserve	2	-	-
Government Grant Reserve	2	-	-
Donations and Public Contribution Reserve	2	-	-
Self Insurance Reserve	2	-	-
Change in accounting policy - Note 40.4	2	-	-
Accumulated Surplus/(Deficit)		(13,150,926)	30,502,603
<b>Non-Current Liabilities</b>		<b>56,112,790</b>	<b>8,500,379</b>
Long-term Liabilities	3	138,996	22,412
Employee Benefits	4	10,195,568	8,477,967
Non-Current Provisions	5	-	-
Liabilities Associated within Assets Held for Sale	42.1	45,778,226	-
<b>Current Liabilities</b>		<b>11,209,909</b>	<b>10,614,360</b>
Consumer Deposits	6	-	-
Provisions	8	-	143,000
Short Term Employee Benefits	7	1,679,728	1,548,243
Trade and other payables	9	2,209,382	1,695,626
Unspent Conditional Government Grants and Receipts	10	7,236,421	6,892,263
Unspent Conditional Public Contributions and Receipts	11	-	-
Taxes	12	-	71,143
Short-term Loans	13	-	-
Operating Lease Liability		-	-
Cash and Cash Equivalents	23	-	228,174
Current Portion of Long-term Liabilities	3	84,378	35,911
<b>Total Net Assets and Liabilities</b>		<b>54,171,773</b>	<b>49,966,033</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>50,102,382</b>	<b>42,370,938</b>
Property, Plant and Equipment	14	4,213,352	42,215,991
Non-Current Assets Held for Sale	42.2	45,778,226	-
Investment Property	16	-	-
Intangible Assets	17	110,804	154,947
Investments	18	-	-
Long-Term Receivables	19	-	-
<b>Current Assets</b>		<b>4,069,391</b>	<b>7,595,095</b>
Inventory	20	864,523	988,018
Trade Receivables from exchange transactions	21	-	1,374,777
Other Receivables from non-exchange transactions	22	814,002	1,379,825
Unpaid Conditional Government Grants and Receipts	10	674,655	711,369
Operating Lease Asset		-	-
Taxes	12	212,646	-
Current Portion of Long-term Receivables	19	-	-
Cash and Cash Equivalents	23 & 46	1,503,565	3,141,106
<b>Total Assets</b>		<b>54,171,773</b>	<b>49,966,033</b>

**CENTRAL KAROO DISTRICT MUNICIPALITY**

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

	Notes	2011 R	2010 Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>28,669,603</b>	<b>28,300,054</b>
<b>Taxation Revenue</b>		-	-
Property taxes	24	-	-
<b>Transfer Revenue</b>		<b>28,588,594</b>	<b>28,300,054</b>
Government Grants and Subsidies	25	28,553,595	28,300,054
Public Contributions and Donations	26	-	-
Contributed Property, Plant and Equipment	27	34,999	-
<b>Other Revenue</b>		<b>81,009</b>	-
Fines		-	-
Third party payments		-	-
Stock adjustments		-	-
Actuarial Gains	4	81,009	-
Changes in Fair Value	28.1	-	-
Other	29	-	-
<b>Revenue from Exchange Transactions</b>		<b>27,006,422</b>	<b>27,012,859</b>
Property Rates - penalties imposed and collection charges		-	-
Service Charges	30	-	-
Water Services Authority Contribution	31	-	-
Rental of Facilities and Equipment		47,372	54,995
Interest Earned - external investments		217,463	227,918
Interest Earned - outstanding debtors		-	-
Licences and Permits		12,610	12,260
Income for Agency Services	26	25,469,094	25,379,788
Other Income	32	1,259,883	1,337,898
Unamortised discount - Interest	33	-	-
<b>Total Revenue</b>		<b>55,676,025</b>	<b>55,312,913</b>
<b>EXPENDITURE</b>			
Employee related costs	34	9,289,545	7,755,227
Remuneration of Councillors	35	2,758,255	2,755,454
Debt Impairment	36	1,419,932	109,091
Collection costs		-	-
Depreciation and Amortisation	40	555,488	20,934
Impairments	37	-	-
Repairs and Maintenance		180,353	62,733
Unamortised discount - Interest	33	-	-
Actuarial losses	4	1,962,038	-
Finance Charges	38	788,539	780,675
Bulk Purchases	39	-	-
Contracted services		763,399	538,565
Grants and Subsidies Paid		-	-
Other Operating Grant Expenditure		-	-
General Expenses	41	35,728,690	34,825,058
Changes in Fair Value	28.2	-	-
<b>Total Expenditure</b>		<b>53,446,239</b>	<b>46,847,737</b>
<b>Operating Surplus for the Year</b>		<b>2,229,787</b>	<b>8,465,176</b>
Loss on disposal of Property, Plant and Equipment		(954)	-
Gain on disposal of Property, Plant and Equipment		-	-
Discontinued Operations	42.3	(1,752,748)	(541,542)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>476,085</b>	<b>7,923,634</b>

Refer to Appendix E(1) for explanation of variances

**CENTRAL KAROO DISTRICT MUNICIPALITY**

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

	Notes	2011 R	2010 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		58,832,388	67,640,616
Cash paid to suppliers and employees		(53,536,605)	(52,218,255)
Cash generated/(absorbed) by operations	<b>45</b>	5,295,783	15,422,361
Interest Received	<b>Fin.Perf.</b>	217,463	227,918
Interest Paid	<b>Fin.Perf.</b>	(788,539)	(780,675)
<b>Change in accounting policy - Note 40.4</b>		<b>4,724,708</b>	<b>14,869,604</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	<b>14</b>	(8,325,582)	(8,973,102)
Proceeds on Disposal of Fixed Assets		-	-
(Increase)/Decrease in Intangible Assets	<b>17</b>	(18,291)	(139,058)
(Increase)/Decrease in Long-term Receivables		-	-
(Increase)/Decrease in Discontinued Operations Related to Assets Held for Sale		275,422	-
(Increase)/Decrease in Non-current Investments		-	-
<b>Net Cash from Investing Activities</b>		<b>(8,068,451)</b>	<b>(9,112,160)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)	<b>App. A</b>	165,050	(72,291)
Increase/(Decrease) in Discontinued Operations Liabilities Associated within Assets Held for Sale		2,632,045	-
Increase/(Decrease) in Consumer Deposits	<b>6</b>	-	(15,792)
<b>Net Cash from Financing Activities</b>		<b>2,797,095</b>	<b>(88,083)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>(546,648)</b>	<b>5,669,361</b>
Cash and Cash Equivalents at the beginning of the year		2,912,932	(2,756,429)
Cash and Cash Equivalents at the end of the year	<b>46</b>	2,366,284	2,912,932
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>(546,648)</b>	<b>5,669,361</b>

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Pre-GAMAP Reserves and Funds	Housing Development Fund	Capital Replacement Reserve	Donations and Public Contribution Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R
<b>Balance at 1 JULY 2009</b>	-	348,691	-	-	22,579,299	22,927,990
Correction of Error - Note 43.14					(330)	(330)
Change in accounting policy - Note 40.4					-	-
Change in accounting policy - Note 40.4					-	-
<b>Restated Balance</b>		<b>348,691</b>			<b>22,578,969</b>	<b>22,927,660</b>
Net Surplus/(Deficit) for the year					7,923,634	7,923,634
Correction of Error - Note 43.9					-	-
Change in accounting policy - Note 40.4	-				-	-
Transfer to/from CRR			212,953		(212,953)	-
Property, Plant and Equipment purchased			(212,953)		212,953	-
Capital Grants used to purchase PPE					-	-
Transfer to Housing Development Fund					-	-
Asset Disposals					-	-
Offsetting of depreciation					-	-
<b>Balance at 30 JUNE 2010</b>	-	<b>348,691</b>	-	-	<b>30,502,603</b>	<b>30,851,294</b>
Correction of error - Note 44.8	-	-	-	-	-	-
Change in accounting policy - Note 40.4					-	-
<b>Restated balance</b>	-	<b>348,691</b>	-	-	<b>30,502,603</b>	<b>30,851,294</b>
Net Surplus/(Deficit) for the year					476,085	476,085
Transfer to/from Discontinued Operations		(348,691)			(44,129,614)	(44,478,305)
Transfer to/from Capital Replacement Reserve			127,304		(127,304)	-
Property, Plant and Equipment purchased			(127,304)		127,304	-
Capital Grants used to purchase PPE					-	-
Donations and Public Contributions Reserve					-	-
Transfer to Housing Development Fund					-	-
Asset Disposals					-	-
Offsetting of depreciation					-	-
<b>Balance at 30 JUNE 2011</b>	-	-	-	-	<b>(13,150,926)</b>	<b>(13,150,926)</b>



**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

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**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 Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

<b>GRAP 5</b>	Borrowing Costs
<b>GRAP 6</b>	Consolidated and Separate Financial Statements
<b>GRAP 7</b>	Investments in Associates
<b>GRAP 8</b>	Interests in Joint Ventures
<b>GRAP 101</b>	Agriculture
<b>GRAP 102</b>	Intangible assets
<b>IGRAP 1</b>	Applying the probability test on initial recognition of exchange revenue
<b>IPSAS 20</b>	Related Party Disclosure
<b>IFRS 3 (AC140)</b>	Business Combinations
<b>IFRS 4 (AC141)</b>	Insurance Contracts
<b>IFRS 6 (AC143)</b>	Exploration for and Evaluation of Mineral Resources
<b>IAS 12 (AC102)</b>	Income Taxes
<b>IAS 19 (AC116)</b>	Employee Benefits
<b>SIC – 21 (AC421)</b>	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
<b>SIC – 25 (AC425)</b>	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
<b>SIC – 29 (AC429)</b>	Service Concessions Arrangements – Disclosures
<b>IFRIC 2 (AC435)</b>	Members' Shares in Co-operative Entities and Similar Instruments
<b>IFRIC 4 (AC437)</b>	Determining whether an Arrangement contains a Lease
<b>IFRIC 9 (AC442)</b>	Reassessment of Embedded Derivatives
<b>IFRIC 12 (AC445)</b>	Service Concession Arrangements
<b>IFRIC 13 (AC446)</b>	Customer Loyalty Programmes
<b>IFRIC 14 (AC447) IAS19</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

<b>IFRIC 15 (AC448)</b>	Agreements for the Construction of Real Estate
<b>IFRIC 16 (AC449)</b>	Hedges in a Net Investment in a Foreign Operation

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011
GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011
GRAP 104	Financial Instruments	1 April 2012

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
GRAP 25	Employee Benefits	Unknown

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.

## **CENTRAL KAROO DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

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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 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards (Refer to correction of error note as transitions was not utilised in the prior year):

GRAP 12 – Inventories

GRAP 16 – Investment Property

GRAP 17 – Property, Plant and Equipment

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations

GRAP 102 – Intangible Assets

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 Investment Property, Property, Plant and Equipment and Intangible 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**

As noted below, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 paragraph 11 to 14 have 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 material 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.

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**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. In general, materiality is determined as 1% of total expenditure.

**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:

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 6 (Revised)</b>	<b>Consolidated and Separate Financial Statements</b> No significant impact is expected as the Municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 7 (Revised)</b>	<b>Investments in Associate</b> No significant impact is expected as the Municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 8 (Revised)</b>	<b>Interest in Joint Ventures</b> No significant impact is expected as the Municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 18</b>	<b>Segment Reporting</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>Unknown</b>
<b>GRAP 24</b>	<b>Presentation of Budget Information in Financial Statements</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>1 April 2012</b>
<b>GRAP 103</b>	<b>Heritage Assets</b> No adjustments will necessary as the Municipality has no heritage assets.	<b>1 April 2012</b>
<b>GRAP 105</b>	<b>Transfer of Functions Between Entities Under Common Control</b> No significant impact is expected as the Municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 106</b>	<b>Transfer of Functions Between Entities Not Under Common Control</b> No significant impact is expected as the Municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 107</b>	<b>Mergers</b> No significant impact is expected as the Municipality does not participate in such business transactions.	<b>Unknown</b>

## CENTRAL KAROO DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

#### 1.7. RESERVES

##### 1.7.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash 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.

##### 1.7.2 *Housing Development Fund*

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

#### 1.8. LEASES

##### 1.8.1 *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets 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 recognised on a straight-line basis over the term of the relevant lease.

**1.8.2 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.

**1.9. 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.

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.

**1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

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

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

**1.11. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible 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 possible.

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

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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.

**1.12. 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 70% as contribution and the remaining 30% 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



## CENTRAL KAROO DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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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) Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. 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. 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.

**(d) 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.

**(e) Staff Bonuses**

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

**(f) Performance bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.



**(g) Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**1.13. BORROWING COSTS**

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.

**1.14. PROPERTY, PLANT AND EQUIPMENT**

**1.14.1 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

**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

assets, the assets 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.

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.

**1.14.2 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.

**1.14.3 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. The annual depreciation rates are based on the following estimated useful lives

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	30-167	Buildings	30
Pedestrian Malls	30-167	Specialist vehicles	10
Electricity	20-167	Other vehicles	5-10
Water	15-167	Office equipment	3-7
Sewerage	15-167	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
		Specialised plant and	
		Equipment	10-15
		Other plant and	
		Equipment	2-5
		Landfill sites	15
		Quarries	25
		Emergency equipment	10
		Computer equipment	3
<b><u>Community</u></b>			
Buildings	30-100		
Recreational Facilities	20-30		
Security	5		
Halls	20-30		
Libraries	20-30		
Parks and gardens	15-20		
Other assets	15-20		
<b><u>Heritage assets</u></b>			
No depreciation			
<b><u>Finance lease assets</u></b>			
Office equipment	3		
Other assets	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 an impairment is recognised in the Statement of Financial Performance.

#### **1.14.4 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.

#### **1.14.5 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 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

### **1.15. INTANGIBLE ASSETS**

#### **1.15.1 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;

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- 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, it's deemed cost is the carrying amount of the asset(s) given up.

**1.15.2 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.

**1.15.3 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:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3-5
Computer Software Licenses	5

**1.15.4 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.

**1.15.5 Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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**1.16. INVESTMENT PROPERTY**

**1.16.1 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. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

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.

**1.16.2 Subsequent Measurement – Fair Value Model**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

**1.16.3 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.

<u>Investment Property</u>	Years
Buildings	30

**1.16.4 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

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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.

**1.16.5 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. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.17. NON-CURRENT ASSETS HELD FOR SALE**

**1.17.1 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.

**1.17.2 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.

**1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.18.1 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

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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.

**1.18.2 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:

- *depreciated 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



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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.

**1.19. 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.

**1.20. INVENTORIES**

**1.20.1 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.



**1.20.2 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.

**1.21. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

**1.21.1 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 through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

**1.21.2 Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

**1.21.2.2 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

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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 income statement.

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.

**1.21.2.3 Trade Payables and Borrowings**

Financial liabilities consist of trade payables and borrowings. 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.

**1.21.2.4 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: loans and receivables.

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.

**1.21.3 De-recognition of Financial Instruments**

**1.21.3.1 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

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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.

**1.21.3.2 Financial Liabilities**

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

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

**1.21.4 Offsetting of Financial Instruments**

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

**1.22. REVENUE**

**1.22.1 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.

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Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

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.

**1.22.2 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.

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

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determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges from sewerage are 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; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

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

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of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.22.3 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.

**1.23. 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<sup>nd</sup> and 3<sup>rd</sup> 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 being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1.24. 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.

**1.25. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000),



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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.

**1.26. 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.

**1.27. 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 measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

**1.28. 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.

**1.29. 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, Long service awards and Ex gratia gratuities***

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities 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

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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 depreciation 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 depreciation cost method which was based on assumptions about the remaining duration of the assets.

***Investment Property***

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

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.



**CENTRAL KAROO DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

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***Revenue Recognition***

Accounting Policy 1.19.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.19.2 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.

**1.30. 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.

**1.31. 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.

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CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>1 HOUSING DEVELOPMENT FUND</b>		
Housing Development Fund	348,691	348,691
Unappropriated Surplus	348,691	348,691
Loans extinguished by Government on 1 April 1998	-	-
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>348,691</b>	<b>348,691</b>
<b>Less: Transferred to Discontinued Operations - Note 42.1</b>	<b>(348,691)</b>	<b>-</b>
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>0</b>	<b>348,691</b>
<b>2 NET ASSET RESERVES</b>		
RESERVES	-	-
Capital Replacement Reserve	-	-
Capitalisation Reserve	-	-
Government Grant Reserve	-	-
Donations and Public Contribution Reserve	-	-
Self Insurance Reserve	-	-
Revaluation Reserve	-	-
<b>Total Net Asset Reserve and Liabilities</b>	<b>-</b>	<b>-</b>
<b>3 LONG TERM LIABILITIES</b>		
Annuity Loans - At amortised cost		
Local Registered Stock		
Capitalised Lease Liability - At amortised cost	223,374	58,322
	<b>223,374</b>	<b>58,322</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>(84,378)</b>	<b>(35,911)</b>
Annuity Loans - At amortised cost	-	-
Local Registered Stock	-	-
Capitalised Lease Liability - At amortised cost	(84,378)	(35,911)
	<b>138,996</b>	<b>22,411</b>
<b>Plus:</b> Unamortised charges on loans	-	-
Balance 1 July	-	-
Adjustment for the period	-	-
Restatement of prior year comparatives Note 43	-	-
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>138,996</b>	<b>22,411</b>
The obligations under finance leases are scheduled below:		
		<b>Minimum lease payments</b>
Amounts payable under finance leases:		
Payable within one year	84,860	36,139
Payable within two to five years	221,956	38,000
Payable after five years	-	-
	<b>306,816</b>	<b>74,139</b>
<b>Less:</b> Future finance obligations	<b>(83,442)</b>	<b>(15,815)</b>
<b>Present value of lease obligations</b>	<b>223,374</b>	<b>58,324</b>
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.		
Leases are secured by property, plant and equipment - Note 14		

**EMPLOYEE BENEFITS**

Provision for Post Retirement Benefits  
 Provision for Ex-Gratia Pension Benefits  
 Provision for Long Service Awards

**Total Non-current Provision Liabilities**

Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 62

**Post Retirement Benefits**

Balance 1 July  
 Contribution for the year  
 Expenditure for the year  
 Actuarial Loss/(Gain)

**Total provision 30 June**

**Less:** Transfer of Current Portion to Current Provisions - Note 7

**Balance 30 June****Ex-Gratia Pensions**

Balance 1 July  
 Contribution for the year  
 Expenditure for the year  
 Actuarial Loss/(Gain)

**Total provision 30 June**

**Less:** Transfer of Current Portion to Current Provisions - Note 7

**Balance 30 June****Long Service Awards**

Balance 1 July  
 Contribution for the year  
 Expenditure for the year  
 Actuarial Loss/(Gain)

**Total provision 30 June**

**Less:** Transfer of Current Portion to Current Provisions - Note 7

**Balance 30 June****TOTAL EMPLOYEE BENEFITS**

Balance 1 July  
 Contribution for the year  
 Expenditure for the year  
 Actuarial Loss/(Gain)

**Total provision 30 June**

**Less:** Transfer of Current Portion to Current Provisions - Note 7

**Balance 30 June**

**Less: Transferred to Discontinued Operations - Note 42.1**

	2011 R	2010 R
Provision for Post Retirement Benefits	9,878,781	7,723,690
Provision for Ex-Gratia Pension Benefits	18,387	25,977
Provision for Long Service Awards	707,203	728,300
<b>Total Non-current Provision Liabilities</b>	<b>10,604,371</b>	<b>8,477,967</b>
Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 62		
	2011 R	2010 R
Balance 1 July	8,346,663	8,153,091
Contribution for the year	796,502	774,300
Expenditure for the year	(622,973)	(580,728)
Actuarial Loss/(Gain)	2,041,317	-
<b>Total provision 30 June</b>	<b>10,561,509</b>	<b>8,346,663</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7	<b>(682,728)</b>	<b>(622,973)</b>
<b>Balance 30 June</b>	<b>9,878,781</b>	<b>7,723,690</b>
	2011 R	2010 R
Balance 1 July	25,977	23,934
Contribution for the year	2,217	2,043
Expenditure for the year	-	-
Actuarial Loss/(Gain)	(9,807)	-
<b>Total provision 30 June</b>	<b>18,387</b>	<b>25,977</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7	<b>-</b>	<b>-</b>
<b>Balance 30 June</b>	<b>18,387</b>	<b>25,977</b>
	2011 R	2010 R
Balance 1 July	821,648	726,060
Contribution for the year	158,896	144,798
Expenditure for the year	(93,348)	(49,210)
Actuarial Loss/(Gain)	(30,438)	-
<b>Total provision 30 June</b>	<b>856,758</b>	<b>821,648</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7	<b>(149,555)</b>	<b>(93,348)</b>
<b>Balance 30 June</b>	<b>707,203</b>	<b>728,300</b>
	2011 R	2010 R
Balance 1 July	9,194,288	8,903,085
Contribution for the year	957,615	921,141
Expenditure for the year	(716,321)	(629,938)
Actuarial Loss/(Gain)	2,001,072	-
<b>Total provision 30 June</b>	<b>11,436,654</b>	<b>9,194,288</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7	<b>(832,283)</b>	<b>(716,321)</b>
<b>Balance 30 June</b>	<b>10,604,371</b>	<b>8,477,967</b>
<b>Less: Transferred to Discontinued Operations - Note 42.1</b>	<b>(408,803)</b>	
	<b>10,195,568</b>	<b>8,477,967</b>
	2011 R	2010 R
In-service (employee) members	18	14
Continuation members (e.g. Retirees, widows, orphans)	28	28
<b>Total Members</b>	<b>46</b>	<b>42</b>

## 4.1

**Provision for Post Retirement Benefits**

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

In-service (employee) members  
 Continuation members (e.g. Retirees, widows, orphans)

**Total Members**

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

	2011 R	2010 R
In-service members	1,759,688	850,000
Continuation members	8,801,821	7,496,663
<b>Total Liability</b>	<b>10,561,509</b>	<b>8,346,663</b>

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 R152 542, whereas the Interest Cost for the next year is estimated to be R841 742.

