

20089



ANNUAL



**EMTHANJENI**  
Municipality/Munisipaliteit

REPORT



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## Foreword by Mayor



Local Government is a critical central sphere of Governance in coordinating and ensuring implementation of government policies in relation to service delivery, in our case Emthanjeni Municipality playing a vital role in ensuring that Government Department NGO's and Business Sectors talk to each other and remains focus and talk to each other in addressing the plight of our people. The challenge of HIV/AIDS need for proper housing, water and sanitation, unemployment and poverty etc. as ongoing issues facing our people daily and directly needs a proper coordinated mechanism and strategy in addressing and dealing with it effectively, and in order to effectively solve some of these serious challenges we need to work with each other hence this year government theme **"Working together we can do more"**.

Local Government has emerged from a prolonged transition to face a second generation of challenges. A growing economy and urbanization have resulted in increased demand for economic infrastructure, ageing assets are increasingly requiring upgrading, rehabilitations or replacement and the locations and nature of poverty are changing. As Emthanjeni we face huge challenges in addressing backlogs in basics services and mostly on housing delivery.

Attempting to deal with all our different and unique challenges, this period is also characterized by the economic recession, which places on our shoulder our responsibility to plan properly and priorities. We are the custodians of public funds, whether raised from our won revenue or received through grants. We are tasked to use these resources to respond to the needs of our communities in Emthanjeni for infrastructure, services such as water, electricity, refuse removal and enabling and guiding spatial development of Emthanjeni Municipality. Asset maintenance and life-cycle management are very weak as reflected in the low levels of maintenance expenditure in the budget. The Municipality also faces a challenge of skilled personnel in terms of planning, leadership and supervision and mostly importantly, change management and paradigm shifts and must be arrested. Also shortage of national and provincial funding is inadequate – this is the greatest challenge of all.

Our interaction and communication with Stakeholders and communities remains a critical tool of assessment, planning and engagement not only for compliance sake in terms of legislation, but participatory democracy, the involvement of society in planning and shaping their own future, sharing common responsibility for both successes and failures remains and important aspect post 1994 which distinguishes what democracy means especially in the context of South Africa.

We use different mechanisms for effective communication for example Newsletters, Council Meets the People, Ward Committees, Ward Councilors having monthly meeting etc. In terms of Section 46 of the Systems Act, municipalities are legally obliged to prepare an Annual Report for each financial year. We cannot abrogate on that. The Annual report covers the performance of the municipality during the 2008/2009 financial year. The report will cover, inter alia, the percentage of households with access to all basic household services, free basic services, capital projects, number of jobs created, employment equity trends, financial viability, organogram and many more.

Each Directorate's performance is made public so that the community can bear testimony to the activities of 2008/09 financial year. We want you to engage on the report. We urge all community members to be involved through their ward committees and attend ward meetings to advise Ward Councilors. We have managed to fund entrepreneurs to set up businesses and it is our commitment to do in the coming future. Councilors can never decide on capital or economic programmes without proper consultation with the communities they serve-that also applies to services to be rendered.

The recession has one way or another seriously affected the standards, levels of expenditure, savings and general livelihood of our people. This year must indeed have been the most challenging and difficult year post democracy, due to all difficult issues as result of the terrible experience caused and informed by recession. During 2008/09 we have weathered storms and economic turbulence caused by price hikes, to arrive at where we are to date.

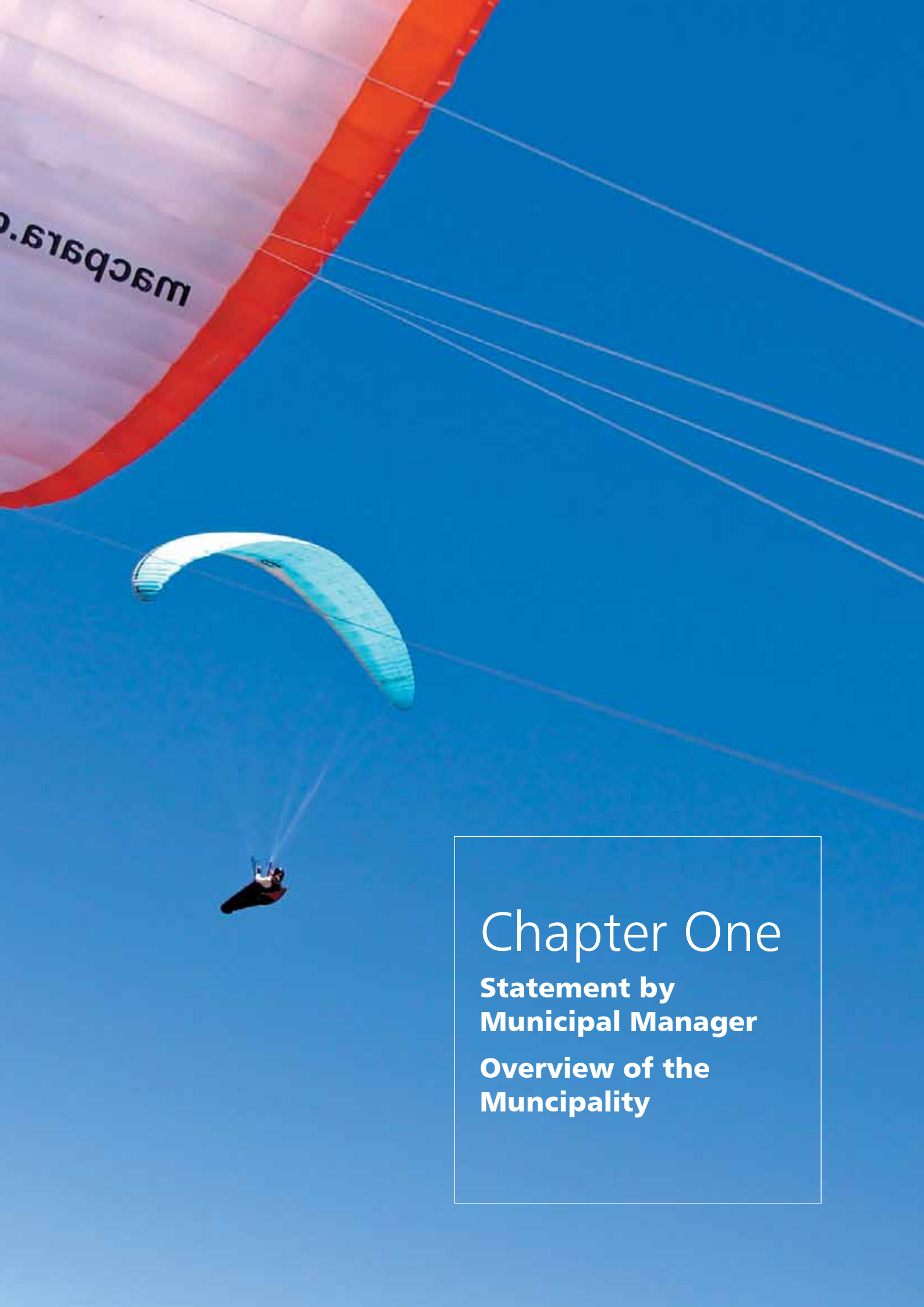
Through all those difficult and trying times, I want to extend my gratitude to the members of the society in all seven wards for their unwavering support. Thank you to the Councilors and they must know that to be a leader in local government is not infectious – you must be born with leadership qualities or acquire those qualities. One central quality of being a leader loves your people unconditionally, being available and assessable during nice and difficult time even if some don't recognize; appreciate both your value and contribution. A leader is able to walk, lead and learn society with all its experiences and challenges, initiates solutions and understands all angles and corners including his people.

To the Municipal personnel, thank you for your support and to those who work tirelessly to achieve the best for Council. Let's all be focused.

Siyabonga!! Enkosi!!! Dankie!! Thank you very much!!

**B.K. MARKMAN**

MAYOR/BURGEMEESTER



# Chapter One

**Statement by  
Municipal Manager**

**Overview of the  
Municipality**

# Councillors



**BK Markman**  
(Mayor)



**EP Eksteen**  
(Speaker)



**Clr GL Nyl**  
Exco  
Infrastructure &  
Dev



**Clr BK Markman**  
Exco  
Social Services



**Clr B Swanepoel**  
Social Services



**Clr EG Hendricks**  
Infrastructure



**Clr ST Sthonga**  
Infrastructure  
LLF  
Oversight  
Comm



**Clr M Malberbe**  
Social Services  
Oversight  
Comm



**Clr C Koopman**  
Social Services



**Clr X Max**  
Social Services



**Clr GL Nkumbi**  
Social Services



**Clr NS Thomas**  
Social Services  
LLF  
Oversight  
Comm



**Clr J Louw**  
Social Services



**Clr JJ Oberholzer**  
Social Services



**Clr A Japhta**  
Social Services  
Infrastructure



## Introduction by the Municipal Manager

As the third year of this term (2006-2011) of local government ends, it is imperative that we present the Emthanjeni Local Municipality's 2008-2009 Annual Report to provide an account of how the municipality has performed in attaining its strategic priorities and projects as captured in its Integrated Development Plan.

This Annual Report incorporate:

- A record of activities during the financial year
- A record of performance against the budget of the Municipality
- Accountability to the local communities for decisions made throughout the year
- Annual financial statements for the year

Throughout the 2008-2009 financial year the municipality worked to enhance the lives of those living and working in Emthanjeni by investing a substantial amount in the development of new infrastructure. The municipality also continued to deliver its range of services to the community.

During this reporting period the municipality also adopted its by-laws and significant improvements was made in the management of our cash flow. Our overdraft facility was reduced with 50%. In the 2009-2010 financial year the overdraft facility will be reduced to zero. There are still massive challenges like the increase in debtors because of non payment for services as well as our audit opinion, which we would like to improve within the next financial year. Addressing the unemployment rate as well as the provision of houses to the people also remains a critical challenge.

It is also necessary to mention that we have tried to adhere to the principles of good governance as we believe that good governance is integral to economic growth, the eradication of poverty and for the sustainable development of the community we serve.

Appended below is a full account of the services rendered by each respective Directorate. I submit this overview in appreciation of support rendered by the community, the staff of Emthanjeni Municipality for their unequivocal support, cooperation and hard work and lastly, the Councilors for their political guidance.

A handwritten signature in black ink, appearing to read 'Isak Visser', written over a light blue background.

**ISAK VISSER**  
MUNICIPAL MANAGER





## Senior Managers



I Visser

CFO MF  
ManuelDCCDS BS  
SiwaDIHDS FD  
Taljaard

## Overview of the Municipality

### Introduction

Emthanjeni Municipality comprises the towns of De Aar, Hanover and Britstown, with De Aar as administrative seat.

Emthanjeni Municipality is managed by a council of 14 Councillors, of which 7 are elected in the wards and 7 are proportionally appointed.

Emthanjeni has adopted the following vision and mission statement:

### Vision

We, Emthanjeni Municipality, commit ourselves to a humane and caring society, living in a healthy and secure environment, conducive to sustainable economic development.

### Mission Statement

We strive to: -

Deliver quality services and promote development in our municipal area in a non-existent, non-racial and non-discriminating manner. We do this by creating a climate of co-operative governance with meaningful partnerships with all stakeholders, especially the members of the general public.

### Historical Overview

#### DE AAR

De Aar means "the artery", and in many senses this town is also the lifeblood of the Karoo. It's the head office of the Emthanjeni and Pixley ka Seme District Municipalities; home to many artists; there's an important weather station that can be toured by visitors, and it is still an important railway junction in the country. The significance of its situation on the railway line is because it's central to Gauteng, Cape Town, Port Elizabeth and Namibia. There are about 110km of railway lines including 29 rail-tracks in De Aar's precincts. However, "De Aar", was so named because of the many water-bearing arteries that occur underground. Unlike many other Karoo towns, it did not develop around the Dutch Reformed Church, but in fact developed because of the railway line. The first stands were sold in 1902 and the municipality of De Aar was established in 1904. De Aar has the largest abattoir in the Southern Hemisphere and supplies all the major centers throughout the entire country with the famous "Karoo" lamb and mutton. Apart from meat production, the sheep farms around De Aar are also major suppliers of wool. All the water used in the town comes from boreholes – which is why the town is known for its large number of windmills. The town is easily accessible by tarred road, two airfields serve it – one is an all-weather runway than can accommodate any type of aircraft and it's only 52km away from the national bus route.

#### BRITSTOWN

It was in the heady days of The Great Diamond Rush in the year of 1877 that Britstown came into being. Fortune hunters paused here in their frenzied dash to the fabulous diamond field, and a settlement mushroomed to provide fresh horses,



fodder, refreshment and accommodation. Soon even a concertina virtuoso made music for happy dancers lubricated by the local brew. First the Fuller and Gibson coaches and then others stopped here. But by the time Britstown gained municipal status in January, 1889, a railway line already snaked across the Karoo plains to carry would-be diamond diggers through to Kimberley.

### LIVINGSTONE'S FRIEND

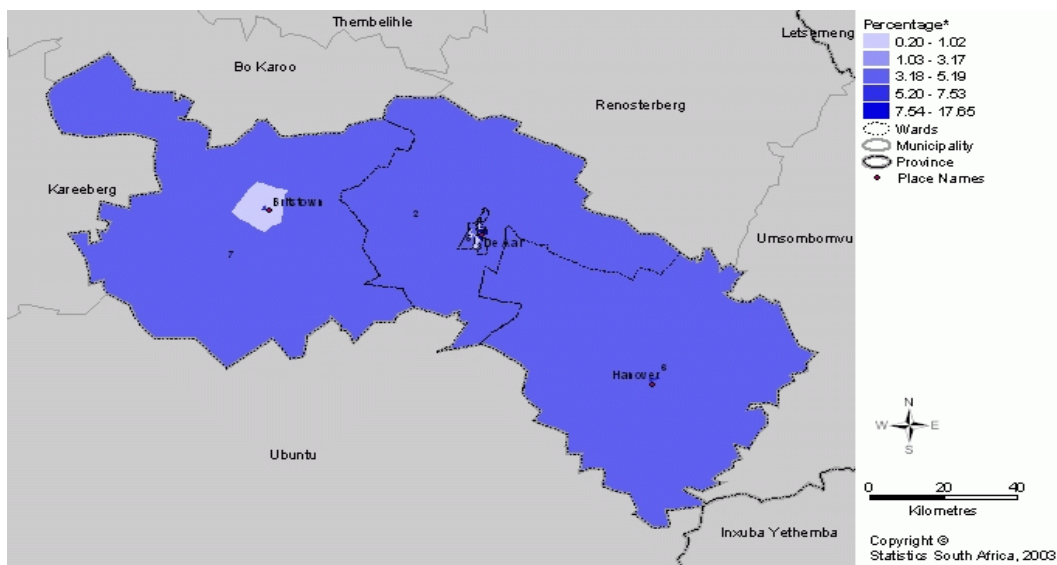
The small haven of Britstown, along the diamond route across the plains, was named after a man who loved the Karoo, Hans Brits. He once accompanied Dr David Livingstone, famous son-in-law of the great missionary Robert Moffat, on a journey to the north. Livingstone originally came to South Africa to help the Moffats at their mission in Kuruman, and it was on a journey to the north that he met Brits. They took a liking to each other, and Brits decided to travel with him. But, Livingstone did not get on with the Moffats, so he soon announced his intentions of travelling deeper into Africa, a decision that led to him becoming probably the continent's most famous explorer. Brits decided against a life of exploration and returned to the Karoo.

### DIAMONDS PROVIDE THE SPARK

Hans Brits then settled on a farm he named Gembokfontein, which is where Britstown now stands. Soon after the discovery of diamonds at Hopetown and Kimberley, Brits realised that he and his neighbours could earn good money serving the growing traffic along the Diamonds Route. So Brits arranged for a town to be laid out on a portion of his farm. As a tribute to him it was named Britstown. The thinking was to establish a point between Victoria West and Kimberley that could provide travellers on the Diamond Route with accommodation and refreshment as well as fresh horses and fodder.

### A LINK WITH THE GOLD MINES

Then, in 1877, a group of men, headed by TP Theron, purchased a section of Hans Brits's farm to establish a community centre with a church. This accomplished, they handed over the management of the fledgling settlement to church wardens. Traffic through the town increased when gold was discovered in "The Ridge of White Waters" in the old Transvaal Republic. Many of the fabled mining magnates, such as Cecil John Rhodes, passed through Britstown. In time, the town became a major junction on the route to the then South West Africa (Namibia).



Emthanjeni Municipality as a whole has a population of slightly more than 38 000. De Aar is the most densely populated area.

### Hanover

This attractive and historic little town on the N1 lies more or less halfway between Cape Town, Gauteng and Kwazulu-Natal. It was established in 1854 at the base of some rocky hills on the farm Petrusvallei, which was bought from Gert Gous. Gous requested that the town be called Hanover, after his great grandfather's town in Germany.

When declared a magisterial district in 1876, the town was very fortunate to be appointed with a far-seeing magistrate, Richard Beere. He insisted that trees be planted so that resident's descendants would have shade. Due to the increase in water consumption caused by an increase in residents, the spring that Hanover was built around dried up, and the number of trees seen in the town today is far less than 100 years ago. Beere loved the Karoo and spent a lot of time on the summit of Trappieskop, where a stone pyramid honoring his contribution to the town was erected when he died.

The older houses were all built right on the road edge – as per authority's instructions at the time – and when, in later years, homeowners built on verandahs, they had to pay a one shilling tax for this privilege. Today, they are still paying this





tax, which is now R17, 00. Hanover was home to Olive Schreiner – well known South African author – who lived here from 1900 to 1907, and referred to it as “the prettiest little village I have ever seen”. Her husband, Cron, was an agent in town and today his offices are used as a small guest house. Like many small Karoo towns, most of the streets are not tarred and the residential areas are very quiet, however, behind garden walls and front doors there’s plenty of activity going on as the industrious residents carry out their daily business.

The town is home to a variety of artists and craftspeople, as well as having several restaurants, a delightful bookshop, coffee shop and a museum. There’s interesting Karoo architecture to be seen and many gardens have a wind pump standing sentinel in one corner. Surrounding farms are principally Merino sheep, with many of the country’s best breeders operating in the Hanover district. Lesser Kestrels, from Europe and Central Asia, come to nest in trees around town, and can be seen gliding in the dawn and dusk sky from late October to the end of summer.

Emthanjeni Municipality primarily comprises 4 ethnic groups, i.e. Coloureds, Africans, Whites and Indians. According to the latest National Census statistics, 57,51 % Coloureds, 35,33 % Africans, 7,07% Whites and 0,08% Indians.

### Municipality Population

	Black	Coloured	Indian/Asian	White	Total
<b>De Aar</b>					
Male	3543	7181	21	1637	12384
Female	4014	7766	12	1841	13635
<b>Total</b>	<b>7556</b>	<b>14946</b>	<b>33</b>	<b>3478</b>	<b>26019</b>
<b>Britstown</b>					
Male	400	1306	1	138	1846
Female	398	1617	2	160	2178
<b>Total</b>	<b>797</b>	<b>2922</b>	<b>3</b>	<b>298</b>	<b>4024</b>
<b>Hanover</b>					
Male	756	421	1	95	1274
Female	866	453	1	100	1421
<b>Total</b>	<b>1621</b>	<b>873</b>	<b>2</b>	<b>195</b>	<b>2695</b>
<b>Emthanjeni Farms</b>					
Male	252	971	0	249	1473
Female	184	947	0	206	1338
<b>Total</b>	<b>435</b>	<b>1917</b>	<b>0</b>	<b>455</b>	<b>2811</b>
<b>Emthanjeni Total</b>					
Male	4951	9897	23	2119	16977
Female	5462	10783	15	2307	18572
<b>Total</b>	<b>10413</b>	<b>20662</b>	<b>38</b>	<b>4426</b>	<b>35549</b>

(STATS SA – CENSUS 2001)

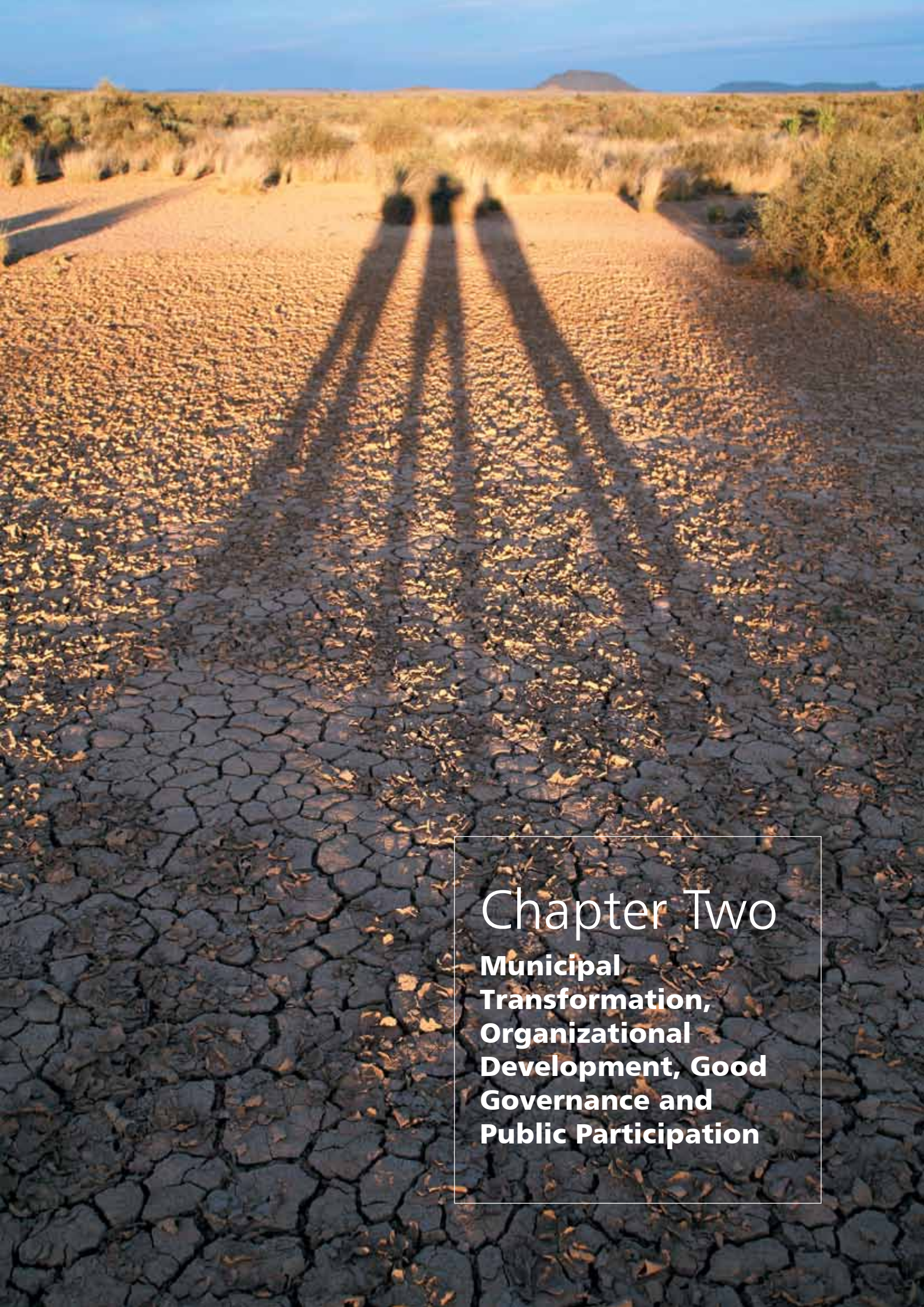
### Employment - Category

It can be seen from the table below that approximately 56% of the total eligible workforce is unemployed. This figure does include homemakers and housewives who do not choose to work and persons who cannot work due to disability or illness. If those categories are excluded the unemployment figure reduces to approximately 42% of the eligible workforce.

The economically active age group of 20 to 59 years old accounts for almost half the population (47%).

Area	Eligible workforce	Permanent Unemployed residents	Seasonal Farm workers	Domestic workers	Permanent Farm workers	Permanent Industry workers	Professional Workers
De Aar	13251	7544	63	763	105	4034	1085
Britstown	1891	1306	9	96	69	392	123
Hanover	1277	829	-	30	9	235	79
Farms	1745	435	15	352	862	1148	51
<b>Emthanjeni Total</b>	<b>18164</b>	<b>10114</b>	<b>87</b>	<b>1241</b>	<b>1045</b>	<b>5809</b>	<b>1338</b>

Employment Demographics – Census 2001



## Chapter Two

**Municipal  
Transformation,  
Organizational  
Development, Good  
Governance and  
Public Participation**



## Directorate: Corporate Community and Development Services



**Dir BS Siwa**



**MCS JRM  
Alexander**



**MD Mr Jack**



**MMO Mr  
Dyushu**



**CFO GX  
Sthonga**

### Introduction

The Corporate Services Directorate derives its mandate from Council's key development objective i.e. institutional development, the IDP. It therefore means it is largely an internally focused directorate with the primary aim to recruit employees and the development and enhancement of efficient administration systems.

The strategic challenge for the municipality is to find better ways in delivery services to the Emthanjeni community by effectively and efficiently utilising existing structures and mechanisms to address the needs of the community in a holistic and integrated manner. It is therefore this Directorate's responsibility to ensure that the organisation is aligned to advance on the key objectives of the municipality by addressing human resource related issues and to amplify technological applications within the organisation.

### Functional Overview

This Directorate consists of the following sections:

- Administrative Services
- Human Resources (HR)
- Community Safety
- Community Services
- Development Unit

This Directorate is regarded as a lifeline within the Municipality as it services the entire organisation. It provides administrative support services to each and every directorate, as well as Council's structures/committees.

### The staff component of Directorate Corporate Services

Director	1
Managers	2
Administration and Auxillary services	8
Human Resources	3
Traffic	15
Library Services	14
Community Halls	14
Registration	2
Translation	1



### Section: ADMINISTRATION SERVICES

As the administrative arm of the Municipality, this Section renders administrative support services to Council and its political structures. The political structures comprise the Executive Committee, Infrastructure Development and Social Committees, as well as ad-hoc committees. The administrative support service entails the preparation of Council agendas and minutes, as well as facilitating communication between Council and the various directorates, to facilitate the implementation of political decisions.

As a result of the March 2006 local government election, new portfolio committees have been established as Section 80 Committees which was changed to Section 79 Committees to rendering assistance to the Executive Committee, as and when required.

#### Councilor Information:

No	Name	Position	Gender	Party	Chairperson	Committees
1	B.K. Markman	Mayor	Male	ANC	Exco: Social Committee	Executive Committee; Social Services Committee
2	E.P. Eksteen	Speaker	F	ANC	Council	
3	EG Hendricks	Clr	M	ANC		Local Labour Forum ;Social Services
4	J.J Oberholzer	Clr	M	DA		Social Services;
5	A.F Jaftha	Clr	M	ID		Infrastructure Development Committee
6	C. Koopman	Clr	M	ANC		Local Labour Forum; Social Services
7	S. Max	Clr	F	ANC		Social Services
8	G.L.Nkumbi	Clr	M	ANC		Social Services Committee
9	G.L. Nyl	Clr	M	ANC	Infrastructure Development Committee	Executive Committee: Infrastructure Development Committee
10	S.T Sthonga	Clr	M	ANC	LLF	Local Labour Forum ; Development
11	B. Swanepoel	Clr	M	ID		Exco : Local Labour Forum
12	N.S. Thomas	Clr	F	ANC		Social Committee
13	M. Malherbe	Clr	F	DA		Social Services
14	A.G. White	Clr	M	DA		Social Services

These committees are:

- Executive Committee
- Social Services Committee
- Infrastructure and Development Committee

The following Ad hoc –Committee meets on a regular basis as reflected:

- Local Labour Forum
- Performance Management System
- Training Committee

This section also administers Council's by-laws and, in conjunction with the various user directorates, is responsible for the drafting / amendment and promulgation thereof.

#### YEAR PLANNER OF EMTHANJENI MUNICIPALITY 2009 SCHEDULE OF COUNCIL AND COMMITTEE MEETINGS

MONTH	COUNCIL	EXCO	Infrastructure and Development Committee	Social Services committee	Rules Committee
January		28th	12th	20th	14th
February	26th	23rd			
March		18th	10th	16th	3rd
April		30th			
May	28th	26th	4th	12th	18th
June		25th			



MONTH	COUNCIL	EXCO	Infrastructure and Development Committee	Social Services committee	Rules Committee
July		29th	6th	27th	14th
August	26th	19th			
September		22nd	7th	14th	9th
October		28th			
November	25th	17th	10th	3rd	12th
December		9th	2nd	8th	7th
Councillors to attend meetings	All Councillors	BK Markman GL Nyl B Swanepoel	GL Nyl ST Sthonga M Malherbe EG Hendricks	B.K. Markman C. Koopman S. Max G.L. Nkumbi B Swanepoel N.S. Thomas	BK Markman GL Nyl C Koopman
Officials to attend meetings	MM, All Directors, All Senior Manager, CAO, AO1, AO2, Office Heads	MM, All Directors, All Senior Manager, CAO, AO1, AO2, Office Heads	DIHS, DCCS, MD, LED/IDP, MFS, Officer Tourism, Building Inspector CAO	DCCS, MHPM, A Wambi, AO1, AO2 CAO	MM, DCCS, DIHS, CFO, MFS, MCS, MHPH, MMO, CAO, AO1, AO2

SIGNED BY SPEAKER: \_\_\_\_\_

### Correspondence

This section receives official correspondence from the public, which is distributed to the various directorates for attention. During this financial year the following correspondences was handled:

Faxes and e-mails received: **5 420**

Outgoing mail: **2 418**

Incoming mail: **3 011**

Incoming and Outgoing memorandums: **3 872**

Council decisions and items: **396**

All mail: **25 762**

This shows the magnitude of work done by the administration. This section plays a prominent communicative role between the Municipality and the public at large regarding applications, complaints and other issues that are raised by the public by way of correspondence.