Key actuarial assumptions used:

	2011 %	2010 %
<b>i) Rate of interest</b>		
Discount rate	8.23	8.85
Health Care Cost Inflation Rate	7.16	7.27
Net Effective Discount Rate	1.00	1.47

**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 63 years.

	2011 R	2010 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	10,561,509	8,346,663
Fair value of plan assets	-	-
	10,561,509	8,346,663
Unrecognised past service cost		
Unrecognised actuarial gains/(losses)		
Present Value of unfunded obligations	10,561,509	8,346,663
<b>Net liability/(asset)</b>	<b>10,561,509</b>	<b>8,346,663</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

	2011 R	2010 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	8,346,663	8,153,091
Total expenses	173,529	193,572
Current service cost	84,923	78,020
Interest Cost	711,579	696,280
Benefits Paid	(622,973)	(580,728)
Actuarial (gains)/losses	2,041,317	-
Present value of fund obligation at the end of the year	10,561,509	8,346,663

**Sensitivity Analysis on the Accrued Liability**

Assumption	Change	In-Service	Continuation	Total	% Change
Central Assumptions		1,760,000	8,802,000	10,562,000	
Health Care Inflation	1%	2,227,000	9,694,000	11,921,000	13%
	-1%	1,400,000	8,032,000	9,432,000	-11%
Post-Retirement Mortality	-1 yr	1,818,000	9,182,000	11,000,000	4%
Average Retirement Age	-1 yr	1,897,000	8,802,000	10,699,000	1%
Withdrawal Rate	-50%	2,007,000	8,802,000	10,809,000	2%

#### 4.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 54 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R99 334, whereas the Interest Cost for the next year is estimated to be R60 689.

Key actuarial assumptions used:

##### i) Rate of interest

Discount rate	7.75	9.10
General Salary Inflation (long-term)	6.22	6.58
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.44	2.38

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	856,758	821,648
Fair value of plan assets	-	-
	<u>856,758</u>	<u>821,648</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	856,758	821,648
<b>Net liability/(asset)</b>	<b><u>856,758</u></b>	<b><u>821,648</u></b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	821,648	726,060
Total expenses	65,548	95,588
Current service cost	88,272	80,909
Vested past service cost	-	-
Interest Cost	70,624	63,889
Benefits Paid	(93,348)	(49,210)
Actuarial (gains)/losses	(30,438)	-
Present value of fund obligation at the end of the year	<u>856,758</u>	<u>821,648</u>

Sensitivity Analysis on the Accrued Liability

Assumption	Change	Liability	% Change
Central Assumptions		857,000	
General Salary Inflation	+1%	912,000	6%
	-1%	807,000	-6%
Average Retirement Age	-2 yrs	761,000	-11%
	+2 yrs	905,000	6%
Withdrawal Rate	-50%	993,000	16%

#### 4.3 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia Benefits plans are defined benefit plans. As at year end, 6 employees were eligible for Ex-Gratia Benefits.

There is no Current-service Cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest Cost for the next year is estimated to be R1 583.

Key actuarial assumptions used:

##### i) Rate of interest

Discount rate	8.61	8.54
Pension Increase Rate (CPI Inflation)	5.42	5.52

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	-	-
Fair value of plan assets	-	-
	<u>-</u>	<u>-</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	18,387	25,977
<b>Net liability/(asset)</b>	<b><u>18,387</u></b>	<b><u>25,977</u></b>

	2011 R	2010 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	25,977	23,934
Total expenses	2,217	2,043
Current service cost	-	-
Vested past service cost	-	-
Interest Cost	2,217	2,043
Benefits Paid	-	-
Actuarial (gains)/losses	(9,807)	-
Present value of fund obligation at the end of the year	<b>18,387</b>	<b>25,977</b>

**Sensitivity Analysis on the Accrued Liability**

Assumption	Change	Liability	% Change
Central Assumptions		18,387	
General Salary Inflation	+1%	19,930	8%
	-1%	16,997	-8%
Average Retirement Age	-1 yrs	18,890	3%
Withdrawal Rate	-50%	19,339	5%

	2011 R	2010 R
<b>4.4 Provision for the rehabilitation of landfill-sites</b>		
Balance 1 July	143,000	130,000
Charged/(credited) to the income statement	(143,000)	(130,000)
Additional provisions	14,300	13,000
Contribution to provision - Change in Accounting Policy	-	-
Reversal of provision overstated	-	-
Transfer to current portion	(157,300)	(143,000)
Balance 30 June	-	-

In terms of the licensing of the landfill refuse site, the municipality will incur rehabilitation costs of R157 300 to restore the sites at the end of their useful lives, estimated to be in 2015. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

	2011 R	2010 R
<b>4.5 Retirement funds</b>		

The municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds assets from the fund administrator. The fund administrator confirmed that the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by 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%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year. Refer to Contingent Liabilities - note 37

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by 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 100,3% (30 June 2009 - 103,3%).

**MUNICIPAL COUNCILLORS PENSION**

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%). The financial statements of the fund have not been audited since June 2006 and the financial position of the fund is not available.

5	<b>NON-CURRENT PROVISIONS</b>	<b>2011</b>	<b>2010</b>
		<b>R</b>	<b>R</b>
	<u>Landfill Sites</u>		
	Balance 1 July	143,000	130,000
	Contribution for the year	14,300	13,000
	Expenditure for the year	-	-
	Actuarial Loss/(Gain)	-	-
	<b>Total provision 30 June</b>	<b>157,300</b>	<b>143,000</b>
	<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 8	<b>(157,300)</b>	<b>(143,000)</b>
	<b>Balance 30 June</b>	<b>-</b>	<b>-</b>
		<b>2011</b>	<b>2010</b>
		<b>R</b>	<b>R</b>
	<u>TOTAL NON-CURRENT PROVISIONS</u>		
	Balance 1 July	143,000	130,000
	Contribution for the year	14,300	13,000
	Expenditure for the year	-	-
	Actuarial Loss/(Gain)	-	-
	<b>Total provision 30 June</b>	<b>157,300</b>	<b>143,000</b>
	<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 8	<b>(157,300)</b>	<b>(143,000)</b>
	<b>Balance 30 June</b>	<b>-</b>	<b>-</b>
		<b>2011</b>	<b>2010</b>
		<b>R</b>	<b>R</b>
6	<b>CONSUMER DEPOSITS</b>		
	Water	-	-
	Electricity	0	0
	<b>Total Consumer Deposits</b>	<b>0</b>	<b>-</b>
	The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
		<b>2011</b>	<b>2010</b>
		<b>R</b>	<b>R</b>
	<b>Guarantees held in lieu of Water Deposits</b>	<b>-</b>	<b>-</b>
		<b>2011</b>	<b>2010</b>
		<b>R</b>	<b>R</b>
7	<b>SHORT TERM EMPLOYEE BENEFITS</b>		
	Performance Bonuses	306,007	229,240
	Staff Leave	781,508	602,682
	Current Portion of Short Term Employee Benefits	832,283	716,321
	Current Portion of Post Retirement Benefits - Note 4	682,728	622,973
	Current Portion of Ex-Gratia Pension Provisions - Note 4	-	-
	Current Portion of Long-Service Provisions - Note 4	149,555	93,348
	<b>Total Short Term Employee Benefits</b>	<b>1,919,798</b>	<b>1,548,243</b>
	<b>Less: Transferred to Discontinued Operations - Note 42.1</b>	<b>(240,070)</b>	<b>-</b>
	<b>Total Short Term Employee Benefits</b>	<b>1,679,728</b>	<b>1,548,243</b>
8	<b>PROVISIONS</b>		
	Current Portion of Clearing of Alien Vegetation - Note 5	-	-
	Current Portion of Rehabilitation of Landfill Sites - Note 5	157,300	143,000
	<b>Total Provisions</b>	<b>157,300</b>	<b>143,000</b>
	<b>Less: Transferred to Discontinued Operations - Note 42.1</b>	<b>(157,300)</b>	<b>-</b>
	<b>Total Provisions</b>	<b>-</b>	<b>143,000</b>

The movement in current provisions are reconciled as follows:

**Rehabilitation of Landfill Sites**

	2011 R	2010 R
Balance at beginning of year	143,000	130,000
Transfer from non-current	-	-
Contribution to provision	14,300	13,000
Expenditure incurred	-	-
Balance at end of year	<b>157,300</b>	<b>143,000</b>

**Post Retirement Benefits**

	2011 R	2010 R
Balance at beginning of year	622,973	580,728
Transfer from non-current	-	-
Contribution to provision	59,755	42,245
Expenditure incurred	-	-
Balance at end of year	<b>682,728</b>	<b>622,973</b>

**Ex-Gratia Pensions**

	2011 R	2010 R
Balance at beginning of year	-	-
Transfer from non-current	-	-
Contribution to provision	-	-
Expenditure incurred	-	-
Balance at end of year	<b>-</b>	<b>-</b>

**Long-service Awards**

	2011 R	2010 R
Balance at beginning of year	93,348	49,210
Transfer from non-current	-	-
Contribution to provision	-	-
Expenditure incurred	56,207	44,138
Balance at end of year	<b>149,555</b>	<b>93,348</b>

**Performance Bonuses**

	2011 R	2010 R
Balance at beginning of year	229,240	255,201
Transfer from non-current	-	-
Contribution to provision	306,978	138,462
Expenditure incurred	(230,211)	(164,423)
Balance at end of year	<b>306,007</b>	<b>229,240</b>

**Staff Leave Reconciliation**

	2011 R	2010 R
Balance at beginning of year	602,682	577,937
Transfer from Provision	(142,533)	(120,029)
Contribution during the year	321,359	144,774
Balance at end of year	<b>781,508</b>	<b>602,682</b>

**TOTAL - CURRENT PROVISIONS**

	2011 R	2010 R
Balance at beginning of year	1,691,243	1,593,076
Transfer from non-current	-	-
Transfer to Trade Payables	-	-
Contribution to provision	702,392	338,481
Expenditure incurred	(316,537)	(240,314)
Balance at end of year	<b>2,077,098</b>	<b>1,691,243</b>

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to **Note 4** to the Financial Statements, Other Defined Benefit Plan Information



	2011 R	2010 R
<b>9 TRADE AND OTHER PAYABLES</b>		
Trade Payables	1,643,750	885,483
Less: Correction of Error - Note 44.1	-	-
Balance at 30 JUNE 2011	1,643,750	885,483
Payments received in advance	305,592	224,206
Salary Control	29,072	9,565
Staff Leave Liability	-	-
Prince Albert Municipality	0	5,098
Workshop Auction	68,627	205,868
Fifa 2010	1,600	1,600
Compensation Assurance	0	76,058
Retention Entsha Henra	315,120	247,512
Perfecto Builders	49,259	28,112
Retention Council Chambers	3,539	
Karoo Vleisboere	284	
Deposits: Other	9,374	12,124
<b>Total Trade Payables</b>	<b>2,426,217</b>	<b>1,695,626</b>
<b>Less: Transferred to Discontinued Operations - 42.1</b>	<b>(216,834)</b>	<b>-</b>
<b>Total Trade Payables</b>	<b>2,209,383</b>	<b>1,695,626</b>
	2011 R	2010 R
<b>10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
<b>10.1 Conditional Grants from other spheres of Government</b>		
Unspent Grants	7,236,421	6,892,263
National and Provincial Government Grants - Appendix F	7,372,670	6,892,263
Correction of error - Note	-	-
Restated balance 30 June 2011	7,372,670	6,892,263
<b>Less: Transferred to Discontinued Operations - 42.1</b>	<b>(136,249)</b>	<b>-</b>
	<b>7,236,421</b>	<b>6,892,263</b>
<b>Less: Unpaid Grants</b>	<b>(674,655)</b>	<b>(711,369)</b>
National Government Grants	(445,927)	(376,175)
Provincial Government Grants	(228,728)	(335,194)
Other Sources	0	0
<b>Total Conditional Grants and Receipts</b>	<b>6,561,766</b>	<b>6,180,894</b>
See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are not 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.		
	2011 R	2010 R
<b>11 UNSPENT CONDITIONAL PUBLIC CONTRIBUTIONS AND RECEIPTS</b>		
Unspent augmentation fees from developers	-	-
	2011 R	2010 R
<b>12 TAXES</b>		
VAT Payable	140,665	502,445
VAT Receivable	212,646	431,302
	(71,981)	71,143
<b>Less: Transferred to Discontinued Operations - Note 42.1</b>	<b>(140,665)</b>	<b>-</b>
VAT Receivable	(212,646)	71,143
	2011 R	2010 R
<b>13 SHORT-TERM LOANS</b>		
The Municipality has no short term loans.		
	2011 R	2010 R
<b>14 PROPERTY, PLANT AND EQUIPMENT</b>		
<a href="#">See attached sheet</a>		
	2011 R	2010 R
<b>15 NON-CURRENT ASSETS HELD FOR SALE</b>		
Non-current assets held for sale at beginning of year - at book value	-	-
Additions for the year	(43,796,286)	-
	(43,796,286)	-
Non-current assets sold/written off during the year		
Non-current assets held for sale at end of year - at book value	<b>(43,796,286)</b>	<b>-</b>

	2011 R	2010 R
<b>16 INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	-	-
Cost	-	-
Accumulated Depreciation	-	-
Transfer to Property, Plant and Equipment - Note 14	-	-
Cost	-	-
Accumulated Depreciation	-	-
Acquisitions	-	-
Depreciation for the year	-	-
<b>Net Carrying amount at 30 June</b>	-	-
Cost	-	-
Accumulated Depreciation	-	-

None, but if then the fair value of Investment Properties, as valued by the municipality's valuer, will be estimated.

	2011 R	2010 R
<b>17 INTANGIBLE ASSETS</b>		
<b>Net Carrying amount at 1 July</b>	154,947	35,439
<b>Change in Accounting Policy - Transfer from Property, Plant and Equipment</b>		
Cost	340,359	205,291
Accumulated Amortisation	(185,412)	-169,852
Acquisitions	18,291	139,058
Amortisation	-62,434	-43,886
Impairment of the Intangible Asset	(112,506)	(3,990)
Impairment of the Intangible Asset	-	-
Amortisation transferred to Other Assets	112,506	28,326
<b>Net Carrying amount at 30 June</b>	110,804	154,947
Cost	246,144	340,359
Accumulated Amortisation	(135,340)	(185,412)

	2011 R	2010 R
<b>18 INVESTMENTS</b>		
<b>Financial Instruments</b>		
<b>Unlisted</b>		
Long term deposits	0	0
<b>Total Investments</b>	-	-

The average interest rate was xx% (2009: xx%)

No investments have been pledged as security for any funding facilities of the council.

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.

	2011 R	2010 R
<b>19 LONG TERM RECEIVABLES</b>		
Staff Car Loans - At amortised cost	-	-
<b>Less:</b> Unamortised Discount on Loans	-	-
Balance 1 July	-	-
Adjustment for the period	-	-
#REF!	-	-
<b>Less:</b> Current portion transferred to current receivables	-	-
Staff Car Loans - At amortised cost	-	-
<b>Less:</b> Provision for Impairment of Long Term Receivables	-	-
<b>Total Long Term Receivables</b>	-	-
No Long term receivables	-	-

20

**INVENTORY**

Consumable Stores - Stationery and materials - At cost  
 Maintenance Materials - At cost  
 Water - At purification cost  
 Spare Parts - At cost

**Total Inventory**  
**Less: Transferred to Discontinued Operations - Note 42.2**  
**Total Inventory**

2011 R	2010 R
60,573	75,039
803,950	910,372
1,492	2,607
<b>866,015</b>	<b>988,018</b>
<b>(1,492)</b>	<b>-</b>
<b>864,523</b>	<b>988,018</b>

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

The total inventories expensed during the year.

Inventory issued  
 Petrol, Diesel and Oil issued

2011 R	2010 R
929,274	1,483,021
3,513,786	2,590,343
<b>4,443,060</b>	<b>4,073,364</b>

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

2011 R	2010 R
-	-

21

**TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Water  
 Electricity  
 Housing Rentals  
 Refuse  
 Sewerage  
 Other Arrears

**Total: Trade receivables from exchange transactions (before provision)**  
 Provision for Impairments

**Total: Trade receivables from exchange transactions (after provision)**

**Less: Transferred to Discontinued Operations - Note 41.2**

Water  
 Electricity  
 Housing Rentals  
 Refuse  
 Sewerage  
 Other Arrears

**Total: Trade receivables from exchange transactions (before provision)**  
 Provision for Impairments

**Total: Trade receivables from exchange transactions (after provision) Transferred to Discontinued Operations**

**Total: Trade receivables from exchange transactions (after provision)**

2011 R	2010 R
28,423	880,688
233,514	489,547
-	-
681,849	1,523,018
213,222	1,063,505
62,697	181,692
<b>1,219,705</b>	<b>4,138,450</b>
<b>(768,654)</b>	<b>(2,763,673)</b>
<b>451,051</b>	<b>1,374,777</b>
<b>(28,423)</b>	<b>(880,688)</b>
<b>(233,514)</b>	<b>(489,547)</b>
-	-
<b>(681,849)</b>	<b>(1,523,018)</b>
<b>(213,222)</b>	<b>(1,063,505)</b>
<b>(62,697)</b>	<b>(181,692)</b>
<b>(1,219,705)</b>	<b>(4,138,450)</b>
<b>768,654</b>	<b>2,763,673</b>
<b>(451,052)</b>	<b>(1,374,777)</b>
<b>(1)</b>	<b>-</b>

The fair value of other receivables approximate their carrying value.

**(Electricity): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days

**Total**

2011 R	2010 R
119,596	112,598
17,436	57,128
7,922	13,950
88,560	305,871
<b>233,514</b>	<b>489,547</b>

**(Water): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days

**Total**

2011 R	2010 R
11,524	12,960
1,733	6,456
1,692	3,935
13,474	857,337
<b>28,423</b>	<b>880,688</b>

**(Housing): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days

**Total**

2011 R	2010 R
-	-
-	-
-	-
-	-
<b>-</b>	<b>-</b>

**(Refuse): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days

**Total**

2011 R	2010 R
56,084	100,353
24,459	47,237
22,794	45,003
578,512	1,330,425
<b>681,849</b>	<b>1,523,018</b>

**(Sewerage): Ageing**

	2011 R	2010 R
Current (0 - 30 days)	49,610	93,930
31 - 60 Days	16,882	46,316
61 - 90 Days	13,524	42,939
+ 90 Days	133,206	880,320
<b>Total</b>	<b>213,222</b>	<b>1,063,505</b>

**(Other): Ageing**

	2011 R	2010 R
Current (0 - 30 days)	1,001	2,199
31 - 60 Days	491	1,128
61 - 90 Days	453	730
+ 90 Days	60,752	177,635
<b>Total</b>	<b>62,697</b>	<b>181,692</b>

**(Total): Ageing**

	2011 R	2010 R
Current (0 - 30 days)	237,815	322,040
31 - 60 Days	61,001	158,265
61 - 90 Days	46,385	106,557
+ 90 Days	874,504	3,551,588
<b>Total</b>	<b>1,219,705</b>	<b>4,138,450</b>

**Summary of Debtors by Customer Classification**

	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 JUNE 2011</b>			
Current (0 - 30 days)	113,938	25,105	98,772
31 - 60 Days	43,576	4,815	12,610
61 - 90 Days	39,026	4,700	2,659
+ 90 Days	813,992	52,348	8,164
Sub-total	1,010,532	86,968	122,205
<b>Less:</b> Provision for bad debts	(768,654)	-	-
<b>Total debtors by customer classification</b>	<b>241,878</b>	<b>86,968</b>	<b>122,205</b>

**Summary of Debtors by Customer Classification**

	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 JUNE 2010</b>			
Current (0 - 30 days)	244,606	35,331	42,103
31 - 60 Days	119,396	14,312	24,557
61 - 90 Days	84,735	9,202	12,620
+ 90 Days	3,477,752	20,389	53,447
Sub-total	3,926,489	79,234	132,727
<b>Less:</b> Provision for bad debts	(2,763,673)	-	-
<b>Total debtors by customer classification</b>	<b>1,162,816</b>	<b>79,234</b>	<b>132,727</b>

**Reconciliation of Provision for Bad Debts**

	2011 R	2010 R
Balance at beginning of year	3,095,160	2,841,742
Contribution to provision	1,677,172	253,418
Bad Debts (written off)	-3,847,254	-
Balance at end of year	925,078	3,095,160

The total amount of this provision is R925 078 and consist of:

	2011 R	2010 R
Rates	156,424	331,487
Other Debtors	768,654	2,763,673
<b>Total Provision for Bad Debts on Trade Receivables from exchange transactions</b>	<b>925,078</b>	<b>3,095,160</b>
Less: Rates Provision Transferred to Discontinued Operations	(156,424)	-
Less: Rates Provision Transferred to Discontinued Operations	(768,654)	-
<b>Total Provision for Bad Debts on Trade Receivables from exchange transactions</b>	<b>-</b>	<b>3,095,160</b>
<b>Financial assets past due not impaired</b>		
Less: Residential past due over impaired	(37,754)	
Plus: Industrial / Commercial	75,018	
Plus: Agriculture	435,474	
Less: VAT on Outstanding Debtors	(140,665)	
<b>Total Financial assets past due not impaired</b>	<b>332,073</b>	

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.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

## 22 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2011 R	2010 R
Taxes - Rates	613,642	838,276
Other Debtors	1,023,462	873,036
	1,637,104	1,711,312
Less: Provision for bad debts	(156,424)	(331,487)
<b>Total Other Receivables from non-exchange transactions</b>	<b>1,480,680</b>	<b>1,379,825</b>
Less: Transferred to Discontinued Operations - Note 42.2		
Taxes - Rates	(613,642)	-
Other Debtors	(209,460)	-
	(823,102)	-
Less: Provision for bad debts	156,424	-
Transferred to Discontinued Operations - Note 42.2	(666,678)	-
<b>Total Other Receivables from non-exchange transactions</b>	<b>814,002</b>	<b>-</b>

The fair value of other receivables approximate their carrying value.

### (Rates): Ageing

	2011 R	2010 R
Current (0 - 30 days)	5,088	42,356
31 - 60 Days	893	22,480
61 - 90 Days	608	18,487
+ 90 Days	607,053	754,953
<b>Total</b>	<b>613,642</b>	<b>838,276</b>

### Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 JUNE 2011</b>			
Current (0 - 30 days)	5,088	-	-
31 - 60 Days	893	-	-
61 - 90 Days	608	-	-
+ 90 Days	607,053	0	-
Sub-total	613,642	0	-
Less: Provision for bad debts	(156,424)	-	-
<b>Total debtors by customer classification</b>	<b>457,218</b>	<b>0</b>	<b>-</b>

### Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 JUNE 2010</b>			
Current (0 - 30 days)	42,356	-	-
31 - 60 Days	22,480	-	-
61 - 90 Days	18,487	-	-
+ 90 Days	754,953	-	-
Sub-total	838,276	-	-
Less: Provision for bad debts	(331,487)	-	-
<b>Total debtors by customer classification</b>	<b>506,789</b>	<b>-</b>	<b>-</b>

**Reconciliation of Provision for Bad Debts**

	2011 R	2010 R
Balance at beginning of year	3,095,160	2,841,742
Contribution to provision	1,677,172	253,418
Bad Debts (written off)	(3,847,254)	-
Balance at end of year	<u>925,078</u>	<u>3,095,160</u>

The total amount of this provision is R925 078 and consist of:

	2011 R	2010 R
Taxes	156,424	331,487
Other	768,654	2,763,673
Total Provision for Bad Debts on Trade Receivables from non-exchange transactions	<u>925,078</u>	<u>3,095,160</u>

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.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

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**CASH AND CASH EQUIVALENTS****Assets**

	2011 R	2010 R
Call Investments Deposits - FirstRand Bank Limited - 100455-DC07A00030	195,932	3,134,476
Primary Bank Account	2,163,722	0
Cash Floats	6,630	6,630
<b>Total Cash and Cash Equivalents - Assets</b>	<b>2,366,284</b>	<b>3,141,106</b>
Less: Transferre to Discontinued Operations Cash Floats - Note 42.2	(5,330)	-
Less: Transferre to Discontinued Operations Primary Bank Account - Note 42.2	(857,389)	-
<b>Total Cash and Cash Equivalents - Assets</b>	<b><u>1,503,565</u></b>	<b><u>3,141,106</u></b>

**Liabilities**

	2011 R	2010 R
Primary Bank Account	-	(228,174)
<b>Total Cash and Cash Equivalents - Liabilities</b>	<b>-</b>	<b>(228,174)</b>
Less: Transferre to Discontinued Operations - Note 42.2	-	-
<b>Total Cash and Cash Equivalents - Liabilities</b>	<b><u>-</u></b>	<b><u>(228,174)</u></b>

Call Investments Deposits to an amount of R195 932 are held to fund the Unspent Conditional Grants (2010: R3 134 476). FirstRand Bank Limited - 100455-DC07A00030

The municipality has the following bank accounts:

**Current Accounts**

	2011 R	2010 R
ABSA Bank - Beaufort West Branch - Account Number 1540 0000 14 (Cheque Account) and First National Bank - Beaufort West Branch - Account Number 6206 2151 429 (Cheque Account)	6,630	(221,544)
	<u>6,630</u>	<u>(221,544)</u>

**First National Bank - Beaufort West Branch - Account Number 6206 2151 429 (Cheque**

	2011 R	2010 R
Cash book balance at beginning of year	(221,544)	(2,799,519)
Cash book balance at end of year	<u>2,170,352</u>	<u>(221,544)</u>

Bank statement balance at beginning of year - First National Bank	1,498,925	(2,696,727)
Bank statement balance at beginning of year - ABSA	225,552	96,073
	<u>1,724,477</u>	<u>(2,600,654)</u>

Bank statement balance at end of year - First National Bank	2,652,921	1,498,925
Bank statement balance at end of year - ABSA	957,715	225,552
	<u>3,610,636</u>	<u>1,724,477</u>

## PROPERTY RATES

Actual

	2011 R	2010 R
<b>Rateable Land and Buildings</b>	7,194,298	7,454,796
Residential Property	598,682	1,393,656
Commercial Property	1,151	3,663
Industrial Property	-	-
Public Benefits Organisations	-	-
Agricultural Purposes	6,176,291	5,816,834
State - National / Provincial Services	194,667	197,816
Municipal Property	221,167	42,694
Exceedings	2,340	133
<b>Less: Rebates</b>	(6,107,011)	(6,626,900)
<b>Total Assessment Rates</b>	<b>1,087,287</b>	<b>827,896</b>
<b>Less: Transferred to Discontinued Operations - Note 42.3</b>	<b>(1,087,287)</b>	<b>(827,896)</b>
<b>Total Assessment Rates</b>	<b>(0)</b>	<b>-</b>

Valuations - 1 JULY 2010

	2011 R	2010 R
<b>Rateable Land and Buildings</b>	615,192,412	611,212,830
Residential Property	51,369,425	60,214,085
Commercial Property	-	329,350
Industrial Property	-	-
Public Benefits Organisations	393,482	-
Agricultural Purposes	527,888,085	528,803,135
State - National / Provincial Services	16,638,250	17,983,250
Municipal Property	18,903,170	3,883,010
Vacant Property	-	-
<b>Less: Income Forgone</b>		
<b>Total Assessment Rates</b>	<b>615,192,412</b>	<b>611,212,830</b>

Valuations on 1 JULY 2010: IN ANY FORMAT YOU CAN GIVE

	Building Clause Valuation	Site Valuation	Exempt Land	Total Valuation
Domestic	-	51,369,425	-	51,369,425
Accommodation	-	-	122,946,190	122,946,190
Commercial	-	-	-	-
Church	-	-	4,427,040	4,427,040
Light Industrial	-	-	-	-
Agricultural/Rural	-	527,888,085	-	527,888,085
State	-	35,541,420	-	35,541,420
PSI	-	381,132	-	381,132
POP	-	12,350	-	12,350
<b>Total Property Valuations</b>	<b>-</b>	<b>615,192,412</b>	<b>127,373,230</b>	<b>742,565,642</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

A rate in the rand for domestic properties of R 0.0117 was charged on site values and a rate in the rand of R 0.0117 for improvements. Business were charged at a rate in the rand of R 0.0117 on site values and a rate in the rand of R 0.0117 for improvements. Rural Area, PSI and POP were charged at a rate in the rand of R 0.002925 on site values.

Properties used for domestic purposes and consisting of both land and improvements are subject to a R 19,000 valuation reduction. There are also different rebates and phased in tariffs for different sectors of the community. Interest on arrear accounts is charged at bank rate plus one. 76.3% Rebate are given to Rural Areas.

	2011 R	2010 R
<b>25 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable Share	15,756,373	13,908,711
Finance Management Grant	1,000,000	750,000
Municipal Systems Improvement Grant	750,000	735,000
Municipal Infrastructure Grant	6,292,703	6,539,238
Tourism ITDF	0	248,804
Tourism Plan	0	20,099
Tourism Biosfeer	386,627	0
Tourism Sustainability	1,186	0
Department Social Services	0	1,946,351
Department Health Global Fund	656,751	1,215,212
Department Health PHC	80,582	76,250
Department of the Premier	0	0
VAT	481,285	89,232
DBSA	1,237,825	1,083,803
ISRDP	808,205	236,905
Department local Government and Housing	882,426	672,740
Work for Water Project: DWAF	2,467,101	2,788,881
DWAF Masibambane Project	0	-
<b>Total Government Grants and Subsidies</b>	<b>30,801,064</b>	<b>30,311,226</b>
<b>Less: Transferred to Discontinued Operations - Note 42.3</b>	<b>(2,247,469)</b>	<b>(2,011,172)</b>
<b>Total Government Grants and Subsidies</b>	<b>28,553,595</b>	<b>28,300,054</b>
The municipality does not expect any significant changes to the level of grants. Appendix F		
<b>26 AGENCY SERVICES</b>		
Department Transport Western Cape	25,469,094	25,379,788
	<b>25,469,094</b>	<b>25,379,788</b>
The municipality has service level agreements with Department Transport Western Cape		
<b>27 CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT</b>		
Gestetner	35,000	-
Casidra	944,997	-
	979,997	-
<b>Less: Transferred to Discontinued Operations - Note 42.3</b>	<b>(944,997)</b>	<b>-</b>
<b>Total Contributed Property, Plant and Equipment</b>	<b>35,000</b>	<b>-</b>
<b>28 CHANGES IN FAIR VALUE</b>		
<b>28.1 Transactions that gives an increase in surplus</b>		
Fair value changes in Investment Properties	-	-
Unamortised discount - Interest	-	-
<b>Total changes in fair value</b>	<b>-</b>	<b>-</b>
<b>28.2 Transactions that gives an decrease in surplus</b>		
Unamortised discount - Interest	-	-
Fair value changes in Investment Properties	-	-
<b>Total changes in fair value</b>	<b>-</b>	<b>-</b>
<b>29 OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		



	2011 R	2010 R
<b>30 SERVICE CHARGES</b>		
<b>Electricity</b>	<b>1,628,822</b>	<b>1,411,599</b>
Service Charges	1,938,968	1,697,539
<b>Less:</b> Rebates	<b>(310,146)</b>	<b>(285,940)</b>
<b>Water</b>	<b>175,117</b>	<b>185,083</b>
Service Charges	620,118	583,228
<b>Less:</b> Rebates	<b>(445,001)</b>	<b>(398,145)</b>
<b>Refuse, Sewerage and Sanitation Charges</b>	<b>1,074,575</b>	<b>1,068,472</b>
Service Charges	1,339,605	1,280,272
<b>Less:</b> Rebates	<b>(265,030)</b>	<b>(211,800)</b>
<b>Other Service Charges - Swimming Bath</b>	<b>4,954</b>	<b>3,173</b>
<b>Total Service Charges</b>	<b>2,883,468</b>	<b>2,668,327</b>
<b>Less: Transferred to Discontinued Operations - Note 42.3</b>	<b>(2,883,467)</b>	<b>(2,668,327)</b>
<b>Total Service Charges</b>	<b>1</b>	<b>-</b>
	<b>2011 R</b>	<b>2010 R</b>
<b>31 WATER SERVICES AUTHORITY CONTRIBUTION</b>		
None	-	-
	<b>2011 R</b>	<b>2010 R</b>
<b>32 OTHER INCOME</b>		
Building Plan & Inspection F	290	220
Contributions Beaufort West Municipality	0	44,176
Contributions Prince Albert Municipality	483,313	74,140
District Council Levies	62	-
Sundry Income;	65,536	32,320
VAT Projects	76,228	-
Photostat and Faxes	5,587	3,833
Handlingfees	0	-
Cemetary Fees;	555	425
Commission	16,537	16,005
House Rent	11,198	11,918
Samples: Milk and Water	46,922	-
Milk Sales	526,126	641,155
Private Work	0	-
PMU Funds	0	526,441
Legal Fees	280	260
Transportaktes	0	-
Books	1,265	1,084
Lost Books	110	66
Sell of Sand and Gravel	0	40
Insurance Claims	45,939	1,538
Valuation Certificates	140	105
Retirement Benefits	0	-
<b>Total Other Income</b>	<b>1,280,088</b>	<b>1,353,726</b>
<b>Less: Transferred to Discontinued Operations - Note 42.3</b>	<b>(20,205)</b>	<b>(15,828)</b>
<b>Total Other Income</b>	<b>1,259,883</b>	<b>1,337,898</b>
	<b>2011 R</b>	<b>2010 R</b>
<b>33 UNAMORTISED DISCOUNT - INTEREST</b>		
	-	-
	-	-

**EMPLOYEE RELATED COSTS**

	2011 R	2010 R
Employee Related Costs - Salaries and Wages	8,327,949	6,945,509
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	2,115,550	1,754,971
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	778,283	747,167
Housing Benefits and Allowances	84,191	80,806
Overtime Payments	297,395	163,963
Bonuses	848,338	649,371
Leave Provision	321,359	144,774
Long Service Awards	159,447	27,260
Contribution to provision - Long Service Awards - Note 4&7	173,195	31,699
Contribution to provision - Ex-gratia pensions - Note 4&7	0	-
Contribution to provision - Post Retirement Medical - Note 4&7	(716,321)	(502,708)
	<u>12,389,386</u>	<u>10,042,812</u>
<b>Less: Transferred to Discontinued Operations - Note 42.3</b>		
Employee Related Costs - Salaries and Wages	2,128,634	1,615,232
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	453,960	331,557
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3,702	-
Housing Benefits and Allowances	23,388	13,981
Overtime Payments	290,556	159,421
Bonuses	156,944	138,180
Leave Provision	0	-
Long Service Awards	16,058	6,092
Contribution to provision - Long Service Awards - Note 4&7	26,600	-
Contribution to provision - Ex-gratia pensions - Note 4&7	-0	23,122
Contribution to provision - Post Retirement Medical - Note 4&7	0	-
<b>Total Employee Related Costs Transferred to Discontinued Operations</b>	<u>3,099,842</u>	<u>2,287,585</u>
<b>Less: Employee Costs allocated elsewhere</b>		
<b>Total Employee Related Costs</b>	<u><b>9,289,544</b></u>	<u><b>7,755,227</b></u>

**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**

	2011 R	2010 R
Annual Remuneration	864,424	809,462
Traveling Reimbursement	264,065	130,199
Subsistence Reimbursement	-	21,850
Performance Bonus	89,041	62,323
Cell Phone Allowance	14,400	14,400
Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<u><b>1,231,930</b></u>	<u><b>1,038,234</b></u>

**Remuneration of the Chief Finance Officer**

	2011 R	2010 R
Annual Remuneration	769,338	720,421
Traveling Reimbursement	148,790	138,503
Subsistence Reimbursement	-	31,010
Performance Bonus	79,246	49,858
Cell Phone Allowance	3,600	3,600
Long Service Bonus	59,018	-
Leave Payments	27,401	-
Contributions to UIF, Medical and Pension Funds	-	-
<b>Total</b>	<u><b>1,087,393</b></u>	<u><b>943,392</b></u>

**Remuneration of Director : Technical Services**

	2011 R	2010 R
Annual Remuneration	691,541	647,571
Traveling Reimbursement	153,243	159,560
Subsistence Reimbursement	-	9,700
Performance Bonus	59,281	49,858
Cell Phone Allowance	-	3,600
Longservice Bonus	7,020	67,495
Contributions - UIF, Medical, Pension	-	-
<b>Total</b>	<u><b>911,085</b></u>	<u><b>937,784</b></u>

**Remuneration of Director : Corporate and Support Services**

	2011 R	2010 R
Annual Remuneration	734,763	688,045
Traveling Reimbursement	65,786	32,595
Subsistence Reimbursement	-	9,450
Performance Bonus	61,924	52,974
Cell Phone Allowance	3,600	3,600
Long Service Bonus	56,365	-
Leave Payments	50,324	-
Contributions - UIF, Medical, Pension	-	-
<b>Total</b>	<u><b>972,762</b></u>	<u><b>786,664</b></u>

35	<b>REMUNERATION OF COUNCILLORS</b>	<b>2011 R</b>	<b>2010 R</b>
	Mayor	625,648	416,205
	Executive Committee Members	1,140,946	1,414,297
	Councillors	991,661	924,952
	Councillors' pension and medical aid contributions	0	-
	<b>Total Councillors' Remuneration</b>	<b>2,758,255</b>	<b>2,755,454</b>
	<b><i>In-kind Benefits</i></b>		
	The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.		
	<b><i>Certification by the Municipal Manager</i></b>		
	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.		
	..... <b>Signed: Municipal Manager</b>		
36	<b>CONTRIBUTIONS TO BAD DEBTS PROVISION</b>	<b>2011 R</b>	<b>2010 R</b>
	Trade Receivables from exchange transactions - Note 21	1,677,172	253,418
	<b>Total Contribution to Bad Debts Provision</b>	<b>1,677,172</b>	<b>253,418</b>
	<b>Less: Transferred to Discontinued Operations - Note 42.3</b>	<b>(257,240)</b>	<b>(144,327)</b>
	<b>Total Contribution to Bad Debts Provision</b>	<b>1,419,932</b>	<b>109,091</b>
37	<b>IMPAIRMENTS</b>	<b>2011 R</b>	<b>2010 R</b>
38	<b>FINANCE CHARGES</b>	<b>2011 R</b>	<b>2010 R</b>
	Employee Benefits	784,420	762,212
	Long-term Liabilities	-	-
	Finance Leases	28,313	18,463
	<b>Total Finance Charges</b>	<b>812,733</b>	<b>780,675</b>
	<b>Less: Transferred to Discontinued Operations - Note 42.3</b>	<b>(24,194)</b>	<b>-</b>
	<b>Total Finance Charges</b>	<b>788,539</b>	<b>780,675</b>
	<b>Reclassification of Finance Leases</b>		
	<b>Balance previously reported</b>	<b>-</b>	<b>-</b>
	Transfer to Employee Benefits	-	-
	<b>Restated amount for Finance Leases</b>	<b>-</b>	<b>-</b>
39	<b>BULK PURCHASES</b>	<b>2011 R</b>	<b>2010 R</b>
	Electricity	1,936,596	1,321,188
	<b>Less: Transferred to Discontinued Operations</b>	<b>(1,936,596)</b>	<b>(1,321,188)</b>
	<b>Total Bulk Purchases</b>	<b>-</b>	<b>-</b>
40	<b>DEPRECIATION AND AMORTISATION</b>	<b>2011 R</b>	<b>2010 R</b>
	Depreciation and Amortisation	2,593,415	1,255,348
	<b>Less: Transferred to Discontinued Operations - Note 42.3</b>	<b>(2,037,927)</b>	<b>(1,234,414)</b>
	<b>Total Depreciation and Amortisation</b>	<b>555,488</b>	<b>20,934</b>

		2011	2010
		R	R
41	<b>GENERAL EXPENSES</b>		
	Advertisements	98,686	131,025
	Anchor Projects	37,658	3,691
	Bank Charges	126,719	156,344
	Graveyard	0	-
	Fire Extinguishers	22,715	9,884
	Fuel and Oil	200,981	160,647
	Study Fund	128,224	121,756
	Community Development Workers	140,401	153,087
	Sundry Expenditure	19,747	139,246
	Printing and Stationery	182,960	182,235
	DWAF	1,237,825	-
	Primary Health Care	0	-
	Nutrition Scheme	73,257	71,040
	Rates	85,815	195,786
	Electricity	167,453	91,916
	Electricity, Water and Sanitation	638,053	359,620
	Global Fund	648,461	1,215,212
	Household Expenses	62,019	51,871
	Pre-Paid Meters	38,164	28,192
	ISRDP	49,549	150,185
	Membership Fees	164,928	134,453
	Licences	10,104	10,908
	Vehicle Registration	217,383	196,986
	Milk Powder	463,361	591,593
	Samples:Milk, Water and Food	52,510	56,388
	IDP Funds	0	51,160
	Entertainment	12,828	11,295
	Entertainment: Mayor	48,212	44,778
	Entertainment: Speaker	2,900	3,159
	Entertainment: Deputy Mayor	2,810	2,200
	Training	206,562	3,018
	Auditfees	1,607,500	1,162,081
	Traing Fund	221,206	186,776
	Development Human Rights	0	6,321
	Roads from Transport Fund	0	329,461
	Public Functions	81,823	70,602
	Legal Fees	35,913	30,223
	Cleaning Materials	62,406	60,375
	Travell and Subsistence	2,022,500	1,506,060
	Travell and Subsistence:Council	362,488	383,787
	Registration and Congress Fees	29,403	35,914
	Computer Expenses	40,395	179,857
	Regional Study Fund	0	-
	Telephone and Postage	544,333	473,679
	Deed of Transfer	10,662	13,240
	Lost Books	226	-
	Insurance General	104,717	97,110
	Travel Cost: Furniture	3,500	-
	Valuations	35,421	1,181,287
	Work for Water Project	2,086,624	2,658,444
	IDP Economic	679,892	259,167
	IDP Financial Services	149,477	110,980
	IDP Institutional	213,023	75,345
	Implement Projects	175,739	259,825
	IDP Finance Management Grant Interns	533,956	242,997
	Contributions Landfill Site	14,300	13,000
	Roads Agency Services	22,264,861	21,606,046
	Sundry Projects	779,890	444,371
	Long Service Fund	0	-
	General Expenses	37,200,540	35,714,623
	<b>Less: Transferred to Discontinued Operations - Note 42.3</b>	<b>(1,471,850)</b>	<b>(889,565)</b>
	<b>Total General Expenses</b>	<b>35,728,690</b>	<b>34,825,058</b>
General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.			
		2011	2010
		R	R
42	<b>DISCONTINUED OPERATIONS</b>		
42.1	<b>NET ASSETS AND LIABILITIES</b>		
	<b>Net Assets</b>	<b>44,478,305</b>	<b>-</b>
	Housing Development Fund	348,691	-
	Donations and Public Contribution Reserve	-	-
	Accumulated Surplus / (Deficit)	44,129,614	-
	<b>Non - Current Liabilities</b>	<b>408,803</b>	<b>-</b>
	<b>EMPLOYEE BENEFITS</b>		
	Provision for Post Retirement Benefits	197,399	-
	Provision for Ex-Gratia Pension Benefits	18,387	-
	Provision for Long Service Awards	193,017	-
	<b>Total Non-current Provision Liabilities</b>	<b>408,803</b>	<b>-</b>
	<b>Post Retirement Benefits</b>		
	Balance 1 July	101,384	-
	Contribution for the year	16,736	-
	Expenditure for the year	-	-
	Actuarial Loss/(Gain)	79,279	-
	<b>Total provision 30 June</b>	<b>197,399</b>	<b>-</b>
	<b>Less:</b> Transfer of Current Portion to Current Provisions - Note	<b>-</b>	<b>-</b>
	<b>Balance 30 June</b>	<b>197,399</b>	<b>-</b>