### Records

The records division is entrusted with the core responsibility of managing the Municipality's official records by means of archiving the records, disposing of certain of those records and the transfer of records to the Provincial Archives. In general, this division manages access to records and also serves as a centre for the receipt, distribution and dispatch of correspondence to and from the public, as well as to Councillors.

### Legal Services

Currently we do not have a legal division in the Municipality but do make use of the services of Private Attorneys appointed by Council who render the specialist services to the different units of Council. Recently Council entered into a Shared Services Agreement with Pixley ka Seme District Municipality who will render this service in future.

### Estate and Property Management

This section is not a separate unit on its own but rather an addition to the duty list of some employees. This section has in the past year, through direct and indirect interaction with the community of Emthanjeni, delivered in terms of expectations regarding service delivery and providing a better life for all.

**ALL ERVEN SOLD**

Date	Purchaser	Nr	Size	Price
	S. Mouers	4282	960vk/m	R32892.00
	E. Kotze	20 (Han)	714	R5854.80
	M.M.Bosman	6030	330	R3085.50
	M. Mtyali	5852	567	R5300.32
	F.D Cube	1365	510	R4767.48
	M.R Dyushu	1321& 1322	1112	R10394.98
	M.Mvandaba	1307	504	R5372.14
	J.F Sigonyela	405	275	R2570.70
	Z.S Fata	420	329	R3506.81
	V.E. Klaas	419	275	R2571.02
	T.S Kwindla	1366	510	R4767.48
	B. Mlumbi	1036	422	R3944.86
	V.M Thomas	417	275	R2539.30

**Facility Management**

In line with the IDP Strategic Objectives of improving the quality of life and maintaining the levels of services delivery and customer satisfaction, the halls of Council were leased to the community for the following number of functions held:

<b>BRITSTOWN</b>	
Proteaville Community Hall	6
Mziwabantu Community Hall	12
Britstown Town Hall	12
<b>Hanover</b>	
Hanover City Hall	18
Kwezi Community Hall	42
<b>De Aar</b>	
De Aar Town Hall	116
Juvenes Hall	12
Nonzwakazi Community Hall	42
Multi - Purpose Centre	40
De Aar East Community Hall	62

The number of functions includes weddings, birthdays and other parties, but excludes meetings held by community and other organizations.

Property Administration and Transfers

A definite highlight for the year the development of the SMME's through training programmes.

A further serviced erven were also allocated to BEE companies. However, the majority of these companies cannot afford the cost of services to these erven or some is waiting on major developments to kick start before they could start. This development contributed to improving the opportunities of marginalized groups, as well as growing the economy to reduce poverty and unemployment.

All the administration in respect of these transactions, as well as general property related administration, is currently done by two officials.

**Communication**

Several additions were made to improve the level of service and customer satisfaction. The current Service Provider is hampering effective information and communication processes.

Cell phone usage is growing beyond expectations and there are currently 50 cell phone users, including the Councilors and routers on the switchboard. Although this is enhancing communication, the usage needs to be strictly controlled to limit expenditure. Control measures are in place to recover the costs of private usage.



## Human Resources and Organisational Management

### Introduction

Emthanjeni municipal area has a significant unemployment figure. The recruitment and appointment process attempts to appoint local inhabitants of Emthanjeni, first and foremost. However, the process does identify scarce skills, i.e. electricians, engineers, etc. and therefore recruits much wider

The Organisational Structure of the Municipality was adopted by Council on August 2007 and is already implemented. Council intends to review it again in the near future to align it with its Strategic Goals.

The HR Section of Corporate Services consists of Training, Personnel administration, Labour Relations and Performance Management.

The total staff establishment has 319 posts of which 316 are filled.

### The Training Section

The Training Section is responsible for facilitating and liaising on all formal and informal training, as well all training with regards to Occupational Health and Safety issues. This section is also responsible for conducting the Induction programmes for all new employees. List of training implemented during the year under review

#### SKILLS DEVELOPMENT: TRAINING REPORT FROM 01/07/2008 TO 30 /06/09

##### EMTHANJENI MUNICIPALITY

ELMDP	Univ. Pretoria	15
CPMD	Univ. Wits	5
LGNET	DBSA	12
PROJECT MANAGEMENT	DPLG	1
DISCIPLINARY TRAINING	SALGA	6
CLIENT SERVICES	DPLG	3
Disaster Risk Management	MTI	3
Law Enforcement	Molao Academy	13
Advance Admin Training	MTI	6

### Personnel Administration

Personnel Administration is divided into two sub-sections, namely Salaries and Payment and Human Resource Administration (Fringe Benefits Appointments including Employment Equity statistics and completion of EE reports for the Department of Labour). In-service sessions were held throughout Emthanjeni for all the employees regarding the new dispensation for leave and sick leave. We still experience challenges with our workforce as employees do not adhere to the policies and regulations on Leave and sick leave.

### Labour Relations

Labour Relations deals with all disciplinary matters, grievances, SALGBC and CCMA conciliations and arbitrations

#### List of Disciplinary cases

Type	
Alcohol abuse	6
Theft case	4
Desertion	2
Neglecting	0
Arbitrations	3
Conciliations	3
CCMA cases	3

### Performance Management

With the exception of all Section 57 Directors, performance management for all officials has not yet been introduced. Performance management sessions were conducted quarterly. Both formal and informal sessions were conducted. The informal session is a one-on-one session between the Municipal Manager and the Directors whilst the formal sessions are conducted with the Performance Management Panel who evaluate the evidence from the Directors kept in the files. Quarterly reports are submitted to Council on the Performance of Directors in executing their mandate.



## Community Services

### Introduction

The Community Services was faced with numerous challenges during the financial year under review. The division consists of the following sections:

- Libraries
- Primary Health Services
- Fire
- Traffic
- Law Enforcement
- Licensing and Administration

The division is responsible for most of the grass roots aspects of service delivery within the Emthanjeni Municipality and the strategic principle of service delivery within this division is based on "Batho Pele" or "People First" principles. This division has strategically committed itself to providing a people-centred service, recognising that service delivery is based on the needs of people and service excellence can only be achieved through dedicated and committed staff. Only a portion of the previous division falls within Corporate Services Directorate.

Our aim is to provide quality services, which are accessible and equitable. This is in line with our strategy of making developmental and operational changes to better serve communities and to improve service delivery. It is our intention to be at the forefront of transformation and service excellence within Emthanjeni Municipality.

### Functional Overview

#### Library Services



The Library Services, with its 14 permanent and 6 temporary staff members, renders an important educational service to the Emthanjeni community. The aim of the service is to take the libraries to the people, and this aim materialised in our project where books are delivered to the elderly at "Sonder Sorge" on a weekly basis.

The main aim of Emthanjeni Library Services is to render an effective and efficient service to the community of Emthanjeni. The Library provides information and recreational services to adults, learners and students. This section also promotes a culture of reading through educational programmes.

We are also involved in collaboration with Provincial Library Service in a Library Development Programme where we address the needs of Libraries through financial allocation from Provincial Government.

#### Primary Health Services

The aim and vision of this section is to provide health care to the community that is accessible, affordable and accountable to all. The health care personnel strive to adhere to the "Batho Pele" principle of putting people first.

During the 2008/ 2009 financial year, the Primary Health Services fell under the jurisdiction of Emthanjeni Municipality. The Constitution, as well as the National Health Act (Act 61, 2003) provides that Primary Health Care (PPHC) is the responsibility of the Provincial Department of Health. This process is still in progress in the Northern Cape and we hope to finalise the process through the Department of Health.

The Provincial Department of Health is funding these services on the basis of claims submitted against allocated funds, which were transferred to Local Government.

The community in Emthanjeni has access to various primary health care facilities. Currently a new facility is nearing completion in Nonzwakazi, De Aar.





### Clinics

Clinics deliver a comprehensive health service to the Emthanjeni Community:

De Aar	: 4
Britstown	: 1
Hanover	: 1

The clinics have priority health programmes for improving the health status of the Emthanjeni Community. The priorities are Tuberculosis (TB), HIV and AIDS, Women Health, Child Health and Chronic Disease programmes. TB still remains one of the most prevalent infectious diseases amongst the lower socio-economic community in the region. TB treatment is available at all clinics and is free of charge. HIV/AIDS remains an area of concern. Voluntary counselling and testing (VCT) is being done at the clinics and all results are deemed confidential.



### Section: FIRE SERVICES

The mission and vision of this section is to establish a professional Fire and Rescue Service of the highest standard for the population of Emthanjeni Municipality.

Due to lack of staff and budgetary constraints the duties in this division are performed by Traffic Officers and volunteers. The Fire Services are divided into two main functions, these being Operations and Support Services. These two main functions of the Fire Section are taken care of by the following divisions:

- Operational Division
- Fire Safety Division
- Disaster Management Division

The Fire Section currently faces challenges with regard to the remote areas because of a shortage of efficient vehicles and human resources. Resources are constantly being pushed to the limits in an effort to render a service that is efficient and of high standard. Our service has as a key objective to address these challenges as a matter of urgency in order to render a service of a high standard.

#### Operational Division

The main aim of the Operational Division is to respond to fires and other emergencies. The Fire Section strives to uphold a highly efficient and professional standard of service, which is required in terms of the South African National Standard Code (SANS 0090). For different emergencies that the Fire Section has to cope with it has to ensure that, in spite of budgetary constraints, its vehicles and equipment are kept in good condition and that it is maintained regularly.

#### Fire Safety Division

The Fire Safety Division ensures that the necessary and required fire prevention procedures are adhered to in accordance with appropriate legislation. This is done in order to create a safe environment for people to work and live in.

#### Fire Services Challenges

The mission and vision of this section is to establish a professional Fire and Rescue Service of a high standard for the population of Emthanjeni Municipality.

Due to the lack of staff, training and budgetary constraints the duties are performed by traffic officers and volunteers. This section faces major challenges in performing its duties due to the lack of resources and the large area it has to deliver services too.

This section was called out to the following incidents in the 2008/2009 financial year.



Callouts	Number
House fire	17
Flat fire	0
Shack fire	1
Business fire	0
Factory fire	0
Vehicle fire	0
Veld fire	27
Other incidents	3
<b>Total number of callouts</b>	<b>48</b>



**Disaster Management**

Pertaining to Disaster Management, this section is taking steps to ensure that the Municipality will be prepared should a disaster occur. Disaster Management entails the preparation of different plans in order to prepare for different incidents. For this reason it is important to involve different role players from both the private and public sector. It is however, imperative that there is emphasis on the importance of this section and to make sure that every possible precaution is taken with regard to the safety and well-being of the community and the environment.



**Traffic Services**

The mission and vision of this section is to render an effective and professional service to the inhabitants of Emthanjeni municipality and the visitors to our area, to ensure the safety of all road users on our roads and areas within the municipal boundaries.

The Traffic Service can be divided into the following subsections:

- Traffic law enforcement
- Drivers licence testing centre
- Vehicle test station
- By law enforcement

**Traffic law enforcement:**

Traffic law enforcements primary goal is to ensure the free and safe flow of traffic in the municipal area, the apprehension of traffic offenders, assisting and training of the general public in regards to road safety. This section consists of seven traffic officers with a back office personnel of five administrative officials, and its offices is situated in the Town hall in Voortrekker Street, De Aar.

This section is responsible for traffic law enforcement and uses the following to accomplish this:

- Visible vehicle patrols.
- Roadblocks.
- Speed enforcement with mobile speed cameras.
- Foot patrols in CBD.
- Vehicle check points.

This section also does combined traffic enforcement operations with the SAPS and Provincial Traffic Department from time to time.





The following summonses for traffic offence were issued by this section in the 2008/2009 financial year.

Offences	Cases		Amount
Driving Licences	267	R	124,100.00
PRDP	25	R	11,500.00
Motor Licensing	229	R	102,600.00
Road signs and markings	303	R	123,600.00
Rules of the road	298	R	64,300.00
Parking / stopping	32	R	10,200.00
Vehicle defects	118	R	38,450.00
Overloading	16	R	4,200.00
Other Offences	19	R	4,700.00
Speed Digi-Cams	63317	R	25,289,200.00
Speed N1 Hanover Camera	7820	R	2,902,400.00
<b>Totals</b>	<b>72444</b>	<b>R</b>	<b>28,675,250.00</b>

#### Traffic fines moneys received

Payments received office	R	10,198,512.00
Payments received courts	R	125,716.00
Total payments received fines amount	R	10,324,228.00
Minus TVS Payments	R	6,739,902.70
Nett fines amount received	R	3,584,325.30

#### Driving Licence Testing Centre:

The driving licence testing centre is responsible for the test and evaluation of persons for their drivers and learner licences. The Chief Traffic Officers office is also situated at this centre. This section consists of four examiners for driving licences and one administrative official.

- This sections daily duty consists of the following:
- Receive application for learner and driving licences.
- Receive application for Professional Driving permits.
- Do eye tests for compliance with legislation of applicants.
- Test applicants for driving and learner licences.
- Issue driving and learner licences to successful applicants
- Issue temporary driving licences to successful applicants.
- Keep all records up to date in connection with driving licences.

The following application was received and documents issued by this section in 2008/2009 financial year.

	Number		Amount
Applications for Professional Driving Permits	370	R	22,200.00
Applications for Learner licences	1560	R	77,995.00
Application for drivers licences – Motorcycles	11	R	1,650.00
Application for drivers licences - Light motor vehicles	724	R	114,640.00
Application for drivers licences - Heavy motor vehicles	614	R	114,220.00
Applications for Duplicate Learner licences	46	R	2,300.00
Issue of Driving licences	1711	R	191,040.00
Issue of Learner licences	784	R	39,200.00
Issue of Temporary Driving licences	784	R	23,900.00
<b>Total</b>	<b>6604</b>	<b>R</b>	<b>587,145.00</b>

#### Learner and driver test results

	Learners	Drivers
Total tested	1480	1293
Total passed	756	292
Total failed	724	1014
Percentage passed	51.08%	22.58%



### Vehicle test station:

This subsection is responsible for the testing of vehicles for roadworthiness and assisting of the law enforcement section in examining of vehicles to discontinue the motor vehicles. This subsection consists of the one examiner for motor vehicles and one pit assistant. This sections daily duty consists of the following:

- Testing of motor vehicles for roadworthiness.
- Assisting public with enquiries in connection with vehicle fitness.
- Keeping all records up to date.

The following application was received and documents issued by this section in 2008/2009 financial year.

	Number	Amount
Applications roadworthy Bus	16	R 2,190.00
Applications roadworthy Goods vehicle	443	R 61,250.00
Applications roadworthy Motorcycle	14	R 1,030.00
Applications roadworthy Other	365	R 44,560.00
Certification of roadworthiness	740	R 37,000.00
<b>Total</b>	<b>1578</b>	<b>R 146,030.00</b>

### Vehicle testing results

Total vehicles tested	1072
Total vehicles first test - Passed	426
Total vehicles first test - Retest	284
Total vehicles first test - Failed	56
Total vehicles retest - Passed	295
Total vehicles retest - Failed	5
Percentage vehicles passed on first test	39.74%

### By law enforcement:

This is a new subsection under traffic services and five peace officers were appointed by the municipality in this section. The peace officers are distributed in the municipal area as follows, one in Britstown, one in Hanover And three in De Aar.

The main goal of this subsection is as follows:

- Enforcement of municipal by laws.
- Educating the public in respect of the municipal by laws.

### Development Services

Issues

- Commonage
- Investment list progress & comments
- Overall summary of IDP
- Involvement of Departments & Institutions
- Tourism Indaba
- Visits to Emthanjani 08/09
- Guest Houses: how many 08/09
- Probably list them
- How many libraries do we have
- Involvement of Departments & institutions in Tourism
- Beehives, Taxi Rank
- Karoo festival – talk to Klopper
- Seda: SMME
- Achievements / challenges
- Reports on Tuck shops

## Executive Summary of IDP 2008/2009

### Political Oversight of the Budget Process

In terms of the Political Oversight of the Budget Process for 2008/2009 Emthanjani Municipality started with the Public Participation Process last year. Chapter IV of the Municipal Systems Act stipulates that a Municipal Council should put in place mechanisms and procedures that allow for public participation in the affairs of the Municipality including the IDP Process. To facilitate community participation the Municipality embarked on a number of activities like Council Meets the People Programme during the month of November 2008. Council meets the People was used as a baseline to get



input from the communities. Meetings were held in all seven wards where the identified community issues and needs were identified. Separate IDP Representative Forum meetings were held with all relevant stakeholders to consider input from sector departments. The purpose of the meetings was to determine where we are, the process plan intention and to determine key strategic projects.

#### **Process used to integrate the review of the IDP and preparation of the Budget:**

In August 2008, Emthanjeni Municipal Council approved the IDP Process Plan and budget schedule. In terms of the MSA there is a need for the preparation and adoption of a Process and Framework Plan for the review process. This is emphasized in the MFMA as set out under point 1.2. An IDP Representative Forum meeting was held on 14 February 2008, where progress over the last year was considered and the IDP Process Plan was presented. Council Strategic Planning Session was held in July 2008. Strategic sessions were convened with emerging farmers, religious fraternity, tourism sector and young people of the entire Municipality. Consultative meetings were held in all seven wards to get the input from the community. The amendments contained in the IDP and Budget for 2009/2010 was concretized through deliberations at management meetings and steering committee meetings. The different directorates also participated in the process of compiling the IDP.

Vision of the municipality reads as follows:

We, Emthanjeni Municipality, commit ourselves to a human and caring society living in a healthy and secure environment, conducive to sustainable economic development.

The following strategic focus areas can be outlined:

1. Basic Service Delivery
2. Local Economic Development
3. Good Governance
4. Financial Viability
5. Institutional Arrangements

#### **Long term goals or outcomes of the community**

The issues of the community were translated into Key Performance Areas, which Emthanjeni Municipality seeks to address:

- Sustainable Services
- Provision of Infrastructure
- Local Economic Development
- Environmental Management
- Social Development
- Good Governance
- Safety and Security
- Cross Cutting Issues

#### **Reference to alignment with national, provincial and district plans:**

The IDP 2008/2009 was prepared within the framework of National, Provincial and District plans, with particular consideration being given to the National Spatial Development Perspective (NSDP), Pixley Ka Seme District Growth and Development Strategy (DGDS) and the Northern Cape Provincial Growth and Development Strategy (PGDS).

#### **Summary of the medium-term objectives or output:**

To deliver quality services and promote development in our municipal area in a non sexist, non-racial and non-discriminating manner

To ensure that all residents have access to sustainable free basic services and all other services rendered.

To promote the equitable creation and distribution of health in Emthanjeni Municipality

To ensure a healthy environment for all residents of Emthanjeni through effective environmental management principles

To contribute to the development of caring communities which promote and protect the right and needs of all citizens, with a particular focus on the poor

Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.

Contribute to a multi-sectoral response in addressing matters of importance, affecting children, youth, women, people with disabilities and elderly persons.

#### **Amendments to the IDP**

The IDP Review 2008/2009 of Emthanjeni Municipality was conducted in house and it has enhanced buy-in by directorates and ownership of the document. Participation from directorates did improve, but can still improve further.

The following aspects of the IDP were amended:

Section A: Introduction

Amendments to the Situation Analysis on the issue of climate, water, vegetation etc.

We also attached a summary to the situation analysis  
 Amendments to the Economic Development Initiatives of the Municipality  
 Section C: Community and stakeholders priority issues  
 Amendments to the list of projects  
 Amendments to the Budget 2009/2010

### Involvement of Departments and Institutions in the IDP Processes

Sector Departments are involved through the IDP Representative Forums which are held every quarter. All Emthanjeni Councilors are members of the Representative Forum. In terms of sector department contributions the Municipality can report that sector plans of government departments were not available and a holistic inclusion could not be made.

### Tourism Indaba

The focus of this year's Tourism Indaba was firmly on 2010 FIFA World Cup and other global events coming to S.A. Emthanjeni Municipality received first prize for best stall at the Northern Cape stand. This is good for our Municipality as we can only improve from here onwards. The judging process was based on appearance, professionalism in conducting business with consumers and professionalism in the maintenance of stands. At Emthanjeni stall we were able to satisfy enquiries about paragliding, accommodation facilities and other tourism activities that take place in our municipal area. We were also able to respond to issues that relates to other municipalities in the Karoo Region.

### Visits to Emthanjeni Municipality: June 2008/09

18.05.2009 until 12.10.2009

#### Purpose of visits to the Tourism Office / Information Centre:

- Information on the NC
- Accommodation

#### Accommodation List: De Aar 08/09

1. Annemarie 053 370 7509
2. De Aar Guest House 053 631 4079
3. De Aar Hotel 053 631 2181
4. Dorpshuis 083 305 6497
5. De Aar B&B 053 631 476
6. De Lange Guest House 053 631 4368
7. Fly De Aar / Potties B&B 053 631 1555
8. Emthanjeni Lodge 053 631 2777
9. Enslinsrus Guest House 053 631 3395
10. Garden Cottage 083 305 6497
11. Herberg Lodge 053 631 0315
12. Hydra Guest Houses 053 631 0522
13. Inn Excellence 053 631 3944
14. Karoo Country Lodge 053 631 0394
15. La Province Guest House 072 247 8544
16. Mike's Lodge 053 631 3245
17. Stay a Day guest House 053 631 4305
18. The Guest House 053 631 0521 / 076 219 0348

#### Guest Farms

1. Brandfontein: 082 570 0798
2. Maria's Farm House: 078 268 2682

#### Hanover

1. Ash Tree B&B 053 642 0080
2. Bun Clody Guest House 053 643 0256
3. Darling Street 053 643 0254
4. Hanover Inn 053 643 0333
5. Hanover Lodge 053 643 0019
6. Mams Megatown 053 643 0333
7. Shalom Guest House 053 643 0603
8. Vergenoeg't Country Lodge 053 643 0141

#### Guest Farms

1. Dwaalfontein 053 642 ask 1121
2. Mieliefontein 053 643-0170
3. New Holme 053 643 0193
4. Wortelfontein 082 378 3601





### Britstown

1. Kambro Overnight Accommodation 083 305 6668
2. Mirage Rooms 053 672 0310
3. Transkaroo Lodge 053 672 0027

### Guest farms

1. Elandsfontein 082 353 5543
2. Omdraaisvlei 053 353 3334
3. Rietpoort 083 468 6166

Amount of Libraries in Emthanjeni Municipality: 5

### The involvement of Departments & Institutions in Tourism

The involvement of Departments & Institutions in Tourism is lacking. It is a challenge to get them in meetings to discuss issues that involve Tourism. The challenge that we had here in our Municipality is that the Provincial Tourism Department will interact directly with the Municipality.

### Beehives / Taxi Rank

The beehives in our Municipal Area were established in an effort to stimulate Local Economic Development. Up until now we built 10 beehives, 5 near De Aar Post Office and 5 at the Taxi Rank. The beneficiaries who applied for space at the beehives are people that will sell a variety of products.

### Karoo Festival March 2009

Emthanjeni Municipality participated in this annual festival organized by the De Aar High School via a stall to promote local tourism, arts and crafts and drew a great deal of attention with the products on show, including tourism brochures, information on endangered bird species, birds of the Northern Cape and a guide to the veld flower regions of the province.

Paintings by Sikhaumbuzo Makandula, a budding young artist from Nonzwakazi, Patty van den Heever, Antoinette Fourie, Sylvia van de Walle and Human and martin Binedell, two aspiring young artists from De Aar Primary School, were exhibited.

The coffee table-book with paintings of historical buildings in and around De Aar by Antoinette Fourie, accompanied by photographs and brief historically accurate descriptions, was a hit unique keepsake. These paintings were also on show during the festival. The African dolls of Denise palm of Hanover, with their ethnic and modern dress, were also a cause of much interest. Local imbongi and cultural guru, Sam Mooi, really enjoyed teaching visitors of all ages to play his handcrafted African drums, which were also part of our exhibition. The canned olives and olive products produced by Petru Raath of Britstown were further testimony to the varied talents to be found in our region.



## Emthanjeni Municipality

### Diverse Parking System Implementation

#### Diverse Parking Bylaws

Notice was given in terms of section 12(3) of the Local Government Municipal Systems Act, 32 of 2000 that Emthanjeni Municipality has resolved to approve new Parking Meter and Parking Ground By-laws and to revoke the parking meter by-laws promulgated.

In terms of Section 2(1)

It shall be unlawful to park any vehicle in any demarcated parking place without at the same time inserting and submitting, or having the vehicle registration number inserted and submitted by the parking meter attendant: Provided that the obligation to make payment as prescribed in subsection (3) apply only during such hours as the Council may by resolution determine.

In terms of the By-laws parking fees shall be payable by a person parking any vehicle or causing any vehicle to be parked in any demarcated parking place. Emthanjeni Municipality has the right to determine parking tariffs from time to time by means of Council Resolution.



### **Brief Background: Diverse Parking System**

The Diverse Parking System is a new parking meter system for De Aar. This system has been developed to address a number of issues like crime and unemployment. Emthanjeni Municipality has acquired this unique parking meter system to tackle these problems.

The system was acquired with the assistance of the Department of Social Service and Population Development. Amandla Cc was appointed to assist with the development of such a system. The beauty of the system is that it tackles job creation and crime reduction in a very user friendly way.

Since 13 July 2009, Amandla has been busy with the implementation of the system. The parking bays have been marked and the new signage has been created.

Currently the Diverse Parking Meter System is focusing on De Aar and feasibility studies will be done in future to consider expansion to satellite towns. These studies will be submitted to Council for consideration. During this period the operators will be deployed from time to time to practically test the machines and to get the acquainted with these modern high tech machines. Until the signage is up they will only test the system and no motorist is obliged to pay for any parking in De Aar. The motorist will be shown the machine, indicating the amount would be that be payable when the system is in operation.

How does the system work? Collection of parking fees:

- On arrival the operator will punch the vehicle details into the machine. Your vehicle is now metered and you will pay 95c for every 15 minutes your vehicle is parked
- On returning to your vehicle, you must indicate your desire to depart and the operator will come to you and show the meter that will display:  
Registration number  
Time parked  
Money owed
- When payments are made, please insist to press the payment button yourself, or ensure the button is pressed by the operator. The screen will display  
"Payment received-thank you"
- The transaction is completed. Failing to comply with this, a fine of R150, 00 could be issued by the Traffic Department as the By-laws regulating the parking meters have been promulgated.

### **Objective of the Diverse Parking System**

The object of the system is to ensure parking management, job creation and crime reduction and to further add value to the community as it would also assist the SAPS in combating crime in the CBD.

**Note: After six (6) months the friendly post payment system will change to pre payment which could assist with law enforcement.**

#### **Permits**

State pensioners can apply for a year permit that would enable them free parking for 30 minutes. This permit would cost them R50.00 per year. Proofs of grant and vehicle details are needed. Business owners have to apply for a permit on a monthly basis. Permit will only be applicable at the premises of the business.

**Note: The only vehicles that will be exempted will be municipal vehicles, essential services and emergency services.**

#### **Law enforcement**

The Traffic Officer may, whenever he deems it necessary or expedient to do so in the interest of the movement or control of traffic, place or erect a road traffic sign or signs indicating that there shall be no parking at any demarcated place or places, and it shall be unlawful for any person to park or cause or permit to be parked a vehicle in such demarcated parking place or places while such sign is so displayed.

#### **Stipends to Attendants**

The amount is R400, 00 for two months. After these two months the attendants will work on a commission basis. The supervisor will earn R1400, 00 per month and the Manager will receive R2000, 00.

**"ENJOY YOUR DAY"**. Once you see that screen the information is stored. Refusal to pay the amount due could result in a parking ticket being issued for the violation of the local parking meter bylaws that was promulgated in December 2008.





The status of the vehicle could be checked and a stolen vehicle could be traced immediately. If there are any warrants of arrest outstanding on a vehicle, the Traffic Department could be notified and the necessary action could be taken.

An added value is that the operators are trained to operate closely with the SAPS. They become eyes and ears for the Police. Thieves will quickly move out of the areas where they are blocked by trained security on every corner. The drop in crime in the area where DPS have implemented the system is remarkable.

One of the big advantages of the system is job creation. These street eyes will be strictly controlled and with so many security officers in the easily identified uniforms, DPS will be a great crime deterrent. These street eyes would be trained to assist with basic information about tourist attractions.

The office of the parking meters is in Miller Street, the same premises as Emthanjeni Car Wash. Anybody needing more info regarding the local operations are welcome to visit the office. Outstanding parking fees can also be paid there.

### Achievements

- Emthanjeni Municipality received 1st prize for best stall at the Tourism Indaba in Durban.
- Participation in the Vuna Awards 2008/2009
- Second Runners Up: Best Municipality of the Year 2008/2009
- 74% rating in terms of the IDP 2008/2009

### Ward Development Programme

Projects completed over the financial year 2008/2009:

#### Ward 1

Kerbing of Gladiola and Channelling	
Paving of Aandblom Street	
Revitalization of houses	Extension 20
	Extension 21
	Happy Valley
	Residentia
	Leeuwenshof
	Residentia



Workers busy with revitalization in Happy Valley

#### Ward 2

Paving of Makweya and Carl Street	
Marketing of toilet paper plant	
Erection of Temporary zinc structures	Malay Camp Tuintjie



**Toilet Paper Plant**

**Ward 3**

Channelling and paving of street 8	
Kerbing and paving of side walks	
Revitalization	Street 1



**Paving and channelling of Street 8**

**Ward 4**

Kerbing and channelling of Topaaslaan	
Revitalization of houses	Kareeville



**Workers busy with revitalization in Karee Ville**



**Kerbing and Channelling of Topaaslaan**

**Ward 5**

Revitalization of 1 house	Kemp Street
Beautification of ward	Parks
Maintenance of lampoles	
Cleaning of streets	
Manufacturing of paving stone	

**Brickmaking Site****Cleaning of Jenny Street****Ward 6**

Tarring of Neptune street (150m)
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**Ward 7**

Resealing of Van Zyl Street 103.6m	
Patching of 138 potholes	
Building of 5 houses	Jansenville

**Annual report of the youth coordinator**

As Emthanjeni Municipality in the Development office one of our key issue is the youth development and youth programme. Issues that the youth coordinator has focused on are the following things:

**Youth summit**

In November 2009 the youth summit was held by Emthanjeni Municipality, where the youth of various structures were invited to the summit. The main objective of this summit was to have programme of action for the youth of this Municipality. Seventy young people were invited to the summit, where each wards was represented by ten young people. The entire councilor was invited to the summit and all Municipal managers were part of the summit. In terms of Departments and institutions which were invited were the following:

**Departments**

Department of Economic Affairs  
 Department of Social Services  
 Department of Housing and Local Government (Currently known as Human Settlements)  
 Department of Health  
 Department of Labour

**Youth Institutions**

Youth Commission  
 Umsobomvu Youth Commission

**Agencies**

SEDA  
 Institution of Higher Education  
 De Aar FET College  
 Presentations at the Summit:



The following institutions have made presentations at the summit:

- SEDA their role in assisting the SMMEs in training and registration of business, presentation was made Pixley ka Seme Regional Business advisor: Mrs. Nombulelo Vavi.
- De Aar FET College courses they offer at the college, presentation were made by the FET College courses advisor: Mrs. Galeboe.
- Northern Cape SALGA the role of the Municipality in youth development presentation was made by the provincial Manager: Mr. M. Nkompela.