**Ex-Gratia Pensions**

Balance 1 July  
Contribution for the year  
Expenditure for the year  
Actuarial Loss/(Gain)

**Total provision 30 June**

**Less:** Transfer of Current Portion to Current Provisions - Note

**Balance 30 June**

**Long Service Awards**

Balance 1 July  
Contribution for the year  
Expenditure for the year  
Actuarial Loss/(Gain)

**Total provision 30 June**

**Less:** Transfer of Current Portion to Current Provisions - Note

**Balance 30 June**

**TOTAL EMPLOYEE BENEFITS**

Balance 1 July  
Contribution for the year  
Expenditure for the year  
Actuarial Loss/(Gain)

**Total provision 30 June**

**Less:** Transfer of Current Portion to Current Provisions - Note 7

**Balance 30 June**

**Current Liabilities**

**Provisions**

Current Portion of Clearing of Alien Vegetation - Note 5

Current Portion of Rehabilitation of Landfill Sites - Note 5

**Total Provisions**

The movement in current provisions are reconciled as follows:

**Rehabilitation of Landfill Sites**

Balance at beginning of year  
Transfer from non-current  
Contribution to provision  
Expenditure incurred

Balance at end of year

**Short Term Employee Benefits**

Performance Bonuses

Staff Leave

Current Portion of Short Term Employee Benefits

Current Portion of Post Retirement Benefits - Note

Current Portion of Ex-Gratia Pension Provisions - Note

Current Portion of Long-Service Provisions - Note 4

**Total Short Term Employee Benefits**

**Post Retirement Benefits**

Balance at beginning of year  
Transfer from non-current  
Contribution to provision  
Expenditure incurred

Balance at end of year

**Ex-Gratia Pensions**

Balance at beginning of year  
Transfer from non-current  
Contribution to provision  
Expenditure incurred

Balance at end of year

**Long-service Awards**

Balance at beginning of year  
Transfer from non-current  
Contribution to provision  
Expenditure incurred

Balance at end of year

2011 R	2010 R
25,977	-
2,217	-
-	-
(9,807)	-
<b>18,387</b>	-
-	-
<b>18,387</b>	-
2011 R	2010 R
142,900	-
31,841	-
-	-
50,571	-
<b>225,312</b>	-
(32,295)	-
<b>193,017</b>	-
2011 R	2010 R
270,261	-
50,794	-
-	-
120,043	-
<b>441,098</b>	-
(32,295)	-
<b>408,803</b>	-
891,118	-
157,300	-
-	-
157,300	-
157,300	-
2011 R	2010 R
143,000	-
-	-
14,300	-
-	-
<b>157,300</b>	-
240,070	-
-	-
207,775	-
32,295	-
-	-
-	-
32,295	-
<b>240,070</b>	-
2011 R	2010 R
-	-
-	-
-	-
-	-
-	-
2011 R	2010 R
-	-
-	-
32,295	-
-	-
<b>32,295</b>	-

**Staff Leave Reconciliation**

Balance at beginning of year  
 Transfer from Provision  
 Contribution during the year  
 Balance at end of year

2011 R	2010 R
-	-
-	-
207,775	-
<b>207,775</b>	-

**TOTAL - CURRENT PROVISIONS**

Balance at beginning of year  
 Transfer from non-current  
 Transfer to Trade Payables  
 Contribution to provision  
 Expenditure incurred  
 Balance at end of year

2011 R	2010 R
-	-
-	-
-	-
240,070	-
-	-
<b>240,070</b>	-

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to **Note 4** to the Financial Statements, Other Defined Benefit Plan Information

**Trade and Other Payables**

Payments in Advance  
 Other Deposits

<b>216,834</b>	-
209,460	-
7,374	-

**Unspent Conditional Government Grants and Receipts**

Taxes

<b>136,249</b>	-
140,665	-

**Transferred Liabilities to Liabilities Associated with Assets Held for Sale**

<b>45,778,226</b>	-
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**42.2 ASSETS****Non-Current Assets**

Property, Plant and Equipment - Note 14 & 15

<b>43,796,286</b>	-
43,796,286	-

**Current Assets****Inventory**

Trade Receivables from exchange transactions

Water  
 Electricity  
 Housing Rentals  
 Refuse  
 Sewerage  
 Other Arrears

<b>1,981,940</b>	-
1,492	-
451,052	-
28,423	-
233,514	-
-	-
681,849	-
213,222	-
62,697	-

**Total: Trade receivables from exchange transactions (before provision)**

Provision for Impairments

<b>1,219,705</b>	-
(768,654)	-

**Total: Trade receivables from exchange transactions (after provision)**

<b>451,052</b>	-
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**Other Receivables from non-exchange transactions**

Taxes - Rates  
 Other Debtors

<b>666,678</b>	-
613,642	-
209,460	-

**Less:** Provision for bad debts

823,102	-
(156,424)	-

**Total Other Receivables from non-exchange transactions**

<b>666,678</b>	-
----------------	---

**Cash and Cash Equivalents**

Housing Development Fund  
 Provision Landfill Site  
 Provision Leave Fund  
 Other Deposits  
 Unspent Conditional Grants  
 Cash Floats

<b>862,719</b>	-
348,691	-
157,300	-
207,775	-
7,374	-
136,249	-
5,330	-

Transferred Assets Related to Assets Held for Sale

<b>45,778,226</b>	-
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42.3 STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from Non-exchange Transactions 4,300,898 2,858,834

Taxation Revenue 1,087,287 827,897

Property Rates 1,087,287 827,897

Transfer Revenue 3,192,466 2,011,172

Government Grants and Subsidies 2,247,469 2,011,172

Public Contributions and Donations 944,997 -

Other Revenue 21,145 19,765

Fines 11,338 19,765

Actuarial Gains 9,807 -

Revenue from Exchange Transactions 3,194,110 2,943,084

Property Rates- penalties imposed and collection charges 2,340 2,200

Service Charges 2,883,468 2,668,327

Rental of Facilities and Equipment 32,962 28,594

Interest Earned - External Investments 0 -

Interest Earned - Outstanding Debtors 0 -

Licenses and Permits 255,135 228,135

Other Income 20,205 15,828

Unamortised discount - Interest 0 -

**Total Revenue 7,495,008 5,801,918**

EXPENDITURE

Employee related costs 3,099,842 2,287,585

Remuneration of Councillors 0 -

Debt Impairment 257,240 144,327

Collection costs 0 -

Depreciation and Amortisation 2,037,927 1,234,414

Impairments 0 -

Repairs and Maintenance 285,609 461,738

Unamortised discount - Interest 0 -

Actuarial losses 129,850 -

Finance Charges 24,194 -

Bulk Purchases 1,936,596 1,321,188

Contracted services 4,648 4,643

Grants and Subsidies Paid 0 -

Other Operating Grant Expenditure 0 -

General Expenses 1,471,850 889,565

Changes in Fair Value 0 -

**Total Expenditure 9,247,756 6,343,460**

**NET SURPLUS / (DEFECIT) FOR THE YEAR (1,752,748) (541,542)**

2010 R 2009 R

CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP

No adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

2010 R 2009 R

CORRECTION OF ERROR IN TERMS OF GRAP 3

44.1 Property, Plant and Equipment

Balance previously reported 57,151,445 47,622,545

Transfer to Accumulated Surplus/(Deficit) [Inventory Items] - Note 44.8 3,660 555,798

Leases previously not recognised - -

**Restated amount for Property, Plant and Equipment - Note 14 57,155,105 48,178,343**

44.2 Accumulated Depreciation

Balance previously reported 15,707,895 13,617,796

Transfer to Accumulated Surplus/(Deficit) [Inventory Items] - Note 44.8 - 46,179

Transfer to Statement of Financial Performance - Depreciation Note 44.9 (768,781) 35,351

**Restated amount for Accumulated Depreciation - Note 14 14,939,114 13,699,326**

44.3 Trade and Other Payables

Balance previously reported - 4,196,026

Staff Leave Liability - Note 7 - (577,937)

**Restated amount for Trade and Other Payables - Note 9 - 3,618,089**

44.4 Employee Benefits

Balance previously reported - 885,139

Staff Leave Liability - Note 7 - 577,937

**Restated amount for Employee Benefits - Note 4 & 7 - 1,463,076**

44.5 Intangible Assets

Balance previously reported 344,349 184,168

Transfer to Accumulated Surplus/(Deficit) [Inventory Items] - Note 44.8 (3,990) 21,123

**Restated amount for Intangible Assets - Note 17 340,359 205,291**

44.6 Amortisation

Balance previously reported 213,738 150,906

Transfer to Statement of Financial Performance - Depreciation Note 44.9 (28,326) 18,946

**Restated amount for Amortisation - Note 17 185,412 169,852**

<b>44.7</b>	<b>Other Debtors</b>		
	<b>Balance previously stated</b>	869,358	-
	Transfer to Statement of Financial Performance - Rental of Facilities and Equipment Note 44.9	3,678	-
	<b>Note 22</b>	<b>873,036</b>	<b>-</b>
<b>44.8</b>	<b>Accumulated Surplus/(Deficit)</b>		
	Transfer from Property, Plant & Equipment - Note 44.1	3,660	555,798
	Transfer from Long term liabilities - Note	-	-
	Provision on Landfill Site previously not recognised - Note	-	-
	Transfer from Accumulated Depreciation - Note	-	(46,179)
	Transfer from Intangible Assets - Note 44.5	(3,990)	21,123
	Transfer from Amortisation - Note 44.6	-	(18,946)
	<b>Statement of changes in net Assets</b>	<b>(330)</b>	<b>511,796</b>
<b>44.9</b>	<b>Statement of Financial Performance</b>		
	<b>Balance previously stated</b>	7,122,848	4,843,073
	Transfer from Accumulated Depreciation - Note 44.2	768,781	(35,351)
	Transfer from Amortisation - Note 44.6	28,326	-
	Transfer from Rental of Facilities and Equipment - Note 44.7	3,678	-
	<b>Restated amount for Statement of Financial Performance</b>	<b>7,923,633</b>	<b>4,807,722</b>
<b>44.10</b>	<b>Irregular expenditure SCM Chapter 11</b>		
	<b>Balance previously stated</b>	-	4,853,229
	Irregular for 2005/2008 Financial Year	-	-
	Irregular for 2008/2009 Financial Year	-	258,206
	<b>Restated amount for Irregular expenditure SCM Chapter 11</b>	<b>-</b>	<b>5,111,435</b>
<b>44.11</b>	<b>Employee related Costs</b>		
	<b>Balance previously stated</b>	-	9,432,121
	Transfer to Contributions to provision - Post Retirement Medical	-	(457,091)
	Transfer from Employee related cost - Salaries and Wages	-	457,091
	Transfer from General Expenses - Long Service Fund to Contributions to provision - Long Service Awards	-	27,173
	<b>Restated amount for Employee Related Cost</b>	<b>-</b>	<b>9,459,294</b>
<b>44.12</b>	<b>General Expenses</b>		
	<b>Balance previously stated</b>	-	34,526,331
	Transfer to Employee related cost - Contributions to provision - Long Service Awards from Long Service Fund	-	(27,173)
	<b>Restated amount for General Expenses</b>	<b>-</b>	<b>34,499,158</b>



<b>RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	476,085	7,923,633
<b>Adjustments for:</b>		
Depreciation and amortisation	555,488	1,255,348
Amortisation of Intangible Assets		
(Gain)/Loss on disposal of property, plant and equipment	954	-
Impairments	-	-
Donations and Public Contribution Reserve	-	-
Contribution from/to provisions - Non-Current	957,615	921,141
Contribution from/to provisions - Non-Current - Expenditure incurred	(716,321)	(629,938)
Contribution from/to provisions - Non-Current - Actuarial losses	1,962,038	-
Contribution from/to provisions - Non-Current - Actuarial gains	(81,009)	-
Contribution from/to provisions - Non-Current transfer to Current Provision	(115,962)	(86,383)
Contribution to provisions – current	702,392	338,481
Contribution to provisions – current - Expenditure incurred	(316,537)	(240,314)
Contribution to provisions – Bad debt	1,419,932	253,418
Unamortised discount - Interest - Revenue	-	-
Unamortised discount - Interest - Expenditure	-	-
Bad debts written off	(3,847,254)	-
Operating lease income accrued	-	-
Operating lease expenses accrued	-	-
Investment income	(217,463)	(227,918)
Interest paid	788,539	780,675
Operating Surplus/(Deficit) before changes in working capital	1,568,497	10,288,143
Changes in working capital	3,727,287	5,134,218
Increase/(Decrease) in Trade and Other Payables	513,756	(1,922,463)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	344,158	3,846,778
Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts	-	-
Increase/(Decrease) in Taxes	(283,789)	421,939
Increase/(Decrease) in Short-term Loans	-	-
Increase/(Decrease) in Operating Lease Liability	-	-
(Increase)/Decrease in Inventory	123,495	(118,962)
(Increase)/Decrease in Trade Receivables from exchange transactions	2,918,745	(1,137,831)
(Increase)/Decrease in Other Receivables from non-exchange transactions	74,208	(172,600)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	36,714	4,217,357
(Increase)/Decrease in Operating Lease Asset	-	-
<b>Cash generated/(absorbed) by operations</b>	<b>5,295,784</b>	<b>15,422,361</b>
	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>46 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 23	195,932	3,134,476
Cash Floats - Note 23	6,630	6,630
Primary Bank Account - Note 23	2,163,722	(228,174)
Bank - Note 23	2,366,284	2,912,932
<b>Total cash and cash equivalents</b>	<b>2,366,284</b>	<b>2,912,932</b>
<b>Less: Transferred to Discontinued Operations - Note 42.2</b>	<b>(862,719)</b>	<b>-</b>
<b>Total cash and cash equivalents</b>	<b>1,503,565</b>	<b>2,912,932</b>
Central Karoo District Municipality have a over draft facility to the amount of R3 000 000 at FNB Account Number 6206 2151 429 - Cheque Account Beaufort West Branch		
	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>47 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note	1,503,565	2,912,932
Investments - Note	-	-
	<b>1,503,565</b>	<b>2,912,932</b>
Less:	5,535,118	6,458,442
Unspent Committed Conditional Grants - Note 10	7,236,421	6,892,263
Unspent Public Contribution - Note	-	-
Unspent Borrowings - Note	-	-
Unpaid Committed Conditional Grants - Note 10	(674,655)	(711,369)
VAT - Note 12	(212,646)	(71,143)
Other Receivables from non-exchange transactions - Note 22	(814,002)	-
Cash Portion of Housing Development Fund - Note 1	-	348,691
Secured Investments	-	-
<b>Net cash resources available for internal distribution</b>		
<b>Allocated to:</b>		
Capital Replacement Reserve	-	-
Employee Benefits Reserve	-	-
Social Contribution Reserve	-	-
Non-Current Provisions Reserve	-	-
Valuation Roll Reserve	-	-
<b>Resources available for woking capital requirements</b>	<b>(4,031,553)</b>	<b>(3,545,510)</b>
	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>48 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 3	223,374	58,322
Used to finance property, plant and equipment - at cost	(223,374)	(58,322)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act		
<b>48 STATEMENT OF COMPARITIVE AND ACTUAL INFORMATION</b>		
<a href="#">See attached sheet</a>		

		2011 R	2010 R				
49	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>						
49.1	<b>Unauthorised expenditure</b>						
	Reconciliation of unauthorised expenditure:						
	Opening balance	4,197,138	275,577				
	Unauthorised expenditure current year	8,549,139	4,197,138				
	Approved by Council or condoned	(10,936,036)	(275,577)				
	Transfer to receivables for recovery	-	-				
	Unauthorised expenditure awaiting authorisation	<b>1,810,241</b>	<b>4,197,138</b>				
	<table border="1"> <thead> <tr> <th>Incident</th> <th>Disciplinary steps/criminal proceedings</th> </tr> </thead> <tbody> <tr> <td><i>Over expenditure of approved budget &amp; Unspent Conditional Grants not cash backed</i></td> <td><i>Mayoral Committee investigate and condoned the expenditure. MFMA Art.32</i></td> </tr> </tbody> </table>	Incident	Disciplinary steps/criminal proceedings	<i>Over expenditure of approved budget &amp; Unspent Conditional Grants not cash backed</i>	<i>Mayoral Committee investigate and condoned the expenditure. MFMA Art.32</i>		
Incident	Disciplinary steps/criminal proceedings						
<i>Over expenditure of approved budget &amp; Unspent Conditional Grants not cash backed</i>	<i>Mayoral Committee investigate and condoned the expenditure. MFMA Art.32</i>						
49.2	<b>Fruitless and wasteful expenditure</b>						
	Reconciliation of fruitless and wasteful expenditure:						
	Opening balance	-	-				
	Fruitless and wasteful expenditure current year	-	-				
	Condoned or written off by Council	-	-				
	Transfer to receivables for recovery - not condoned	-	-				
	Fruitless and wasteful expenditure awaiting condonement	<b>-</b>	<b>-</b>				
	<table border="1"> <thead> <tr> <th>Incident</th> <th>Disciplinary steps/criminal proceedings</th> </tr> </thead> <tbody> <tr> <td><i>None</i></td> <td><i>None</i></td> </tr> </tbody> </table>	Incident	Disciplinary steps/criminal proceedings	<i>None</i>	<i>None</i>		
Incident	Disciplinary steps/criminal proceedings						
<i>None</i>	<i>None</i>						
49.3	<b>Irregular expenditure</b>						
	Reconciliation of irregular expenditure:						
	Opening balance	1,146,931	5,111,435				
	Irregular expenditure current year	-	802,094				
	Condoned or written off by Council	(1,146,931)	(4,766,598)				
	Transfer to receivables for recovery - not condoned	-	-				
	Irregular expenditure awaiting condonement	<b>-</b>	<b>1,146,931</b>				
	<table border="1"> <thead> <tr> <th>Incident</th> <th>Disciplinary steps/criminal proceedings</th> </tr> </thead> <tbody> <tr> <td><i>Non-Compliance with Supply Chain Management Policy - Note 50.6</i></td> <td><i>None</i></td> </tr> </tbody> </table>	Incident	Disciplinary steps/criminal proceedings	<i>Non-Compliance with Supply Chain Management Policy - Note 50.6</i>	<i>None</i>		
Incident	Disciplinary steps/criminal proceedings						
<i>Non-Compliance with Supply Chain Management Policy - Note 50.6</i>	<i>None</i>						
50	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>						
50.1	<b>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</b>						
	Opening balance	-	-				
	Council subscriptions	120,000	120,000				
	Amount paid - current year	(120,000)	(120,000)				
	Amount paid - previous years	-	-				
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>				
50.2	<b>Audit fees - [MFMA 125 (1)(b)]</b>						
	Opening balance	-	-				
	Current year audit fee	1,607,500	1,162,081				
	External Audit - Auditor-General	1,607,500	1,162,081				
	Internal Audit						
	Audit Committee						
	Amount paid - current year	(1,607,500)	(1,162,081)				
	Amount paid - previous year	-	-				
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>				

	2011 R	2010 R
<b>50.3 PAYE and UIF - [MFMA 125 (1)(b)]</b>		
Opening balance	7,867	185,800
Current year payroll deductions	3,367,898	2,862,659
Amount paid - current year	(3,363,098)	(3,040,592)
<b>Balance unpaid (included in creditors)</b>	<b>12,667</b>	<b>7,867</b>

	2011 R	2010 R
<b>50.4 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</b>		
Opening balance	(3,087)	404,378
Current year payroll deductions and Council Contributions	6,228,289	5,319,612
Amount paid - current year	(6,225,011)	(5,727,077)
Amount paid - previous year		
<b>Balance unpaid (included in creditors)</b>	<b>191</b>	<b>(3,087)</b>

**50.5 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2011:

*Alderman D Hugo*  
*Councillor F MacPherson*  
Total Councillors Arrear Consumer Accounts

**Outstanding  
more than 90  
days**

-  
-  
-

The following Councillors had arrear accounts outstanding for more than 90 days during the year:

*NAME*

**Highest  
amount  
outstanding**

**Ageing**

- > 150 days  
- > 120 days  
- > 90 days

**50.6 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:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Sole Suppliers	-	-	-	-
Agents	-	-	-	-
Other - Verbal Quotations	-	-	-	-
Executive & Council	-	-	-	-
Corporate Services	-	-	-	-
Community Services	-	-	-	-
Financial Services	-	-	-	-
Technical Services	-	-	-	-
Electrical Services	-	-	-	-
Town Planning	-	-	-	-
Strategic Services	-	-	-	-
Irregular Expenditure Note 49.3	-	-	-	-

**50.7 Creditors not paid within 30 Days**

Payments were held back due to not satisfied with the delivery of goods.