Commissions at the summit:

The following commissions were held at the summit;

- Youth Development and Economic Participation, facilitator was Mr. K. Tolong
- Youth and Skills Development, facilitator was Mr. T.W. Msengana.
- Partnership amongst Youth and Emthanjani Municipality, facilitator was Ms. B. Tyhaliti.
- Youth Participation in IDP and Budget Process, facilitator was Mr. C. Jafta.

Summit Resolutions:

- That the summit should be an annual event.
- That the youth forums be established in all wards of Emthanjani Municipality.
- Three youth Co-ops to be established.
- The drivers License programme to be available at our Municipality.

### **National Youth Service Programme**

As part of youth development and transferring of skills to the unemployed youth, the Municipality has absorbed ten (10) young people in this programme. This programme was a year programme in the Municipality, and the following young people were in the programme:

Britstown satellite office:

- Freedom Mbombo was doing administration work, sending faxes and assisting in photo copies
- Veronica Frans was working at housing section unit, assisting with housing application forms and also visiting of housing site.

De Aar Main offices: Masizole Tshoma was working at Infrastructure unit, assisting that unit with town planning and marking of graves.

Yoliswa Reed was working at housing unit; she was responsible for capturing of housing applications forms, also working with the housing data of the Municipality.

Fikile Gaya was working at the youth office assisting with the programmes at the office and arranging of meetings.

Robert Elman was working at Registry for the period of six months, assisting there with filling and outgoing and incoming correspondence. The other six months moved to the HR offices where this Learner has assisted with leave forms and printing of salary advice.

Nomfundo Qoba was working at tourism office, part of the work the Learner was doing was assisting the visitor with the information they require.

### **Hanover satellite office:**

At this office three NYS Learners were absorbed to get skills. The following Learners were at this programme:

Nonyameko Sthonga this Learner was doing the administration at the office, doing photo copies and sending of faxes.

Fundiswa Tyityi, this Learner was also doing the administration at the office.

Siyambuka Magwa, the Learner was also doing the administration work at the office. Learners Absorbed after the one year period.

The following Learners were absorbed by the Municipality after the period of one year in the programme:

- (1) Britstown: Veronica Frans.
- (2) Hanover: Nonyameko Sthonga.
- (3) De Aar: Robert Eiman, Nomfundo Qoba and Masizole Tshoma.

### **HIV/ AIDS Programme**

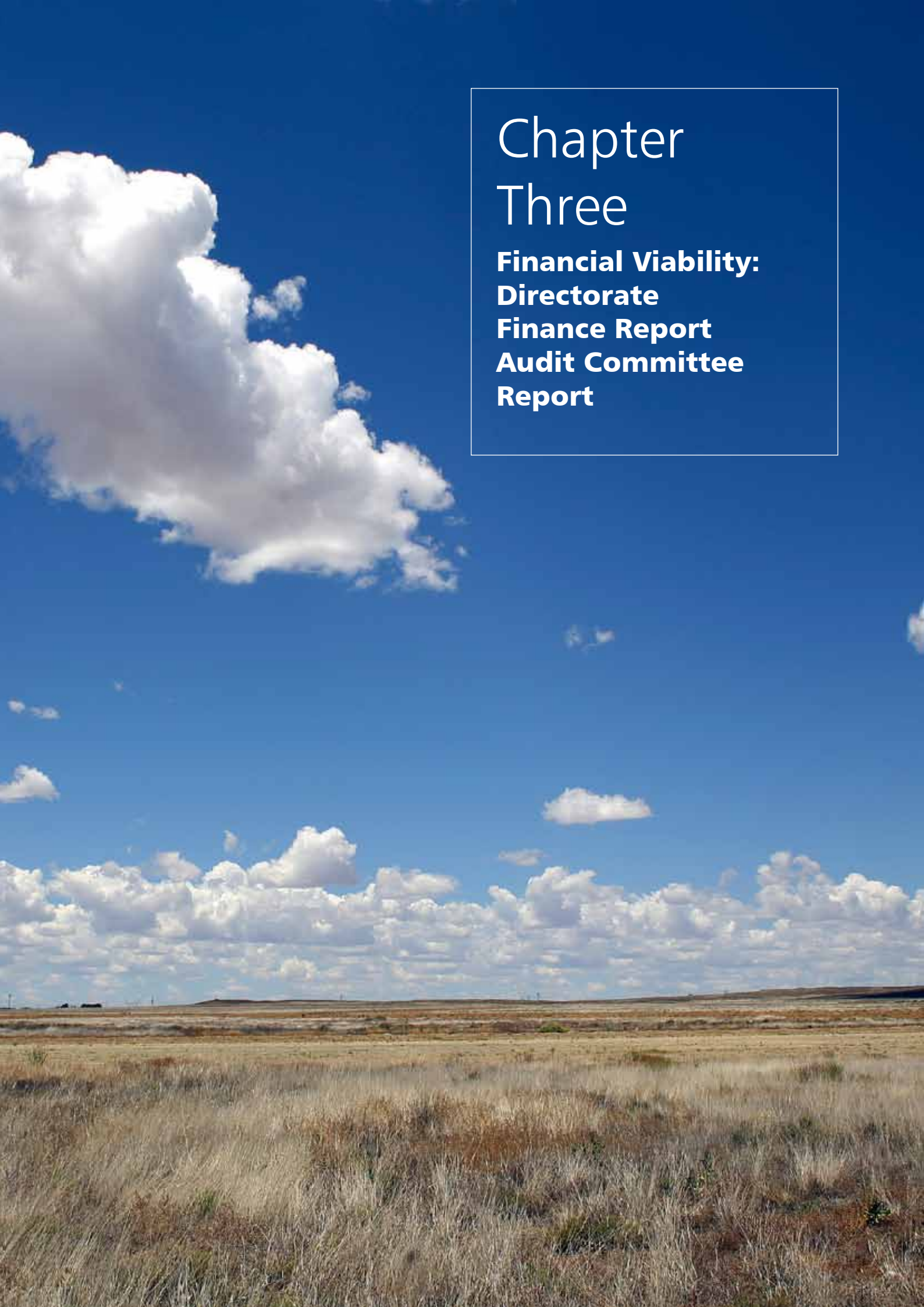
As part of awareness programmes by the Municipality for the community is the HIV/AIDS programme which the Municipality was having on the 10 December 2009. The theme of the programme was "Take action and take lead personally to create HIV/AIDS awareness in your environment". The Pixley Ka Seme District Municipality mayoral committee members were invited; the community members from the surrounding towns, Britstown and Hanover were part of the programme. The entire councilors of Emthanjani Municipality, the senior management were part of the programme. The key note speaker in this programme was the former District Mayor of Pixley ka Seme Municipality Hazel Jenkins. After the key note speaker candle lighting programme was followed, this was led by speaker of Emthanjani Municipality.



**Mayors Tournament**

Emthanjeni Municipality has host two days tournament on 20-21 June 2009, at Merino stadium in De Aar, an amount of R20000, 00 was at stake. At this tournament eight teams of this Municipality have participated in the tournament. The following 8 teams have participated: Mahobe United, Mighty Greens, Ocean Swallows, Computer Cosmos, Union Players, United Rovers, Dangerous Points, and B.C. Rangers.





# Chapter Three

**Financial Viability:  
Directorate  
Finance Report  
Audit Committee  
Report**



# Finance Department



**CFO MF  
Manuel**



**MFS H van  
der Merwe**

## 1. INTRODUCTION

The 2008/2009 financial year was characterized by the economic slow down that the country together with the rest of the world had to endure. The economic effects had shape the financial year in a strategic manner and as Emthanjani Municipality had to adjust to the realities that were face by its communities.

## FINANCE DIRECTORATE

The Finance Directorate organogram is structured as follows: The following sections

**Chief Financial Officer**

**MR MF MANUEL**

Budget & Treasury Office

**Manager: Financial Services**

**MR HH van der Merwe**

<b>ACCOUNTANT CREDIT CONTROL</b>	<b>INCOME ACCOUNTANT</b>	<b>EXPENDITURE ACCOUNTANT</b>	<b>OFFICE HEAD: BRITSTOWN</b>	<b>OFFICE HEAD: HANOVER</b>
<b>M JACK</b>	<b>M KLAAS</b>	<b>MRS LA WAMBI</b>	<b>MR FG SCHLEMMER</b>	<b>MR T MSENGANA</b>

## 3. SERVICE DELIVERY AND BUDGET IMPLEMENTATION (SDBIP)

The progress and growth of the development of the SDBIP reflects Council's commitment to the adherence of legislative and executive requirements. The improvement of the SDBIP and the reporting of the Council indicate that the finance directorate is changing to the needs of its community. Activities in the financial directorate can also testify about how dynamic Local Government is.

The following is a summary of SDBIP measurement together with targets reach during the financial year under review, for the finance directorate.



### 1. ENSURE ACCURATE AND TIMEOUSLY REPORTING AND PLANNING

UNITE OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Monthly budget control, reconciliations of general ledger and reporting	12	12
Submission of Annual Report	1	October 2008
MFMA Quarterly Reports to Council and N.T.	4	1
MFMA Section 71 Reports	12	12
Mid Year Reports / MFMA Section 72 Reports	1	January 2009
Service Delivery and Budget Implementation (SDBIP)	1	May 2009

### 2. TO DEVELOP A COMPLIANT BUDGET AND FINANCIAL STATEMENTS

UNIT OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Timeously submission of Annual Financial Statements and submission to the Office of Auditor General	1	29 August 2008
Development of Draft Budget	1	End of March 2009
Approval of Financial	1	End of May 2009
Preparation and Approval of Adjusted Budget - Electricity Adjustment Budget	1	- Electricity September 2009
- Adjusted Budget	1	- February 2009

### 3. ENSURE EFFECTIVE CAPACITY DEVELOPMENT AND SUPPORT IN FINANCIAL UNIT

UNIT OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Approval of service level agreement and framework for financial support and capacity building	80%	60%
Debt Collection	1	Busy with VVM
Security	1	Tender was re-advertised and is in Evaluation process
Ensure recovery of consumer and sundry debt exceeding 90 days	50%	In progress, continuously
Performance reviews conducted with financial staff	4	2

### 4. ENSURE PROPER LEAVE PLANNING WITHIN FINANCE DEPARTMENT

UNIT OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Development and maintenance of Leave Register	1	1
Development and maintenance of proper timesheets of staff	1	100%

### 5. ESTABLISHMENT AND MAINTENANCE FINANCIAL SYSTEMS AND POLICIES

UNIT OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Effective system of revenue collection and safe keeping of data	12	12
Ensure 100% collection of grants and subsidies as per DORA allocation	100%	95%
Review and implementation of Credit Control and Debt collection policy	1	During March 2009
Development of Property Rates Policy	1	May 2009
Preparation and implementation of valuation role	1	Uluntu – end October 2008
Review and update the land use audit	1	0
Review and development of other revenue policies	1	March 2009
Effective system of expenditure control	1	Monthly
Implementation of Supply Chain Management	1	Continuous
Apply effective cash flow and investment management	1	Continuous
Effective store and inventory system	1	Continuous
100% Maintenance and security of General Ledger Accounting System	1	100%
Implementation of asset risk management in compliance with MFMA	1	Continuous
Review and implement of and IT policy and strategy	1	Continuous



**6. EFFECTIVE SUPPORT INTERNAL POLITICAL INTERFACES**

UNIT OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Scheduled Council meeting with full preparation	4	4
Special Council meetings	12	12
Council committee meetings	24	24
Council meets the People	28	28

**7. ENSURE PERFORMANCE MANAGEMENT AND REPORTING**

UNIT OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Number of Performance Management reports submitted to the Municipal Manager	4	4
Issuing of Clearance Certificates	100%	100%

**8. ENSURE PROPER CONVERSION FROM IMFO TO GAMAP/GRAP**

UNIT OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Maintenance of Fixed Asset Register (FAR)	1	31 July 2009
Development of Final Chart of Accounts	1	30 June 2009
Formulation of Accounting Policies for GAMAP/GRAP AFS	1	31 July 2009
Preparations and Submission of AFS without comparative figures in GAMAP/GRAP format	1	31 August 2009
Compilation and Preparation of Audit working paper file for external auditors	1	31 August 2009

**9. ENSURE FAIR PRESENTATION OF FINANCIAL STATEMENTS BY IMPROVING ON THE EXTERNAL AUDIT OPINION**

UNIT OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Improve on the 2008, previous year's audit opinion, received from the Office of the Auditor General	80%	-
Development of Audit Recovery Plan i.r.t audit qualifications identify in the external audit report issued by OAG	1	1

**10. ENSURE PROPER CUSTOMER CARE AND IMPROVEMENT IN SERVICE DELIVERY BY FINANCE OFFICIALS**

UNIT OF MEASUREMENT / OBJECTIVE	ANNUAL TARGETS	ACHIEVEMENT
Adherence and implementation of Customer Care	90%	75% and Continuously improving
Adherence and implementation of Customer Care Policy	90%	75% and Continuously improving
Staff meetings in various towns, De Aar, Britstown and Hanover	12	12
Strategic Review Session with all Finance Staff	1	October 2008

**CAPITAL VS CAPITAL EXPENDITURE**

The total Actual Capital Expenditure of R7 492 601.00 were realized during the 2008/2009 financial year. The capital expenditure shows the municipality's commitment to spent capital expenditure and also to improve the lives of the communities Council serve.

Capital Expenditure per GFS function	Budgeted 2008/2009	Actual 2008/2009
Council and Expenditure	467 911	305 317
Finance and Admin	423 352	733 349
Planning and Development	125 000	117 870
Sports and Recreation	1905 000	123 879
Roads Transport	272 400	328 506
Public Safety	165 000	122 719
Housing	127 340	127 336
Waste Management	1000 000	666 671
Water	4960 000	2026 962
Electricity	1107 000	44 281
Ward Projects	3500 000	2886 711
<b>Total</b>	<b>14053 003</b>	<b>7492 601</b>



The following capital projects were undertaken during the financial year:

1. Construction of Landfill Site De Aar
2. Erection of High Mass Lighting of Britstown sports grounds
3. Provision of Portable Water provision in Britstown
4. Purchasing of Mayoral Vehicle
5. Park equipment
6. Completion of Booi Mantyi Houses
7. Upgrading of Municipal Offices
8. Acquisition of office equipment
9. Ward Development Programmes
10. Traffic and Fire Brigade Equipment

## OPERATING RESULTS

The operating results for the 2008/2009 financial year ended with a deficit of R50 716 684.

### OPERATING REVENUE BY SOURCE FOR THE 2008/2009 FINANCIAL YEAR

	ACTUAL	BUDGETED
Property Rates	10 586 770	10 375 150
Service Charges – Electricity	18 729 866	22 461 230
Service Charges – Water	11 737 861	11 352 626
Service Charges – Sewerage / Sanitation	8 932 241	8 236 869
Service Charges – Refuse	5 395 173	5 599 933
Service Charges – Other	147 438	38 700
Rental of facilities and equipment	513 894	44 500
Interest earned – external investment	1 338 625	309 000
Interest earned – outstanding debtors	1 215 214	872 566
Fines	3 185 920	2 156 000
Licenses and permits	1 019 092	1 098 500
Governments Grants & Subsidies	27,733 063	27 723 000
Prepaid Electricity Sales	7 304 915	7 315 499
Other Income	2 507 181	1 262 274
<b>Total</b>	<b>101 986 796</b>	<b>99 246 347</b>

### OPERATING EXPENDITURE BY SOURCE:

EXPENDITURE		
Employee related costs	34 537 507	32 765 844
Remuneration of councilors	2 870 953	2 883 592
Collection Costs	820 236	875 000
Bad debts	50 473 464	5 130 413
Depreciation and amortization expense	21 583 267	1 382 688
Repairs and maintenance	5 675 561	3 904 470
Finance costs	985 098	1 066 110
Bulk purchases	15 729 745	16 923 483
Grants and subsidies paid	6 348 390	10 469 380
General expenses	14 085 132	12 237 402
Total Expenditure	153 118 353	87 638 382
<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>-50 716 684</b>	<b>11 783 532</b>

## 1. INCOME SECTION

Water and Conventional electricity meters are being read on a monthly basis in every town. Where no readings could be read the financial management system will calculate a forecasted consumption reading.

An average number of 12 000 monthly municipality accounts are being posted to consumers every month.

Staff deals with various accounts telephonic and written queries, on a daily basis.

Various mechanisms are being developed in order to make the enquiries more accessible to its consumer.

Different payment methods are investigated and introduced to make the payment queues shorter for customers.

The Credit Control Unit has been scheduled in order to provide more privacy for Customers when making arrangements to pay outstanding debt.



## 2. SUPPLY CHAIN MANAGEMENT

Although the Supply Chain Management Unit is not fully established due to lack of competent personnel, the various Supply Chain Management committees, the specifications, evaluation and adjudication committees are fully functioning. The Adjudication Committee makes final recommendation to the Accounting Officer for appointments.

All members of the various Supply Chain Management Committee must sign declaration of interest forms for each tender that is being awarded.

Compliance with the regulations of the Supply Chain Management and policy is a high priority at Emthanjeni Municipality. During the year under review, a total number of 14 tenders were awarded to various successful bidders. These tenders were awarded to various successful bidders. Those tenders amounted to R13 500 900. This amount is only for formal tender acquisitions of more than R200 000.

All suppliers must register on the municipality's supplier's database in order to contact with the municipality.

Various training was undertaken by the financial officials to capacitate themselves in order to serve the communities more effectively.

### TRAINING CAPACITY

All the staff underwent Abacus Financial Management Training. This training was to empower the staff to understand the Financial Management System better. This was also to give them an better understanding of how the different sections integrate in the financial cycle as a whole.

The enrolment of the Certificate Programme in Municipal Development was also completed by the Manager of Financial Services.

Other training are also in progress, as this is the municipality's commitment to adhere to the minimum competency levels set by National Treasury.

Apart from training provided staff are motivated to enroll for formal courses at recognized universities within the republic.

### MUNICIPAL VALUATIONS IN DE AAR, HANOVER AND BRITSTOWN

A new general municipal valuation roll was completed during the 2008/2009 financial year.

- All farming areas within the boundaries of Emthanjeni Municipality were valued.
- From 01 July 2009 the new valuation has been implemented.
- Currently several implementation pains and challenges are being experienced with the implementation the new municipal valuation roll.
- Challenges are being addressed very slowly but with the supplementary municipal roll, a big number of need challenges will to resolved.
- The new valuation roll replaces the old valuation roll of the three towns which had a last valuation in 1994 in De Aar, Britstown and Hanover long before 1994.

All residential businesses state and state parastal properties within the towns of De Aar, Hanover and Britstown were valued according the market related valuation.

### FREE BASIC SERVICES

Emthanjeni Municipality is fully committed to implement the FBS programme which will benefit to community it serves by provide for all its residential account holders with Free Basic Water of 6 000 liters of water per month.

Indigent Households who earned less than R2 000.00 per month their total household gross income, qualify as an Indigent Household. They have to apply in writing before and must met the criteria set out in the Indigent Policy before getting access to the subsidized Municipal Services. These subsidized serves are

50 Kwh L(50 units) of electricity

6 000 litres (6 kilolitres) of water

sewerage or sanitation (monthly levy)

Monthly Refuse Removal levy (once per week)

A total number of 3318 Indigent Households qualified for the subsidized services. The annual amount paid for these services amounted to R9 350 787.

## 3. DEBTORS

The increase in debtors balances from year to year and month to month are of great concern for Council and Management as a whole.

A monthly increase of almost ±R1,200 000 is the greatest culprit as it contribute to the short fall experienced on a monthly basis.

The total payment average % of 90,11% reflects the increase of debtors, which could be influence by the socio-economic conditions prevailing in the communities of Emthanjeni Municipality.



The total net outstanding debtors balance at 30 June 2009 of R12 896 288 decrease from R47 932 441 (30 June 2008).

The decrease resulted in Council resolution to write off debt amounting to ±R36 715 630 in March 2009.

The total Provision for Bad Debts amounts to R13 818 379 at 30 June 2009, (R5 695 502) – (2008), in order to provide for the irrecoverability of debts.

Company also contributed privately in the collection efforts and to recoverability drives that were undertaken by the municipalities.

The continued assistance of VVM Debt Collections company also assisted in the collection efforts and drive of the municipality.

#### 4. BAD DEBTS

During the year an amount of ±R36 715 630 (Excluding VAT) has been transfer from the Income and Expenditure return to the Provision for Bad Debts accounts.

A total amount of R42 411 131 was written off to all the residential accounts holders who had debt on 30 June 2008. This was processed in March 2009 and all balances from 30 June 2008 to March 2009 were taken in consideration when the "write-off" were prepared.

These "write-off" were mainly old untraceable, decrease and long outstanding debtors accounts.

This "write-off" exercise was executed across the various communities, and was also an attempt to motivate regular defaulters to pay the municipal accounts regularly on a monthly basis.

Furthermore the "write-offs" also give effect to previous year audit qualification on the recoverability of Debtors amount on the Balance Sheet.

#### 5. CASH FLOW

The cash flow of the municipality improved significantly over the last three years. The continued commitment from Councilors, Management and staff needs to be commended for this endeavour.

The total current investment increased within the current 12 months.

Emthanjeni Municipality operated heavily on an overdraft facility of R4 000 000 in 2007, in prior years since them the overdraft facility together with the Debit Bank balance has been turn around into a favourable bank balance of R3 586 602 at 30 June 2009.

Although there is still room for further improvement a consolidated effort from all stakeholders are needed.

#### 6. GRAP CONVERSION PROCESS

Emthanjeni Municipality has converted from IMFO to GRAP process. Price Waterhouse and Coopers assisted us with one GRAP Conversion process.

All infrastructure assets together other assets were revalued at replacement costs and depreciation on the assets were introduced during this process.

The presentation of Annual Financial Statements was presented in the GRAP accounting standards and other Internal Accounting Standards, where applicable.

Growing pains are being experienced during the conversion process in relation to capacitation of staff, including the CFO. The interpretation and implementation of GRAP Standards and other Accounting Standards creates several challenges which must to be overcome.

Challenges were experienced by the Restatements of previous year's errors, corrections and change of accounting policies.

#### 7. FINANCIAL ANALYSIS / RATIO'S

##### 1. LIQUIDITY RATIO'S

	<b>NORM</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Current	1,5:1	1,56:1	2,6:1	2,3:1
Acid Test		1,42:1	2,59:1	2,3:1
Cash / Current Liabilities	45 days	134 days	0,544:1	0,394:1
Debtors Collection period	45 days	220 days		226,5 days

#### 8. COMMENTS

##### 1. LIQUIDITY

The recovery of billed accounts fall well outside the national norm. This area of concern a known area which must be tackled with vigourously and commitment by all.

Sufficient allowance for the provision for Bad had been during this year. Continuous effort will be employed to recover as much outstanding debt as possible.



All the other liquidity ratio's indicate that the municipality is managing well and that current assets are sufficient to honor current liabilities.

#### 9. CHALLENGES FACING 2009/2010 FINANCIAL YEAR

1. The improvement of the payment percentage of debtors to increase it from current levels to almost 99% and higher.
2. The adherence of sustainable customer care and query handling by staff to customer remains a high priority within the finance directorate.
3. The continuous implementation of credit control and other financial policies to the betterment of the municipality as a whole.
4. The Capacitating of finance legislation accounting standards, Grap standards and other financial regulations standards and norms.
5. The implementation and understanding of the new National Treasury Budgetary Reforms will be tackled Lead on not just in order to comply but to implement it successfully.
6. The management of the Cash Flow position on an ongoing basis in order for the municipality to build enough cash resources, Capital Replacement Reserve, so that there must be more cash available for development projects finance by the municipality itself.
7. The overall improvement of the external audit opinion from the current disclaimer to an qualified or unqualified audit person.



# Audit Committee Report

## 1. EXECUTIVE SUMMARY

The Audit Committee was appointed by Council in terms of Section 166 of the Municipal Finance Management Act, Act no 56 of 2003. The Audit Committee was mandated, by means of an Audit Committee Charter, to execute certain responsibilities. The Charter was approved by the Mayor, the Municipal Manager and the Audit Committee members, at a meeting held on 28 October 2008.

The following members served on the Audit Committee:

Mr W De Bruin	Chair person
Ms G Goci	Member
Ms C Penderis	Member
Ms D Fourie	Member

The members of the Audit Committee are independent from the Emthanjani Municipality and written declarations of interest have been obtained to prove their independency.

During the 2008/2009 financial year, the Audit Committee held 4 meetings. In terms of the Municipal Finance Management Act, the Audit Committee should have at least four meetings per annum. A meeting, scheduled for 25 June 2009, had to be postponed due to unforeseen circumstances.

## 2. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied, as far as possible, with its responsibility arising from Section 166 (2) of the MFMA. Their responsibility includes the following:

### a. Advise the Municipal Council, the Political office-bearers, the Accounting Officer and the Management Staff on matters relating to:

- i. Internal financial control and Internal Audits
- ii. Risk management
- iii. Accounting policies
- iv. The adequacy, reliability and accuracy of financial reporting and information
- v. Performance management
- vi. Effective governance
- vii. Compliance with Legislation
- viii. Performance evaluation
- ix. Any other issues referred to it by the municipality

The Internal Audit Unit issued Internal Audit Reports to the Committee regarding the above mentioned components. Findings which were not resolved by Management were brought to the attention of the Committee. Recommendations made by the Audit Committee were implemented and reviewed by the Internal Audit Unit during follow-up procedures.

### b. Review the Annual Financial Statements to provide the Council of an authoritative and credible view of the financial position of the Municipality and its overall level of compliance with Legislation.

This aspect will be addressed in future.

### c. Respond to Council on any issues raised by the Auditor-General in the audit report.

This aspect will be addressed in future.

### d. Carry out investigations into the financial affairs of the Municipality, as may be requested.

The Audit Committee did not receive any requests for special investigations from the Municipality.

## 3. RISK MANAGEMENT

The Municipality is in the process of developing a Risk Management Strategy. This strategy is the foundation for a continuous risk assessment process and for managing and monitoring risk on an ongoing basis. A Risk Management Policy will also be approved by Council to ensure that Risk Management receives the necessary attention that it deserves.

## 4. FRAUD PREVENTION PLAN AND FRAUD RESPONSE PLAN

The Department of Provincial and Local Government (DPLG) is in process of developing the Fraud Prevention and Response Plan for Local Government. This follows on the adoption of the Local Government Anti-Corruption Strategy, issued by DPLG.

It is envisaged that the final document will be ready for Council to be approved, by the end of June 2010.



## 5. INTERNAL AUDITING

In terms of the Municipal Finance Management Act, the Audit Committee has the obligation to oversee the operations of the Internal Audit Unit.

The following documents were approved by the Audit Committee:

- i. The Audit Committee Charter 2008/2009
- ii. The Internal Audit Charter 2008/2009
- iii. The Risk Assessment 2008/2009
- iv. The Internal Audit Strategic Plan (3 Years)
- v. The Internal Audit Annual Plan 2008/2009

## 6. EXTERNAL AUDITING

The Office of the Provincial Auditor-General is responsible for the external Audit at the Emthanjeni Municipality. The Audit Committee Charter provides for an open communication channel between the Audit Committee and the Auditor-General. During the 2007/08 financial year, it was not necessary for the Committee to meet separately with the Office of the Auditor-General.

## 7. AUDIT COMMITTEE MEETINGS

The attendance at the Audit Committee meetings was as follows:

Name	Number of meetings held during 2008/2009;	Number of meetings attended
Mr W De Bruin	4	4
Ms G Goci	4	
Mrs D Fourie	4	4
Ms C Penderis	4	4

The meeting scheduled for 25 June 2009, was postponed due to unforeseen circumstances.

The MFMA stipulates that no Councillor should be a member of the Audit Committee. It is hereby confirmed that no Councillor serves as a member of the Audit Committee.

The Municipal Manager and the Heads of Departments attended the meetings, in order to respond on concerns raised by the Committee.

The minutes of the Audit Committee meetings were submitted to the full Council, as stipulated in the Audit Committee's Charter.

## 8. THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

The effectiveness of the internal control systems were reviewed by the internal Audit Unit and any shortcomings were reported to the Audit Committee. The Audit Committee dealt with it in the appropriate way.

## 9. THE RISK AREAS OF THE MUNICIPALITY'S OPERATIONS COVERED IN THE SCOPE OF INTERNAL AND EXTERNAL AUDITS

The scope of the Internal Audit's audit was reviewed when the Risk Assessments and Annual Plan of the Internal Audit Unit was approved. The scope of the External Audit was however not reviewed by the Audit Committee.

## 10. THE ADEQUACY, RELIABILITY AND ACCURACY OF FINANCIAL INFORMATION PROVIDED BY MANAGEMENT

This was reviewed by the Internal Audit Unit as part of their normal audit work program. Any findings would have been part of the quarterly reporting to the Audit Committee.