**50.8 Deviations in terms of Section 36 of the Municipal Supply Chain Management Regulations**

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

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

	Total Suppliers	Amount
Sole Suppliers	58	2,589,526.56
Agents	31	2,229,761.55
Rotation of Suppliers	15	142,442.83
Deviations approved by Municipal Manager	63	2,023,275.68

A Detailed listing are attached as Annexure G and Annexure H

**50.9 Non-compliance with the Municipal Supply Chain Management Regulations-GNR 868 30 May 2005 paragraph 45**

Awards to Creditors who has been in the service of the state.

Name of Person	Capacity	Amount
----------------	----------	--------

51	<b>CAPITAL COMMITMENTS</b>	2011 R	2010 R
	<b>Commitments in respect of capital expenditure:</b>		
	Approved and contracted for:	154,014	3,299,869
	Infrastructure	-	2,530,517
	Community	-	-
	Other	154,014	769,352
	Approved but not yet contracted for	-	-
	Infrastructure	-	-
	Community	-	-
	Other	-	-
	<b>Total</b>	<b>154,014</b>	<b>3,299,869</b>
	 This expenditure will be financed from:	<b>2011 R</b>	<b>2010 R</b>
	External Loans	-	-
	Capital Replacement Reserve	-	-
	Government Grants	154,014	3,299,869
	Own Resources	-	-
	District Council Grants	-	-
		<b>154,014</b>	<b>3,299,869</b>

52 **DEFINED CONTRIBUTION FUNDS**

Council employees contribute to the Cape Joint Municipal Pension Fund, Cape Retirement Fund, Municipal Council Pension Fund and SAMWU National Provident Fund which is a defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

53	<b>FINANCIAL RISK MANAGEMENT</b>	2011 R	2010 R
	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.		
	<b>(a) Foreign Exchange Currency Risk</b>		
	The municipality does not engage in foreign currency transactions.		
	<b>(b) Interest Rate Risk</b>		
	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:	<b>2011 R</b>	<b>2010 R</b>
	0.5% (2010 - 0.5%) Increase in interest rates	(23,319)	(2,160)
	0.5% (2010 - 0.5%) Decrease in interest rates	23,319	2,160
	<b>(c) Credit Risk</b>		
	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 from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.		

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. 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. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

**(d) Liquidity Risk**

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

**(e) Other Risks**

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

Consumer debtors 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. Consumer debtors are presented net of an allowance for doubtful debt.

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.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The maximum credit and interest risk exposures in respect of the relevant financial instruments are as follows:

	2011 R	2010 R
Investments	-	-
Long Term Receivables	-	-
Trade receivables from exchange transactions	1,219,705	4,138,450
Other receivables from non-exchange transactions	1,637,104	1,711,312
Other Debtors	887,301	1,142,671
Current Portion of Long-term Receivables	-	-
Short-term Investment Deposits	195,932	3,134,476
Bank and Cash Balances	6,630	6,630
<b>Maximum Credit and Interest Risk Exposures</b>	<b>3,946,672</b>	<b>10,133,539</b>

**54 FINANCIAL INSTRUMENTS**

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

54.1 <u>Financial Assets</u>	<u>Classification</u>	2011 R	2010 R
<b>Investments</b>			
Fixed Deposits	Held to maturity	-	-
<b>Long-term Receivables</b>			
Staff Loans	Loans and Receivables	-	-
<b>Consumer Debtors</b>			
Trade receivables from exchange transactions	Loans and Receivables	1,219,705	4,138,450
Other receivables from non-exchange transactions	Loans and Receivables	1,637,104	1,711,312
<b>Other Debtors</b>			
Payments made in Advance	Loans and Receivables	-	-
VAT	Loans and Receivables	212,646	431,302
Government Subsidies and Grants	Loans and Receivables	674,655	711,369
<b>Current Portion of Long-term Receivables</b>			
Staff Loans	Loans and Receivables	-	-

<b>Short-term Investment Deposits</b>				
Call Deposits	Held to maturity	195,932	3,134,476	
<b>Bank Balances and Cash</b>				
Bank Balances	Held to maturity	-	-	
Cash Floats and Advances	Held to maturity	6,630	6,630	
		<b>2011</b>	<b>2010</b>	
		<b>R</b>	<b>R</b>	
<b>SUMMARY OF FINANCIAL ASSETS</b>				
<b>Held to maturity:</b>				
Investments	Fixed Deposits	-	-	
Short-term Investment Deposits	Call Deposits	195,932	3,134,476	
Bank Balances		-	-	
Cash Floats and Advances		6,630	6,630	
		<b>202,562</b>	<b>3,141,106</b>	
<b>Loans and Receivables</b>				
Long-term Receivables	Staff Loans	-	-	
Consumer Debtors	Exchange transactions	1,219,705	4,138,450	
Consumer Debtors	Non-exchange transactions	1,637,104	1,711,312	
Other Debtors	Payments made in advance	-	-	
Other Debtors	Government Subsidies and Grants	674,655	711,369	
Current Portion of Long-term Receivables	Staff Loans	-	-	
VAT	VAT	212,646	431,302	
		<b>3,744,110</b>	<b>6,992,433</b>	
<b>Total Financial Assets</b>		<b>3,946,672</b>	<b>10,133,539</b>	
<b>54.2</b>	<b>Financial Liability</b>	<b>Classification</b>		
<b>Long-term Liabilities</b>				
Annuity Loans	At amortised cost	-	-	
Capitalised Lease Liability	Not valued at Fair Value through Profit or Loss	138,996	22,411	
<b>Consumer Deposits</b>				
Electricity and Water	At amortised cost	-	-	
<b>Trade Payables</b>				
Trade creditors	At amortised cost	2,047,041	1,401,180	
Deposits	At amortised cost	9,374	12,124	
<b>VAT Payable</b>				
VAT Control Accounts	Not valued at Fair Value through Profit or Loss	140,665	502,445	
<b>Short-term Loans</b>				
Call Bonds	Not valued at Fair Value through Profit or Loss	-	-	
<b>Current Portion of Long-term Liabilities</b>				
Annuity Loans	At amortised cost	-	-	
Capitalised Lease Liability	At amortised cost	84,378	35,911	
<b>Cash and Cash Equivalents</b>				
Bank Overdraft	Held to maturity	-	228,174	
		<b>2,420,454</b>	<b>2,202,245</b>	
		<b>2011</b>	<b>2010</b>	
		<b>R</b>	<b>R</b>	
<b>SUMMARY OF FINANCIAL LIABILITY</b>				
<b>At amortised cost:</b>				
Long-term Liabilities	Annuity Loans	-	-	
Consumer Deposits	Electricity and Water	-	-	
Trade Payables	Trade creditors	2,047,041	1,401,180	
Trade Payables	Deposits	9,374	12,124	
Current Portion of Long-term Liabilities	Annuity Loans	-	-	
Current Portion of Long-term Liabilities	Capitalised Lease Liability	84,378	35,911	
Cash and Cash Equivalents	Bank Overdraft	-	228,174	
		<b>2,140,793</b>	<b>1,677,389</b>	
<b>Not valued at Fair Value through Profit or Loss:</b>				
Long-term Liabilities	Capitalised Lease Liability	138,996	22,411	
VAT Payable	VAT Control Accounts	140,665	502,445	
Short-term Loans	Call Bonds	-	-	
		<b>279,661</b>	<b>524,856</b>	
<b>Total Financial Liability</b>		<b>2,420,454</b>	<b>2,202,245</b>	

55	<b>EVENTS AFTER THE REPORTING DATE</b>	2011 R	2010 R
	The Municipality is not aware of any events after the reporting date.	-	-
56	<b>IN-KIND DONATIONS AND ASSISTANCE</b>	2011 R	2010 R
	The municipality received the following in-kind donations and assistance:		
	<b>Organisation</b>		<b>Contribution towards:</b>
	NONE	-	-
		-	-
57	<b>PRIVATE PUBLIC PARTNERSHIPS</b>	2011 R	2010 R
	Council has not entered into any private public partnerships during the financial year.	-	-
58	<b>COMPARISON WITH THE BUDGET</b>	2011 R	2010 R
	The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".		
59	<b>CONTINGENT LIABILITY</b>	2011 R	2010 R
	Claims against Council	-	-
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
	<i>Description of event</i>	-	-
		-	-





CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

14 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2011

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Disposals	Under Construction	Transferred to Assets Held For Sale	Closing Balance	Opening Balance	Additions	Disposals	Transferred to Assets Held For Sale	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>3,278,733</b>	-	-	-	<b>(568,808)</b>	<b>2,709,925</b>	<b>1,182,083</b>	<b>108,431</b>	-	<b>(235,785)</b>	<b>1,054,729</b>	<b>1,655,196</b>
Land	307,000	-	-	-	(78,000)	229,000	-	-	-	-	-	229,000
Buildings	2,971,733	-	-	-	(490,808)	2,480,925	1,182,083	108,431	-	(235,785)	1,054,729	1,426,196
<b>Infrastructure</b>	<b>41,297,262</b>	<b>6,776,922</b>	-	-	<b>(48,074,184)</b>	-	<b>9,198,674</b>	<b>1,772,233</b>	-	<b>(10,970,907)</b>	-	-
Tip Sites	136,216	-	-	-	(136,216)	-	28,607	7,143	-	(35,750)	-	-
Roads	23,079,085	5,919,653	-	-	(28,998,738)	-	5,058,629	1,171,126	-	(6,229,755)	-	-
Sewerage	7,216,667	-	-	-	(7,216,667)	-	1,609,852	156,296	-	(1,766,148)	-	-
Electricity	2,848,433	-	-	-	(2,848,433)	-	708,832	65,987	-	(774,819)	-	-
Water	7,916,915	457,269	-	-	(8,374,184)	-	1,792,754	351,399	-	(2,144,153)	-	-
Fencing	99,946	400,000	-	-	(499,946)	-	-	20,282	-	(20,282)	-	-
<b>Community Assets</b>	<b>7,039,454</b>	<b>762,708</b>	-	-	<b>(6,770,738)</b>	<b>1,031,424</b>	<b>1,013,734</b>	<b>109,749</b>	-	<b>(1,046,033)</b>	<b>77,450</b>	<b>953,974</b>
Buildings	5,042,061	762,708	-	-	(4,773,345)	1,031,424	247,983	66,845	-	(237,378)	77,450	953,974
Public Conveniences	1,997,393	-	-	-	(1,997,393)	-	765,751	42,904	-	(808,655)	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lease Assets</b>	<b>271,288</b>	-	-	-	-	<b>271,288</b>	<b>198,393</b>	<b>38,729</b>	-	-	<b>237,122</b>	<b>34,166</b>
Office Equipment	271,288	-	-	-	-	271,288	198,393	38,729	-	-	237,122	34,166
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>5,268,368</b>	<b>785,952</b>	<b>(345,426)</b>	-	<b>(1,167,079)</b>	<b>4,541,815</b>	<b>3,346,230</b>	<b>501,839</b>	<b>(344,472)</b>	<b>(531,798)</b>	<b>2,971,799</b>	<b>1,570,016</b>
Machinery and Equipment	663,059	229,358	(9,159)	-	(139,840)	743,418	410,869	80,553	(9,159)	(88,262)	394,001	349,417
Furniture and Equipment	937,123	456,904	(4,677)	-	(390,124)	999,226	592,672	126,357	(4,623)	(152,499)	561,907	437,319
Office Equipment - Computers	1,332,828	99,690	(331,590)	-	(93,925)	1,007,003	954,339	143,369	(330,690)	(75,685)	691,333	315,670
Motor vehicles	2,335,358	-	-	-	(543,190)	1,792,168	1,388,350	151,560	-	(215,352)	1,324,558	467,610
Fire Arms	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Property, Plant and Equipment</b>	<b>57,155,105</b>	<b>8,325,582</b>	<b>(345,426)</b>	-	<b>(56,580,809)</b>	<b>8,554,452</b>	<b>14,939,114</b>	<b>2,530,981</b>	<b>(344,472)</b>	<b>(12,784,523)</b>	<b>4,341,100</b>	<b>4,213,352</b>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

30 JUNE 2010

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Disposals	Under Constructions	Transferred to Assets Held For Sale	Closing Balance	Opening Balance	Additions	Disposals	Transferred to Assets Held For Sale	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>3,268,275</b>	<b>10,458</b>	-	-	-	<b>3,278,733</b>	<b>1,082,848</b>	<b>99,235</b>	-	-	<b>1,182,083</b>	<b>2,096,650</b>
Land	307,000	-	-	-	-	307,000	-	-	-	-	-	307,000
Buildings	2,961,275	10,458	-	-	-	2,971,733	1,082,848	99,235	-	-	1,182,083	1,789,650
<b>Infrastructure</b>	<b>34,658,078</b>	<b>5,822,864</b>	-	<b>816,320</b>	-	<b>41,297,262</b>	<b>7,777,042</b>	<b>1,421,632</b>	-	-	<b>9,198,674</b>	<b>32,098,588</b>
Tip Sites	136,216	-	-	-	-	136,216	21,464	7,143	-	-	28,607	107,609
Roads	16,539,847	5,822,864	-	716,374	-	23,079,085	4,183,609	875,020	-	-	5,058,629	18,020,456
Sewerage	7,216,667	-	-	-	-	7,216,667	1,453,556	156,296	-	-	1,609,852	5,606,815
Electricity	2,848,433	-	-	-	-	2,848,433	642,845	65,987	-	-	708,832	2,139,601
Water	7,916,915	-	-	-	-	7,916,915	1,475,568	317,186	-	-	1,792,754	6,124,161
Fencing	-	-	-	99,946	-	99,946	-	-	-	-	-	99,946
<b>Community Assets</b>	<b>5,093,103</b>	-	-	<b>1,946,351</b>	-	<b>7,039,454</b>	<b>860,846</b>	<b>152,888</b>	-	-	<b>1,013,734</b>	<b>6,025,720</b>
Buildings	3,095,710	-	-	1,946,351	-	5,042,061	207,337	40,646	-	-	247,983	4,794,078
Recreation	1,997,393	-	-	-	-	1,997,393	653,509	112,242	-	-	765,751	1,231,642
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lease Assets</b>	<b>271,288</b>	-	-	-	-	<b>271,288</b>	<b>198,393</b>	<b>38,729</b>	-	-	<b>237,122</b>	<b>34,166</b>
Office Equipment	271,288	-	-	-	-	271,288	198,393	38,729	-	-	237,122	34,166
<b>Heritage Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>4,891,259</b>	<b>377,109</b>	-	-	-	<b>5,268,368</b>	<b>3,011,416</b>	<b>296,085</b>	-	-	<b>3,307,501</b>	<b>1,960,867</b>
Machinery and Equipment	545,094	117,965	-	-	-	663,059	376,908	33,961	-	-	410,869	252,190
Furniture and Equipment	769,924	167,199	-	-	-	937,123	523,317	30,626	-	-	553,943	383,180
Office Equipment - Computers	1,240,883	91,945	-	-	-	1,332,828	869,208	85,131	-	-	954,339	378,489
Motor vehicles	2,335,358	-	-	-	-	2,335,358	1,241,983	146,367	-	-	1,388,350	947,008
Fire Arms	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Property, Plant and Equipment</b>	<b>48,182,003</b>	<b>6,210,431</b>	-	<b>2,762,671</b>	-	<b>57,155,105</b>	<b>12,930,545</b>	<b>2,008,569</b>	-	-	<b>14,939,114</b>	<b>42,215,991</b>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 48

STATEMENT OF COMPARITIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2011

DESCRIPTION	2010/2011									
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Virements (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Explanations of Unauthorised Expenditure
R thousands or R	1	2	3	4	5	6	7	8	9	10
<b>Financial Performance</b>										
Property Rates	8,058,545	27,660	-	8,086,205	7,194,298	-	891,907	88.97%	89.28%	
Less: Income Foregone - Rates	(7,060,711)	-	-	(7,060,711)	(6,107,011)	-	(953,700)	86.49%	86.49%	
Government Grants and Subsidies	34,020,755	6,296,151	-	40,316,906	30,801,063	-	9,515,843	76.40%	90.54%	
Public Contributions and Donations	-	-	-	-	-	-	-	0.00%	0.00%	
Fines	37,700	-	-	37,700	11,338	-	26,362	30.07%	30.07%	
Third Party Payments	-	-	-	-	-	-	-	0.00%	0.00%	
Stock Adjustments	-	-	-	-	-	-	-	0.00%	0.00%	
Actuarial Gains	-	-	-	-	90,816	-	(90,816)	0.00%	0.00%	
Property Rates - Penalties & Collection Charges	-	2,340	-	2,340	2,340	-	-	-100.00%	-100.00%	
Service Charges	4,154,899	300,000	-	4,454,899	3,903,645	-	551,254	87.63%	93.95%	
Less: Income Foregone - Services	(921,687)	-	-	(921,687)	(1,020,177)	-	98,490	110.69%	110.69%	
Water Services Authority Contribution	-	-	-	-	-	-	-	0.00%	0.00%	
Rental of Facilities and Equipment	107,100	-	-	107,100	80,334	-	26,766	75.01%	75.01%	
Interest Earned - External Investments	200,000	-	-	200,000	217,463	-	(17,463)	108.73%	108.73%	
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	-	0.00%	0.00%	
Licences and Permits	263,835	-	-	263,835	267,745	-	(3,910)	101.48%	101.48%	
Agency Services	24,000,000	-	-	24,000,000	25,469,094	-	(1,469,094)	106.12%	106.12%	
Other Revenue	1,332,750	420,099	-	1,752,849	1,280,089	-	472,760	73.03%	96.05%	
Unamortised Discount - Interest	-	-	-	-	-	-	-	0.00%	0.00%	
Dividends Received	-	-	-	-	-	-	-	0.00%	0.00%	
Contributed PPE	-	-	-	-	979,997	-	(979,997)	0.00%	0.00%	
Gains on Disposal of PPE	-	-	-	-	-	-	-	0.00%	0.00%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>64,193,186</b>	<b>7,046,250</b>	<b>-</b>	<b>71,239,436</b>	<b>63,171,034</b>	<b>-</b>	<b>8,068,402</b>	<b>88.67%</b>	<b>98.41%</b>	
<b>Expenditure by nature</b>										
Employee Related Costs	12,884,143	432,000	-	13,316,143	12,389,387	-	926,756	93.04%	96.16%	
Remuneration of Councillors	3,125,177	(325,177)	-	2,800,000	2,758,255	-	41,745	98.51%	88.26%	
Collection Costs	-	-	-	-	-	-	-	0.00%	0.00%	
Depreciation and Amortisation	42,475	2,003,453	-	2,045,928	2,593,415	(547,487)	(547,487)	126.76%	6105.74%	Assets Depreciate to Zero - Correction
Debt Impairment	209,765	47,475	-	257,240	1,677,172	(1,419,932)	(1,419,932)	651.99%	799.55%	I.R.O. Debtor Writeoffs
Asset Impairment	-	-	-	-	-	-	-	0.00%	0.00%	
Repairs and Maintenance	716,800	110,000	-	826,800	465,962	-	360,838	56.36%	65.01%	
Finance Charges	50,000	-	-	50,000	812,733	(762,733)	(762,733)	1625.47%	1625.47%	Finance Charges i.r.o. Post Retirement Benefits
Unamortised Discount - Interest	241,296	-	-	241,296	129,850	-	111,446	0.00%	0.00%	
Actuarial Losses	-	-	-	-	1,962,038	(1,962,038)	(1,962,038)	0.00%	0.00%	Actuarial Losses i.r.o. Post Retirement Benefits
Bulk Purchases	1,513,200	180,000	-	1,693,200	1,936,596	(243,396)	(243,396)	114.37%	127.98%	More Electricity was Purchased
Contracted Services	605,020	200,000	-	805,020	768,047	-	36,973	95.41%	126.95%	
Grants and Subsidies	-	-	-	-	-	-	-	0.00%	0.00%	
Operating Grant Expenditure	-	-	-	-	-	-	-	0.00%	0.00%	
General Expenses	35,818,206	8,248,426	-	44,066,632	37,200,539	-	6,866,093	84.42%	103.86%	
Loss on Disposal of PPE	-	-	-	-	954	(954)	(954)	0.00%	0.00%	Disposal of Assets
<b>Total Expenditure</b>	<b>55,206,082</b>	<b>10,896,177</b>	<b>-</b>	<b>66,102,259</b>	<b>62,694,948</b>	<b>(4,936,540)</b>	<b>3,407,311</b>	<b>94.85%</b>	<b>113.57%</b>	
<b>Surplus/(Deficit)</b>	<b>8,987,104</b>	<b>(3,849,927)</b>	<b>-</b>	<b>5,137,177</b>	<b>476,086</b>	<b>(4,936,540)</b>	<b>4,661,091</b>	<b>9.27%</b>	<b>5.30%</b>	
Transfers recognised - Capital	(9,628,400)	2,077,399	-	(7,551,001)	(6,931,509)	-	(619,492)	91.80%	71.99%	MPCC transferred to next Financial Year
Contributions recognised - Capital & contributed assets	(343,400)	37,500	-	(305,900)	(127,304)	-	(178,596)	41.62%	37.07%	Improvement Building were transferred to next Financial Year
Offsetting Depreciation	984,696	1,735,028	-	2,719,724	2,589,298	-	130,426	95.20%	262.95%	Assets Depreciate to Zero - Correction
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,993,429)</b>	<b>(4,936,540)</b>	<b>3,993,430</b>	<b>-100.00%</b>	<b>-100.00%</b>	

DESCRIPTION	2010/2011									
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Virements (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Explanations of Unauthorised Expenditure
R thousands or R	1	2	3	4	5	6	7	8	9	10
Share of surplus/(Deficit) of associate	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) for the year</b>	-	-	-	-	(3,993,429)	(4,936,540)	3,993,430	-100.00%	-100.00%	
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>										
Transfer recognised - capital	9,285,000	(2,039,899)	-	7,245,101	7,028,191	-	216,910	97.01%	75.69%	
Public contributions & donations	-	-	-	-	979,997	(979,997)	(979,997)	0.00%	0.00%	Contributed PPE
Borrowing	-	-	-	-	208,381	(208,381)	(208,381)	0.00%	0.00%	Finance Lease
Internally generated funds	343,400	(37,500)	-	305,900	127,304	-	178,596	41.62%	37.07%	
<b>Total sources of capital funds</b>	<b>9,628,400</b>	<b>(2,077,399)</b>	<b>-</b>	<b>7,551,001</b>	<b>8,343,873</b>	<b>(1,188,378)</b>	<b>(792,872)</b>	<b>110.50%</b>	<b>86.66%</b>	
<b>Cash flows</b>										
Net cash from (used) operating	1,578,050	1,578,050	-	1,578,050	2,366,284	-	(788,234)	149.95%	149.95%	
Net cash from (used) investing	-	-	-	-	-	-	-	0.00%	0.00%	
Net cash from (used) financing	-	-	-	-	-	-	-	0.00%	0.00%	
<b>Cash/cash equivalents at year end</b>	<b>1,578,050</b>	<b>1,578,050</b>	<b>-</b>	<b>1,578,050</b>	<b>2,366,284</b>	<b>-</b>	<b>(788,234)</b>	<b>149.95%</b>	<b>149.95%</b>	
<b>Expenditure by Vote</b>										
Executive & Council	5,852,249	7,699	-	5,859,948	5,837,935	-	(22,013)	99.62%	99.76%	
Budget & Treasury	6,845,667	609,961	-	7,455,628	11,239,591	(3,783,963)	3,783,963	150.75%	164.19%	Actuarial Losses i.r.o. Post Retirement Benefits & Additional Provision for Debt Impairment
Corporate Services	9,785,463	5,721,236	-	15,506,699	8,984,281	-	(6,522,418)	57.94%	91.81%	
Planning & Development	2,864,649	1,105,851	-	3,970,500	2,577,570	-	(1,392,930)	64.92%	89.98%	
Health	1,978,130	1,518,809	-	3,496,939	2,772,998	-	(723,941)	79.30%	140.18%	
Community & Social Services	390,110	5,615	-	355,725	349,676	-	(6,049)	98.30%	99.88%	
Housing	-	-	-	-	-	-	-	0.00%	0.00%	
Public Safety	816,539	160,255	-	976,794	838,107	-	(138,687)	85.80%	102.64%	
Sport & Recreation	175,186	119,278	-	294,464	95,070	-	(199,394)	32.29%	54.27%	
Environmental Protection	-	-	-	-	-	-	-	0.00%	0.00%	
Waste Management	1,375,510	210,914	-	1,586,424	1,539,859	-	(46,565)	97.06%	111.95%	
Waste Water Management	-	-	-	-	-	-	-	0.00%	0.00%	
Road Transport	22,568,075	747,455	-	23,315,530	25,107,570	(1,792,040)	1,792,040	107.69%	111.25%	Additional funds available from Department Transport
Water	652,888	317,186	-	970,074	897,792	-	(72,282)	92.55%	137.51%	
Electricity	1,941,616	371,918	-	2,313,534	2,454,499	(140,965)	140,965	106.09%	126.42%	Additional Electricity Purchases
<b>Total Expenditure</b>	<b>55,206,082</b>	<b>10,896,177</b>	<b>-</b>	<b>66,102,259</b>	<b>62,694,948</b>	<b>(5,716,968)</b>	<b>(3,407,311)</b>	<b>94.85%</b>	<b>113.57%</b>	
<b>Capital Expenditure by Vote</b>										
Executive & Council	-	-	-	-	-	-	-	0.00%	-100.00%	
Budget & Treasury	100,000	164,900	-	264,900	112,222	-	(152,678)	42.36%	112.22%	
Corporate Services	1,900,000	(686,552)	-	1,213,448	1,996,583	(783,135)	783,135	164.54%	105.08%	Contributed PPE
Planning & Development	7,000	101,000	-	108,000	31,620	-	(76,380)	29.28%	-100.00%	
Health	8,400	(8,400)	-	-	-	-	-	0.00%	-100.00%	
Community & Social Services	24,000	-	-	24,000	24,272	(272)	272	101.13%	101.13%	
Housing	-	-	-	-	-	-	-	0.00%	0.00%	
Public Safety	22,000	(22,000)	-	-	203,651	(203,651)	203,651	0.00%	925.69%	Budget as Operational Expenditure and not as Capital Expenditure
Sport & Recreation	-	-	-	-	-	-	-	0.00%	0.00%	
Environmental Protection	-	-	-	-	-	-	-	0.00%	0.00%	
Waste Management	-	-	-	-	-	-	-	0.00%	0.00%	
Waste Water Management	-	-	-	-	-	-	-	0.00%	0.00%	
Road Transport	7,567,000	(1,626,347)	-	5,940,653	5,975,525	(34,872)	34,872	100.59%	78.97%	Budget as Operational Expenditure and not as Capital Expenditure
Water	-	-	-	-	-	-	-	0.00%	0.00%	
Electricity	-	-	-	-	-	-	-	0.00%	0.00%	
<b>Total Expenditure</b>	<b>9,628,400</b>	<b>(2,077,399)</b>	<b>-</b>	<b>7,551,001</b>	<b>8,343,873</b>	<b>(1,021,930)</b>	<b>792,872</b>	<b>110.50%</b>	<b>86.66%</b>	

**APPENDIX A**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2011	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
<b>LONG-TERM LOANS</b>									
Stock Loan				-	-	-	-	-	-
Stock Loan				-	-	-	-	-	-
Stock Loan				-	-	-	-	-	-
Stock Loan				-	-	-	-	-	-
<b>Total Long-term Loans</b>				-	-	-	-	-	-
<b>ANNUITY LOANS</b>									
Sanlam				-	-	-	-	-	-
DBSA				-	-	-	-	-	-
DBSA				-	-	-	-	-	-
DBSA				-	-	-	-	-	-
<b>Total Annuity Loans</b>				-	-	-	-	-	-
<b>GOVERNMENT LOANS</b>									
Other				-	-	-	-	-	-
<b>Total Government Loans</b>				-	-	-	-	-	-
<b>LEASE LIABILITY</b>									
Gestetner MP 6001 SP	0%			0	208,381	16,661	191,720	184,070	-
Xerox M151	0%			2,713	-	2,713	(0)	-	-
Gestetner MPC 2500	0%			19,484	-	12,539	6,945	5,200	-
Gestetner DSM 415P	0%			6,243	-	3,678	2,565	1,637	-
Gestetner MP 2000 SP	0%			20,858	-	5,416	15,442	11,423	-
Gestetner MP 161 SPF	0%			9,026	-	2,324	6,702	4,918	-
				-	-	-	-	-	-
<b>Total Lease Liabilities</b>				<b>58,324</b>	<b>208,381</b>	<b>43,331</b>	<b>223,374</b>	<b>207,248</b>	<b>-</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>58,324</b>	<b>208,381</b>	<b>43,331</b>	<b>223,374</b>	<b>207,248</b>	<b>-</b>

APPENDIX B

CENTRAL KAROO DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost/Revaluation							Accumulated Depreciation							Carrying Value	
	Opening Balance	Correction of Error	Balance After Corrections	Additions	Under Construction	Impairment	Transfer to Assets Held Sale	Closing Balance	Opening Balance	Correction of Error	Balance After Corrections	Additions	Impairment	Transfer to Assets Held Sale		Closing Balance
<b>Land and Buildings</b>																
Land	307,000	-	307,000	-	-	-	78,000	229,000	-	-	-	-	-	-	-	229,000
Buildings	3,206,733	-235,000	2,971,733	-	-	-	490,808	2,480,925	1,369,263	-187,180	1,182,083	108,431	-	235,785	1,054,729	1,426,196
	<b>3,513,733</b>	<b>-235,000</b>	<b>3,278,733</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>568,808</b>	<b>2,709,925</b>	<b>1,369,263</b>	<b>-187,180</b>	<b>1,182,083</b>	<b>108,431</b>	<b>-</b>	<b>235,785</b>	<b>1,054,729</b>	<b>1,655,196</b>
<b>Infrastructure</b>																
Electricity Network	2,848,433	-	2,848,433	-	-	-	2,848,433	-	708,832	-	708,832	65,987	-	774,819	-	-
Roads	23,079,085	-	23,079,085	5,919,653	-	-	28,998,738	-	5,205,297	-146,668	5,058,629	1,171,126	-	6,229,755	-	-
Water Network	7,916,915	-	7,916,915	457,269	-	-	8,374,184	-	1,792,754	-	1,792,754	351,399	-	2,144,153	-	-
Tip Sites	136,216	-	136,216	-	-	-	136,216	-	28,607	-	28,607	7,143	-	35,750	-	-
Sewerage	7,216,667	-	7,216,667	-	-	-	7,216,667	-	1,609,852	-	1,609,852	156,296	-	1,766,148	-	-
Fencing	99,946	-	99,946	400,000	-	-	499,946	-	-	-	-	20,282	-	20,282	-	-
	<b>41,297,262</b>	<b>-</b>	<b>41,297,262</b>	<b>6,776,922</b>	<b>-</b>	<b>-</b>	<b>48,074,184</b>	<b>-</b>	<b>9,345,342</b>	<b>-146,668</b>	<b>9,198,674</b>	<b>1,772,233</b>	<b>-</b>	<b>10,970,907</b>	<b>-</b>	<b>-</b>
<b>Community Assets</b>																
Buildings	4,807,061	235,000	5,042,061	762,708	-	-	4,773,345	1,031,424	138,316	109,667	247,983	66,845	-	237,378	77,450	953,974
Recreational	1,997,393	-	1,997,393	-	-	-	1,997,393	-	765,751	-	765,751	42,904	-	808,655	-	-
	<b>6,804,454</b>	<b>235,000</b>	<b>7,039,454</b>	<b>762,708</b>	<b>-</b>	<b>-</b>	<b>6,770,738</b>	<b>1,031,424</b>	<b>904,067</b>	<b>109,667</b>	<b>1,013,734</b>	<b>109,749</b>	<b>-</b>	<b>1,046,033</b>	<b>77,450</b>	<b>953,974</b>
<b>Heritage Assets</b>																
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total carried forward</b>	<b>51,615,449</b>	<b>-</b>	<b>51,615,449</b>	<b>7,539,630</b>	<b>-</b>	<b>-</b>	<b>55,413,730</b>	<b>3,741,349</b>	<b>11,618,672</b>	<b>-224,181</b>	<b>11,394,491</b>	<b>1,990,413</b>	<b>-</b>	<b>12,252,725</b>	<b>1,132,179</b>	<b>2,609,170</b>

**APPENDIX B  
CENTRAL KAROO DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

	Cost							Accumulated Depreciation							Carrying Value	
	Opening Balance	Correction of Error	Balance After Corrections	Additions	Under Construction	Impairment	Transfer to Assets Held Sale	Closing Balance	Opening Balance	Correction of Error	Balance After Corrections	Additions	Impairment	Transfer to Assets Held Sale		Closing Balance
<b>Total brought forward</b>	51,615,449	-	51,615,449	7,539,630	-	-	55,413,730	3,741,349	11,618,672	-224,181	11,394,491	1,990,413	-	12,252,725	1,132,179	2,609,170
<b>Housing Rental Stock</b>																
Housing Rentals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Leased Assets (Infrastructure)</b>																
Sewerage Mains & Purify	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>																
Machinery and Equipment	743,468	-80,409	663,059	229,358	-	9,159	139,840	743,418	567,357	-156,488	410,869	80,553	9,159	88,262	394,001	349,417
Furniture and Equipment	1,070,239	138,172	1,208,411	456,904	-	4,677	390,124	1,270,514	798,196	-7,131	791,065	165,086	4,623	152,499	799,029	471,485
Office Equipment - Computers	1,421,008	-88,180	1,332,828	99,690	-	331,590	93,925	1,007,003	1,224,864	-270,525	954,339	143,369	330,690	75,685	691,333	315,670
Transport	2,300,926	34,432	2,335,358	-	-	-	543,190	1,792,168	1,498,451	-110,101	1,388,350	151,560	-	215,352	1,324,558	467,610
Fire Arms	355	-355	-	-	-	-	-	-	355	-355	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5,535,996	3,660	5,539,656	785,952	-	345,426	1,167,079	4,813,103	4,089,223	-544,600	3,544,623	540,568	344,472	531,798	3,208,921	1,604,182
<b>Total Property, Plant and Equipment</b>	57,151,445	3,660	57,155,105	8,325,582	-	345,426	56,580,809	8,554,452	15,707,895	-768,781	14,939,114	2,530,981	344,472	12,784,523	4,341,100	4,213,352
<b>Investment Property</b>																
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>																
Computer Software	344,349	-3,990	340,359	18,291	-	112,506	-	246,144	213,738	-28,326	185,412	62,434	112,506	-	135,340	110,804
	344,349	-3,990	340,359	18,291	-	112,506	-	246,144	213,738	-28,326	185,412	62,434	112,506	-	135,340	110,804
<b>Total</b>	57,495,794.00	-330	57,495,464	8,343,873	-	457,932	56,580,809	8,800,596	15,921,633	-797,107	15,124,526	2,593,415	456,978	12,784,523	4,476,440	4,324,156

APPENDIX C

CENTRAL KAROO DISTRICT MUNICIPALITY SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost								Accumulated Depreciation					Carrying Value	
	Opening	Corrections	Restated	Additions	Under	Disposals	Residual Value	Closing	Opening	Corrections	Restated	Additions	Disposals		Closing
	Balance	of error & Transfers	Balance		Construction		Disposals	Balance	Balance	of error & Transfers	Balance				Balance
<b>Concil</b>	431,611	5,881	437,492	23,583	-	1,500	-	459,575	251,779	-62,447	189,332	44,508	1,225	232,615	226,960
Executive & Council	356,250	24,678	380,928	23,583	-	-	-	404,511	192,899	-32,888	160,011	37,416	-	197,427	207,084
Municipal Manager	75,361	-18,797	56,564	-	-	1,500	-	55,064	58,880	-29,559	29,321	7,092	1,225	35,188	19,876
<b>Finance</b>	767,718	89,931	857,649	444,043	-	118,981	-	1,182,711	629,736	21,379	651,115	99,674	118,652	632,137	550,574
Financial Services	726,905	44,701	771,606	444,043	-	110,856	-	1,104,793	586,741	27,846	614,587	81,514	110,802	585,299	519,494
Internal Audit	40,813	45,230	86,043	-	-	8,125	-	77,918	42,995	-6,467	36,528	18,160	7,850	46,838	31,080
<b>Corporate Services</b>	2,600,426	-33,884	2,566,542	14,750	-	128,072	-	2,453,220	1,444,510	-187,353	1,257,157	104,388	127,994	1,233,551	1,219,669
Corporate Services	2,600,426	-33,884	2,566,542	14,750	-	128,072	-	2,453,220	1,444,510	-187,353	1,257,157	104,388	127,994	1,233,551	1,219,669
<b>Planning &amp; Development</b>	415,669	-55,626	360,043	-	-	21,265	-	338,778	333,547	-116,076	217,471	23,347	21,265	219,553	119,225
Tourism	26,324	-1,495	24,829	-	-	-	-	24,829	18,526	-1,677	16,849	3,537	-	20,386	4,443
PIMMS	264,894	-35,564	229,330	-	-	-	-	229,330	192,524	-77,026	115,498	13,446	-	128,944	100,386
LED	99,847	-17,752	82,095	-	-	17,265	-	64,830	97,893	-31,323	66,570	5,120	17,265	54,425	10,405
PMU	24,604	-815	23,789	-	-	4,000	-	19,789	24,604	-6,050	18,554	1,244	4,000	15,798	3,991
<b>Health</b>	409,687	7,281	416,968	12,897	-	31,786	-	398,079	271,285	-48,855	222,430	27,313	31,624	218,119	179,960
Environmental Health	288,801	-13,810	274,991	-	-	30,166	-	244,825	199,112	-59,149	199,963	30,166	-	125,051	119,774
Global Fund	120,886	21,091	141,977	12,897	-	-	-	153,254	72,173	10,294	82,467	12,059	1,458	93,068	60,186
<b>Community &amp; Social Services</b>	132,888	7,288	140,176	24,747	-	-	-	164,923	75,341	-3,223	72,118	12,429	-	84,547	80,376
Library	132,888	7,288	140,176	24,747	-	-	-	164,923	75,341	-3,223	72,118	12,429	-	84,547	80,376
<b>Public Safety</b>	2,165,980	-163,992	2,001,988	38,344	-	-	-	2,040,332	1,316,995	-166,420	1,150,575	172,160	-	1,322,735	717,597
Public Safety	2,165,980	-163,992	2,001,988	38,344	-	-	-	2,040,332	1,316,995	-166,420	1,150,575	172,160	-	1,322,735	717,597
<b>Sport &amp; Recreation</b>	2,474,309	-	2,474,309	-	-	-	-	2,474,309	836,973	3,042	840,015	50,230	-	890,245	1,584,064
Sport & Recreation	2,474,309	-	2,474,309	-	-	-	-	2,474,309	836,973	3,042	840,015	50,230	-	890,245	1,584,064
Swimming Pool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Environmental Protection</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Waste Management</b>	7,427,883	-	7,427,883	-	-	-	-	7,427,883	1,650,459	-1,825	1,648,634	164,697	-	1,813,331	5,614,552
Sewerage	7,216,667	-	7,216,667	-	-	-	-	7,216,667	1,609,852	-	1,609,852	156,296	-	1,766,148	5,450,519
Refuse	211,216	-	211,216	-	-	-	-	211,216	40,607	-1,825	38,782	8,401	-	47,183	164,033
<b>Road Transport</b>	24,620,130	87,808	24,707,938	6,834,512	-	43,822	-	31,498,628	5,819,880	-218,918	5,600,962	1,315,686	43,712	6,872,936	24,625,692
Roads	873,775	-656,005	217,770	-	-	43,822	-	173,948	522,781	-376,272	146,509	21,665	43,712	124,462	49,486
Public Works & Stormwater	23,746,355	743,813	24,490,168	6,834,512	-	-	-	31,324,680	5,297,099	157,354	5,454,453	1,294,021	-	6,748,474	24,576,206
<b>Water</b>	7,957,611	-	7,957,611	-	-	-	-	7,957,611	1,818,849	-3,824	1,815,025	319,007	-	2,134,032	5,823,579
Water	7,957,611	-	7,957,611	-	-	-	-	7,957,611	1,818,849	-3,824	1,815,025	319,007	-	2,134,032	5,823,579
<b>Electricity</b>	3,596,146	-	3,596,146	-	-	-	-	3,596,146	900,778	-637	900,141	82,931	-	983,072	2,613,074
Electricity	3,596,146	-	3,596,146	-	-	-	-	3,596,146	900,778	-637	900,141	82,931	-	983,072	2,613,074
<b>Other</b>	4,151,387	58,974	4,210,361	932,706	-	-	-	5,143,067	357,763	16,376	374,139	114,611	-	488,750	4,654,317
DMA Murraysburg	4,151,387	58,974	4,210,361	932,706	-	-	-	5,143,067	357,763	16,376	374,139	114,611	-	488,750	4,654,317
<b>SUB TOTAL</b>	57,151,445	3,661	57,155,106	8,325,582	-	345,426	-	65,135,262	15,707,895	-768,781	14,939,114	2,530,981	344,472	17,125,623	48,009,639
<b>INTANGIBLE ASSETS:</b>	344,349	-3,990	340,359	18,291	-	112,506	-	246,144	213,738	-28,326	185,412	62,434	112,506	135,340	110,804
Finance	344,349	-3,990	340,359	18,291	-	112,506	-	246,144	213,738	-28,326	185,412	62,434	112,506	135,340	110,804
<b>SUB TOTAL</b>	344,349	-3,990	340,359	18,291	-	112,506	-	246,144	213,738	-28,326	185,412	62,434	112,506	135,340	110,804
<b>TOTAL</b>	57,495,794	-329	57,495,465	8,343,873	-	457,932	-	65,381,406	15,921,633	-797,107	15,124,526	2,593,415	456,978	17,260,963	48,120,443