## 11. ACCOUNTING AND AUDIT CONCERNS IDENTIFIED AS A RESULT OF INTERNAL AND EXTERNAL AUDITS

Audit concerns, Internal and External, were submitted to the Audit Committee and it was dealt with in the normal way.

## 12. THE MUNICIPALITY'S COMPLIANCE WITH LEGAL AND REGULATORY PROVISIONS

The Municipality's compliance with legal and regulatory provisions was reviewed by the Internal Audit Unit. Any findings were reported to the Audit Committee at the normal quarterly meetings.

## 13. THE EFFECTIVENESS OF THE AUDIT UNIT

The effectiveness of the Internal Audit Unit was reviewed on 25 June 2009, and a report was issued to the District Municipality's Council. Being a Shared Service Internal Audit Unit, the report was submitted to the District Municipality.

## 14. SELF EVALUATION OF THE AUDIT COMMITTEE

The Audit Committee did a self evaluation and the report was submitted to the District Municipality's Council



### 15. PERFORMANCE EVALUATION OF THE AUDIT COMMITTEE

The performance of the Audit Committee was evaluated by the District Municipality's Council and a report was issued in this regard.

### 16. THE ACTIVITIES OF THE INTERNAL AUDIT UNIT, INCLUDING ITS ANNUAL WORK PROGRAMMES, CO-ORDINATION WITH EXTERNAL AUDITORS AND RESULTS OF SIGNIFICANT FINDINGS AND RESPONSE OF MANAGEMENT TO RECOMMENDATIONS

The activities of the Internal Audit Unit were noted from quarterly reports submitted to the Audit Committee.

The co-ordination with the External Auditors needs to be improved to ensure proper communication and the elimination of duplication of audit work.

All the findings submitted to Management were followed up by the Audit Committee during the quarterly meetings. In cases where the responses were not to the satisfaction of the Audit Committee, Management had to elaborate in more detail.

### 17. MATTERS REQUIRING SPECIFIC MENTION

The Committee noted the Auditor-General's audit opinion for 2007/2008 and encouraged Management to implement corrective measures to improve on the concerns raised by the Auditor-General.

The Audit Committee took note of the progress made by Management in implementing the recommendations made by the Internal Audit Unit. It is envisaged that in doing so, it could only have a positive reaction for the Municipality.

The Audit Committee members attended the following training sessions, during the specific financial year:

The Role and Responsibility of Audit Committees

**W DE BRUIN CHAIR PERSON:**

EMTHANJENI MUNICIPALITY AUDIT COMMITTEE





# Chapter Four

## Infrastructure and Housing Services





## Infrastructure and Housing Services



Dir FD  
Taljaard



MHPM CP  
Appies



MTS Mr  
Lubbe



METS  
Vacant

The main function of the Directorate Infrastructure and Housing Services comprises the maintenance of existing and provision of new infrastructure services and community facilities as well as the elimination of infrastructural and housing backlogs and support of economic developments.

Various capital projects were planned and completed during the past year. There was continuous liaison with consultants such as consulting engineers, town planners, surveyors as well as various government departments. Several applications were submitted during the past year for the funding of projects.

Numerous job creation projects during the past year involving the Infrastructure Department placed a great deal of pressure on the existing staff and equipment. During the course of the projects strict financial control was maintained and technical support provided.



Completed Taxi Rank in De Aar

### PERSONNEL:

The DIHS consists of 3 Departments i.e. Technical Services, Electrical and Housing and Project Management.

The staff establishment of the various departments is set out below:

Departments / Sections	No Staff:
1. Technical Services - Manager	1
Technical Officer	1
Operational staff: Water	10
Streets, Sewerage reticulation networks	36
Sanitation, Sewerage, Refuse removal, cemeteries	73
Parks and Buildings	18
Sport grounds and swimming pools	8
Mechanical workshop	6
<b>Total: Technical Services Department</b>	<b>153</b>
2. Electrical - Manager	vacant
Network Superintendent	vacant
Operational staff	25
<b>Total: Electrical Department</b>	<b>25</b>



Departments / Sections	No Staff:
3. Housing and Project Management - Manager	1
Head housing	
Building Inspector	1
Clerical staff	6
<b>Total: Housing and Project Management Department</b>	<b>8</b>
4. Infrastructure Office Personnel: Clerks	3
<b>TOTAL INFRASTRUCTURE AND HOUSING SERVICES</b>	<b>189</b>

**INFRASTRUCTURE: NEW AND UPGRADING PROJECTS**

During the financial year in question R 2,86 million was received for approved MIG projects.

The following projects were undertaken –	Project Cost:
Britstown: Ground water investigation - 80% completed.	R 377 000
Britstown: Upgrading of sports complex (Flood lights).	R1 793 212
De Aar: Upgrading of landfill site: Earthworks	R1 905 789
De Aar: Completion of taxi rank.	R2 829 640
Britstown: Replacement of reservoir roof	R 80 290

**JOB CREATION WARDS PROJECTS:**

The Technical Department performed a supervisory and support function with regards to various projects in all 7 wards.

- The cost of the projects amounted to R3, 5 million and comprised the following work:
- Laying 1057 meters of kerbing in various streets.
- Laying 83 meters of paving in Street 8 and 955 meters of paving on various side walks.
- Hanover - 250 meters of tarred streets
- Purchasing of solar pump
- Building of 2 sub-economic houses
- Manufacturing of toilet paper.
- Repairing of playgrounds
- Upgrading of De Aar West Sport Complex
- Painting of lamp poles
- Housing Revitalization Programme
- Manufacturing of paving bricks
- Various cleaning projects.



**Floodlights at Britstown Sports Complex**



**Manufacturing of pavers for streets**



**Paving of Street 8 in Nonzwalazi**



**Hanover: Solar pump for emerging farmers**



**Tarred road in Hanover**

**TOWN PLANNING AND BUILDING CONTROL:**

The staff members involved in town planning and building control provide information to other departments as well as consultants on a continuous basis regarding proposed developments and land transactions. This enabled the Council to take informed decisions on future developments.

• **Building Plans:**

During the 2008/09 financial year a total of 79 building plans were approved for an estimated value of R9 602 956.

Comparative figures for building plans approved during the past 5 years are set out below.

2004/05	64 building plans	R 4 628 821
2005/06	67 building plans	R 4 079 820
2006/07	88 building plans	R 9 159 722
2007/08	102 building plans	R 8 170 587
2008/09	79 building plans	R 9 602 956

The approved building plans mentioned above do not include low cost housing or the Secure Care Centre.



**Newly Completed Secure Care Centre in De Aar**

**HOUSING:**

Emthanjeni Municipality is one of only five municipalities in the Northern Cape to receive conditional accreditation as housing developer. The backlog for sub-economic houses was 3041 houses. Various smaller housing projects were undertaken during the year under review i.e.

- Booi Mantyi, Phase 1 – 50 houses completed.
- Booi Mantyi, Phase 2 – 54 houses completed.
- Barcelona 107 houses completed.
- Britstown 130 houses of which 48 have been completed.
- The Council also built 2 houses from own funds in Britstown and Hanover.

A total of 136 houses were therefore built during the year.



**Barcelona housing project**



**Britstown housing project**



## WATER SERVICES:

### Bulk Supply:

All three towns are reliant on ground water for their requirements and the entire water supply is provided by 71 boreholes and 2 fountains.

Water is provided to the different towns via 126km of water mains, 6 pumping stations and 14 reservoirs and pressure towers.

Emthanjeni Municipality is generally characterized by a high level of well maintained water infrastructure in the various towns. This is especially true of De Aar, which also has a sophisticated and well maintained telemetry system to monitor the water related infrastructure.

The annual capacity of the various boreholes is compared with abstraction below:

TOWN:	Capacity (kl)	Abstraction (kl)	Difference	% Utilized
DE AAR	2 800 000	2 173 615	626 385	78%
BRITSTOWN	270 000	211 349	58 651	78%
HANOVER	380 000	216 644	163 356	57%
TOTAL	3 450 000	2 601 608	848 392	75%

- Water Conservation and Demand Management.

Water demand management is an ongoing process implemented to limit water losses and thus provide a cost effective service.

A water audit was carried out during the 2008/09 financial year.

Summary of water losses for the past 3 years:

	2006/07	2007/08	2008/09
Water abstraction (kl)	2 569 958	2 390 985	2 601 608
Water sales (kl)	1 959 174	1 814 407	2 097 709
Losses (kl) Bulk and network	610 784	576 578	503 899
% losses	23,8%	24,1%	19,4%

The loss decreased by 72 679kl over the past financial year. These losses occur from borehole to consumer and include all forms of loss i.e. financial, faulty meters, leakages, un-metered supply etc.

- Operation and Maintenance – Water

The following maintenance was carried out on water supply works during the year.

- o Site connections:

- New household water connections - 59
- Replacement of faulty water meters - 14
- Other water connections: repairs & maintenance - 734
- Repair leakages to connections - 876
- Repair to public stand pipes - 91
- TOTAL - 1774

- o Reticulation networks (in town):

- Repair of leaking pipes - 54
- Repair of leaking fittings - 7
- Other repairs (valves, F.H.) - 8

- o Bulk water supply (boreholes to towns)

- Repair of leaking pipes - 4
- Replacements of faulty bulk water meters - 1
- Mains were regularly checked for leakages and defects.

All borehole meters and bulk meters in town were read on a monthly basis. Total: 85 meters.

- o Boreholes and Pump Stations:

A variety of repair and maintenance work was done on borehole pumping equipment, telemetry control system, booster pumps and reservoirs during the year.



**Well maintained borehole at Riet Water Scheme**



## STREETS AND SEWER NETWORK

Emthanjeni has 202km of streets within the towns of De Aar, Britstown and Hanover, of which 131km (65%) are gravel and 71km (35%) are tarred. The gravel roads are graded on a quarterly basis.

Normal maintenance such as the provision of access points, patching of tarred surfaces, weeding of pavements, sweeping of streets and channels was carried out. Temporary workers were used to assist with the maintenance work.

### o Gravel Roads:

Gravel roads were graded according to a schedule on a quarterly basis. A total of 483 loads of gravel were used to resurface various streets in all 3 towns.

### o Tarred Streets:

The tarred roads are in urgent need of resealing and problems are experienced with potholes especially after rain. During the past year potholes were repaired on a regular basis. At several intersections trenches were filled and repaired.

### o Pavements and Trees:

Because of the large number of pavements, the workers on the job creation projects were used to weed the pavements in the different wards. As far as possible the trees in front of undeveloped premises and at the entrances to De Aar were watered regularly. Residents were encouraged to water the trees in front of their houses themselves. Soil was regularly provided to repair the tree basins.

### o Siding:

The municipal sidings are underutilized and only used by Grinaker. Railway lines were weeded regularly.

### o Airfield:

The airfields in De Aar and in Hanover were graded regularly.

### o Commonage:

A variety of maintenance work was done during the past year on the municipal commonage, covering 20 000ha. This work consisted mainly of the maintenance of windmills, watering troughs and fences.

### o Sewerage Reticulation Network:

Number of sewer blockages which occurred during the year:

	De Aar	Britstown	Hanover	Total
Mains	178	3	13	194
Private premises	76	2	11	89
Total	254	5	24	283
Average monthly				23,6%

When a problem arose in an area the sewer pipes were dug open and necessary repairs carried out. The sewerage pumping station in Hanover was cleaned on a daily basis.

## SANITATION:

### o Level of service:

The Municipality is committed to providing water-borne sanitation to all its residents in urban areas.

The Municipality has in the past installed dry sanitation (UDS) in Britstown and Hanover but this has been the source of much dissatisfaction amongst the residents. Britstown had by far the largest problem where dry sanitation (UDS) has been installed but rejected by the community, who have reverted to the use of buckets.

The current sanitation level of service was as follows:

Level of service	No of units / %
Dry sanitation toilets (UDS) Hanover	199 2.7%
Bucket toilets, Britstown	546 7.3%
Septic tanks – water borne	959 12.7%
Bulk sewer – water borne	5821 77.3%
Total	7525 100%

### o Sewage Treatment Works:

Only De Aar has a mechanical treatment works. Britstown and Hanover dispose of effluent through oxidation ponds.



**Waterworks Division staff busy with maintenance work on a borehole pump.**



The following upgrading was required at the different works:

De Aar: The works only operated after hours due to the inadequate electricity supply. Various types of upgrading were also required at the Works.

Britstown: The oxidation ponds are not fenced, which makes them unsafe.

Hanover: Due to the phasing out of bucket sanitation the oxidation ponds are too small and need to be extended. The total cost of the upgrading at all the works amounts to approximately R14, 0 million.

Business plans for funding for the De Aar and Hanover projects have already been completed.

o Sewage Removal:

There are 4 ways of removing sewage, namely water-borne sewerage, vacuum tanker services, bucket removal and dry sanitation.

o Vacuum Tanker Services:

The service was provided on an ongoing basis at the request of residents.

There were a number of drains which were serviced at specific times by standing arrangement. This was usually applicable to schools, hotels, guest-houses and hostels.

o Bucket Removal:

Buckets were removed weekly in Britstown and twice weekly in De Aar and Hanover. After the buckets were removed they were washed and disinfected.

Dry sanitation was only in use in Hanover and private contractors did the clearing at 6 monthly intervals.

REFUSE REMOVAL:

o Household refuse:

This service was provided weekly to about 7817 houses by way of black bags or tarpaulins. Refuse was removed twice weekly from business premises. Hostels and schools received a weekly service.

o Landfill sites:

All refuse collected, was disposed of at the different landfill sites. Problems were encountered where people removed fencing and illegally recycled refuse material.

The sites were upgraded as funds became available. Funding was received for the upgrading of the site in De Aar and work has been completed.

o Refuse Containers and Informal Rubbish Dumps:

Street cleaners were used to clean the central business districts of all three towns on a daily basis. Nine workers were used for this purpose and the service was also provided over weekends.

Refuse containers (askaste) and informal rubbish dumps were regularly cleared. 200 truck loads were removed monthly.

CEMETERIES:

The Council has 7 cemeteries where burials take place, usually over weekends.

Sustained efforts were made to keep the premises neat and tidy. Upgrading was done and, where necessary, new sites were developed.

Britstown needs a new cemetery. The cemeteries in the centre of town are nearly 100% full and new cemetery will have to be established in 2010/11.

ELECTRICAL SERVICES

o Electrical Services:

There was a staff shortage of qualified electricians in the department and no preventative maintenance was carried out. Apart from meter inspections and new installations the only maintenance work done related to complaints received or faults which occurred.

Maintenance work included the following:

Maintenance of high and low voltage networks, street lights, site connections and electrical equipment at the municipal installations and buildings such as waterworks, sewage works, offices, swimming pools and halls.

Electrical Services provided a stand-by service on a full time basis in order to react speedily to complaints and limit power failures to a minimum.

Connection Statistics:

- Meter inspections carried out – 539
- Meters moved – 62
- Conversion of meter to pre-payment – 43
- New connections – 44
- Meter replaced – 96





- o Power Interruptions:  
During the past year 46 power interruptions occurred.

- o Electricity losses for the past 2 financial years:

	2007/08	2008/09	Difference
Total units purchased (kWh)	53 719 011	54 151 027	+0,8%
Total units sold (kWh)	46 247 837	43 578 410	-5,8%
System losses (kWh)	7 471 174	10 572 617	+4,15%
<b>% Line losses</b>	<b>13,91%</b>	<b>19,52%</b>	

#### PARKS AND BUILDINGS:

- o Buildings:  
A variety of repairs was done during the past year to various Council buildings, swimming baths, sport grounds, libraries, community halls and fences.
- o Parks:  
Normal maintenance such as mowing, watering and pruning of trees was carried out regularly.
- o Sport and Recreation:  
Municipal Swimming Baths:  
The municipal swimming baths required urgent upgrading and in the past year problems were experienced in keeping them in a clean and hygienic condition. Safety measures must be improved at the swimming baths.
- o Sport Grounds:  
The De Aar West Sport Complex was upgraded during the 2008/09 financial year. Regular maintenance was done, but it was inadequate and must be stepped up.  
There are 7 sport grounds

#### MECHANICAL WORKSHOP

The workshop provided a support service to all departments as far as the maintenance and servicing of vehicles as well as refueling was concerned.

Work done during the past year:

Servicing of vehicles and machines	-	62
Servicing of vehicle at private garages	-	32
Repairs	-	339
Welding jobs	-	179
Vehicle roadworthiness certificates	-	30
Tyre punctures repaired	-	274
Tyres purchased	-	136



# Chapter Five

## **Auditor General's Report**



## REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE EMTHANJENI LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I was engaged to audit the accompanying financial statements which comprise the appropriation statement, the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

#### The 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 Statements of Generally Recognised Accounting Practice (Statements of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the *International Standards on Auditing and General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
4. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the [name of entity] in this respect will be limited to reporting on non-compliance with this disclosure requirement.

#### Basis for disclaimer of opinion

##### Property, plant and equipment

5. The existence, completeness and rights and obligations of property, plant and equipment (including infrastructure assets) to the value of R537 022 293, as disclosed in note 11 to the financial statements, could not be confirmed due to the following matters:
  - Fixed assets amounting to R41 787 908 (2008: R949 154) could not be physically verified due to inadequate record keeping. The asset register did not contain a unique identification number or a detailed description or specific make or model of the asset.
  - I was unable to physically verify assets purchased during the year amounting to R1 632 589 (2008: R455 721), as included in note 11 to the financial statements.
  - Sufficient appropriate audit evidence was not provided for expenditure amounting to R6 624 776 that had not been capitalised against property, plant and equipment in the 2007-08 financial year. It could thus not be determined if this amount should have been capitalised against fixed assets.
  - The fixed asset register was not complete, as it did not contain fields for depreciation method and rates, accumulated depreciation for each year in use, impairment, accumulated impairment and physical condition of assets.
  - I was unable to agree land amounting to R987 000 as included in the valuation roll to the fixed asset register. I was further unable to trace 690 properties to the fixed asset register for the 2007-08 year.
6. The municipality's records did not permit the application of alternative audit procedures.
7. Contrary to paragraph 19 of GRAP 3 Accounting Policies, Changes in Accounting Estimate and Errors, the municipality did not retrospectively adjust property, plant and equipment for the changes in accounting policy, which was caused by the conversion from the IMFO basis to GRAP. This incorrect treatment also affected the prior year's statement of performance through the depreciation and amortisation expenditure. This resulted in property, plant and equipment and the accumulated surplus, in the comparative year, being understated by R550 169 899.



### Trade receivables from exchange transactions

8. The valuation, existence and completeness of trade receivables from exchange transactions to the value of R12 896 288, as disclosed in note 4 to the financial statements, could not be confirmed due to the following matters:
  - Appropriate supporting documentation could not be provided for journals to the value of R55 533 414 that had been processed to trade receivables.
  - Sufficient appropriate supporting documentation could not be provided for a restatement of the comparative figures for receivables in the financial statements. The difference between the prior year annual report and the comparative figure in the annual financial statements for 30 June 2009 amounted to R1 549 979.
9. The municipality's records did not permit the application of alternative audit procedures.

### Revenue

10. The completeness, accuracy and occurrence of revenue amounting to R102 250 232, as disclosed in the statement of financial performance, could not be confirmed or verified due to the following matters:
  - Sufficient appropriate audit evidence could not be obtained for journals processed against revenue amounting to R83 122 930.
  - The completeness of property rates could not be confirmed, as no listing of improvements to rateable property could be provided.
11. The municipality's records did not permit the application of alternative audit procedures.
12. Due to the following matters, revenue amounting to R102 250 232, as disclosed in the statement of financial performance, was misstated in the annual financial statements:
  - An amount of R573 388 was not included as revenue for the year ended 30 June 2008, due to a management estimate of the usage from the last meter reading to year-end not having taken place and a manual reconciliation between the rateable valuation as per the valuation roll and the rates levied as per the municipal system not having been performed annually. The manual reconciliation between the rateable valuation as per the valuation roll and the rates levied as per the municipal system was also not performed for the year ended 30 June 2009.
  - Interest amounting to R850 626 (2008: R376 934) was not levied against consumer debtors, as required by the municipality's debt collection policy. Interest income and consumer debtors were thus both understated by this amount.

### Expenditure

13. The occurrence, completeness, accuracy and classification of expenditure amounting to R152 966 916, as disclosed in the statement of financial performance, could not be confirmed or verified due to the following matters:
  - Sufficient appropriate audit evidence could not be obtained for expenses incurred during the year amounting to R9 935 572.
  - Sufficient appropriate audit evidence was not provided to confirm the measurement and occurrence of credit notes amounting to R900 560 (2008: R487 135) for the year under review.
  - Sufficient appropriate audit evidence could not be obtained for journal entries amounting to R321 919 744 that had been processed through expenditure for the financial year under review.
14. The municipality's records did not permit the application of alternative audit procedures.
15. Prior year expenditure amounting to R79 202 144, as disclosed in the statement of financial performance, was misstated in the annual financial statements as an amount of R82 522 for value-added tax (VAT) regarding the year ended 30 June 2008 was incorrectly claimed from the South African Revenue Service, although valid tax invoices as defined in section 20(4) of the VAT Act could not be presented. This resulted in operating expenditure and the VAT liability being understated by R82 522.

### Accumulated surplus

16. The existence and completeness of the accumulated surplus amounting to R523 530 506 (2008: R18 112 942), as disclosed in the statement of financial position, could not be confirmed or verified due to the following matters:
  - Sufficient appropriate audit evidence could not be obtained for journal entries amounting to R7 559 037 that had been processed against the accumulated surplus.
  - Sufficient appropriate audit evidence could not be obtained for a variance amounting to R28 569 169 between the general ledger and the amount as disclosed for accumulated surplus in the annual financial statements as at 30 June 2009.
17. The municipality's records did not permit the application of alternative audit procedures.



18. The accumulated surplus amounting to R523 530 506 as disclosed in the statement of financial position was misstated in the annual financial statements as journals amounting to R2 895 033 were incorrectly processed to the accumulated surplus for the year ended 30 June 2008. The accumulated surplus and cash and cash equivalents for the year ended 30 June 2008 were thus both understated by R2 895 033.

#### Cash and cash equivalents

19. The completeness, existence and valuation of cash and cash equivalents amounting to R1 643 136, as contained in note 9 to the financial statements, could not be confirmed due to the following:
- I was unable to obtain sufficient appropriate audit evidence for journal entries amounting to R11 625 774 (2008: R21 861 192) that had been processed to cash and cash equivalents. Owing to the lack of supporting documentation for these journals, no alternative procedures could be performed.

#### Irregular expenditure

20. Due to the following matters, irregular expenditure amounting to R264315, contained in note 49 to the annual financial statements, was misstated:
- The municipality did not comply with the Supply Chain Management Regulations (GNR 868) for expenditure amounting to R1 406 954 (2008: R339 696). The following represent the most significant matters identified in this regard:
    - i) No evidence could be submitted to indicate that the municipality had verified suppliers' tax status in several instances.
    - ii) In several instances there was no evidence that a competitive bidding process had been followed.
    - iii) There were also instances where the required number of quotations had not been received.
  - I was unable to obtain external confirmations to verify the reasons given for several deviations from the approved policy, amounting to R162 794.
  - Payments amounting to R55 034 were made to suppliers that were not included in the list of accredited prospective providers of goods and services.

#### Taxes and transfers payable

21. The completeness, existence and valuation of taxes and transfers payable amounting to R2 758 674, as contained in note 16 to the financial statements, could not be confirmed, as I was unable to obtain appropriate, sufficient supporting documentation for journal entries amounting to R3 924 743 that had been processed during the year under review. I was unable to perform any alternative procedures.

#### Trade and other payables from exchange transactions

22. The completeness, existence and valuation of trade and other payables from exchange transactions amounting to R4 877 599, as contained in note 17 to the financial statements, could not be confirmed due to the following:
- I was unable to obtain sufficient appropriate supporting documentation to substantiate year-end trade creditors amounting to R1 665 039.
  - I was unable to obtain sufficient appropriate supporting documentation for journal entries amounting to R5 973 432 (2008: R867 168) that had been processed to trade and other payables during the year under review.
  - I was unable to obtain sufficient appropriate supporting documentation for payments made after year-end amounting to R964 007. I was thus unable to determine, in the absence of any alternative supporting documentation, whether these payments related to possible creditors as at 30 June 2009.
  - Sufficient appropriate audit evidence could not be submitted to confirm the valuation and existence of creditors amounting to R4 318 700 as at 30 June 2008.
  - Sufficient appropriate audit evidence was not submitted for VAT amounting to R633 121 included in creditors as at 30 June 2008.
23. The municipality's records did not permit the application of alternative audit procedures.
24. Trade and other payables from exchange transactions amounting to R4 877 599, as contained in note 17 to the financial statements, were misstated as R652 628 (2008: R999 447) that should have been included as liabilities at year-end, as defined by paragraph 6 of GRAP 1 Presentation of Financial Statements, was not included as trade and other payables from exchange transactions at year-end. Trade and other payables as well as expenditure were therefore understated by this amount.

#### Retirement benefit obligation

25. The retirement benefit obligation amounting to R15 950 527 at 30 June 2009 and Rnil at 30 June 2008, as contained in note 14 to the annual financial statements, was incorrectly stated at 30 June 2008. I obtained external supporting documentation indicating that the value of this obligation as at 30 June 2008 amounted to R14 342 345. The retirement benefit obligation at 30 June 2008 was therefore understated by this amount, while the accumulated surplus and the employee related cost for the 2007-08 financial year were over- and understated, respectively.



### Going concern

26. The following conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to continue as a going concern:
- Debtors amounting to R17 143 914 (including VAT) had been outstanding for more than 90 days. Although the municipality's current assets exceeded the current liabilities, 48% of the total current assets consisted of debtors.
  - The municipality had incurred a negative cash flow for the past two financial years amounting to R229 531 (2008: R5 289 134).
  - Revenue from services rendered and property rates made up R66 776 806 (65,31%) of the municipality's revenue, which indicated that the municipality was heavily dependent on the payment of the outstanding debtors relating to the services rendered by the municipality in order to honour creditors.
  - The municipality did not settle creditors amounting to R1 026 988 (2008: R37 241) within 30 days.
  - The municipality had a deficit for the current financial year amounting to R50,7 million, which constituted approximately 50% of the actual revenue for the year.
27. The entity may therefore be unable to realise its assets and liabilities in the normal course of business. The financial statements do not disclose this fact. Prior period errors
28. As the municipality did not disclose in detail the nature of each prior period error that occurred during the year under review, the prior period error note as contained in note 43 to the financial statements was misstated, as required by paragraph 49 of GRAP 3 Accounting Policies, Changes in Accounting Estimate and Errors.

### Current tax receivable (VAT)

29. Due to the following matter, the current tax receivable at 30 June 2008 amounting to R131 216, which represents VAT receivable from the South African Revenue Service, as contained in note 10 to the financial statements, was misstated:
- Contrary to paragraph 19 of GRAP 3 Accounting Policies, Changes in Accounting Estimate and Errors, the municipality did not retrospectively adjust the balance reflected in the comparative year for the changes in accounting policy, which was caused by the conversion from the IMFO basis to GRAP during the year, as contained in note 2 on changes in accounting policy. Due to this incorrect treatment, the current tax receivable and the accumulated surplus as contained in the comparative were understated by R1 856 854.

### Disclaimer of opinion

30. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

### Emphasis of matters

I draw attention to the following matters on which I do not express a disclaimer of opinion:

#### Unauthorised and irregular expenditure

31. As disclosed in note 49 to the financial statements, irregular expenditure to the amount of R264 315 was incurred, as a proper tender process had not been followed.
32. As disclosed in note 47 to the financial statements, unauthorised expenditure to the amount of R18 500 045 was incurred, mainly as the result of the contribution to the provision for bad debts made during the year.

#### Restatement of corresponding figures

33. As disclosed in notes 41 and 43 to the financial statements, the corresponding figures for 30 June 2008 have been restated as a result of the first-time adoption of Statements of GRAP as well as errors discovered during 2008-09 in the financial statements of the municipality at, and for the year ended, 30 June 2008.

### Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

#### Unaudited supplementary schedules

34. The supplementary information as set in Appendix E1 and E2 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

### Non-compliance with applicable legislation

#### Municipal Finance Management Act

35. Contrary to the requirements of sections 22(a)(ii) and 23, the municipality did not invite the local community to make representations on the budget after it had been tabled.



36. Contrary to the requirements of section 69(3), the municipality did not, by no later than 14 days after the approval of the budget, submit to the mayor a draft service delivery plan, budget implementation plan and draft annual performance agreements.
37. Contrary to the requirements of section 65(2)(e), the municipality did not pay creditors amounting to R1 026 988 (2008: R37 241) within 30 days from receipt of invoice.
38. Contrary to the requirements of section 125(2)(e), the municipality did not disclose particulars of all areas of non-compliance with the MFMA within the annual financial statements.
39. Despite several instances of non-compliance with the supply chain management policy identified during the audit, the municipality did not inform the provincial treasury, in writing, of these instances of non-compliance in terms of section 73.
40. Contrary to section 52(d), the municipality did not, within 30 days after the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.
41. Contrary to section 70, the municipality did not report to council on the overspending of the budget.

#### **Municipal Supply Chain Management Regulations (GNR 868 of 30 May 2005)**

42. Contrary to the requirements of section 7, the municipality did not have a functioning supply chain management unit.
43. Contrary to section 6, the municipality did not submit an annual report on the implementation of the supply chain management policy within 30 days after the financial year-end. The required quarterly reports were also not submitted to the mayor within 10 days after the end of each quarter.
44. Contrary to section 46(3), the municipality did not keep a declaration of interests register.

#### **Governance framework**

45. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

#### **Internal control deficiencies**

46. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for disclaimer of opinion	CE	RA	CA	IC	M
5, 6, 7	Property, plant and equipment	5		1,3,5		
8, 9	Trade receivables from exchange transactions	1,5		3,4	2	1
10,11,12	Revenue			3,4		
13, 14, 15	Expenditure			3,4		1
16, 17, 18	Accumulated surplus			3		1
19	Cash and cash equivalents			3,4		
20	Irregular expenditure			3		1
21	Taxes and transfers payable			4		
22, 23, 24	Trade and other payables from exchange transactions	1		3,4		
25	Retirement benefit obligation	5		4		
26, 27	Going concern	2		4		1
28	Prior period error			3,4		
29	Current tax receivable			4		



<b>Legend</b>	
<b>CE = Control Environment</b>	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting	6
The entity does not have individuals competent in financial reporting and related matters.	7
<b>RA = Risk assessment</b>	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk/strategy action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
<b>CA = Control activities</b>	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions that have occurred, are authorised and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and rocedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
<b>IC = Infomation and communication</b>	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
<b>M = Monitoring</b>	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self-assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

### Key governance responsibilities

47. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:





No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided In a timely manner</b>			
1	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		X
<b>Quality of financial statements and related management information</b>			
2	The financial statements were not subject to any material amendments resulting from the audit.		X
3	The annual report was submitted for consideration prior to the tabling of the auditor's report.	X	
<b>Timeliness of financial statements and management information</b>			
4	The annual financial statements were submitted for auditing as per the legislated deadlines (section 126 of the MFMA).	X	
<b>Availability of key officials during audit</b>			
5	Key officials were available throughout the audit process.		X
<b>Development of and compliance with risk management, effective internal control and governance practices</b>			
6	Audit committee		
	The municipality had an audit committee in operation throughout the financial year.	X	
	The audit committee operates in accordance with approved, written terms of reference.	X	
	The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA		X
7	Internal audit		
	The municipality had an internal audit function in operation throughout the financial year.	X	
	The internal audit function operates in terms of an approved internal audit plan.	X	
	The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA		X
8	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		X
9	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		X
10	The information systems were appropriate to facilitate the preparation of the financial statements.	X	
11	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		X
12	Delegations of responsibility are in place, as set out in section 79 of the MFMA	X	
<b>Follow-up of audit findings</b>			
13	The prior year audit findings have been substantially addressed.		X
14	SCOPA/Oversight resolutions have been substantially implemented.	N/A	N/A
<b>Issues relating to the reporting of performance information</b>			
15	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		X
16	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		X
17	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the municipality against its mandate, predetermined objectives, outputs, indicators and targets (section 66 of the MFMA).	X	
18	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	X	

#### Clear trail of supporting documentation and quality of financial statements

48. Difficulties were experienced due to the lack of availability of key officials during the audit as a result of training interventions and other commitments. Their availability impacts on the auditor's ability to achieve agreed upon timeframes and the availability of information, reconciliations and explanations.



49. Difficulties were experienced during the audit concerning delays in the supply of information and management comments. The accounting officer is responsible to keep proper records of the financial affairs of the municipality. Leadership should monitor transactions and events on an ongoing basis to ensure proper recognition and disclosure in the financial statements and that adequate supporting documentation exist and are properly filed. The accounting officer should ensure that a proper review is performed on the financial statements and that supporting documentation and an accounting file exists to support the financial statements. Furthermore, there should also be a discipline to produce quarterly financial statements and management information for review by management, the audit committee and internal audit.
50. In the absence of appropriate GRAP training to the municipal officers, management appointed external service providers to compile the financial statements and to assist with the completion of a GRAP compliant asset register.

#### **Internal audit and audit committee**

51. The municipality outsourced the internal audit and audit committee functions. The internal audit and audit committee functions are imperative to ensure the proper implementation and monitoring of internal control.

#### **Risk management, internal controls and governance**

52. Inadequate accounting and internal control policies existed at the municipality resulting in various cases of non-compliance to legislation and accounting guidelines.
53. Management should develop and implement an adequate fraud prevention plan. This needs to be communicated to all staff within the municipality to ensure adherence thereof.

#### **Follow up of prior year audit findings**

54. The implementation of audit recommendations requires improved monitoring and supervision by management as the audit report contains various matters reported in the previous year audit report. Action plans compiled to address audit outcomes should be reviewed, approved and monitored by council supported by the accounting officer.

#### **Reporting of Performance information**

55. Detailed standard operating procedures setting out the roles and responsibilities of all levels of staff involved in the collection and collation of performance information, from source document to reporting, has not been prepared and communicated throughout the entire municipality. This is indicative of a situation where adequate control processes and procedures were not designed and implemented to ensure the accuracy and completeness of reported performance information and adequate mechanisms were not established to monitor and review the performance management system.

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

#### **Report on performance information**

56. I was engaged to review the performance information.

#### **The accounting officer's responsibility for the performance information**

57. In terms of section 121 (3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

#### **The Auditor-General's responsibility**

58. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
59. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
60. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

#### **Findings on performance information**

##### **Non-compliance with regulatory requirements**

##### **No reporting of performance information**

61. The annual report of the municipality for 2009 did not include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the MSA, as required by section 121 (3)(c) of the MFMA. As a consequence, the consistency and reliability of performance information could not be tested and confirmed.

**Content of integrated development plan**

62. The integrated development plan of the municipality did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41 (1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.
63. Contrary to the requirements of section 25(4) of the MSA, the municipality did not, within 14 days after the adoption of its integrated development plan, give notice to the public of the adoption.
64. Contrary to the requirements of section 32(1)(a) of the MSA, the municipality did not submit a copy of the adopted integrated development plan to the member of the executive council for local government in the Northern Cape, within 10 days of the adoption or the amendment of the plan.
65. Contrary to the requirements of section 43(2) of the MSA, the municipality did not include certain specific required key performance indicators within its integrated development plan.

**Performance information not received in time**

66. An assessment could not be performed of the reliability of the performance information, since the information was not received in time for audit purposes.

**APPRECIATION**

67. The assistance rendered by the staff of the Emthanjeni Municipality during the audit is sincerely appreciated.

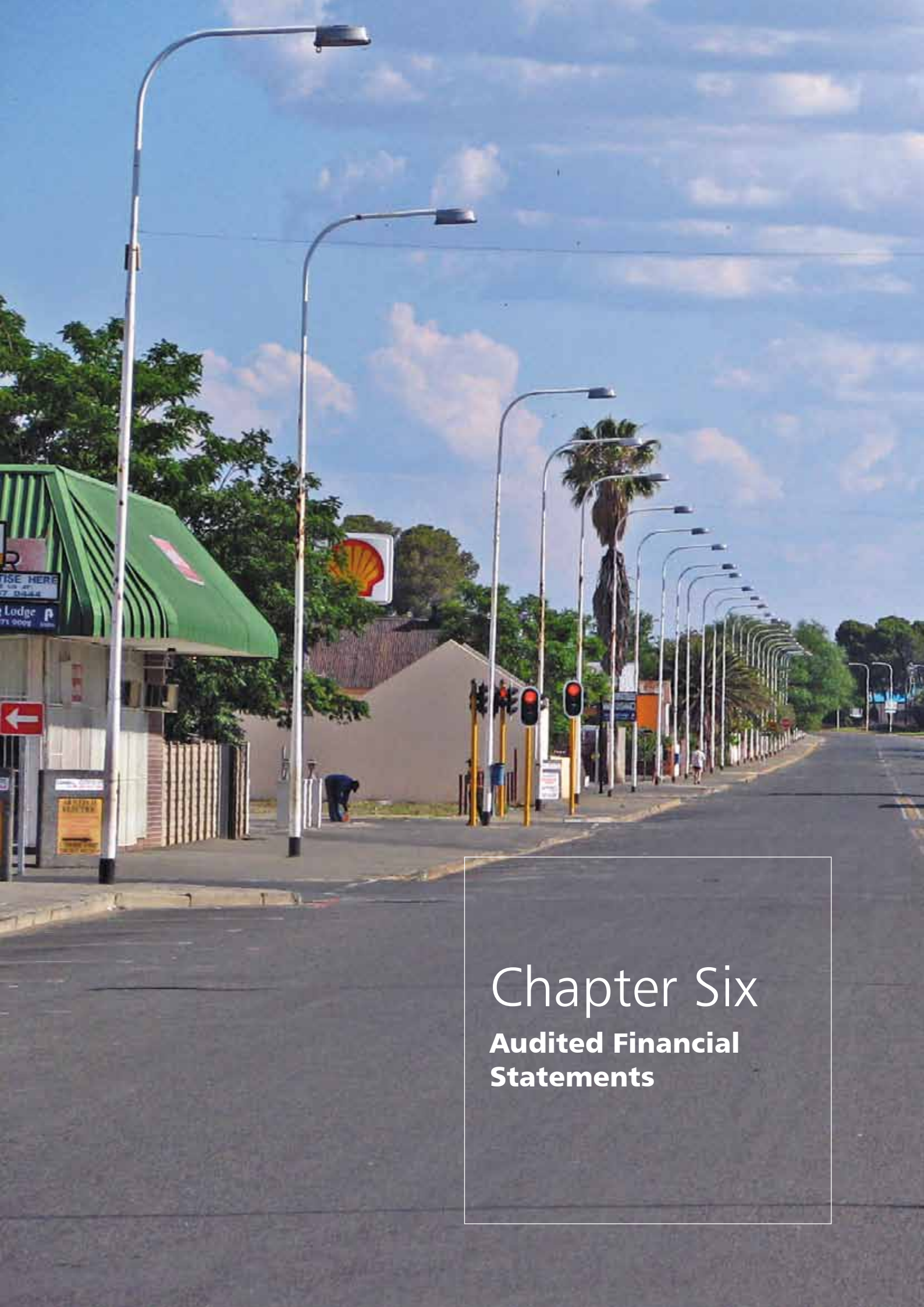
*Auditor - General*

Kimberley  
29 January 2010



**A U D I T O R - G E N E R A L**  
**S O U T H A F R I C A**

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# Chapter Six

## **Audited Financial Statements**



## General Information

<b>Legal form of entity</b>	Emthanjeni Local Municipality is a local municipality performing the functions as set out in the Constitution.(Act no 105 of 1996).
<b>Nature of business</b>	The municipality provides sustainable, effective and efficient municipal services.
<b>Jurisdiction</b>	The municipality supplies three towns namely, De Aar, Britstown, Hanover and surrounding areas.
<b>Members of the Executive Committee</b>	
Mayor	Councillor BK Markman
Councillors	Councillor EP Eksteen (Speaker) Councillor C Koopman Councillor GL Nyl (Member of Executive Committee) Councillor M Malherbe Councillor AF Jafta Councillor ST Sthonga Councillor JJ Oberholzer Councillor GL Nkumbi Councillor NS Thomas Councillor S Max Councillor B Swanepoel (Member of Executive Committee) Councillor EG Hendricks Councillor GA White
<b>Grading of local authority</b>	Grade 3
<b>Accounting Officer</b>	Mr Isak Visser B.Com, HDE, CPMD
<b>Chief Finance Officer (CFO)</b>	Mr Moggamat Faried Manuel B.Compt
<b>Business address</b>	Voortrekker Street 45 De Aar 7000
<b>Postal address</b>	PO Box 42 De Aar 7000
<b>Bankers</b>	ABSA Bank Voortrekker Street, De Aar, 7000
<b>Auditors</b>	Auditor General - Kimberley
<b>Attorneys</b>	Towell & Groenewaldt Rugby House, Roper Street, Kimberley, 8301



# Financial Statements Index

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## Abbreviations

<b>ELM</b>	Emthanjeni Local Municipality
<b>CRR</b>	Capital Replacement Reserve
<b>DBSA</b>	Development Bank of South Africa
<b>SA GAAP</b>	South African Statements of Generally Accepted Accounting Practice
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>HDF</b>	Housing Development Fund
<b>IAS</b>	International Accounting Standards
<b>IMFO</b>	Institute of Municipal Finance Officers
<b>IPAS</b>	International Public Sector Accounting Standards
<b>MEC</b>	Member of the Executive Council
<b>MFMA</b>	Municipal Finance Management Act
<b>MIG</b>	Municipal Infrastructure Grant (Previously CMIP)
<b>IDP</b>	Integrated Development Plan
<b>SDBIP</b>	Service Delivery and Budget Implementation Plans
<b>SALGBC</b>	South African Local Government Bargaining Council



## Accounting Officer's Responsibilities and Approval

---

I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 55, 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, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 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.

The annual financial statements set out on pages 7 to 55, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2009 and were signed on its behalf by:

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**Mr Isak Visser**



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## Report of the Auditor General

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To the Council of Emthanjeni Local Municipality

### Report on the Financial Statements

This report will be inserted after the audit of the annual financial statements.

**Auditor General - Kimberley**

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## Statement of Financial Position as at 30 June 2009

	Note(s)	2009 R	2008 R
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	2,425,582	2,212,060
Trade receivables from exchange transactions	4	12,896,288	47,932,441
Other receivables	5	1,446,122	942,590
Operating lease asset	6	246,040	-
Current portion of receivables	7	12,180	8,705
Investments	8	7,682,376	8,762,234
Cash and cash equivalents	9	1,643,136	2,098,246
Current tax receivable	10	332,831	131,216
		<b>26,684,555</b>	<b>62,087,492</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	537,022,293	8,877,771
Investment property	12	258,469	-
Intangible assets	13	186,038	-
Non-current receivables	7	62,907	78,977
		<b>537,529,707</b>	<b>8,956,748</b>
Non-Current Assets		537,529,707	8,956,748
Current Assets		26,684,555	62,087,492
Non-current assets held for sale (and) (assets of disposal groups)		-	-
<b>Total Assets</b>		<b>564,214,262</b>	<b>71,044,240</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	15	297,131	497,176
Taxes and transfers payable	16	2,758,674	5,257,282
Trade and other payables from exchange transactions	17	4,877,599	6,929,380
Provisions	18	2,971,102	2,527,763
Bank overdraft	9	1,872,487	7,387,380
Consumer deposits	19	1,554,683	1,390,401
Unspent conditional grants and receipts	20	1,507,787	2,402,021
Other non-current borrowings (Short-term portion)	21	1,317,811	1,203,780
		<b>17,157,274</b>	<b>27,595,183</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	15	76,777	373,908
Retirement benefit obligation	14	15,950,527	-
Provisions	18	296,069	-
Other non-current borrowings	21	4,950,316	6,268,127
		<b>21,273,689</b>	<b>6,642,035</b>
Non-Current Liabilities		21,273,689	6,642,035
Current Liabilities		17,157,274	27,595,183
Liabilities of disposal groups		-	-
<b>Total Liabilities</b>		<b>38,430,963</b>	<b>34,237,218</b>
Assets		564,214,262	71,044,240
Liabilities		(38,430,963)	(34,237,218)
<b>Net Assets</b>		<b>525,783,299</b>	<b>36,807,022</b>
<b>Net Assets</b>			
Reserves			
Capital replacement reserve	22	2,252,793	18,694,080
Accumulated surplus		523,530,506	18,112,942
<b>Total Net Assets</b>		<b>525,783,299</b>	<b>36,807,022</b>



## Statement of Financial Performance

	Note(s)	2009 R	2008 R
<b>Revenue</b>			
Property rates	25	10,586,770	9,984,123
Service charges	26	46,377,940	39,685,369
Property rates - penalties imposed and collection		203,369	219,821
Rental Income		513,894	334,793
Interest received - outstanding debtors		1,215,214	1,338,175
Fines		3,185,920	1,965,392
Licences and permits		1,019,902	922,530
Government grants	27	27,996,502	24,943,909
Other income		9,812,096	6,112,698
Interest received - investment	28	1,338,625	732,739
<b>Total Revenue</b>		<b>102,250,232</b>	<b>86,239,549</b>
<b>Expenditure</b>			
Employee related costs	29	34,537,507	29,367,343
Remuneration of councillors	30	2,879,953	2,568,591
Depreciation and amortisation	31	21,583,267	(99,618)
Finance costs	32	985,098	1,374,943
Bad debts	33	50,473,464	3,147,735
Collection costs		820,236	193,689
Repairs and maintenance		5,675,561	2,538,800
Bulk purchases	34	15,578,304	10,047,227
Grants and subsidies paid	35	6,348,390	5,035,540
General Expenses	36	14,085,136	25,027,894
<b>Total Expenditure</b>		<b>(152,966,916)</b>	<b>(79,202,144)</b>
Revenue		102,250,232	86,239,549
Expenditure		(152,966,916)	(79,202,144)
Other		-	-
<b>(Deficit) surplus for the year</b>		<b>(50,716,684)</b>	<b>7,037,405</b>



## Statement of Changes in Net Assets

	Share capital	Capital	Accumulated	Total net
	/ contributions from owners R	replacement reserve R	surplus R	assets R
<b>Balance at 01 July 2008</b>	-	<b>17,346,259</b>	<b>11,748,467</b>	<b>29,094,726</b>
Changes in net assets	-	-	(672,930)	(672,930)
Revolving fund contribution 2008	-	1,347,821	-	1,347,821
Other	-	1,347,821	(672,930)	674,891
Net income (expenses) recognised directly in net assets	-	-	7,037,405	7,037,405
Surplus for the year	-	1,347,821	6,364,475	7,712,296
Total recognised income and expenses for the year	-	1,347,821	6,364,475	7,712,296
Total changes	-	<b>18,694,080</b>	<b>18,112,942</b>	<b>36,807,022</b>
<b>Balance at 01 July 2008</b>	-	-	(50,716,684)	(50,716,684)
Changes in net assets	-	2,252,793	-	2,252,793
Surplus for the year	-	(18,694,080)	-	(18,694,080)
Contributions introduced	-	-	556,134,248	556,134,248
IMFO Funds written off in terms of GRAP conversion	-	-	505,417,564	488,976,277
Transactions corrected against accumulated surplus	-	(16,441,287)	-	-
Total changes	-	<b>2,252,793</b>	<b>523,530,506</b>	<b>525,783,299</b>
<b>Balance at 30 June 2009</b>	-	-	-	-

Note(s)

22



## Cash Flow Statement

	Note(s)	2009 R	2008 R
<b>Cash flows from operating activities</b>			
Cash generated from operations	37	8,942,647	2,200,086
Interest income		1,338,625	732,739
Finance costs		(812,011)	(1,374,943)
Taxes on surpluses	38	(201,615)	(449,346)
<b>Net cash from operating activities</b>		<b>9,267,646</b>	<b>1,108,536</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(3,426,273)	(9,211,547)
Sale of property, plant and equipment	11	-	8,936,306
Sale of investments		1,079,858	-
Sale of non-current receivables		12,595	3,331
<b>Net cash from investing activities</b>		<b>(2,333,820)</b>	<b>(271,910)</b>
<b>Cash flows from financing activities</b>			
Movement in other non-current borrowings		(1,203,780)	(1,087,200)
Finance lease payments		(670,263)	871,084
<b>Net cash from financing activities</b>		<b>(1,874,043)</b>	<b>(216,116)</b>
<b>Total cash movement for the year</b>		<b>5,059,783</b>	<b>620,510</b>
Cash at the beginning of the year		(5,289,134)	(5,909,644)
<b>Net increase (decrease) in cash and cash equivalents</b>	9	<b>(229,351)</b>	<b>(5,289,134)</b>



## Accounting Policies

### 1. Presentation of Annual Financial Statements

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

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

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

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

The standards are summarised as follows:

#### Standard of GRAP

GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	Accounting policies, changes in accounting estimates and errors
GRAP 5	Borrowing Cost
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in joint ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial reporting in hyperinflationary economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 102	Intangible Assets
IFRS 3	Business combinations
IFRS 4	Insurance contracts
IFRS 6	Exploration for and evaluation of mineral resources
IFRS 7	Financial instruments: Disclosures
IAS 12	Income taxes
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 39	Financial Instruments: Recognition and measurement
IAS 36	Impairment of assets
IPSAS 20	Related Parties
IPSAS 21	Impairment non-cash generating assets
GAMAP 9.29 - .35 & .39 - .54	Revenue
IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction



## Accounting Policies

SIC 21	Income Taxes – Recovery of Re-valued Non-Depreciable Assets
SIC 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
SIC 27	Disclosure – Service Concession Arrangements
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 3	Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
ASB guide 1	Guideline on Accounting for Public Private Partnerships

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out underneath for: First-time adoption of Generally Recognised Accounting Practices (GRAP).

### 1.1 First time implementation of GRAP

In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality has adopted Standards of GRAP issued by the Accounting Standards Board during the financial year. GRAP standards are fundamentally different to the municipal accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GRAP is set out in Note 2.

The Municipality has also taken advantage the three year transitional period granted in Directive 4 - Transitional Provisions for medium and low capacity Municipalities issued by the Accounting Standards Board for the initial adoption of GRAP 12, 16, 17 and 102.

The Municipality may have transactions, events or balances that are outside the ambit of GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

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

### 1.2 Presentation Currency

These annual financial statements are presented in South African Rand rounded off to the nearest Rand, which is the functional currency of the municipality.

### 1.3 Going Concern Assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern.



## Accounting Policies

### 1.4 Comparative Information

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.5 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land or 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.

Investment property is initially recognised at fair value. Transaction costs are included in the initial measurement.

#### Cost model

Investment property is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

### 1.6 Property, plant and equipment

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.



## Accounting Policies

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

Property, plant and equipment is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment 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 except where the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as income to the extent that it reverses the impairment loss previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on depreciable amount which is determined as cost less residual value, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:- is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment for which the historical expenditure can be directly substantiated with documentary proof, will be brought into account at cost. Where no historical information is available the depreciated replacement cost will be used to bring the asset into the financial system at fair value.

Item	Average useful life
Buildings	30
Furniture and fixtures	7 - 10
Motor vehicles	
• Specialist vehicles	10
• Other vehicles	5
Office equipment	3-7
Leasehold improvements	
• Leased Assets	22*
Infrastructure	
• Roads and paving	30
• Pedestrian Malls	30
• Electricity	20-30
• Water	15-20
• Sewerage	15-20
• Housing	30
Community	
• Improvements	30
• Recreational Facilities	20 - 30
• Security	5
Other property, plant and equipment	2-5
Bins and containers	5
Water network	15 - 20

\* Leased Assets - If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset will be fully depreciated over the shorter of the lease term and its useful life, as stated in GRAP 13.

The residual value and the useful life of each asset are reviewed at each financial period-end and adjusted accordingly if necessary.

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit





## Accounting Policies

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

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

### 1.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Item	Useful life
Computer software	3 years

### 1.8 Financial instruments

#### INITIAL RECOGNITION

Financial instruments were initially measured at cost and not at fair value in the previous financial year as required by IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 in accordance with the requirements of IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 and IAS 8.

#### 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. The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit - held for trading
- Held-to-maturity investment
- Loans and receivables
- Available for sale financial assets
- Financial liabilities at fair value through surplus or deficit - held for trading



## Accounting Policies

### 1.8 Financial instruments (continued)

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

#### Risk management of Financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

##### *Credit Risk:*

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

##### *Liquidity Risk:*

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Risk management of Financial Assets and Liabilities were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Risk management of Financial Assets and Liabilities are presented and disclosed for the financial year ended 30 June 2009 in accordance with the requirements of IFRS 7 and IAS 8.

#### 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.

#### Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment in other comprehensive income and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.



## Accounting Policies

### 1.8 Financial instruments (continued)

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available for sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

#### Financial instruments designated as at fair value through profit and loss

are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

#### Financial instruments designated as available for sale

are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial Assets at fair value through the Statement of Financial Performance.

#### Held-to-Maturity Investments

are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

#### Loans and Receivables

are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Gains and losses as a result of the amortisation process and which arise on derecognition are recognised in the statement of financial performance.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents



## Accounting Policies

### 1.8 Financial instruments (continued)

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value and subsequently measured at amortised cost.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit,
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit, and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

#### Derecognition

##### 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 where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the 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. Where 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.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.



## Accounting Policies

### 1.8 Financial instruments (continued)

#### Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

### 1.9 Leases

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

#### Finance leases - lessor

The municipality recognises finance lease receivables on the statement of financial position and derecognise the asset under finance lease.

Any gain or loss on derecognition is recognised through the statement of financial performance.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Finance leases – lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

#### Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of financial performance.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.



## Accounting Policies

### 1.9 Leases (continued)

Any contingent rents are expensed in the period they are incurred.

### 1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

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

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.11 Impairment of non-financial assets

The municipality assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent that there is revaluation in the statement of changes in net assets.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior



## Accounting Policies

### 1.11 Impairment of non-financial assets (continued)

periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.12 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to statement of financial position date where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the statement of financial performance over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the municipality is demonstrably committed to curtailment or settlement.

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

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.



## Accounting Policies

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### 1.12 Employee benefits (continued)

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

#### Other post retirement obligations

The municipality provides post-retirement health care benefit and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

### 1.13 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

### 1.14 Government grants

Government grants are recognised when there is reasonable assurance that:

- the municipality will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the income statement (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.





## Accounting Policies

### 1.14 Government grants (continued)

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

### 1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.16 Borrowing costs

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

### 1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.18 Fruitless and wasteful expenditure

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

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

### 1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as bad debt and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.20 Reserves

#### Capital replacement reserve (CRR)



## Accounting Policies

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### 1.20 Reserves (continued)

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 in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. Interest earned on the investment must be capitalised to the CRR through the accumulated surplus/(deficit).

#### Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

### 1.21 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured 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. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. 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.

### 1.22 Related Parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Mayor, Speaker and members of the Executive Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### 1.23 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.



## Accounting Policies

### 1.24 Revenue

#### Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. 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 are 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 determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

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 gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions 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 is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

#### Revenue from non-exchange transactions

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 proportion basis.

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, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

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.

### 1.25 Events after the reporting date

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>2. Changes in accounting policy</b>		
The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards. These standards are as per Accounting Policy 1. <b>Presentation of Annual Financial Statements</b>		
The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2008 is as follows:		
<b>Statement Of Financial Position</b>		
<b>Property, plant and equipment</b>		
Adjustment - Revaluation of Assets	341,370,867	-
Loans redeemed and other capital receipts written off to GRAP	201,231,551	-
	<u>542,602,418</u>	<u>-</u>
<b>Post retirement medical liabilities</b>		
Adjustment	-	(14,342,345)
	<u>-</u>	<u>(14,342,345)</u>
<b>Stock on hand - Water</b>		
Adjustment	-	1,708,387
	<u>-</u>	<u>1,708,387</u>
<b>VAT Received - previous years</b>		
Adjustment	(1,856,854)	-
	<u>(1,856,854)</u>	<u>-</u>
<b>IMFO Funds written off</b>		
Previously stated	(18,699,732)	-
Adjustment	18,699,732	-
	<u>-</u>	<u>-</u>
<b>Intangible Assets</b>		
Adjustment	218,901	-
	<u>218,901</u>	<u>-</u>
<b>Statement Of Financial Performance</b>		
<b>Water stock</b>		
Adjustment	-	(1,708,387)
	<u>-</u>	<u>(1,708,387)</u>
<b>Contribution Revolving Fund written back</b>		
Previously stated	-	672,930
Adjustment	-	(672,930)
	<u>-</u>	<u>(672,930)</u>
<b>3. Inventories</b>		
Water	1,860,909	1,708,386
Stores, materials and fuels	564,673	503,674
	<u>2,425,582</u>	<u>2,212,060</u>



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>4. Trade receivables from exchange transactions</b>		
<b>Gross balances</b>		
Rates	2,469,779	6,584,378
Electricity	8,365,801	10,233,608
Water	10,010,101	16,380,336
Sewerage	3,803,542	11,056,361
Refuse	1,061,149	6,584,549
Regional services levies	673,433	594,475
Housing rental	33,966	70,017
Other (specify)	296,896	2,124,219
	<b>26,714,667</b>	<b>53,627,943</b>
<b>Less: Provision for bad debts</b>		
Rates	(1,210,518)	(738,707)
Electricity	(3,234,455)	(2,470,139)
Water	(5,912,715)	(1,116,888)
Sewerage	(2,224,043)	(898,181)
Refuse	(505,203)	(470,448)
Regional services levies	(492,276)	-
Housing rental	(133,002)	(1,139)
Other (specify)	(106,167)	-
	<b>(13,818,379)</b>	<b>(5,695,502)</b>
<b>Net balance</b>		
Rates	1,259,261	5,845,671
Electricity	5,131,346	7,763,469
Water	4,097,386	15,263,448
Sewerage	1,579,499	10,158,180
Refuse	555,946	6,114,101
Regional services levies	181,157	594,475
Housing rental	(99,036)	68,878
Other (specify)	190,729	2,124,219
	<b>12,896,288</b>	<b>47,932,441</b>
<b>Rates</b>		
Current (0 -30 days)	478,290	(570,198)
31 - 60 days	163,045	644,945
61 - 90 days	135,720	253,872
91 - 120 days	1,692,724	6,255,758
Less: Provision	(1,210,518)	(738,706)
	<b>1,259,261</b>	<b>5,845,671</b>
<b>Electricity</b>		
Current (0 -30 days)	2,555,179	872,482
31 - 60 days	583,137	1,336,176
61 - 90 days	515,509	502,078
91 - 120 days	4,711,976	7,522,872
Less: Provision	(3,234,455)	(2,470,139)
	<b>5,131,346</b>	<b>7,763,469</b>
<b>Water</b>		
Current (0 -30 days)	1,434,823	532,763
31 - 60 days	624,919	780,592
61 - 90 days	779,954	529,121



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>4. Trade receivables from exchange transactions (continued)</b>		
91 - 120 days	7,170,405	14,537,860
Less: Provision	(5,912,715)	(1,116,888)
	<b>4,097,386</b>	<b>15,263,448</b>
<b>Sewerage</b>		
Current (0 -30 days)	579,681	(100,267)
31 - 60 days	378,347	566,504
61 - 90 days	353,900	360,295
91 - 120 days	2,491,614	10,229,829
Less: Provision	(2,224,043)	(898,181)
	<b>1,579,499</b>	<b>10,158,180</b>
<b>Refuse</b>		
Current (0 -30 days)	306,564	(102,310)
31 - 60 days	194,462	357,014
61 - 90 days	177,591	228,103
91 - 120 days	382,532	6,101,742
Less: Provision	(505,203)	(470,448)
	<b>555,946</b>	<b>6,114,101</b>
<b>Commonage</b>		
Current (0 -30 days)	(15,304)	-
31 - 60 days	8,482	-
61 - 90 days	8,482	-
91 - 120 days	671,773	594,475
Less: Provision	(492,276)	-
	<b>181,157</b>	<b>594,475</b>
<b>Housing rental</b>		
Current (0 -30 days)	(1,516)	-
31 - 60 days	131	-
61 - 90 days	117	70,017
91 - 120 days	35,234	-
Less: Provision	(133,002)	(1,139)
	<b>(99,036)</b>	<b>68,878</b>
<b>Other</b>		
Current (0 -30 days)	(21,623)	2,124,219
31 - 60 days	19,956	-
61 - 90 days	8,581	-
91 - 120 days	289,982	-
Less: Provision	(106,167)	-
	<b>190,729</b>	<b>2,124,219</b>
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
31 - 60 days	2,483,943	-
61 - 90 days	1,454,462	-
91 - 120 days	1,547,116	-
121 - 365 days	10,947,414	-
	<b>16,432,935</b>	<b>-</b>



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>4. Trade receivables from exchange transactions (continued)</b>		
<b>Industrial/ commercial</b>		
31 - 60 days	1,084,161	-
61 - 90 days	348,782	-
91 - 120 days	283,837	-
121 - 365 days	2,530,512	-
	<b>4,247,292</b>	<b>-</b>
<b>National and provincial government</b>		
31 - 60 days	231,092	-
61 - 90 days	159,611	-
91 - 120 days	147,886	-
121 - 365 days	1,687,598	-
	<b>2,226,187</b>	<b>-</b>
The financial system was not set up to calculate these figures for the prior year.		
<b>Total</b>		
Current (0 -30 days)	3,730,102	1,204,717
31 - 60 days	1,972,479	3,685,231
61 - 90 days	1,979,854	1,943,486
91 - 120 days	17,446,240	45,242,536
	25,128,675	52,075,970
Less: Provision for bad debts	(13,818,379)	(5,695,501)
	<b>11,310,296</b>	<b>46,380,469</b>
<b>Reconciliation of bad debt provision</b>		
Balance at beginning of the year	5,695,501	2,547,766
Contributions to provision	50,559,743	3,147,735
Bad debts written off against provision	(36,715,630)	-
	<b>19,539,614</b>	<b>5,695,501</b>
<b>5. Other receivables</b>		
Other debtors	1,446,122	942,590
<b>6. Operating lease</b>		
Certain of the municipality's assets is held to generate rental income. Rental of assets is expected to generate rental yields on an ongoing basis. Lease agreements are cancellable and have terms from 2 to 10 years.		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
<b>Operating leases - as lessor</b>		
<b>Minimum lease payments due:</b>		
Within one year	252,726	233,942
In second to fifth year inclusive	801,436	890,246
After five years	89,949	163,074
<b>Total</b>	<b>1,144,111</b>	<b>1,287,262</b>
<b>7. Non-current receivables</b>		
De Aar Country Club - Non-current portion	62,907	78,977
De Aar Country Club - Current portion	12,180	8,705



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>7. Non-current receivables (continued)</b>	<b>75,087</b>	<b>87,682</b>
<b>8. Investments</b>		
Capital Replacement Reserve Investment	2,252,794	1,982,220
General Investment	5,244,630	6,618,784
Dog Tax Investment	175,748	154,844
Nyl LC Mun Housing Investment	7,034	6,385
ABSA Investment	2,170	-
	<b>7,682,376</b>	<b>8,762,233</b>
<b>9. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	10,160	9,760
Bank balances	197,612	115,793
Short-term deposits	1,435,364	1,972,693
Bank overdraft	(1,872,487)	(7,387,380)
	<b>(229,351)</b>	<b>(5,289,134)</b>
Current assets	1,643,136	2,098,246
Current liabilities	(1,872,487)	(7,387,380)
	<b>(229,351)</b>	<b>(5,289,134)</b>

The municipality make use of a unsecure bank overdraft facility of R2 000 000.