**APPENDIX C**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**  
**GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation							Accumulated Depreciation						Carrying Value
	Opening	Correction of	Restated	Additions	Under	Disposals	Closing	Opening	Correction of	Restated	Additions	Disposals	Closing	
	Balance	error or Transfer	Balance		Construction		Balance	Balance	error or Transfer	Balance		Income	Balance	
Executive & Council	431,611	5,881	437,492	23,583	-	1,500	459,575	251,779	(62,447)	189,332	44,508	1,225	232,615	226,960
Budget & Treasury Office	767,718	89,931	857,649	444,043	-	118,981	1,182,711	629,736	21,379	651,115	99,674	118,652	632,137	550,574
Corporate Services	2,600,426	(33,884)	2,566,542	14,750	-	128,072	2,453,220	1,444,510	(187,353)	1,257,157	104,388	127,994	1,233,551	1,219,669
Planning & Development	415,669	(55,626)	360,043	-	-	21,265	338,778	333,547	(116,076)	217,471	23,347	21,265	219,553	119,225
Health	409,687	7,281	416,968	12,897	-	31,786	398,079	271,285	(48,855)	222,430	27,313	31,624	218,119	179,960
Community & Social Services	132,888	7,288	140,176	24,747	-	-	164,923	75,341	(3,223)	72,118	12,429	-	84,547	80,376
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	2,165,980	(163,992)	2,001,988	38,344	-	-	2,040,332	1,316,995	(166,420)	1,150,575	172,160	-	1,322,735	717,597
Sport & Recreation	2,474,309	-	2,474,309	-	-	-	2,474,309	836,973	3,042	840,015	50,230	-	890,245	1,584,064
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	7,427,883	-	7,427,883	-	-	-	7,427,883	1,650,459	(1,825)	1,648,634	164,697	-	1,813,331	5,614,552
Waste Water Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road Transport	24,620,130	87,808	24,707,938	6,834,512	-	43,822	31,498,628	5,819,880	(218,918)	5,600,962	1,315,686	43,712	6,872,936	24,625,692
Water	7,957,611	-	7,957,611	-	-	-	7,957,611	1,818,849	(3,824)	1,815,025	319,007	-	2,134,032	5,823,579
Electricity	3,596,146	-	3,596,146	-	-	-	3,596,146	900,778	(637)	900,141	82,931	-	983,072	2,613,074
Other	4,151,387	58,974	4,210,361	932,706	-	-	5,143,067	357,763	16,376	374,139	114,611	-	488,750	4,654,317
	<b>57,151,445</b>	<b>3,661</b>	<b>57,155,106</b>	<b>8,325,582</b>	<b>-</b>	<b>345,426</b>	<b>65,135,262</b>	<b>15,707,895</b>	<b>(768,781)</b>	<b>14,939,114</b>	<b>2,530,981</b>	<b>344,472</b>	<b>17,125,623</b>	<b>48,009,639</b>
-														
<b>INTANGIBLE ASSETS:</b>														
Budget & Treasury Office	344,349	-3,990	340,359	18,291	0	112,506	246,144	213,738	-28,326	185,412	62,434	112,506	135,340	110,804
<b>SUB TOTAL</b>	<b>344,349</b>	<b>-3,990</b>	<b>340,359</b>	<b>18,291</b>	<b>0</b>	<b>112,506</b>	<b>246,144</b>	<b>213,738</b>	<b>-28,326</b>	<b>185,412</b>	<b>62,434</b>	<b>112,506</b>	<b>135,340</b>	<b>110,804</b>
<b>TOTAL</b>	<b>57,495,794</b>	<b>-329</b>	<b>57,495,465</b>	<b>8,343,873</b>	<b>0</b>	<b>457,932</b>	<b>65,381,406</b>	<b>15,921,633</b>	<b>-797,107</b>	<b>15,124,526</b>	<b>2,593,415</b>	<b>456,978</b>	<b>17,260,963</b>	<b>48,120,443</b>

**APPENDIX D**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
822,000	5,128,144	(4,306,144)	Executive & Council	915,000	5,837,935	(4,922,935)
14,492,076	9,465,286	5,026,790	Budget & Treasury	16,800,662	14,413,930	2,386,732
6,590,555	8,596,306	(2,005,751)	Corporate Services	5,985,743	9,757,758	(3,772,015)
8,069,582	1,700,883	6,368,699	Planning & Development	7,862,252	2,950,620	4,911,632
1,347,898	3,308,524	(1,960,626)	Health	796,865	2,780,324	(1,983,459)
85,045	301,865	(216,820)	Community & Social Services	64,613	349,676	(285,063)
-	-	-	Housing	-	-	-
188,252	738,393	(550,141)	Public Safety	446,675	838,107	(391,432)
3,173	141,618	(138,445)	Sport & Recreation	4,954	95,070	(90,116)
-	-	-	Environmental Protection	-	-	-
1,464,471	1,354,770	109,701	Waste Management	1,382,675	1,539,859	(157,184)
-	-	-	Waste Water Management	-	-	-
25,379,788	27,367,757	(1,987,969)	Road Transport	25,559,257	27,486,765	(1,927,508)
866,712	866,406	306	Water	897,816	897,792	24
1,801,599	1,801,209	390	Electricity	2,454,522	2,454,499	23
61,111,151	60,771,161	339,990	Sub Total	63,171,034	69,402,335	(6,231,301)
-	(6,782,858)	6,782,858	Less Inter-Departmental Charges	-	(6,707,386)	6,707,386
61,111,151	53,988,303	7,122,848	<b>Total</b>	63,171,034	62,694,949	476,085

**APPENDIX E(1)**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**REVENUE AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**MUNICIPAL VOTES CLASSIFICATION**

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property Rates	(1,087,287)	(1,027,834)	(59,453)	5.78%	National Parks were exempt
Government Grants and Subsidies	(30,801,063)	(40,316,906)	9,515,843	-23.60%	Less were utilised than budget for
Public Contributions and Donations	-	-	-	0.00%	
Fines	(11,338)	(37,700)	26,362	-69.93%	Less were received than budget for
Third Party Payments	-	-	-	0.00%	
Stock Adjustments	-	-	-	0.00%	
Actuarial Gains	(90,816)	-	(90,816)	100.00%	
Property Rates - Penalties & Collection Charges	(2,340)	-	(2,340)	-100.00%	Was not budget for
Service Charges	(2,883,468)	(3,533,212)	649,744	-18.39%	Less water were sold
Water Services Authority Contribution	-	-	-	0.00%	
Rental of Facilities and Equipment	(80,334)	(107,100)	26,766	-24.99%	Less facilities were rented out
Interest Earned - External Investments	(217,463)	(200,000)	(17,463)	8.73%	More investments were made
Interest Earned - Outstanding Debtors	-	-	-	0.00%	
Licences and Permits	(267,745)	(263,835)	(3,910)	1.48%	
Agency Services	-	-	-	-	More funds was made available from
	(25,469,094)	(24,000,000)	(1,469,094)	6.12%	Province
Other Revenue	(1,280,089)	(1,752,849)	472,760	-26.97%	
Unamortised Discount - Interest	-	-	-	0.00%	
Dividends Received	-	-	-	0.00%	
Contributed PPE	(979,996)	-	(979,996)	0.00%	
Gains on Disposal of PPE	-	-	-	0.00%	
<b>Total Revenue</b>	<b>(63,171,033)</b>	<b>(71,239,436)</b>	<b>8,068,403</b>	<b>-13%</b>	
<b>EXPENDITURE</b>					
Budget & Treasury	14,413,930	10,629,967	3,783,963	35.60%	Actuarial Loss was not budget for & Additional Contribution for Debt Impairment
Corporate Services	3,627,320	3,736,290	(108,970)	-2.92%	
Council	4,202,873	4,312,625	(109,752)	-2.54%	
Executive	1,635,062	1,547,323	87,739	5.67%	
Health	2,038,431	1,982,939	55,492	2.80%	
Comm & Soc (Libraries)	349,676	355,725	(6,049)	-1.70%	
Public Safety	838,107	976,794	(138,687)	-14.20%	Grant was used for Capital Expenditure
Planning & Development	2,950,620	4,343,550	(1,392,930)	-32.07%	EDA was not utilised in full
Sport & Recreational	95,070	294,464	(199,394)	-67.71%	Depreciation was less than budget for
Waste Water (Storm Water)	-	-	-	0.00%	
Waste Water (Sewerage)	-	-	-	0.00%	
Waste Management (Sanitation)	1,539,859	1,586,424	(46,565)	-0.18%	
Road Transport	27,486,765	26,055,530	1,431,235	147.54%	More funds was made available from Province
Water	897,791	970,074	(72,283)	-3.12%	
Electricity (Distribution)	2,454,499	2,313,534	140,965	0.00%	
Electricity (Street Lighting)	-	-	-	0.00%	
Other	6,872,330	13,800,161	(6,927,831)	-101.83%	Conditional Grants was not utilised in full
Less Internal Charges	(6,707,386)	(6,803,141)	95,755	0.14%	
<b>Total Expenditure</b>	<b>62,694,948</b>	<b>66,102,259</b>	<b>(3,407,311)</b>	<b>-5.43%</b>	
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(476,085)</b>	<b>(5,137,177)</b>	<b>4,661,092</b>	<b>-7.34%</b>	

**APPENDIX E(1)**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**REVENUE AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property Rates	(1,087,287)	(1,025,494)	(61,793)	6.03%	
Government Grants and Subsidies	(30,801,063)	(40,316,906)	9,515,843	-23.60%	Less were utilised than budget for
Public Contributions and Donations	-	-	-	0.00%	
Fines	(11,338)	(37,700)	26,362	-69.93%	Less were received than budget for
Third Party Payments	-	-	-	0.00%	
Stock Adjustments	-	-	-	0.00%	
Actuarial Gains	(90,816)	-	(90,816)	0.00%	
Property Rates - Penalties & Collection Charges	(2,340)	(2,340)	-	0.00%	
Service Charges	(2,883,468)	(3,533,212)	649,744	-18.39%	Less water & Electricity were sold
Water Services Authority Contribution	-	-	-	0.00%	
Rental of Facilities and Equipment	(80,334)	(107,100)	26,766	-24.99%	Less facilities were rented out
Interest Earned - External Investments	(217,463)	(200,000)	(17,463)	8.73%	More investements were made
Interest Earned - Outstanding Debtors	-	-	-	0.00%	
Licences and Permits	(267,745)	(263,835)	(3,910)	1.48%	
Agency Services	-	-	-	-	More funds was made available from
	(25,469,094)	(24,000,000)	(1,469,094)	6.12%	Province
Other Revenue	(1,280,089)	(1,752,849)	472,760	-26.97%	Less were received than budget for
Unamortised Discount - Interest	-	-	-	0.00%	
Dividends Received	-	-	-	0.00%	
Contributed PPE	(979,996)	-	(979,996)	-100.00%	Was not budget for
Gains on Disposal of PPE	-	-	-	0.00%	
<b>Total Revenue</b>	<b>(63,171,033)</b>	<b>(71,239,436)</b>	<b>8,068,403</b>	<b>-12.77%</b>	
<b>EXPENDITURE</b>					
Executive & Council	5,837,935	5,859,948	(22,013)	-0.38%	Actuarial Loss was not budget for & Additional Contribution for Debt
Budget & Treasury	14,413,930	10,629,967	3,783,963	35.60%	Impairment
Corporate Services	9,757,758	15,740,699	(5,982,941)	-38.01%	Conditional Grants was not utilised in full
Planning & Development	2,950,620	4,343,550	(1,392,930)	-32.07%	EDA was not utilised in full
Health	2,780,324	3,778,691	(998,367)	-26.42%	
Community & Social Services	349,676	355,725	(6,049)	-1.70%	
Housing	-	-	-	0.00%	
Public Safety	838,107	976,794	(138,687)	-14.20%	Grant was used for Capital Expenditure
Sport & Recreation	95,070	294,464	(199,394)	-67.71%	Depreciation was less than budget for
Environmental Protection	-	-	-	0.00%	
Waste Management	1,539,859	1,586,424	(46,565)	-2.94%	
Waste Water Management	-	-	-	0.00%	
Road Transport	27,486,765	26,055,530	1,431,235	5.49%	More funds was made available from
Water	897,791	970,074	(72,283)	-7.45%	Province
Electricity	2,454,499	2,313,534	140,965	6.09%	
Less: Interdepartmental Charges	(6,707,386)	(6,803,141)	95,755	-1.41%	
<b>Total Expenditure</b>	<b>62,694,948</b>	<b>66,102,259</b>	<b>(3,407,311)</b>	<b>-5.43%</b>	
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(476,085)</b>	<b>(5,137,177)</b>	<b>4,661,092</b>	<b>-7.34%</b>	

**APPENDIX E (2)**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**  
**MUNICIPAL VOTES CLASSIFICATION**

	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Budget & Treasury	112,222	-	112,222	264,900	(152,678)	-57.64%	Transferred to next Financial Year
Corporate Services	243,381	-	243,381	-	243,381	-100.00%	Contributed PPE
Executive	0	-	-	-	-	0.00%	
Health	0	-	-	-	-	0.00%	
Comm & Soc (Libraries)	24,272	-	24,272	24,000	272	1.13%	
Comm & Soc (Halls & Faciliti	0	-	-	-	-	0.00%	
Comm & Soc (Cemeteries)	0	-	-	-	-	0.00%	
Housing	0	-	-	-	-	0.00%	
Public Safety	203,651	-	203,651	-	203,651	-100.00%	Was budget as Operational & not Capital
Planning & Development	31,620	-	31,620	108,000	(76,380)	-70.72%	EDA funds were not utilised in full
Sport & Recreational	0	-	-	-	-	0.00%	
Waste Water (Storm Water)	0	-	-	-	-	0.00%	
Waste Water (Sewerage)	0	-	-	-	-	0.00%	
Road Transport	5,975,525	-	5,975,525	5,940,653	34,872	0.59%	
Electricity (Distribution)	0	-	-	-	-	0.00%	
Water (Distribution)	0	-	-	-	-	0.00%	
DMA Other	944,997	-	944,997	-	944,997	-100.00%	Contributed PPE
Other	808,205	-	808,205	1,213,448	(405,243)	-33.40%	Transferred to next Financial Year
<b>Total</b>	<b>8,343,873</b>	<b>-</b>	<b>8,343,873</b>	<b>7,551,001</b>	<b>792,872</b>	<b>10.50%</b>	<b>94.76%</b>

**APPENDIX F**  
**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2010	Internal Transfer	Expenditure Against Fund	Restated balance 1 JULY 2010	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2011	Unspent 30 JUNE 2011 (Creditor)	Unpaid 30 JUNE 2011 (Debtor)
	R				R	R	R	R	R	R	R	R
<b>TRUST FUNDS</b>												
Finance Management Grant	-	-	-	-	1,000,000	-	-	1,000,000	-	-	-	-
ISRDS	269,677	-	-	269,677	-	-	-	49,549	-	220,128	220,128	-
MSIG	-	-	-	-	750,000	-	-	750,000	-	-	-	-
IDP Trust	211,393	(1,946)	-	209,447	-	-	-	-	-	209,447	209,447	-
Spatial Development Grant	408,328	-	-	408,328	-	-	-	276,162	-	132,166	132,166	-
DWAF Grant	67,793	(67,793)	-	-	-	-	-	-	-	-	-	-
Murraysburg Trust	-	-	-	-	-	-	-	-	-	-	-	-
Tourism ITDF	-	-	-	-	-	-	-	-	-	-	-	-
Tourism Plan	-	-	-	-	-	-	-	-	-	-	-	-
Tourism Biosfeer	112,903	-	-	112,903	-	-	-	110,465	-	2,438	2,438	-
Tourism Sustainability	156,077	-	-	156,077	-	-	-	1,186	-	154,891	154,891	-
Tourism Develop Rural Area	14,783	-	-	14,783	-	-	-	-	-	14,783	14,783	-
Department of the Premier	6,009	-	-	6,009	-	-	-	-	-	6,009	6,009	-
Renewal Projects	18,036	-	-	18,036	-	-	-	3,055	-	14,981	14,981	-
Work for Water Project	-376,175	-	-	(376,175)	2,397,348	-	-	2,467,100	-	-445,927	-	(445,927)
Work for Water Project Advance	524,243	-	-	524,243	-	-	-	80,871	-	443,372	443,372	-
Disaster Management Centre	175,748	-	-	175,748	333,000	-	-	213,023	203,651	92,074	92,074	-
Community Development Workers	-29,338	69,739	-	40,401	100,000	-	-	140,401	-	-	-	-
Housing Project	-	-	-	-	-	-	-	-	-	-	-	-
Multi Purpose Centre	693,448	-	-	693,448	2,000,000	-	-	-	808,205	1,885,243	1,885,243	-
Multi Purpose Centre DMA	-	-	-	-	160,000	-	-	23,751	-	136,249	136,249	-
Municipal Infrastructure Grant	261,524	-	-	261,524	5,101,888	-	-	-	5,363,412	-	-	-
Global Fund	283,593	-	-	283,593	-	-	-	4,339	-	279,254	279,254	-
Global Fund Projects	-46,805	-	-	(46,805)	582,428	-	-	656,751	-	-121,128	-	(121,128)
Roads Agency Services	1,627,827	-	-	1,627,827	26,770,565	-	90,163	25,469,094	-	3,019,461	3,019,461	-
Nutrition Scheme	-7,150	-	-	(7,150)	81,329	-	-	80,582	-	-6,403	-	(6,403)
Major Road 58/1	-	-	-	-	-	-	-	-	-	-	-	-
Plant Account	-	-	-	-	-	-	-	-	-	-	-	-
Mechanical Replacement	131,590	-	-	131,590	-	-	-	131,590	-	-	-	-
Dept.Social Services	-	-	-	-	-	-	-	-	-	-	-	-
Primary Health Care	-3,142	-	-	(3,142)	-	-	-	-	-	-3,142	-	(3,142)
EDA	-	-	-	-	373,689	-	-	431,736	31,620	-89,667	-	(89,667)
Ambulance Subsidies	-359	-	-	(359)	2,958	-	-	10,986	-	-8,387	-	(8,387)
VAT Projects	929,291	-	-	929,291	-	-	-	373,050	556,241	-	-	-
Equitable Share	-	-	-	-	15,756,373	-	-	15,756,373	-	-	-	-
Dept. Local Government & Housing	-248,400	-	-	(248,400)	1,000,000	-	-	251,600	-	500,000	500,000	-
DWAF Projects	1,000,000	-	-	1,000,000	500,000	-	-	1,237,825	-	262,175	262,175	-
<b>Total</b>	<b>6,180,894</b>	<b>-</b>	<b>-</b>	<b>6,180,894</b>	<b>56,909,578</b>	<b>-</b>	<b>90,163</b>	<b>49,519,489.00</b>	<b>6,963,129.00</b>	<b>6,698,017</b>	<b>7,372,671</b>	<b>(674,654)</b>
Transferred to Discontinued Operations Note 42.1	-	-	-	-	(160,000)	-	-	(23,751)	-	(136,249)	(136,249)	-
<b>Total - Note 10</b>	<b>6,180,894</b>	<b>-</b>	<b>-</b>	<b>6,180,894</b>	<b>56,749,578</b>	<b>-</b>	<b>90,163</b>	<b>49,495,738</b>	<b>6,963,129</b>	<b>6,561,768</b>	<b>7,236,422</b>	<b>(674,654)</b>

**DEVIATIONS FROM 01 JULIE 2010 - 28 FEBRUARIE 2011.**

TJEK NO	VERSKAFFER	BEDRAG	GOEDGEKEUR	DATUM	RAAD
38378	Besters Auto	39,039.59	MM	27/08/2010	Raad verg 25/02/2011
39220	Pex Hydraulics	11,288.02	NW Nortje	04/10/2010	Raad verg 25/02/2011
39217	Northfield Engineering	12,550.67	MM	30/09/2010	Raad verg 25/02/2011
38474	Omnistar	1,590.30	MM	30/08/2010	Raad verg 25/02/2011
38749	Marius Vivier	17,747.18	MM	29/09/2010	Raad verg 25/02/2011
38725	Omnistar	1,142.28	MM	13/09/2010	Raad verg 25/02/2011
39561	Bearing & Allied	3,585.30	MM	28/10/2010	Raad verg 25/02/2011
39475	Motor Clinic	3,970.01	MM	22/10/2010	Raad verg 25/02/2011
39535	WCC Cables	2,148.09	MM	26/10/2010	Raad verg 25/02/2011
39349	Ubertech	8,949.00	NW Nortje	08/10/2010	Raad verg 25/02/2011
39325	Pop Inn	150.00	MM	29/09/2010	Raad verg 25/02/2011
38986	Global Insight	49,362.00	MM	30/08/2010	Raad verg 25/02/2011
41151	De Jager Loodg	765.40	MM	25/01/2011	Raad verg 25/02/2011
40923	Bwes Verkoeling	882.36	MM	25/01/2011	Raad verg 25/02/2011
40843	Karoo Motors	3,311.70	MM	10/01/2011	Raad verg 25/02/2011
41084	Airpark Bwes	1,160.00	MM	06/12/2010	Raad verg 25/02/2011
40588	Airpark Bwes	2,733.20	MM	06/12/2010	Raad verg 25/02/2011
39483	De Jager Loodg	1,611.95	MM	14/10/2010	Raad verg 25/02/2011
39518	Lynn Schroeder	4,333.13	MM	22/10/2010	Raad verg 25/02/2011
39519	Budcro Mechanical	174.42	MM	26/10/2010	Raad verg 25/02/2011
40510	Leesar	27,200.40	MM	15/12/2010	Raad verg 25/02/2011
40425	Bwes Verkoeling	644.36	MM	06/12/2010	Raad verg 25/02/2011
40318	DH de Jager	13,935.40	MM	15/12/2010	Raad verg 25/02/2011
40357	Group Editors	4,975.80	MM	06/12/2010	Raad verg 25/02/2011
40359	Herrie	840.00	MM	06/12/2010	Raad verg 25/02/2011
40059	Pienaar Broers	2,668.85	MM	19/11/2010	Raad verg 25/02/2011
39942	Beaufort Alarms	3,116.75	MM	29/09/2010	Raad verg 25/02/2011
40008	Kudu nissan	3,539.55	MM	19/11/2010	Raad verg 25/02/2011
39778	De Jager Loodg	671.50	MM	09/11/2010	Raad verg 25/02/2011
39782	Kruiper Spares	13,771.20	MM	26/10/2010	Raad verg 25/02/2011
39836	Mega Roller Shutter	16,387.50	MM	16/11/2010	Raad verg 25/02/2011
39838	Noxee Catering	5,040.00	JH Theron	17/11/2010	Raad verg 25/02/2011
39688	Eden Bloemiste	350.00	MM	02/11/2010	Raad verg 25/02/2011
39699	Medi Flora	250.00	MM	09/11/2010	Raad verg 25/02/2011
39595	Hoistec Engineering	40,000.03	MM	28/10/2010	Raad verg 25/02/2011
39018	American Swiss	1,999.00	MM	06/07/2010	Raad verg 25/02/2011
39024	RMD Willis	6,249.00	MM	07/06/2010	Raad verg 25/02/2011
	BKS	271,504.00	MM	14/10/2010	Raad verg 25/02/2011
		<b>579,637.94</b>			