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2009	30 June 2008	30 June 2007	30 June 2009	30 June 2008	30 June 2007
ABSA Bank Limited - DE AAR Branch: Acc. Nr. 185 000 00 81 - Current Account	3,586,602	(1,680,915)	(3,715,287)	(1,872,487)	(7,387,380)	(8,142,976)
Standard Bank Limited -Hanover Branch: Acc. Nr. 280350007 - Current Account	4,974	28,168	21,900	42,670	42,632	2,009,938
ABSA Bank Limited - DE AAR Branch: Acc Nr. 4061685162 - Current Account	150,942	69,061	78,836	154,942	73,161	-
ABSA bank Limited - DE AAR Branch: Acc. Nr. 9108837554 - Call Account	-	1,000	43,499	-	1,000	43,499
ABSA Bank Limited - DE AAR Branch: Acc Nr. 9118567212 - Call Account	2,000	1,000	1,009	2,000	1,000	1,009
ABSA Bank Limited - DE AAR Branch Acc. Nr. 9126703969 - Call Account	-	1,000	5,080	-	1,000	5,080
ABSA Bank Limited - DE AAR Branch: Acc Nr. 9133464768 - Call Account	1,014	1,223	4,178	1,014	1,223	4,178
ABSA Bank Limited - DE AAR Branch: Acc Nr. 9135303251 - Call Account	1,000	21,714	90,293	1,000	21,714	90,293





## Notes to the Annual Financial Statements

				2009 R	2008 R	
<b>9. Cash and cash equivalents (continued)</b>						
ABSA Bank Limited - DE AAR Branch: Acc Nr. 9168828440 - Call Account	2,000	91,813	76,284	2,000	91,813	76,284
ABSA Bank Limited - DE AAR Branch: Acc. Nr. 9180991253 - Call Account	1,001	2,353	2,290	1,001	2,353	2,290
ABSA Bank Limited - DE AAR Branch: Acc. Nr. 9187848328 - Call Account	2,000	1,000	-	2,000	1,000	-
ABSA Bank Limited - DE AAR Branch: Acc. Nr. 9197808413 - Call Account	2,000	883,465	-	2,000	883,465	-
ABSA Bank Limited - DE AAR Branch: Acc Nr. 9199813620 - Call Account	34,808	152,332	-	34,808	152,332	-
ABSA Bank limited - DE AAR Branch: Acc. Nr. 9205813663 - Call Account	1,000	150,000	-	1,000	150,000	-
ABSA Bank Limited - DE AAR Branch: Acc Nr. 9205813362 - Call Account	133,929	441,092	-	133,929	441,092	-
ABSA Bank Limited - DE AAR Branch: Acc. Nr. 9205814279 - Call Account	51,112	224,701	-	51,112	224,701	-
ABSA Bank Limited - DE AAR Branch: Acc. Nr. 92078822270 - Call Account	2,177	-	-	2,177	-	-
ABSA Bank Limited - DE AAR Branch: Acc. Nr. 9222035197 - Call Account	712,617	-	-	712,617	-	-
ABSA Bank Limited - DE AAR Branch: Acc. Nr. 9228175838 - Call Account	187,000	-	-	187,000	-	-
ABSA Bank Limited - DE AAR Branch: Acc Nr. 9223682147 - Call Account	301,705	-	-	301,705	-	-
ABSA Bank Limited - DE AAR Branch: Acc Nr. 2062198817 - Investmet Account	2,252,794	1,982,220	-	2,252,794	1,982,220	-
ABSA Bank Limited - DE AAR Branch: Acc Nr. 2062198906 - Investmet Account	5,244,630	6,618,784	5,999,079	5,244,630	6,618,784	5,999,079
ABSA Bank Limited - DE AAR Branch: Acc Nr. 2052997314 - Call Account	7,034	6,385	5,872	7,034	6,385	5,872
ABSA Bank Limited - DE AAR Branch: Acc Nr. 2062199059 - Investment Account	175,748	154,844	140,346	175,748	154,844	140,346
ABSA Bank Limited - DE AAR Branch: Acc. Nr. 2068494239 - Call Account	2,170	-	-	2,170	-	-
<b>Total</b>	<b>12,860,257</b>	<b>9,151,240</b>	<b>2,753,379</b>	<b>7,442,864</b>	<b>3,463,339</b>	<b>234,892</b>
<b>10. Current tax payable (receivable)</b>						
VAT Receivable				332,831	131,216	



## Notes to the Annual Financial Statements

	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	42,917,150	-	42,917,150	10,473,111	-	10,473,111
Buildings	27,843,492	(1,608,136)	26,235,356	26,821,373	-	26,821,373
Furniture and fixtures	-	-	-	2,787,115	-	2,787,115
Motor vehicles	-	-	-	3,782,441	-	3,782,441
Office equipment	-	-	-	2,176,533	-	2,176,533
IT equipment	-	-	-	709,392	-	709,392
Infrastructure	477,622,067	(18,292,578)	459,329,489	135,838,058	-	135,838,058
Other property, plant and equipment	8,062,215	(1,056,933)	7,005,282	-	-	-
Water network	-	-	-	26,650,215	-	26,650,215
Leased infrastructure	1,411,648	(1,037,740)	373,908	1,411,648	(540,564)	871,084
Heritage	1,191,098	(29,990)	1,161,108	-	-	-
Property Plant and equipment - Loans Redeemed and other Capital Receipts	-	-	-	-	(201,231,551)	(201,231,551)
<b>Total</b>	<b>559,047,670</b>	<b>(22,025,377)</b>	<b>537,022,293</b>	<b>210,649,886</b>	<b>(201,772,115)</b>	<b>8,877,771</b>

## Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Transfers	Revaluations	Depreciation	Total
Land	10,473,111	-	(2,122,747)	34,566,786	-	42,917,150
Buildings	26,821,373	2,047,623	(3,982,471)	2,956,967	(1,608,136)	26,235,356
Furniture and fixtures	2,787,115	-	(2,787,115)	-	-	-
Motor vehicles	3,782,441	-	(3,782,441)	-	-	-
Office equipment	2,176,533	-	(2,176,533)	-	-	-
IT equipment	709,392	-	(709,392)	-	-	-
Infrastructure	135,838,058	363,480	38,999,324	302,421,205	(18,292,578)	459,329,489
Other property, plant and equipment	-	1,015,172	7,081,043	(34,000)	(1,056,933)	7,005,282
Water network	26,650,215	-	(26,650,215)	-	-	-
Leased infrastructure	871,084	-	-	-	(497,176)	373,908
Heritage	-	-	-	1,191,098	(29,990)	1,161,108
Loans Redeemed and other Capital Receipts written off in terms of GRAP conversion	(201,231,551)	-	201,231,551	-	-	-
	<b>8,877,771</b>	<b>3,426,275</b>	<b>205,101,004</b>	<b>341,102,056</b>	<b>(21,484,813)</b>	<b>537,022,293</b>



## Notes to the Annual Financial Statements

				2009 R	2008 R
<b>11. Property, plant and equipment (continued)</b>					
<b>Reconciliation of property, plant and equipment - 2008</b>					
	Opening Balance	Additions	Disposals	Depreciation	Total
Land	10,473,111	-	-	-	10,473,111
Buildings	26,007,228	814,145	-	-	26,821,373
Furniture and fixtures	1,832,623	954,492	-	-	2,787,115
Motor vehicles	3,713,941	68,500	-	-	3,782,441
Office equipment	2,139,489	84,101	(47,057)	-	2,176,533
IT equipment	438,464	270,928	-	-	709,392
Infrastructure	130,824,554	5,013,504	-	-	135,838,058
Water network	26,055,986	594,229	-	-	26,650,215
Leased infrastructure	-	1,411,648	-	(540,564)	871,084
Loans redeemed and other Capital Receipts	(192,342,302)	-	(8,889,249)	-	(201,231,551)
	<b>9,143,094</b>	<b>9,211,547</b>	<b>(8,936,306)</b>	<b>(540,564)</b>	<b>8,877,771</b>

### Revaluations

The effective date of the revaluations of PPE was 30 June 2008. Revaluations were performed by Combined Systems (Infrastructure) and Daniel Benjamin Grobler (Professional Associated Valuer, Member of the S.A Institute of Valuers and Member of the Council for the Property Valuers Profession, Professional Registration number 2311), from Anzel Trading 1024 trading as: Uluntu Valuations (Land and Buildings). Both contractors are not connected to the municipality.

Land and buildings are re-valued independently every 4 years as per the Municipal Property Rates Act, 6 of 2004.

The infrastructure was revalued using the current replacement cost to determine the fair value of infrastructure assets as no historical cost was available:

### Current Replacement Costs

Fixed assets was valued using the cost of modern equivalent assets that would be installed today in order to provide the same level of service as the assets in place.

The replacement costs as at 1 July 2008 was calculated with the best information available and the sources will be disclosed.

### Assets Descriptions and Classification

Since some reports are sorted alphabetically on asset description, the NATO Nomenclature (North Atlantic Treaty Organization) naming convention will be followed as far as possible. NATO requires that the most important attribute is to be the primary determinant in the asset description with the progressively less important attributes following. The asset description will therefore reflect the preponderance of common attributes in the order of importance attached to it and the degree of homogeneity with which differences between assets are regarded.

The National Treasury asset classification structure will be used as guideline and assets of Emthanjeni Local Municipality to be classified accordingly. The importance of asset classification is to ensure the correct depreciation of each item (component) with a cost that is significant in relation to the total cost of the asset.

### Measurement of Cost

Fixed assets for which the historical expenditure can be directly substantiated with documentary proof, will be brought into account by the Depreciated Cost methodology. Where no historical information is available the Depreciated Replacement Cost methodology will be used to bring the assets into account.

### Age & Condition Assessment

Although we are not sworn evaluators, a 'face value' assessment of the condition of the infrastructure fixed assets will be done in conjunction with the responsible asset controller of the Municipality.

If the age of the asset cannot be determined fairly reliably it will be assumed that the asset has been in use for half of its useful life.



## Notes to the Annual Financial Statements

	2009 R	2008 R
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### 11. Property, plant and equipment (continued)

#### Other Information

The Municipality has taken advantage the three year transitional period granted in Directive 4 for the initial adoption of GRAP 12, 16, 17 and 102.

Municipalities are granted a period of three years, from the initial adoption of the Standards of GRAP, to measure their assets in accordance with the principles of the relevant Standards. This means that, in the year that entities initially adopt the Standards of GRAP, they should have:

- identified and correctly classified their assets between inventories, investment properties, property, plant and equipment or intangible assets;
- recognised these assets using the principles in the Standards of GRAP; and
- measured these assets either using the principles in the Standards of GRAP or at provisional amounts using the relief allowed in Directive 4.

The municipality elected to measure these assets at provisional amounts using the relief allowed in Directive 4 and will implement the following over the next three years:

- Clear or better descriptions of individual items of property, plant and equipment. (Year1)
- Department or service that uses or controls the item of property, plant or equipment. (Year1)
- Original funding source of individual items of property, plant and equipment. (Year 2)
- Identification reference for physical verification and asset management purposes. (Year 3).

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### Finance Leases

##### Canon (Pty) Ltd

Emthanjeni Municipality leases photocopiers, laser faxes and printers from Canon for a period of 5 years. The lease/rental agreement makes provision for monthly lease/rental payments. The commencement date of monthly lease/rentals varied but the first lease started on 01/04/2004 with the last instalment date 31 July 2010. The initial total monthly rental was R945 and last total payment for all leases is R4940. Ownership of assets will not pass to Emthanjeni Municipality but during the term of the agreement, Emthanjeni Municipality has full control and usage over the assets and has exclusive use of the assets for the full duration of the lease/rental agreement. The monthly lease/rental payments escalate at 15 % per annum since the lease/rental agreement commenced.

Reconciliation between the total minimum lease payments and their present value:

##### At 30 June 2009

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	38,085	2,642	40,727
Finance cost	3,072	596	3,668
Present value	35,013	2,045	37,061

##### At 30 June 2008

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	54,563	40,729	95,292
Finance cost	8,570	3,668	12,239
Present value	45,992	37,061	83,055

##### Katlego (Pty) Ltd

Emthanjeni Municipality leases photocopiers, laser faxes and printers from Katlego for a period of 3 years. The lease/rental agreement makes provision for monthly lease/rental payments. The commencement date of monthly lease/rentals varied but the first lease started on 31/01/2007 with the last instalment date 31 December 2009. The initial total monthly rental was R46173.95 and last total payment for all leases is R47 584.41 . Ownership of assets will not pass to Emthanjeni Municipality but during the term of the agreement, Emthanjeni Municipality has full control and usage over the assets and



## Notes to the Annual Financial Statements

	2009 R	2008 R
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### 11. Property, plant and equipment (continued)

has exclusive use of the assets for the full duration of the lease/rental agreement. The monthly lease/rental payments escalate at 15 % per annum since the lease/rental agreement commenced. Reconciliation between the total minimum lease payments and their present value:

#### At 30 June 2009

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	250,762	0	250,762
Finance cost	8,894	0	8,894
Present value	241,868	0	241,868

#### At 30 June 2008

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	489,815	250,762	740,577
Finance cost	80,491	8,894	89,385
Present value	409,324	241,868	651,193

#### Siemens (Pty) Ltd

Emthanjeni Municipality leases a telephone system from Siemens via Centrafin for a period of 5 years. The lease/rental agreement makes provision for monthly lease/rental payments. The commencement date of monthly lease/rental payments was 01/03/2004 with an instalment of R3175 that remains the same throughout the lease/rental agreement term with last premium of R3175 on 31 March 2009. Ownership will not pass to Emthanjeni municipality but during the term of the agreement, Emthanjeni Municipality have full control and usage and exclusive use of the assets for the full duration of the lease/rental agreement. Reconciliation between the total minimum lease payments and their present value:

#### At 30 June 2009

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	0	0	0
Finance cost	0	0	0
Present value	0	0	0

#### At 30 June 2008

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	25,399	0	25,399
Finance cost	927	0	927
Present value	24,473	0	24,473

#### Konica Minolta (Pty) Ltd

Emthanjeni Municipality leases photocopier from Konica Minolta for a period of 5 years. The lease/rental agreement make provision for monthly lease/rental payments. The commencement date of monthly lease/rental payments was 01/04/2008 with an instalment of R2791 that remains the same throughout the lease/rental agreement term with last premium of R2791 on 31 March 2013. Ownership will not pass to Emthanjeni municipality but during the term of the agreement, Emthanjeni municipality have full control and usage and exclusive use of the assets for the full duration of the lease/rental agreement. Reconciliation between the total minimum lease payments and their present value:

#### At 30 June 2009

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	33,497	92,117	125,615
Finance cost	13,235	17,405	30,640
Present value	20,262	74,712	94,974

#### At 30 June 2008

	Up to 1 year	1 to 5 years	Total
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## Notes to the Annual Financial Statements

		2009 R	2008 R
<b>11. Property, plant and equipment (continued)</b>			
Amount at balance sheet date	33,497	125,615	159,112
Finance cost	16,110	30,640	46,751
Present value	17,387	94,974	112,363

### 12. Investment property

	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	268,810	(10,341)	258,469	-	-	-

### Reconciliation of investment property - 2009

	Opening Balance	Transfers	Accumulated depreciation	Total
Investment property transferred from PPE	-	268,810	(10,341)	258,469

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### Details of valuation

The effective date of the revaluations was 01 July 2008. Revaluations were performed by an independent valuer, Daniel Benjamin Grobler (Professional Associated Valuer, Member of the S.A Institute of Valuers and Member of the Council for the Property Valuers Profession, Professional Registration number 2311), from Anzel Trading 1024 trading as: Uluntu Valuations. Anzel Trading 1024 trading as: Uluntu Valuations are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.



## Notes to the Annual Financial Statements

	2009		2008	
	Cost / Valuation	Accumulated amortisation	Cost / Valuation	Accumulated amortisation
Computer software, other	274,151	(88,113)	-	-
		Carrying value		Carrying value
		186,038		-

### Reconciliation of intangible assets - 2009

	Opening Balance	Transfers	Amortisation	Total
Computer software, other transferred from PPE	-	274,151	(88,113)	186,038

### 14. Retirement benefits

Post Medical Aid Benefit Obligation

Reconciliation of the opening and closing balances of the present value of the defined benefit obligation

Description	30 June 2009
Previous opening liability	14,342,345
Current service cost	340,929
Interest cost	1,512,377
Actual benefit payments made*	(630,104)
Actuarial loss / (gain)	384,980
Closing balance	15,950,527

The amounts recognised in the Statement of Financial Performance for the current year is as follow:

Contributions paid	(630 104)
Other expenses included in staff costs	2234286
	-----
Current service costs	340929
Interest cost	1512377
Actuarial loss recognised for the period	380980
	-----
Total employee benefits	1608182
	=====



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>15. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	297,131	497,176
- in second to fifth year inclusive	76,777	373,908
<b>Present value of minimum lease payments</b>	<b>373,908</b>	<b>871,084</b>
Non-current liabilities	76,777	373,908
Current liabilities	297,131	497,176
	<b>373,908</b>	<b>871,084</b>

### Canon for Photocopiers, Laserfaxes and Printers

The effective monthly instalments increased twice per financial year. The monthly instalments at the current year end amounted to R6 639.35, while commencing on 31 March 2005 with the final payments on 31 July 2010. The agreement does provide for contingent lease rent instalments.

### Katlego for Photocopiers, Laserfaxes and Printers

The effective monthly instalments increased twice per financial year. The monthly instalments at the current year end amounted to R47 644.75, while commencing on 31 January 2007 with the final payments on 31 December 2009. The agreement does provide for contingent lease rent instalments. The contract was not renewed.

### Siemens for Telephone Systems

The effective monthly instalments increased twice per financial year. The monthly instalments at the current year end amounted to R3174.89, while commencing on 31 March 2005 with the final payments on 31 March 2009. The agreement does provide for contingent lease rent instalments. The contract was not renewed.

### Konica Minolta for Photocopier

The effective monthly instalments increased twice per financial year. The monthly instalments at the current year end amounted to R2710.54, while commencing on 1 April 2008 with the final payments on 31 March 2013. The agreement does provide for contingent lease rent instalments.

## 16. Taxes and transfers payable

VAT for debtors	2,758,674	5,257,282
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## 17. Trade and other payables from exchange transactions

Trade payables	1,271,127	1,169,007
Deposits received	165,233	154,832
Other creditors	2,227,626	4,709,787
Other Creditors - Debtors with credit balances	1,213,613	895,754
	<b>4,877,599</b>	<b>6,929,380</b>





## Notes to the Annual Financial Statements

	2009 R	2008 R
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### 18. Provisions

#### Reconciliation of provisions - 2009

	Opening Balance	Additions	Utilised during the year	Total
Leave Provision	2,262,318	387,175	-	2,649,493
Provision for Performance Bonusses	265,445	303,365	(247,201)	321,609
Provision: Rehabilitation of Landfil Site	-	296,069	-	296,069
	<b>2,527,763</b>	<b>986,609</b>	<b>(247,201)</b>	<b>3,267,171</b>

#### Reconciliation of provisions - 2008

	Opening Balance	Additions	Total
Leave Provision	2,189,243	73,075	2,262,318
Provision for Performance Bonus	260,000	5,445	265,445
	<b>2,449,243</b>	<b>78,520</b>	<b>2,527,763</b>
Non-current liabilities		296,069	-
Current liabilities		2,971,102	2,527,763
		<b>3,267,171</b>	<b>2,527,763</b>

### 16.1 Performance Bonus

All employees who are employed in accordance with provisions of section 57 of the Municipal Systems Act are required, in terms of their employment contracts, to sign a performance agreement and performance plan in terms of which their performance is assessed annually. The criteria in terms of which they are assessed is linked to the I.D.P, SDBIP and their performance contracts. Strategic focus areas and key performance indicators are set out in the plan, together with targets and weightings for each target. Employees are assessed quarterly and against these targets and a final assessment is conducted at the end of the financial year. The performance bonus paid to each employee is dependant on the overall score achieved in this assessment and is subject to the approval of the Mayor and Municipal Manager.

### 16.2 Environmental rehabilitation: Landfill sites

Provision for reclamation of refuse landfill sites. In terms of the licensing of the landfill refuse site, council will incur rehabilitation estimated costs of R4 441 037 to restore the sites at the end of its useful lives.

### 16.3 Provision for Accrued Leave

The provision for accrued leave have been calculated on the stipulation of the SALGBC maximum accrued leave days of 48 days per employee.

### 19. Consumer deposits

Water & Electricity	1,554,683	1,390,401
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### 20. Unspent conditional grants and receipts

See note 27 for reconciliation of grants from National/Provincial Government.

FMG	1,000	1,000
Britstown Water Research	62,575	174,532
Housing Accreditation	-	2,290
MIG : Sewerage Fund 06/07	94,287	245,768
Diverse Parking System	27,332	152,332
Booi Mantji Housing Project	-	944,290



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>20. Unspent conditional grants and receipts (continued)</b>		
Neighbourhood Revitalisation	-	150,000
De Aar Taxi Rank	89,195	507,108
Fire Fighting Equipment	39,188	224,701
Secure Centre	707,212	-
Hydroponics	300,000	-
Electrification : DME	187,000	-
	<b>1,507,789</b>	<b>2,402,021</b>
<b>21. Other non-current borrowings</b>		
<b>Long-term loans</b>		
SEWERAGE R100	-	10,400
DEV BANK: ELEC R1809000 OPENING BALANCE	983,865	(610)
DEV BANK: VEH R4000000 OPENING BALANCE	481,767	2,198,565
DEV BAN ELEC R5449995 OPENING BALANCE	3,484,684	4,059,773
Less: Short term portion transferred to Current Liabilities	(1,317,811)	(1,203,780)
	<b>3,632,505</b>	<b>5,064,348</b>
<b>22. Capital replacement reserve</b>		
Statutory funds and other funds in terms of IMFO transferred to the Accumulated Surplus in terms of GRAP	-	18,918,782
Transferred from Accumulated Surplus in terms of GRAP	2,252,793	-
Transferred to Unspent Conditional Grants (Fire Fighting Equipment)	-	(224,702)
	<b>2,252,793</b>	<b>18,694,080</b>
<b>23. Revaluation reserve</b>		
<p>A revaluation of PPE was done during the year and in terms of Grap 17, paragraph 91 - " Where, on adoption of the accrual basis of accounting, an entity initially recognises property, plant and equipment on adoption of this Standard, the entity shall report the effect of the initial recognition of property, plant and equipment as an adjustment to the opening balance of accumulated surpluses or deficits for the period in which the Standard is first adopted."</p>		
<b>24. Revenue</b>		
Rendering of services	57,168,079	49,889,313
Rental Income	513,894	334,793
Interest received	1,215,214	1,338,175
Fines	3,185,920	1,965,392
Licences and permits	1,019,902	922,530
Government grants	27,996,502	24,943,909
	<b>91,099,511</b>	<b>79,394,112</b>



## Notes to the Annual Financial Statements

	2009 R	2008 R
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### 25. Property Rates

#### Valuations

The valuation of land was performed every ten years and the general valuation came into effect on 1 July 1994. The basic rate was 4.13c in the Rand on the value of improvements. A rebate of 40% was granted to pensioners and indigent persons with an income of R24 670 and less per year.

Uluntu Valuers were appointed to conduct general valuations as per the MPRA. Due to the delay in the valuation process, Council resolved that the MRPA be implemented on 01 July 2009 with the valuation date 01 July 2008. The process was finalised completely during the 2008/2009 financial year to enable implementation of the MPRA.

Valuations on land and buildings are performed every 4 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 September. Interest at prime plus 1% per annum and a collection fee, is levied on rates outstanding two months after due date.

The new general valuation will be implemented on 01 July 2009.