**DEVIATIONS FROM 01 MARCH 2011 - 30 JUNE 2011.**

TJEK NO	VERSKAFFER	BEDRAG	GOEDGEKEUR	DATUM	RAAD
41388	Beaufort Electric	1,452.20	MM	20/01/2011	Burgem 23/06/2011
41328	G Ben	1,200.00	MM	23/02/2011	Burgem 23/06/2011
41523	J Jonas	1,400.00	MM	01/03/2011	Burgem 23/06/2011
41511	TG Elektries	105,445.44	MM	28/02/2011	Burgem 23/06/2011
41515	A Hollander	2,652.78	MM	01/03/2011	Burgem 23/06/2011
41798	Airpark B West CC	580.00	MM	06/12/2010	Burgem 23/06/2011
42018	Pop In	225.00	MM	23/03/2011	Burgem 23/06/2011
62	Electrical Motor rewind	17,127.67	MM	04/03/2011	Burgem 23/06/2011
68	Teleray CC	3,357.30	MM	05/04/2011	Burgem 23/06/2011
42045	Hoistec Engineering	31,190.78	NW Nortje	07/04/2011	Burgem 23/06/2011
115	Tri-Cor signs sa	129,077.64	MM	14/04/2011	Burgem 23/06/2011
105	HPE Technologies CC	38,751.48	MM	14/04/2011	Burgem 23/06/2011
104	Erasmus Tyre Serv	102,572.99	MM	05/04/2011	Burgem 23/06/2011
102	Cape Otto Signs	102,112.08	MM	12/04/2011	Burgem 23/06/2011
118	Electrical Motor Rew	41,402.96	MM	06/04/2011	Burgem 23/06/2011
130	B-wes Verspreiders	82,867.32	MM	12/04/2011	Burgem 23/06/2011
42270	RB vd Ahee	13,680.00	MM	21/04/2011	Burgem 23/06/2011
42297	RB vd Ahee	3,420.00	MM	04/05/2011	Burgem 23/06/2011
148	Airpak B-west CC	1,340.00	MM	06/12/2010	Burgem 23/06/2011
174	Asnapp	35,101.90	MM	16/05/2011	Burgem 23/06/2011
176	Combinde Systems	78,682.29	MM	14/02/2011	Burgem 23/06/2011
42592	Mburg Groentetuin	500.00	MM	30/05/2011	Burgem 23/06/2011
	Ubertech	558,033.97	MM	01/07/2010	Raad verg 25/02/2011
	Gestetner	89,560.94	MM	30/11/2010	Raad verg 25/02/2011
261	Auto Mechanical	1,903.00	MM	15/06/2011	Burgem 23/06/2011
		<b>1,443,637.74</b>			
		<b>2,023,275.68</b>			



<b>SOLE SUPPLIERS</b>	<b>2010/2011</b>	<b>ADRESSE</b>
BREDEVALLEI ULTRA CITY	16,189.65	POSBUS 1298 WORCESTER 6849
COASTAL HIRE/KARROO HIRE	22,899.00	POSBUS 991 OUDTSHOORN 6620
AFROX	17,762.26	POSBUS 207 GERMISTON 1400
DONKIN MOTORS	260,847.37	POSBUS 26 B-WES 6970
HOOFWEG MOTORS	-	PRINCE ALBERT ROAD P/ALBERT 6930
WURTH SA	9,466.56	POSBUS 616 ISANDO 1600
JUTA	1,804.10	POSBUS 14373 LANDSDOWN 7779
LEXIS NEXIS	9,869.33	POSBUS 792 DURBAN 4000
KLEIN KAROO KOOPERASIE	6,885.38	POSBUS 241 OUDTSHOORN 6620
NATIONAL GARAGE	44,869.37	ADDERLEYSTR. 1 P/ALBERT 6930
PRINS ALBERT MOTORS	1,021.44	ADDERLEYSTR. 1 P/ALBERT 6930
THE WORKSHOP	18,236.63	BEAUFORTSTR. 39 M/BURG 6995
MURRAYSBURG VULSTASIE	509,341.27	POSBUS 331 M/BURG 6995
KAROO VLEISBOERE	224,234.72	POSBUS 390 M/BURG 6995
KAROO MOTORS (BANDE)	18,222.67	POSBUS 36 L/BURG 6900
KAROO MOTORS (WERKSWINKEL)	54,488.44	POSBUS 36 L/BURG 6900
KOUP PRODUSENTE	5,245.46	POSBUS 19 L/BURG 6900
VICTORS GARAGE	102,122.58	POSBUS 7 MERWEVILLE 6940
RUBBERMAN	2,726.90	ALBERTSTR 61 GEORGE 6530
PROPSHAFT ENGINEERING	12,177.48	POSBUS 2642 GEORGE 6530
LITHOTECH	3,191.43	POSBUS 4053 KORSTEN 6014
GRAAFF REINET ADVERTISER	16,673.16	POSBUS 31 GRAAF-REINET 6280
SANITECH	16,190.28	POSBUS 12706 JACOBS 4026
SPOT ON DEALS	1,275.00	POSBUS 631 B-WES 6970
TIME FREIGHT	9,515.26	POSBUS 11441 DORPSPRUIT 3206
NPS COURIERS	2,549.28	POSBUS 1108 B/WES 6970
THE COURIER & FREIGHT GROUP	12,265.43	P O BOX 1241 PORT ELIZABETH 6000
SUN COURIERS	20,842.16	POSBUS 7080 ROGGEBAAI 6012
ADLEM VERVOER CC (MASADA COURIERS)	18,118.62	POSBUS 931 OUDTSHOORN 6620
B/WES ALARMS	23,321.77	DONKINSTR. 59 B-WES 6970
TELERAY CC	12,726.96	POSBUS 34558 NEWTON PARK 6055
TAC	700.00	POSBUS 594 GRAAF-REINET 6280
KUDU NISSAN	3,668.70	POSBUS 399 GRAAFF-REINET 6280
ELSTER KENT METERING	434.51	BOX 201 AUCKLAND PARK 2001
PG GLASS	33,829.74	NUWESTR. 99 B-WES 6970
WINSTON LINFORD MOTORS	1,690.62	POSBUS 999 OUDTSHOORN 6620
CONLOG	16,032.23	POSBUS 2332 DURBAN 4000
B/WES PRESISIE MOTORINGENIEURS	47,952.91	POSBUS 260 B/WES 6970
PF ELEKTRIES	1402.20	VAN RIEBEECKSTRAAT 40 L/BURG 6900
GROUP EDITORS	4975.80	POSBUS 806 GEORGE 6530
PAYDAY	8591.26	POSBUS 75189 LYNNWOOD RIDGE 0040
HERRIE	840.00	POSBUS 345 OUDTSHOORN 6620
KAROO FIRE	23836.00	POSBUS 1038 B/WES 6970
DIESEL ELECTRIC	0.00	POSBUS 3057 GEORGE 6536
ROCLA	27058.31	POSBUS 252 DE AAR 7000
HOISTEC ENGINEERING	91791.18	POSBUS 3418 GEORGE 6536
ELECTRICAL MOTOR REWINDERS	79438.47	FABRIEKSTRAAT 11 GRAAFF REINET 6280
MC ELLIS	1695.00	BIRDSTRAAT 53 B/WES 6970
HUMAN COMMUNICATIONS	45184.47	POSBUS 1305 RIVONIA 2128
DIE COURIER	93055.75	POSBUS 64 B/WES 6970
J & E COMMUNICATIONS	19827.11	POSBUS 874 OUDTSHOORN 6620
JINEL BRANDSTOF	104203.00	POSBUS 71 L/BURG 6900
B/WES VERKOELING	13950.92	POSBUS 1130 B/WES 6970
NIECOR ELEKTRIES & VERKOELING	1127.54	ODENDALSTRAAT 1 P/ALBERT 6930
NEL'S TRUCK	9120.05	POSBUS 1108 B/WES 6970
OUTENIQUA LAB	128607.46	POSBUS 3186 GEORGE INDUSTRIA 6536
BUDCRO	964.27	POSBUS 741 GRAAFF REINET 6280
B/WES VERSPREIDERS	354468.10	VOORTREKKERSTRAAT 2 B/WES
	<b>2,589,525.56</b>	

<b>AGENTS</b>	<b>2010/2011</b>	<b>ADRESSE</b>
CP NEL DELTA	56,982.11	POSBUS 177 OUDTSHOORN 6620
COMPACTION & INDUSTRIAL EQUIPMENT	23,765.06	POSBUS 15 SANLAMHOF 7532
DIGICORE	-	POSBUS 1203 GEORGE 6530
ELB	61,918.77	POSBUS 266 EPPINDUST 7475
AFINTAPART	43,641.73	POSBUS 36941 CHEMPET 7442
BEARING & ALLIED SALES	8,887.90	POSBUS 23084 GEORGE INDUSTRIA 6531
BARLOWORLD	384,576.43	POSBUS 332 KASSELSVLEI BELLVILLE 7535
DEPT VAN VERVOER & OPENBARE WERKE	49,582.37	PRIVAATSAK X2 KASSELSVLEI 7533
BELL EQUIPMENT	38,373.62	POSBUS 162 EPPINDUST 7475
BABCOCK	57,055.79	PRIVAATSAK X1 EAST RAND 1462
SCAW METALS	5,277.74	POSBUS 61721 MARSHALTOWN GAUTENG 2107
IMPERIAL TRUCKS	11,877.90	POSBUS 777 PAROW 7499
IAN DICKIE	9,691.14	POSBUS 103 EPPINDUST 7475
KLEIN KAROO TOYOTA	-	POSBUS 102 OUDTSHOORN 6620
KOMATSU	445,120.40	POSBUS 137 BELLVILLE 7535
TRENTYRE	147,375.82	DONKINSTR. 9 B-WES 6970
OUDTSHOORN NISSAN	25,869.62	POSBUS 1135 OUDTSHOORN 6620
WEARCHECK	22,003.54	POSBUS 15108 WESTMEAD 3608
VISSERS ENGINEERING	45,016.32	POSBUS 688 WORCESTER 6849
AAD	545,067.53	POSBUS 462 EPPINDUST 7475
B/WES TOYOTA	5,430.16	POSBUS B-WES 6970
BESTERS GARAGE	45,465.64	POSBUS 77 VICTORIA-WES 7070
CAPE OTTO SIGNS	115,250.58	POSBUS 563 BRACKENFELL 7561
SIMPLEX TIME RECODERS	387.60	POSBUS 405 MILNERTON 7435
HALFWAY TOYOTA (LOERIE TOYOTA)	74584.45	POSBUS 415 GEORGE 6530
AGRICO	0.00	POSBUS 211 LICHTENBURG
BM POWER	163.13	POSBUS 115 MAITLAND 7404
HITACHI	0.00	POSBUS 407 SANLAMHOF 7532
MARTIN TRAILER COMPANY	2450.09	POSBUS 16291 LEONDALE
TURNER MORRIS	0.00	POSBUS 517 PAARDEN EILAND
VI INSTRUMENTS	3946.11	POSBUS 3803 JOHANNESBURG 2000
	<b>2,229,761.55</b>	

<b>ROTATION</b>	<b>2010/2011</b>	<b>ADRESSE</b>
SP LOODGIETERS/SP BERGH	5228.25	POSBUS 619 B/WES 6970
DE JAGER LOODGIETERS	13741.30	POSBUS 1297 B/WES 6970
KAY'S ALG HANDELAAR	12402.53	POSBUS 360 MURRAYSBURG 6995
INYAMA RAMA	3299.60	POSBUS 441 MURRAYSBURG 6995
VICTORY HILL SUPERMARK	3410.45	POSBUS 319 MURRAYSBURG 6995
BOLAND HYDRAULICS	22953.49	POSBUS 5117 WORCESTER 6849
CB ELEKTRIES	618.72	POSBUS 244 B/WES 6970
BEAUFORT ELECTRIC	7974.25	POSBUS 109 B/WES 6970
MOTOLEK	20743.41	POSBUS 385 B/WES 6970
SHOPRITE B/WES	16590.38	NUWESTRAAT B/WES 6970
ESSOP MULTISAVE (FOODTOWN)	4474.07	DE VRIESSTRAAT 15 B/WES 6970
GEORGIES MULTISAVE (FOODTOWN)	18564.01	DANIELSTRAAT 20 B/WES 6970
EDEN BLOEMISTE	4740.00	BANTOMSTRAAT 47 B/WES 6970
SONNEBLOM BLOEMISTE	470.00	KERKSTRAAT B/WES 6970
CZ ELEKTRIES	7232.37	POSBUS 1007 B/WES 6970
	<b>142,442.83</b>	

**CENTRAL KAROO DISTRICT MUNICIPALITY**  
**TURNAROUND STRATEGY**

Current situation	Causes	Changed situation by June 2011	Municipal Action	Unblocking Action needed from other spheres and agencies (e.g. intervention or technical support)	BUDGET			
					Estimated Amount	National	Provincial	Local
Revenue not sufficient to cover financial obligations	Insufficient revenue base	An increase in revenue base and increase in equitable shares to maintain unfunded mandates e.g. spatial planning frameworks,etc	Updating of the indigent register. Systems need to be revised to ensure that a portion of money used for water and electricity goes towards paying for other services. Strict financial discipline i.t.o. the budget.	Equitable share formula to be revised according to the latest indigent stats and to accommodate the extensiveness of the Central Karoo Municipal spatial/geographic area. (COGTA/National Treasury) Provincial Treasury to assist municipality with the development of Abacus and Kent financial system.	R5 000 000 per annum	Operating R5 000 000 per annum	EPWP Projects Roads R10 000 000 (attached)	
Filling of critical posts (MM, LED Manager and SC Manager)	Lack of funding	Filling of all critical posts.	Municipality to budget for the filling of the 3 critical posts.	Funding required from National Treasury - equitable share to be increased to cater for operational costs of the municipality. Deployment of technical experts (planner, LED manager, SCManager) by Provincial/National Departments. Provincial Department to assist municipality with the shared services model for the municipality.	Refer insufficient revenue base			

Current situation	Causes	Changed situation by June 2011	Municipal Action	Unblocking Action needed from other spheres and agencies (e.g. intervention or technical support)	BUDGET			
					Estimated Amount	National	Provincial	Local
Shared Services Established but limited to internal audit and financial services.	Lack of sufficient buy-in and funding from Local Municipalities.	Expanded shared services which cover critical skills shortages within local municipalities.	The employment of competent people within critical positions to render shared services to the locals e.g. skilled planner, health and safety officer, etc. The municipality to liaise and consult with local municipalities to get buy-in for the shared services. Make use of political intervention to fast track Shared Services.	Provincial and National Dept's to consider deploying specialists such as Town Planners, Engineers to assist with scarce skills. SALGA to facilitate engagement between locals and districts and to workshop shared services	R1 000 000 per annum	R1 000 000 per annum		
Unable to implement LED strategy	Lack of LED Manager as well as sufficient funds	Sufficient funding and post to be filled	Municipality to budget for the post and procure it. Municipality in process of establishing an economic development agency to assist the municipality with implementation of LED projects. Municipality in the implementation phase of EDA process. Municipality to investigate the possibility of establishing PPP's. Municipalities should introduce investment incentives to promote economic development.	Fast tracking of EDA. Establish close relationships with EDA.	R150 000			Establishment R150 000

## Annexure B: Report of the Auditor General



# REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CENTRAL KAROO DISTRICT MUNICIPALITY

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Central Karoo 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 asset 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 3 to 66.

### Accounting officer's responsibility for the financial statements

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

### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
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 Central Karoo 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 the requirements of the MFMA and DoRA.

### **Emphasis of matters**

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

### **Restatement of corresponding figures**

9. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of an error discovered during the 2010-11 financial year in the financial statements of the Central Karoo District Municipality at, and for the year ended, 30 June 2010.

### **Going concern/ financial sustainability**

10. While the municipality prepared its financial statements on a going concern basis, note 62 to the financial statements indicates that the municipality's total liabilities exceeded its total assets by R13 150 926. This indicates the existence of a material uncertainty that may cast significant doubt on the municipality's financial sustainability, even though there is no indication by government that the funding of the municipality will not continue.

### **Disestablishment of the district management areas (DMA)**

11. As disclosed in note 42 to the financial statements, the DMAs are being disestablished and are to be incorporated in superseding municipalities with effect from 1 July 2011.

### **Additional matters**

12. 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**

13. No material inconsistencies between the draft annual report and financial statements were identified. The final printer's proof of the annual report will be reviewed and any material inconsistencies then identified will be communicated to management. Should the inconsistencies not be corrected, it may result in the matter being included in the audit report.

### **Unaudited supplementary schedules**

14. The supplementary information set out on page 67 to 82 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and accordingly do not express an opinion thereon.

### **Delay in the finalisation of the audit**

15. In terms of section 126(3)(b) of the MFMA, I am required to submit my report to the accounting officer within three months of receipt of the financial statements. Due to internal processes to ensure that high quality standards of reporting are maintained, I have delayed the finalisation of my report, although the financial statements were received on 31 August 2011.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

16. 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 XX to XX and material non-compliance with laws and regulations applicable to the municipality.

### **Predetermined objectives**

#### **Usefulness of information**

17. The reported performance information was deficient in respect of the following criteria :

- Consistency: Objectives, indicators and targets are not consistent between planning and reporting documents.
- Relevance: There is no clear and logical link between the objectives, outcomes, outputs, indicators and performance targets.
- Measurability: The indicators are not well defined and verifiable; targets are not specific, measurable and time bound.

18. The following audit findings relate to the above criteria:

- For the selected objectives, 23% of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.
- Reported objectives, indicators and targets in the annual performance report were not consistent when compared with the planned objectives, indicators and targets in the integrated development plan and strategic delivery and budget implementation plan.

#### **Reliability of reported performance information**

19. The reported performance information was deficient in respect of the following criteria :

- Validity: The reported performance did not occur and does not pertain to the entity.
- Accuracy: The amounts, numbers and other data relating to reported actual performance have not been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have not been included in the reported performance information.

20. The following audit findings relate to the above criteria:

- For the selected objectives, 90% of the reported targets were not valid, accurate and complete on the basis of the source information or evidence provided to support the reported targets.
- For the selected objectives, the validity, accuracy and completeness of 25% of the reported targets could not be established as sufficient appropriate audit evidence and relevant source documentation could not be provided for audit purposes.



## **Compliance with laws and regulations**

### **Audit committee**

21 The audit committee did not function, as required by section 166 of the MFMA, in that the audit committee did not advise the council of the municipality on matters relating to internal financial control and internal audits, risk management, accounting policies, performance management, effective governance, compliance with applicable legislation and performance evaluation.

### **Performance audit committee**

22 The municipality did not appoint and budget for a performance audit committee, nor was the existing audit committee utilised as the performance audit committee, as required by regulation 14 of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

### **Internal audit**

23 The internal audit unit did not function, as required by section 165(2) of the MFMA, in that the internal audit did not prepare a risk-based audit plan. Internal audit did not advise the accounting officer or report to the audit committee on matters relating to internal controls, accounting procedures and practices, risk and risk management.

### **Budget**

24. The municipality incurred expenditure disclosed in note 49.1 in excess of the limits of the amounts provided for in the votes in the approved budget, in contravention of section 15 of the MFMA.

### **Annual report**

25. The mayor did not table the 2009-10 annual report of the municipality in council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.

### **Transfers and conditional grants**

26. The accounting officer did not evaluate the performance of the municipality in respect of programmes funded or partially funded by a schedule 4 allocation within two months after the end of the financial year, as required by section 11(6) of the DoRA.

27. The allocation of conditional grants were utilised for purposes other than those stipulated in the respective schedules or gazetted DoRA framework in contravention of the requirements of section 15(1) of DoRA.

## INTERNAL CONTROL

28. 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

29. The accounting officer did not identify and mitigate the risk of unauthorised and irregular expenditure, as part of its budget and expenditure management, which also led to the use of conditional grants to fund the operations of the municipality.
30. The accounting officer did not exercise adequate oversight responsibility over reporting against predetermined objectives to ensure valid, accurate and complete performance reporting and over compliance with the relevant laws and regulations.

### Financial and performance management

31. A lack of oversight by management resulted in inadequate monitoring of compliance with applicable laws and regulations to ensure that performance indicators and targets were logically linked in accordance with the relevant performance management guidelines.
32. Management did not prepare regular, accurate and complete performance reports that are supported by reliable information.
33. Non-compliance with the applicable laws and regulations, as reported, could have been prevented had management properly reviewed and monitored compliance.

### Governance

34. The internal audit function was not adequately resourced and was not effective in identifying internal control deficiencies and making recommendations for corrective action.
35. The audit committee did not evaluate and monitor the municipality's responses to risk, including a consideration of IT risks and fraud prevention. It also did not provide oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.



Cape Town

21 February 2012



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*