### 26. Service charges

Sale of electricity	19,704,845	15,866,745
Sale of water	12,348,873	11,034,113
Sewerage and sanitation charges	8,929,049	7,998,393
Refuse removal	5,395,173	4,786,118
	<u>46,377,940</u>	<u>39,685,369</u>



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>27. Government grants and subsidies</b>		
Other Government grants and subsidies	3,440,033	583,988
Equitable Share	16,882,469	13,142,037
Equitable Share: Councillor Remuneration	691,000	607,000
Municipal Systems Improvement Grant (MSIG)	735,000	734,000
Financial Management Grant (FMG)	500,000	500,000
Department of Sports and Culture	503,000	210,433
Department of Health	845,000	749,000
Department of Housing and Local Government MIG	1,700,000 2,700,000	- 8,417,451
	<b><u>27,996,502</u></b>	<b><u>24,943,909</u></b>
<b>Government grants\Grants and subsidies - Summary</b>		
Balance unspent at beginning of year	2,402,021	890,227
Current-year receipts	30,695,350	26,455,702
Conditions met - transferred to revenue	(27,996,502)	(24,943,908)
Other	(3,593,081)	-
	<b><u>1,507,788</u></b>	<b><u>2,402,021</u></b>
<b>Equitable share</b>		
Current-year receipts	16,882,469	13,142,037
Conditions met - transferred to revenue	(16,882,469)	(13,142,037)
	<u>-</u>	<u>-</u>
<b>Equitable Share: Councillor Remuneration</b>		
Current-year receipts	691,000	607,000
Conditions met - transferred to revenue	(691,000)	(607,000)
	<u>-</u>	<u>-</u>
<b>Municipal Systems Improvement Grant (MSIG)</b>		
Current-year receipts	735,000	734,000
Conditions met - transferred to revenue	(735,000)	(734,000)
	<u>-</u>	<u>-</u>
<b>Financial Management Grant (FMG)</b>		
Balance unspent at beginning of year	1,000	1,009
Current-year receipts	500,000	499,991
Conditions met - transferred to revenue	(500,000)	(500,000)
	<b><u>1,000</u></b>	<b><u>1,009</u></b>
<b>Department of Sports and Culture</b>		
Current-year receipts	503,000	-
Conditions met - transferred to revenue	(503,000)	-
	<u>-</u>	<u>-</u>
<b>Department of Housing and Local Government</b>		



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>27. Government grants and subsidies (continued)</b>		
Current-year receipts	1,700,000	-
Conditions met - transferred to revenue	(1,700,000)	-
	<u>-</u>	<u>-</u>
<b>MIG</b>		
Balance unspent at beginning of year	245,768	425,354
Current-year receipts	2,700,000	8,237,865
Conditions met - transferred to revenue	(2,851,481)	(8,417,451)
	<u>94,287</u>	<u>245,768</u>
<b>Department of Health</b>		
Current-year receipts	845,000	749,000
Conditions met - transferred to revenue	(845,000)	(749,000)
	<u>-</u>	<u>-</u>
<b>Other grants and subsidies</b>		
Balance unspent at beginning of year	2,155,253	463,864
Current-year receipts	6,138,881	2,485,809
Conditions met - transferred to revenue	(3,288,552)	(794,421)
Other	(3,593,081)	-
	<u>1,412,501</u>	<u>2,155,252</u>
<b>28. Investment revenue</b>		
<b>Interest revenue</b>		
Investments	1,338,625	732,739
	<u>1,338,625</u>	<u>732,739</u>



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>29. Employee related costs</b>		
Basic	23,360,545	20,460,369
Bonus	1,665,850	1,470,853
Medical aid - company contributions	1,525,086	1,389,334
UIF	241,440	201,415
WCA	26,376	573,736
SDL	283,098	-
Other payroll levies	3,963,196	3,406,967
Overtime payments	610,579	565,964
Housing benefits and allowances	179,117	150,422
Provision for leave	387,175	5,445
Other Allowances	277,670	1,010,107
Provision for senior manager performance bonuses	303,365	-
Termination benefits	1,714,010	132,731
	<b>34,537,507</b>	<b>29,367,343</b>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	402,887	377,435
Performance Bonuses	98,681	-
Contributions to UIF, Medical and Pension Funds	68,480	63,011
Travel Allowance	155,562	142,917
Other Allowances	105,081	195,907
	<b>830,691</b>	<b>779,270</b>
<b>Remuneration of chief finance officer</b>		
Annual Remuneration	396,155	298,488
Performance Bonuses	81,223	-
Contributions to UIF, Medical and Pension Funds	66,771	165,746
Travel Allowance	105,840	93,600
Other allowances	109,849	5,445
	<b>759,838</b>	<b>563,279</b>
<b>Director Infrastructure &amp; Housing Services</b>		
Annual Remuneration	417,652	135,300
Performance Bonuses	77,753	-
Contributions to UIF, Medical and Pension Funds	70,933	48,950
Travel allowance	99,861	30,000
Other allowances	57,694	3,150
	<b>723,893</b>	<b>217,400</b>
<b>Corporate and human resources (corporate services)</b>		
Annual Remuneration	299,000	325,856
Contributions to UIF, Medical and Pension Funds	63,887	131,320
Travel allowance	84,000	92,208
Other allowances	44,846	5,400
	<b>491,733</b>	<b>554,784</b>



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>30. Remuneration of councillors</b>		
Mayor	503,163	452,451
Speaker	406,027	364,940
Councillors	1,970,763	1,142,481
Executive Committee Members	-	353,404
	<b>2,879,953</b>	<b>2,313,276</b>
<b>31. Depreciation and amortisation</b>		
Property, plant and equipment	21,583,267	(99,618)
<b>32. Finance costs</b>		
Finance leases	173,087	-
Bank	22,771	397,768
Current borrowings	789,240	909,842
Other interest paid	-	67,333
	<b>985,098</b>	<b>1,374,943</b>
<b>33. Bad debts</b>		
Contributions to bad-debt provision	13,844,113	3,147,735
Bad debts written off	36,715,630	-
	<b>50,559,743</b>	<b>3,147,735</b>
<b>34. Bulk purchases</b>		
Electricity	14,983,306	11,133,426
Water	594,998	(1,086,199)
	<b>15,578,304</b>	<b>10,047,227</b>
<b>35. Grants and subsidies paid</b>		
Equitable Share	16,882,469	13,142,037
Equitable Share Councillor RemunerationN	691,000	607,000
MSIG	735,000	734,000
FMG	500,000	500,000
Department of Sports and Culture	503,000	210,433
Department of Health	845,000	749,000
Department of Housing and Local Government	1,700,000	-
MIG	2,700,000	8,417,451
Government grants and subsidies - Other	3,440,033	583,988
	<b>27,996,502</b>	<b>24,943,909</b>
<b>Other subsidies</b>		
Conditional Grants Expenditure	6,348,390	5,035,540
Grants paid to ME's	27,996,502	24,943,909
Other subsidies	6,348,390	5,035,540
	<b>21,384,673</b>	<b>19,908,369</b>



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>36. General expenses</b>		
Accounting fees	122,920	21,768
Advertising	167,984	163,712
Auditors remuneration	875,158	751,840
Bank charges	324,422	253,955
Cleaning	53,757	60,188
Consulting and professional fees	758,175	206,288
Entertainment	291,813	292,570
Insurance	628,770	739,889
Lease rentals on operating lease	379,096	875,607
Motor vehicle expenses - licences	103,824	127,820
Pest control	27,513	-
Fuel and oil	1,511,162	839,286
Postage and courier	1,110,767	896,834
Printing and stationery	296,805	312,757
Protective clothing	244,628	120,949
Security (Guarding of municipal property)	752,900	858,450
Subscriptions and membership fees	137,549	112,679
Training	63,872	-
Travel - local	1,152,985	915,740
Electricity - Departmental	829,920	595,647
Sewerage and waste disposal - departmental	246,666	222,141
Water - departmental	262,637	249,451
Conditional Grants Expense	1,581,661	9,279,606
Provision for the rehabilitation of the landfill site	296,069	-
Chemicals and water testing	48,250	-
Other expenses	1,717,775	3,176,508
Capital inventory items	98,058	3,954,209
	<b>14,085,136</b>	<b>25,027,894</b>
<b>37. Cash generated from operations</b>		
(Deficit) surplus before taxation	(50,716,684)	7,037,405
<b>Adjustments for:</b>		
Depreciation and amortisation	21,583,267	(99,618)
Interest received	(1,338,625)	(732,739)
Finance costs	985,098	1,374,943
Movements in operating lease assets and accruals	246,040	-
Movements in retirement benefit assets and liabilities	(15,950,527)	-
Movements in provisions	739,408	78,520
Other non-cash items	24,355,913	627,154
<b>Changes in working capital:</b>		
Inventories	(213,522)	(1,907,368)
Other receivables	(503,532)	376,685
Consumer debtors	35,036,153	(7,470,338)
Trade and other payables from exchange transactions	(2,051,782)	(622,395)
VAT	(2,498,608)	1,761,539
Unspent conditional grants and receipts	(894,234)	1,515,971
Movement in Consumer deposits	164,282	260,327
	<b>8,942,647</b>	<b>2,200,086</b>
<b>38. Tax paid</b>		
Balance at beginning of the year	131,216	(318,130)
Balance at end of the year	(332,831)	(131,216)
	<b>(201,615)</b>	<b>(449,346)</b>





## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>39. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	2,525,348	2,169,798
Not yet contracted for and authorised by accounting officer	1,325,818	-

This committed expenditure relates to PPE and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated and grants and subsidies.

### 40. Contingencies

#### W.J. Van der Merwe's claim (E194)

In this matter the claimant alleges that the tyres of his truck were damaged at the municipal grounds. His damages amounted to R9 875.45. No summons has been issued.

#### Khomanisi Developers claim (E178)

In this matter the claimant is claiming damages to the tune of R895 698.00. It is alleged that authorised members of the municipality entered certain premises rented by the claimant to the value of R895 698.00, belonging to the claimant. It is our client's case that the MEC for Housing and Local Government instructed our client to take control of the goods, which were the property of Government. It is also our case that the value of the goods that were removed amounts to R133 274.30. The possible exposure of our client, if any, is only R133 274.30. It also appears that our client has a valid defence.

### 41. First-time adoption of Generally Recognised Accounting Practice Standards

The municipality has applied Generally Recognised Accounting Practice to provide a starting point for the reporting under Generally Recognised Accounting Practice. On principle these standards have been applied retrospectively and the 2008 comparatives contained in these annual financial statements differ from those published in the annual financial statements published for the year ended 30 June 2008.

The date of transition was 1 July 2008 and the effect of the transition was as follows.

#### Reconciliation of equity at 30 June 2008

	Note	As reported under previous IMFO	Effects of transition to GRAP	GRAP
Non-current receivables		67,384	11,593	78,977
Trade and other receivables		2,492,569	1,994	2,494,563
Trade receivables from exchange transactions		41,767,007	4,613,462	46,380,469
Cash and cash equivalents		125,553	1,972,693	2,098,246
Investments		10,734,927	(1,972,693)	8,762,234
Current portion of receivables		11,593	(2,888)	8,705
<b>Total current assets</b>		<b>55,131,649</b>	<b>4,612,568</b>	<b>59,744,217</b>
Taxes and transfers payable		633,121	4,624,161	5,257,282
Finance lease obligation		-	497,176	497,176
Other non-current borrowings		1,700,956	(497,176)	1,203,780
Unspent conditional grants		2,177,320	224,701	2,402,021
Finance lease obligation (short term portion)		-	373,908	373,908
Other non-current borrowings (short term portion)		6,642,035	(373,908)	6,268,127
<b>Total liabilities</b>		<b>11,153,432</b>	<b>4,848,862</b>	<b>16,002,294</b>



## Notes to the Annual Financial Statements

	2009 R	2008 R		
<b>41. First-time adoption of Generally Recognised Accounting Practice Standards (continued)</b>				
Total non-current assets	67,384	11,593		
Total current assets	55,131,649	4,612,568		
Total liabilities	(11,153,432)	(4,848,862)		
<b>Total assets less total liabilities</b>	<b>44,045,601</b>	<b>43,820,900</b>		
Capital replacement reserve	18,918,783	(224,703)		
<b>Reconciliation of profit or loss for 2008</b>				
	Note	As reported under previous IMFO	Effects of transition to GRAP	GRAP
Revolving Fund Contribution		672,930	(672,930)	-
Stock (Water) recognised		-	(1,708,386)	(1,708,386)
<b>Net deficit</b>		<b>672,930</b>	<b>(2,381,316)</b>	<b>(1,708,386)</b>



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>42. Related parties</b>		
<p>Related party relationships exist between the municipality and the following parties: Municipal Manager, Chief Finance Officer, Directors of directorates, Executive Mayor, Speaker, Councillors, Internal and Audit committee members. Close family members of the family of the abovementioned parties.</p>		
<b>Related party balances</b>		
<p>During the year the municipality rendered services to the following related parties that are related to the municipality as indicated.</p>		
<b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>		
Members of Council	12,096	(1,994)
Member of Key management	(135)	7,576
Close family members of Key management	-	-
Audit Committee	-	-
<b>Amounts included in Liabilities</b>		
Post employment benefit plan for employees of municipality	15,950,527	14,342,345
<b>Related party transactions</b>		
<b>Purchases from (sales to) related parties</b>		
Members of Council	228,717	59,117
Member of Key management	115,585	108,502
Close family members of Key management	-	-
Audit Committee	25,100	15,873
<b>Loans to(from) related parties</b>		
Post employment benefit plan for employees of municipality	1,608,182	-
<p>The rates, service and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.</p>		
<p>The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel.</p>		
<p>Compensation to key management personnel and councilors are set out in note 29 and note 30.</p>		
<b>Other related party transactions</b>		
<p>There were no other related party transactions</p>		
<b>43. Prior period errors</b>		
<p>Due to the first time implementation of GRAP, reclassifications of certain accounts resulted that the following corrections were necessary in terms of figures that were stated in the previous years financial statements.</p>		
<p>The correction of the error(s) results in adjustments as follows:</p>		
<b>Statement of financial position</b>		
Investments	-	(1,972,693)
Cash and cash equivalents	-	1,972,693
Finance lease obligation	-	497,176
Other non-current borrowings	-	(497,176)
Unspent conditional grants and receipts	-	224,701



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>43. Prior period errors (continued)</b>		
Capital replacement reserve	-	(224,701)
Finance lease obligation	-	373,908
Other non-current borrowings	-	(373,908)
Trade and other receivables	-	1,994
Consumer debtors	-	4,613,462
Current portion of receivables	-	(2,888)
Non-current receivables	-	11,593
Taxes and transfers payable	-	(4,624,161)

### 44. Comparative figures

Certain comparative figures have been reclassified. See Note 41.

### 45. Going concern

We draw attention to the fact that at 30 June 2009, the municipality had accumulated surplus of R 523,530,506 and that the municipality's total assets exceed its liabilities by R 525,783,299.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

### 46. Subsequent events

#### Sale of Assets

On 3 July 2009 a public auction was held and old and obsolete assets to the value of R69 501 was sold.

### 47. Unauthorised expenditure

Unauthorised expenditure	18,500,045	-
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These expenditure represent mainly the contribution to provision for bad debts. These expenditure was condoned by council.

### 48. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	-	77,473
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There was no fruitless and wasteful expenditure for the current year.

### 49. Irregular expenditure

Add: Irregular Expenditure - current year	264,315	-
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Irregular expenditure to the amount of R264 315 occurred during the year. These irregular expenditure relate to quotations obtained where the VAT numbers of suppliers were omitted, and also where the required three quotation were not obtained.



## Notes to the Annual Financial Statements

	2009 R	2008 R
<b>50. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	132,049	111,872
Amount paid - current year	(132,049)	(111,872)
	<u>-</u>	<u>-</u>

No amounts were outstanding at year end.

### Audit fees

Opening balance	126,280	276,677
Current year subscription / fee	995,877	912,231
Amount paid - current year	(995,877)	(785,951)
Amount paid - previous years	(126,280)	(276,677)
	<u>-</u>	<u>126,280</u>

No amounts were outstanding at year end.

### PAYE and UIF

Current year subscription / fee	3,588,683	3,141,978
Amount paid - current year	(3,588,683)	(3,141,978)
	<u>-</u>	<u>-</u>

No amounts were outstanding at year end. No amounts were paid in the current year in respect of previous years.

### Pension and Medical Aid Deductions

Current year subscription / fee	7,344,583	480,419
Amount paid - current year	(7,344,583)	(480,419)
	<u>-</u>	<u>-</u>

No amounts were outstanding at year end. No amounts were paid in the current year in respect of previous years.

### VAT

VAT payable	<u>2,758,674</u>	<u>5,257,282</u>
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All VAT returns have been submitted by the due date throughout the year.

### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2009:-

30 June 2009	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor AF Jaftha	(404)	623	219
Councillor JJ Oberholzer	(582)	1,467	885
Councillor BK Markman	570	629	1,199
Councillor J Max	1,103	10,578	11,681
Councillor M Malherbe	789	-	789
Councillor NS Thomas	262	-	262



## Notes to the Annual Financial Statements

		2009 R	2008 R
<b>50. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>			
Councillor L Nkumbi	(294)	-	(294)
Councillor GL Nyl	2,698	5,547	8,245
Councillor GA White	701	3,287	3,988
	<b>4,843</b>	<b>22,131</b>	<b>26,974</b>
30 June 2008	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Sarah Max	295	7,069	7,364
Councillor Siphon Sthonga	90	-	90
Councillor Elijah Hendricks	80	2,552	2,632
Councillor Godfrey Nyl	507	-	507
Councillor Auburn Jafta	1,157	842	1,999
Councillor Sylvia Thomas	488	-	488
Councillor Johnny Oberholzer	-	12,702	12,702
	<b>2,617</b>	<b>23,165</b>	<b>25,782</b>

### 51. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Deviation of the supply chain management regulations only incurred if there was not three quotations. More detail is contained in the deviation register. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

### 52. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (municipality treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Liquidity risk

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

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at



## Notes to the Annual Financial Statements

	2009 R	2008 R
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### 52. Risk management (continued)

the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
At 30 June 2009				
Long Term liabilities	1,614,940	3,521,369	1,505,724	-
Trade and other payables	4,877,599	-	-	-
Consumer Deposits	1,554,683	-	-	-
Unspent conditional government grants and receipts	1,507,787	-	-	-
At 30 June 2008				
Long Term liabilities	1,700,955	4,404,352	2,237,681	-
Trade and other payables	6,929,380	-	-	-
Consumer Deposits	1,390,401	-	-	-
Unspent conditional government grants and receipts	2,402,021	-	-	-

### Interest rate risk

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

The municipality analyse 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.

### Credit risk

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

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

The entity only deposits cash with major banks with high quality credit standing. Grants are receivable from higher order levels of government. The credit risk pertaining to these financial assets are considered to be low.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts.

Trade 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. Credit risk pertaining to trade debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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 municipality is exposed to a number of guarantees for the overdraft facilities of Group companies and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

### Foreign exchange risk



## Notes to the Annual Financial Statements

	2009 R	2008 R
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### 52. Risk management (continued)

The municipality does not hedge foreign exchange fluctuations.

#### Price risk

The municipality is not exposed to price risk.

### FINANCIAL INSTRUMENTS

### 53. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

#### 2009

	Loans and receivables	Held to maturity investments	Total
Non-current receivables	62,907	-	62,907
Investments	-	7,682,376	7,682,376
Trade and other receivables	12,896,288	-	12,896,288
Cash and cash equivalents	1,643,136	-	1,643,136
Other receivables	1,446,122	-	1,446,122
Current portion of receivables	12,180	-	12,180
	<b>16,060,633</b>	<b>7,682,376</b>	<b>23,743,009</b>

#### 2008

	Loans and receivables	Held to maturity investments	Total
Non-current receivables	78,977	-	78,977
Investments	-	8,762,234	8,762,234
Trade and other receivables	47,932,441	-	47,932,441
Cash and cash equivalents	2,098,246	-	2,098,246
Other receivables	942,590	-	942,590
Current portion of receivables	8,705	-	8,705
	<b>51,060,959</b>	<b>8,762,234</b>	<b>59,823,193</b>

### 54. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

#### 2009

	Financial liabilities at amortised cost	Fair value through surplus or deficit - held for trading	Fair value through surplus or deficit - designated	Total
Other non-current borrowings	4,950,316	-	-	4,950,316
Other non-current borrowings - short-term portion	1,317,811	-	-	1,317,811
Finance lease obligation	297,131	-	-	297,131
Trade and other payables	4,877,599	-	-	4,877,599
Bank overdraft	1,872,487	-	-	1,872,487
Unspent conditional grants	1,507,787	-	-	1,507,787
	<b>14,823,131</b>	<b>-</b>	<b>-</b>	<b>14,823,131</b>





## Notes to the Annual Financial Statements

		2009 R	2008 R	
<b>54. Financial liabilities by category (continued)</b>				
<b>2008</b>				
	Financial liabilities at amortised cost	Fair value through surplus or deficit - held for trading	Fair value through surplus or deficit - designated	Total
Other non-current borrowings	6,268,127	-	-	6,268,127
Other non-current borrowings - short-term portion	1,203,780	-	-	1,203,780
Finance lease obligation	491,176	-	-	491,176
Trade and other payables	6,929,380	-	-	6,929,380
Bank overdraft	7,387,380	-	-	7,387,380
Unspent conditional grants	2,402,021	-	-	2,402,021
	<b>24,681,864</b>	<b>-</b>	<b>-</b>	<b>24,681,864</b>





APPENDIX B for the period ended 30 June 2009  
June 2009

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009  
Accumulated Depreciation

	Cost/Revaluation				Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
<b>Land/ Heritage</b>											
Painting & Art Galleries	1,191,098	-	-	-	1,191,098	-	29,990	-	29,990	1,161,108	-
	<b>1,191,098</b>				<b>1,191,098</b>		<b>29,990</b>		<b>29,990</b>	<b>1,161,108</b>	
<b>Buildings</b>											
Land	42,917,148	-	-	-	42,917,148	-	-	-	-	42,917,148	-
Buildings	24,626,898	2,047,623	1,168,971	-	27,843,492	-	1,608,136	-	1,608,136	26,235,356	-
	<b>67,544,046</b>	<b>2,047,623</b>	<b>1,168,971</b>		<b>70,760,640</b>		<b>1,608,136</b>		<b>1,608,136</b>	<b>69,152,504</b>	
<b>Leasehold property Investment Assets</b>											
Buildings	268,810	-	-	-	268,810	-	10,341	-	10,341	258,469	-
	<b>268,810</b>				<b>268,810</b>		<b>10,341</b>		<b>10,341</b>	<b>258,469</b>	
<b>Intangible Assets</b>											
Software	40,285	233,866	-	-	274,151	-	88,113	-	88,113	186,038	-
	<b>40,285</b>	<b>233,866</b>			<b>274,151</b>		<b>88,113</b>		<b>88,113</b>	<b>186,038</b>	
<b>Leased Assets</b>											
Office equipment	1,411,648	-	-	-	1,411,648	540,564	497,176	-	1,037,740	373,908	-
	<b>1,411,648</b>				<b>1,411,648</b>	<b>540,564</b>	<b>497,176</b>		<b>1,037,740</b>	<b>373,908</b>	
<b>Infrastructure</b>											
Roads	19,537,231	221,793	782,019	-	20,541,043	-	2,063,553	-	2,063,553	18,477,490	-
Sewerage Mains & Purif	25,763,335	115,457	627,831	-	26,506,623	-	1,290,912	-	1,290,912	25,215,711	-
Electricity Mains	361,242,211	7,591	204,639	-	361,454,441	-	12,382,966	-	12,382,966	349,071,475	-
Water Mains & Purification	68,994,765	18,639	106,557	-	69,119,961	-	2,555,146	-	2,555,146	66,564,815	-
	<b>475,537,542</b>	<b>363,480</b>	<b>1,721,046</b>		<b>477,622,068</b>		<b>18,292,577</b>		<b>18,292,577</b>	<b>459,329,491</b>	



APPENDIX B for the period ended 30 June 2009  
June 2009

**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009**  
Accumulated Depreciation

	Cost/Revaluation				Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
<b>Community</b>											
<b>Other property, plant and equipment</b>											
Office Equipment	3,793,323	207,473	-	-	4,000,796	-	608,622	-	608,622	3,392,174	-
Furniture & Fittings	1,548,527	38,440	-	-	1,586,967	-	224,187	-	224,187	1,362,780	-
Emergency Equipment	-	-	162,731	-	162,731	-	-	-	-	162,731	-
Motor vehicles	68,500	537,762	-	-	606,262	-	86,634	-	86,634	519,628	-
Plant & equipment	616,974	109,649	856,989	-	1,583,612	-	136,132	-	136,132	1,447,480	-
Other Assets	-	121,847	-	-	121,847	-	1,358	-	1,358	120,489	-
<b>Total</b>	<b>6,027,324</b>	<b>1,015,171</b>	<b>1,019,720</b>	<b>-</b>	<b>8,062,215</b>	<b>-</b>	<b>1,056,933</b>	<b>-</b>	<b>1,056,933</b>	<b>7,005,282</b>	<b>-</b>
<b>Land/ Heritage</b>											
Buildings	1,191,098	-	-	-	1,191,098	-	29,990	-	29,990	1,161,108	-
Investment Assets	67,544,046	2,047,623	1,168,971	-	70,760,640	-	1,608,136	-	1,608,136	69,152,504	-
Intangible Assets	268,810	-	-	-	268,810	-	10,341	-	10,341	258,469	-
Leased Assets	40,285	233,866	-	-	274,151	-	88,113	-	88,113	186,038	-
Infrastructure	1,411,648	-	-	-	1,411,648	540,564	497,176	-	1,037,740	373,908	-
Other property, plant and equipment	475,537,542	363,480	1,721,046	-	477,622,068	-	18,292,577	-	18,292,577	459,329,491	-
	6,027,324	1,015,171	1,019,720	-	8,062,215	-	1,056,933	-	1,056,933	7,005,282	-
<b>Total</b>	<b>552,020,753</b>	<b>3,660,140</b>	<b>3,909,737</b>	<b>-</b>	<b>559,590,630</b>	<b>540,564</b>	<b>21,583,266</b>	<b>-</b>	<b>22,123,830</b>	<b>537,466,800</b>	<b>-</b>



APPENDIX C for the period ended 30 June 2009  
June 2009

	Cost/Revaluation				Accumulated Depreciation					
	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand
Executive & Council	32,583,167	-	-	-	32,583,167	-	-	-	-	32,583,167
Finance & Admin	40,724,768	365,848	-	-	41,090,616	540,564	3,028,962	-	3,569,526	37,521,090
Planning & Development	91,493	9,606	-	-	101,099	-	19,157	-	19,157	81,942
Health	-	-	-	-	-	-	-	-	-	-
Community & Social Services	1,075	2,620,553	-	-	2,621,628	-	153,959	-	153,959	2,467,669
Housing	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	162,731	-	162,731	-	-	-	-	162,731
Sport & Recreation	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Management	25,763,335	115,457	1,796,802	-	27,675,594	-	1,290,912	-	1,290,912	26,384,682
Road Transport	22,551,438	349,129	782,019	-	23,682,586	-	2,135,097	-	2,135,097	21,547,489
Water	68,994,765	191,957	106,557	-	69,293,279	-	2,558,513	-	2,558,513	66,734,766
Electricity	361,310,711	7,591	1,061,628	-	362,379,930	-	12,396,666	-	12,396,666	349,983,264
Other	-	-	-	-	-	-	-	-	-	-
	<b>552,020,752</b>	<b>3,660,141</b>	<b>3,909,737</b>	-	<b>559,590,630</b>	<b>540,564</b>	<b>21,583,266</b>	-	<b>22,123,830</b>	<b>537,466,800</b>





APPENDIX E(1) for the ended 30 June 2009  
June 2009

Current year 2009 Act. Bal. R'000	Prior Year # 1 2008 Act. Bal. R'000	Current year 2009 Act. Bal. R'000	Prior Year # 1 2008 Act. Bal. R'000	Current year 2009 Act. Bal. R'000	Prior Year # 1 2008 Act. Bal. R'000	Current year 2009 Act. Bal. R'000	Prior Year # 1 2008 Act. Bal. R'000	Current year 2009 Act. Bal. R'000	Prior Year # 1 2008 Act. Bal. R'000	Current year 2009 Act. Bal. R'000	Prior Year # 1 2008 Act. Bal. R'000	Current year 2009 Act. Bal. R'000	Prior Year # 1 2008 Act. Bal. R'000
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Revenue  
Other income  
Expenses  
Other revenue and costs



APPENDIX E(2) for the period ended 30 June 2009  
June 2009

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006**

Additions	Under Construction Rand	Closing Balance Rand	Budget		Variance		Explanation of Significant Variances greater than 5% versus Budget
			Rand	Rand	Rand	%	
2,047,623	1,168,971	3,216,594	4,280,232	(1,063,638)		(33) MIG Funds withdrawn as a result of non-spending	
<b>2,047,623</b>	<b>1,168,971</b>	<b>3,216,594</b>	<b>4,280,232</b>	<b>(1,063,638)</b>	<b>(33)</b>		
<b>Land/ Heritage Buildings</b>							
<b>Buildings</b>							
Buildings							
2,047,623	1,168,971	3,216,594	4,280,232	(1,063,638)		(33) MIG Funds withdrawn as a result of non-spending	
<b>2,047,623</b>	<b>1,168,971</b>	<b>3,216,594</b>	<b>4,280,232</b>	<b>(1,063,638)</b>	<b>(33)</b>		
<b>Leasehold property IT equipment</b>							
Software - Intangibles							
233,866	-	233,866	-	233,866	100		
<b>233,866</b>	<b>-</b>	<b>233,866</b>	<b>-</b>	<b>233,866</b>	<b>100</b>		
<b>Housing Develop Fund Infrastructure</b>							
Roads							
221,793	782,019	1,003,812	1,872,725	(868,913)	(87)	MIG Funds withdrawn as a result of non-spending	
115,457	627,831	743,288	1,020,833	(277,545)	(37)	MIG Funds withdrawn as a result of non-spending	
7,591	204,639	212,230	118,880	93,350	44	MIG Funds withdrawn as a result of non-spending	
18,639	106,557	125,196	2,000	123,196	98	MIG Funds withdrawn as a result of non-spending	
<b>363,480</b>	<b>1,721,046</b>	<b>2,084,526</b>	<b>3,014,438</b>	<b>(929,912)</b>	<b>(45)</b>		





APPENDIX E(2) for the period ended 30 June 2009  
June 2009

	Additions		Under Construction Rand	Closing Balance Rand	Budget		Variance		Explanation of Significant Variances greater than 5% versus Budget
	Rand				Rand		Rand	%	
<b>Community</b>									
<b>Other property, plant and equipment</b>									
Office Equipment	207,473	-	-	207,473	-	207,473	100		
Furniture & Fittings	38,440	-	-	38,440	-	38,440	100		
Emergency Equipment	-	162,731	-	162,731	165,000	(2,269)	(1)		
Motor vehicles	537,762	-	-	537,762	-	537,762	100		
Other	121,847	-	-	121,847	1,608,624	(1,486,777)	(1,220)	MIG Funds withdrawn as a result of non-spending	
Plant & equipment	109,649	856,989	-	966,638	1,209,665	(243,027)	(25)	MIG Funds withdrawn as a result of non-spending	
<b>Total</b>	<b>1,015,171</b>	<b>1,019,720</b>	<b>1,019,720</b>	<b>2,034,891</b>	<b>2,983,289</b>	<b>(948,398)</b>	<b>(47)</b>		
<b>Buildings</b>	<b>2,047,623</b>	<b>1,168,971</b>	<b>1,168,971</b>	<b>3,216,594</b>	<b>4,280,232</b>	<b>(1,063,638)</b>	<b>(33)</b>	MIG Funds withdrawn as a result of non-spending	
IT equipment	233,866	-	-	233,866	-	233,866	100		
Infrastructure	363,480	1,721,046	-	2,084,526	3,014,438	(929,912)	(45)	MIG Funds withdrawn as a result of non-spending	
Other property, plant and equipment	1,015,171	1,019,720	-	2,034,891	2,983,289	(948,398)	(47)	MIG Funds withdrawn as a result of non-spending	
<b>Total</b>	<b>3,660,140</b>	<b>3,909,737</b>	<b>3,909,737</b>	<b>7,569,877</b>	<b>10,277,959</b>	<b>(2,708,082)</b>	<b>(36)</b>		







# Chapter Seven

**Annual  
Performance  
Report**



## INTRODUCTION

The report is compiled in terms of the Performance Management System of Emthanjeni Municipality and the Local Government: Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (Municipal Performance Regulations) or (MPR)

## LEGISLATIVE FRAMEWORK

The following are conditions attached to the award of a bonus to an employee for outstanding performance as prescribed by legislation.

### Affordability

Section 38 of the Municipal Systems Act requires a municipality to establish a performance management system which is commensurate with its resources. The Municipal Performance Report, in section 8, makes affordability to the municipality a condition for bonuses to be paid to senior managers.

### Period permissible to award a performance bonus

The Municipal Systems Amendment Act restricts the award of bonuses to employees to a period of a financial year.

### Submission and adoption of the Annual Report

A third condition is that a performance bonus can only be paid after the Annual Report for the year under review has been submitted and adopted by Council. At this point of the municipal business cycle, the Auditor General has had an opportunity to express an opinion on the municipality's financial statements and the municipality's planning and performance management systems.

It is also at this stage in the business cycle that the Oversight Committee of Council has had an opportunity to make recommendations to Council on the Annual Report in terms of section 129 of the MFMA.

The Annual Report content, process and resultant Oversight Report is a fairly accurate indicator of overall performance of a municipality over a particular year.

### Performance Evaluation

The fourth condition is for a credible performance evaluation or assessment process in terms of the section 26 and 27 of the MPR.

### Council Approval

The fifth condition is that the Evaluation or Performance Assessment Report and the awarding of bonuses must be approved by Council.

### Percentage Limit

A Performance bonus is capped at 14% of the all-inclusive remuneration package in terms of section 32 of the MPR.

## THE 2008/09 FINANCIAL YEAR PERFORMANCE EVALUATION

The 2008/09 Performance Evaluation took place between 13-20 January 2010. The evaluation was done by an Evaluation Panel appointed by the Council in terms of the prescriptions of the MPR.

### The following methodology was used:

- A session was held first before individual senior managers' assessments could take place to ensure that all senior managers are familiar with applicable legislation and the process and procedure of assessment.
- The Manager already scored himself and the panel members individually scored the manager in terms of the scoring targets.
- The scoring targets are as follow:
  - 5=75-100%
  - 4=65-74%;
  - 3=50-64%;
  - 2=31-49%;
  - 1=less than 30%.
- The Manager presented his Portfolio of Evidence as proof for the score given by himself on each of the KPI's and motivated his score on each of the CCR's
- A weight were allocated to each of the KPA's and CCR's , this had an influence on the final score
- The minutes of the meeting will be kept by the Department Corporate Services and the minutes will be used as the official recordkeeping in any future disputes.



## EMPLOYEES EVALUATED

The report covers the annual performance assessment for the 2008/09 of the following employees

NAME	DEPARTMENT
I Visser	Municipal Manager
MF Manuel	Chief financial Officer
FD Taljaard	Infrastructure and Technical Services
B Siwa	Community, Support and Social Services

## EVALUATION PROCEDURE AND CRITERIA

### Procedure

Each senior manager was required to compile a portfolio of evidence supporting their performance against key performance indicators agreed to with the municipality in their signed performance agreements.

Employees were also to indicate their own self-scores against the total weighting for each KPI in the performance agreements based on their performance. The scores were then confirmed with the Municipal Manager in case of section 57 managers and with the Mayor in the case of the Municipal Manager based on their satisfaction with the evidence submitted.

### Criteria

The assessment criteria consists of two components with a weighting of 80:20 allocated to key performance areas (KPAs) and core competency requirements (CCR) requirements respectively.

**80%** of the score is the main area of work. Assessment will be based on performance in terms of outputs and outcomes linked to KPAs agreed to in the performance plan.

**20%** of the score is based on CCR that are deemed to be the most critical for the employee's specific job and agreed to during contracting.

### Key Performance Areas

- The KPAs are modelled according to the 2006-2011 Local government Strategic Agenda.
- Basic Service delivery;
- Municipal Institutional Development and Transformation;
- Local economic Development;
- Municipal Financial Viability and Management;
- Good Governance and Public Participation;

### Core Managerial and Occupational Competencies

CCRs are selected according to a specific field of a Senior Manager from the following list required by Regulations.

- Strategic capability and leadership;
- Programme and project management;
- Financial management (c);
- Change management;
- Knowledge management;
- Service Delivery Innovation;
- Problem solving and analysis;
- People management and empowerment (c);
- Client orientation and customer focus (c);
- Communication;
- Honesty and integrity;
- Policy implementation within national policy frameworks;
- Knowledge of PMS and Reporting;
- Global and local political and economic context;
- Policy conceptualization, analysis and implementation;
- Knowledge of multiple municipal fields or discipline;
- Mediation skills;
- Governance skills;
- Self management;
- Competence as required by other national line departments;
- Creativity to improve the functioning of the municipality.



## MANAGEMENT OF EVALUATION OUTCOMES

### Overall Rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

The rating Scale for Key Performance Areas and Core Competency Requirements are as follows.

Level	Result	Target to be Achieved %	Description
5	Outstanding performance	75-100	Performance far exceeds the standard expected at this level. The employee has achieved above fully effective results against all performance criteria and KPIs as indicated in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations	65-74	Performance is significantly higher than the standard expected in the job. The employee has achieved fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year
3	Fully Effective	50-64	Performance fully meets the standards expected in all areas of the job. The employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Performance not fully effective	31-49	Performance meets some of the standards expected for the job. The employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable Performance	Less than 30	Performance does not meet the standard expected for the job. The employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

Section 32 of the regulations determines the criteria for managing the results of performance evaluation in order to determine the bonus payable to each employee. The scale in the table below guides the determination of bonuses to be paid to employees for outstanding performance.

Percentages as per Regulation	Percentage Achieved (%)	Bonus Percentage (%)
No bonus	Less than 130%	0%
5-9%	130-134	5
	135-139	6
	140-144	7
	145-147	8
	148-149	9
10-14%	150-152	10
	153-155	11
	156-158	12
	159-160	13
	160+	14



## SYNOPSIS OF EVIDENCE

### Municipal Manager Key Performance Areas

Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target		Departmental Panel Combined Score	Score (Between 1 & 5)		
				Time Frame	Quality		Quantity	Self Score	Panel Score
Municipal Transformation and Organisational Development		To ensure Performance Management and Reporting	o Completion of 2007/08 Annual Report	31-Jan-08		1	5	5	5
			o Number of management Performance Reports submitted to Council	Quarterly		4	5	5	5
			o Annual Review of IDP	Quarterly	4	5	5	5	
			o Annual Water Losses report	31-Mar	1	5	5	5	
			o Annual Electricity losses report			5	5	5	
			o Answering of external audit queries received from AG	30 days after receipt of Info	1	5	5	5	
			o Compliance to targets set for the administration:		12	5	5	5	
			o Monthly Departmental reports						
			o HOD Meetings		24	5	4.75	4.8	
			o Annual Leave planning and control		1	5	4.75	4.8	
			o Review & report on EEP	30-Jun	1	5	5	5	
			o Review & report on WSP		1	5	4.75	4.8	
			o Review & report on Organogram	May/June	1	4	4.75	4.8	
			o % Implementation of Training Plan	30-Jun	1	100%	4	4.25	4.2





Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)			
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score	
		Labour Relations  Health, Safety and Environment	<ul style="list-style-type: none"> <li>o Local Labour Fora meetings</li> <li>o Disciplinary Cases Reported &amp; Completed</li> <li>o Number of Health &amp; Safety Com/ meetings</li> <li>o Bi-Monthly H&amp;S reports</li> <li>o Prepare H&amp;S equipment schedule</li> <li>o Safety Equipment + protective clothing issued according to schedule</li> </ul>	Quarterly	4		4	3.75	3.8	
				Within 60 days	100%		3	3.75	3.8	
				Quarterly			3	3	3	
							3	3.5	3.6	
				Bi-monthly		6	3	2.75	2.8	
						1	3	3.25	3.2	
				Monthly		12	5	4.5	4.6	
				15-Sep-08		1	5	4.75	4.8	
<b>Municipal Transformation and Organisational Development</b>										
Infrastructure Development and Service Delivery		Provision of Bulk Services	<ul style="list-style-type: none"> <li>· Implementation of MIG Funded projects</li> </ul>	Jun-09	100% according the Implementation Plan	100%	3	3.25	3.2	
				31-Jul-08	1	5	5	5		
		Implementation Readiness pipeline Vanderkloof: Phase 1	<ul style="list-style-type: none"> <li>o Establishment of Technical Committee</li> <li>o Stakeholders meeting with initial stakeholders</li> <li>o Preparation of Implementation plan</li> <li>1. Implement actions as per implementation plan: Signing of Agreement</li> </ul>	15/08/ 2008/	4	5	5	4.5	4.6	
				30/09/2008	1	5	4	4	4	
				30 Sept 2008	100%	5	4	4.25	4.2	



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target		Departmental Panel Combined Score	Score (Between 1 & 5)		
				Time Frame	Quality		Quantity	Self Score	Panel Score
Upgrading of Sport fields- Merino Park and Britstown Maintenance of water networks Maintenance of electricity network Maintenance of purification works Maintenance of sport fields and parks Maintenance of council buildings Maintenance of cemeteries Maintenance of swimming pools Develop dumping site, De Aar, Phase 2 Waste Management		o Establishment of a Steering Committee	30-Sep-08	1		5	5	3.75	4
		o Compilation of an Implementation Plan	31-Oct-08	1		5	5	3.5	3.8
		o Reduction of annual downtime	Jun-09	12	6 days	5	5	4.75	4.8
		o Reduction of annual downtime	Jun-09	12	12 days	4	5	4.25	4.4
		o Purification water	16h/day	12	95%	4	5	4.25	4.4
		o Maintenance plan	Sep-08	12		3.75	4	3.5	3.6
		o Implementation of maintenance program	Oct-08	100%		3.75	4	3.75	3.8
		o Maintenance plan	Oct-08	100%		3.75	5	4	4.2
		o Implementation of a maintenance program	Nov-08	100%		2.75	3	3	3
		o Numbering and registers	Jun-09	100%	5 Cemeteries	3.75	4	3.5	3.6
		o Planting of Trees		100%	250	3.75	4	2.75	3
		o Clean water	Oct-08		6 months	3.75	4	3.75	3.8
		o Access control	Mar-09			5	5	5	5
		o Revise business plan for upgrading	Nov-09			5	5	4.5	4.6
	o Develop an awareness programme	30-Sep			3.75	4	3.5	3.6	
	o Cleaning of "askaste"	Bi-monthly			3.75	4	3.75	3.8	
	o Refuse removal to program	Weekly			4.25	4	4	4	



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target		Departmental Panel Combined Score	Score (Between 1 & 5)		
				Time Frame	Quality		Quantity	Self Score	Panel Score
Maintenance of roads and air strip.		<ul style="list-style-type: none"> <li>o Repair potholes</li> <li>o Grading of gravel roads according programme</li> <li>o Business plan resealing of tar roads</li> <li>o Re-gravel</li> </ul>			Ongoing as per programme	3.5	3	3	3
			Quarterly		90% of roads	3.75	4	2.75	3
			Aug-08		1 plan	5	4	4.25	4.2
			Jun-09		1 km	5	3	3	3
Improve quality of gravel roads		<ul style="list-style-type: none"> <li>o Construction Booi Mantyi Phase 2/3</li> </ul>	Jun-09		121 houses	5	5	5	5
			Bi-weekly		24 inspect	3.75	4	3.75	3.8
Implementation of housing projects funded.		<ul style="list-style-type: none"> <li>o Reporting and cash flow</li> <li>o Site meetings</li> </ul>	Monthly		12	5	4	4.25	4.2
			Monthly		12	3.5	4	4	4
			Oct-08			5	4	4	4
Manage Housing Department		<ul style="list-style-type: none"> <li>o Completion and update waiting list</li> </ul>	Jun-09		1 plan	4	4	3.5	3.6
			Jun-09			5	4	4.25	4.2
Implementation of Accreditation Business plan		<ul style="list-style-type: none"> <li>o Appointment of building inspector</li> <li>o Reporting and expenditure</li> </ul>	Oct-08			5	5	5	5
			Monthly			5	4	4	4
New housing projects		<ul style="list-style-type: none"> <li>o Submission of housing business plans</li> </ul>	Oct-08		2	5	5	4.75	4.8



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)					
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score			
Local Economic Development (LED)		Ensure effective planning and Project Management	o Project Business Plans	Apr-09		2	5	5	5			
			o Monthly reports MIG MIS			12	5	5	5			
			o Funding application DME	Before 5th		1	5	5	5			
			o Water Services Development Plan: Annual report	15/10/2008		1	5	4.5	4.4			
			o Draft a Business plan	Mar-09		1	4.5	3.75	3.8			
			o Report eWQMS	Monthly		12	5	5	5			
			o Building control inspections			60	4.75	4.5	4.6			
			o Building plans approved			90%	5	4.75	4.8			
			<b>Infrastructure Development and Service Delivery</b>									
												4.1318182
Local Economic Development (LED)		Ensure effective Planning and Project Management	o Review and approval of LED Strategy	30-Jun			3.75	2	3	2.8		
			o Alignment of DM Spatial Development Framework with local framework	30-Jun			4.5	4	4	4		
			o Submission of Business Plans for Tourism Projects	5th		12	1.75	4	4	4		
			o Develop a Draft Tourism Strategy	30-Mar		2	1.75	2.33333333	2.26666667			
		o Development and implementation of a marketing plan	30-Jun		Continuous	4	4	4	4			



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Time Frame	Target		Departmental Panel Combined Score	Score (Between 1 & 5)		
					Quality	Quantity		Self Score	Panel Score	Combined Score
		Ensure effective Capacitating programmes are implemented	<ul style="list-style-type: none"> <li>o Youth development training</li> <li>o Capacitating of SMIME's</li> <li>o Councillor and staff capacitating on project management</li> </ul>	30-Jun		4	3.25	4	3.66666667	3.73333333
						4	3.25	3	3.33333333	3.26666667
				30-Jun			4.5	4	3.33333333	3.46666667
				Monthly		12	3.75	4	3.33333333	3.46666667
		Ensure proper environmental programmes are undertaken and implemented	o Maintenance and cleanliness of community halls	Monthly		12	3.75	4	3.33333333	3.46666667
				Monthly		12 reports	5	4	4	4
				Monthly		12 reports	5	4	4	4
				Monthly		12 reports	5	4	4	4
<b>Local Economic Development (LED)</b>										
Municipal Financial Viability and Management		Ensure effective financial management	<ul style="list-style-type: none"> <li>· Percentage attainment of budget allocations</li> </ul>	Monthly Sec.71 reports		12 reports	5	5	5	5
				Monthly		12 reports	5	5	5	5
				30-Nov-08		1	5	5	5	5
				25-Jan-09		4	4.25	5	5	5
		Ensure accurate and timely reporting and Planning	<ul style="list-style-type: none"> <li>· Submission of annual reports prescribed by the MFMA by February (each year)</li> <li>· MFMA quarterly reports to Council, National Treasury, Provincial Treasury</li> <li>· MFMA section 71 reports-monthly</li> </ul>	30-Jun-09		12	5	5	5	5
				30-Jun-09		12	5	5	5	5



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target		Departmental Panel Combined Score	Score (Between 1 & 5)				
				Time Frame	Quality		Quantity	Self Score	Panel Score	Combined Score	
		To develop a compliant budget and Financial statements	<ul style="list-style-type: none"> <li>· Timely preparation and submission of Annual Financial Statements to draft Budget</li> <li>· Development of May-09</li> <li>· Timely approval of annual budget as per required timeframe of MFMA</li> <li>· Preparation and approval of Adjusted Budget</li> </ul>	31-Aug		1	4	5	5	5	
				May-09		1	5	4	5	4.8	
				Feb-08		1	4	5	5	5	5
						1	4.25	4	4.25	4	4.25
		Ensure effective capacity development and support in the Financial unit	<ul style="list-style-type: none"> <li>o Performance reviews conducted with Financial Personnel</li> <li>o Development of recovery mechanisms to collect consumers and sundry debt exceeding 90 days</li> </ul>	Quarterly		100%	4	4	4	4	
				Monthly			3.75	4	3.5	3.6	



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target		Departmental Panel Combined Score	Score (Between 1 & 5)			
				Time Frame	Quality		Quantity	Self Score	Panel Score	Combined Score
Establish and maintain financial systems and policies			<ul style="list-style-type: none"> <li>o Implement effective system of revenue collection and safe keeping of data as per MFMA requirement.</li> <li>o Ensure 100% collection and receipt of grant funding as per DoRA allocations</li> <li>o Annual review and implementation of budget related policies</li> <li>o Review and implementation a Property Rates policy.</li> <li>o Preparation and implement a valuation role.</li> </ul>	Monthly		12	4	3	3.2	
				Monthly			4	3.5	3.6	
				Jun-09		12	4	4	4	3.8
							4	3.75	3.8	
				Jan-09		1	4	3.75	3.8	
						1	4	3.5	3.6	
							4	3.75	3.8	
							4	3.25	3.4	
							4	3.75	3.8	
							4	3.75	3.8	
							4	3.75	3.8	
							4	3.75	3.8	



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)		
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score
			<ul style="list-style-type: none"> <li>Ensure 100% maintenance and security in respect of</li> <li>general ledger accounting system.</li> <li>Implement an effective system of asset and risk management   compliance with MFMA.</li> <li>Review and implement an IT policy and Strategy</li> <li>Development and maintenance of proper time sheets of staff</li> </ul>				3.25	3.25	3.4
					1		4	3.25	3.2
							5	3.5	3.6
					100%		5	3.25	3.2
		To ensure punctuality of staff when knocking in and out			1		5	4.5	4.6
		Ensure proper conversion from IMFO to GAMAP/GRAP		30-Jun-09	1		5	3.75	3.8
			<ul style="list-style-type: none"> <li>Maintenance of Fixed Asset Register (FAR)</li> <li>Development of Final Chart of Accounts</li> <li>Formulation of Accounting Policies for GAMAP/GRAP AFS</li> </ul>				5	4.25	4.2
			<ul style="list-style-type: none"> <li>Preparations and Submission of AFS without comparative figures in GAMAP/GRAP format</li> <li>Compilation and Preparation of Audit working paper file for external auditors</li> </ul>				5	4.5	4.4
					1 set		5	4.5	4.4







Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)			
				Time Frame	Quality	Quantity	Departmental Panel Combined Score	Self Score	Panel Score	Combined Score
		Public participation and good Governance	<ul style="list-style-type: none"> <li>Number of Ward Committees Meetings held(monthly)</li> <li>Number of IDP Rep meetings</li> <li>Number of Budget Consultation meetings</li> <li>Other Public Consultation sessions</li> </ul>			98	5	4	3.75	3.8
						4	5	5	4.5	4.6
						14	4.75	5	4.25	4.4
<b>Public Participation and Governance</b>										

### Core Competency Requirements

No	Core Competency	Maximum Rating	Manager Score	Panel Score	Final Score
1	Client Orientation and Customer Focus. (compulsory)	10%	5	4.25	4.4
2	Financial Management. (compulsory)	10%	5	5	5
3	People Management and Empowerment. (compulsory)	10%	5	4	4.2
4	Change Management.			0	0
5	Communication.			0	0
6	Honesty and Integrity.	10%	5	5	5
7	Knowledge Management.			0	0
8	Problem Solving and Analysis.			0	0
9	Programme and Project Management.			0	0
10	Service Delivery Innovation.	10%	5	4.25	4.4
11	Strategic Capability and Leadership.	10%	5	4.75	4.8
12	Skills in Governance			0	0
13	Competence in policy conceptualisation, analysis and implementation.	10%	5	5	5
14	Competence in Self Management.	10%	5	5	5
15	Competence required by other national line sector departments			0	0
16	Exceptional and dynamic creativity to improve the municipality.			0	0
17	Interpretation of legislative and policy frameworks.			0	0
18	Skills in Mediation.	10%	5	4.5	4.6



No	Core Competency	Maximum Rating	Manager Score	Panel Score	Final Score
19	Knowledge of global and S.A. political, social and economic context.	10%	5	5	5
20	Knowledge of functional municipal fields/disciplines.			0	0
21	Knowledge of Performance Management and Reporting.			0	0
	TOTAL percentage(points)	100%			

### Rating Calculator

Section 57 Managers					
<b>Municipality: Emthanjani Municipality</b>					
<b>Annual Performance Assessment</b>					
<b>Assessment Rating Calculator</b>					
<b>Name:</b>	I Visser				
<b>Cycle:</b>	Jul-08	to	Jun-09		
<b>KPA</b>	<b>Weight</b>	<b>Rating</b>	<b>Score</b>	<b>CMC</b>	<b>Weight</b>
Municipal Trans & Inst Dev	30%	4.2272727	1.2681818	Client Orientation and Customer Focus. (compulsory)	10%
Basic Infr & Service Delivery	30%	4.1318182	1.2395455	Financial Management. (compulsory)	10%
LED	5%	3.5	0.175	People Management and Empowerment. (compulsory)	10%
Municipal Fin Viability & Man	10%	3.9944444	0.3994444	Change Management.	0
Good Gov & Pub Part	25%	4.3	1.075	Communication.	0
				Honesty and Integrity.	5
				Knowledge Management.	0
				Problem Solving and Analysis.	0
				Programme and Project Management.	0
				Service Delivery Innovation.	10%
				Strategic Capability and Leadership.	10%
				Skills in Governance	0
				Competence in policy conceptualisation, analysis and implementation.	10%
				Competence in Self Management.	10%
				Competence required by other national line sector departments	0
					0



Section 57 Managers				
Municipality: Emthanjani Municipality				
Annual Performance Assessment				
Assessment Rating Calculator				
Name:	I Visser			
Cycle:	Jul-08	to	Jun-09	
KPA	Weight	Rating	Score	CMC
				Exceptional and dynamic creativity to improve the municipality.
				0 0
				Interpretation of legislative and policy frameworks.
				0 0
				Skills in Mediation.
				10% 4.6 0.46
				Knowledge of global and S.A. political, social and economic context.
				10% 5 0.5
				Knowledge of functional municipal fields/disciplines.
				0 0
				Knowledge of Performance Management and Reporting.
				0 0
				100%
				138.57239
KPA weight				CCR weight
				80%
KPA SCORE				CCR SCORE
				111%
FINAL SCORE				130%

**Chief Financial Officer  
Key Performance Areas**

Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)		
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score
Municipal Transformation and Organisational Development		To ensure Performance Management and Reporting	<ul style="list-style-type: none"> <li>o Completion of 2007/08 Annual Report</li> <li>o Number of management Performance Reports submitted to MM</li> <li>o Annual Review of IDP</li> <li>o Answering of external audit queries received from AG</li> </ul>	31-Jan-09		1	5	5	5
				Quarterly		4	4	4	4
				31-Mar		1	5	5	5
					100%	4	4	4	4
		To ensure effective administration and internal control	<ul style="list-style-type: none"> <li>· Monthly departmental meetings and reports</li> <li>· Annual leave planning</li> </ul>	Monthly		12	5	5	5
				15-Sep-08		1	5	5	5
<b>Municipal Transformation and Organisational Development</b>									
<b>Infrastructure Development and Service Delivery</b>									
<b>Infrastructure Development and Service Delivery</b>									
<b>Local Economic Development (LED)</b>									
<b>Local Economic Development (LED)</b>									
Municipal Financial Viability and Management		Ensure effective financial management	<ul style="list-style-type: none"> <li>· Percentage attainment of budget allocations</li> </ul>	Monthly Sec.71 reports		12 reports	5	5	5
				Monthly		12 reports	5	5	5
				30-Nov-08		1	5	5	5
						4	4	4.25	4.2
		Ensure accurate and timeously reporting and Planning	<ul style="list-style-type: none"> <li>· Submission of annual reports prescribed by the MFMA by February (each year)</li> <li>· MFMA quarterly reports to Council, National Treasury, Provincial Treasury</li> <li>· MFMA section 71 reports-monthly</li> </ul>			12	5	5	5





Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)				
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score		
To develop a compliant budget and Financial statements			<ul style="list-style-type: none"> <li>· Timeously preparation and submission of Annual Financial Statements to Auditor-General in newly accepted Imfo format</li> <li>· Development of draft Budget</li> <li>· Timeously approval of annual budget as per required timeframe of MFMA</li> <li>· Preparation and approval of Adjusted Budget</li> <li>o Performance reviews conducted with Financial Personnel</li> <li>o Development of recovery mechanisms to collect consumers and sundry debt exceeding 90 days</li> <li>o Implement effective system of revenue collection and safe keeping of data as per MFMA requirement.</li> <li>o Ensure 100% collection and receipt of grant funding as per DoRA allocations</li> <li>o Annual review and implementation of budget related policies</li> <li>o Review and implementation a Property Rates policy.</li> <li>o Preparation and implement a valuation role.</li> </ul>	31-Aug		1	4	4	4	4	
				Mar-09		1	4	4.25	4.2	4.2	
				May-09		1	4	4.25	4.25	4.2	4.2
				Feb-09		1	4	4.25	4.25	4.2	4.2
				Quarterly		100%	3	3.25	3.25	3.2	3.2
				Monthly			4	3.75	3.75		3.8
				Monthly		12	4	4.25	4.25		
				Jun-09		12	4	4.5	4.5	4.4	4.4
				Jan-09		1	4	4.5	4.5	4.4	4.4
				Jan-09		1	4	4.5	4.5	4.4	4.4
					1	4	4.75	4.75	4.6		



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)		
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score
		Ensure compliance with MFMA processes	<ul style="list-style-type: none"> <li>Implement an effective system of expenditure control in compliance with MFMA requirements.</li> <li>Ensure implementation of the supply chain management regulations and approved policy.</li> <li>Apply an effective cash flow and investment management as per approved policy requirements.</li> <li>Establish an effective store and inventory system.</li> <li>Ensure 100% maintenance and security in respect of general ledger accounting system.</li> </ul>	1		1	4	4.5	4.4
			<ul style="list-style-type: none"> <li>Implement an effective system of asset and risk management I compliance with MFMA.</li> <li>Review and implement an IT policy and Strategy</li> </ul>	1		1	3	3.25	3.2
		To ensure punctuality of staff when knocking in and out	<ul style="list-style-type: none"> <li>Development and maintenance of proper time sheets of staff</li> </ul>	1		1	5	5	5
		Ensure proper conversion from IMFO to GAMAP/GRAP	<ul style="list-style-type: none"> <li>Maintenance of Fixed Asset Register (FAR)</li> <li>Development of Final Chart of Accounts</li> <li>Formulation of Accounting Policies for GAMAP/GRAP AFS</li> <li>Preparations and Submission of AFS without comparative figures in GAMAP/GRAP format</li> <li>Compilation and Preparation of Audit working paper file for external auditors</li> </ul>	1	30-Jun-09	1	5	5	5
				1		1set	5	5	5
				1		1	5	5	5
				1		1	5	5	5



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)			
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score	
		Ensure Fair presentation of Financial Statements by improving external audit opinions	<ul style="list-style-type: none"> <li>Improve on the previous year's audit opinion(2007) received from the Office of the Auditor General</li> <li>Development of Audit Recovery Plan in relation to audit qualifications identify in external audit report received from AG</li> </ul>			1	3	2.5	2.6	
		Ensure proper Customer Care and improvement in service rendering by finance officials	<ul style="list-style-type: none"> <li>Adherence and implementation of Customer Care policy</li> <li>Adherence to Batho Pele Principles by all staff</li> <li>Staff meetings in various towns, De Aar Britstown and Hanover</li> <li>Strategic Review Session with all Finance Staff</li> <li>Development and Maintenance of Leave Register</li> </ul>			90%	4	4.25	4.2	
						90%	4	3.5	4.2	
						12	5	5	3.6	
						1	4	4.5	5	
						1	5	5	4.4	
						1	5	5	5	
									4.388889	
<b>Municipal Financial Viability and Management</b>										
Public Participation and Governance	To effectively support internal political interfaces		Special Council meetings	Bi-monthly		10	5	5	5	
			Council committee meetings	Quarterly		42	5	5	5	
			Scheduled Council meetings			4	5	5	5	
	To effectively support external political interfaces		Intergovernmental Relation Forum attended			4	4	4	4.25	4.2
			Percentage of Council Decisions implemented			95%	4	4	4	4
			Council meet the People	Quarterly		28	4	4.5	4.4	4.4
			Implementation of wards projects			100%	4	4.5	4.4	4.4
	Public participation and good Governance		Number of Ward Committees Meetings held(monthly)			98	4	4	4.25	4.2
			Number of IDP Rep meetings			4	4	4.5	4.4	4.4
			Number of Budget Consultation meetings			14	4	4.5	4.4	4.4
			Other Public Consultation sessions			6	4	4.5	4.4	





Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)			
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score	
		Development of policies and by-laws	<ul style="list-style-type: none"> <li>Number of identified policies completed(Land Management, Fleet Management, Review HR, Anti Corruption, IT Policy Conflict Management)</li> </ul>			10	5	5		
			<ul style="list-style-type: none"> <li>Number of identified By-Laws completed(Stray Animals, Street Hawkers, Review of Standard By-Laws)</li> </ul>			19	5	5	5	
<b>Public Participation and Governance</b>										

#### Core Competency Requirements

No	Core Competency	Maximum Rating	Manager Score	Panel Score	Final Score
1	Client Orientation and Customer Focus. (compulsory)	10%	5	5	5
2	Financial Management. (compulsory)	40%	5	5	5
3	People Management and Empowerment. (compulsory)	10%	5	5	5
4	Change Management.		0	0	0
5	Communication.		0	0	0
6	Honesty and Integrity.	10%	5	5	5
7	Knowledge Management.		0	0	0
8	Problem Solving and Analysis.		0	0	0
9	Programme and Project Management.		0	0	0
10	Service Delivery Innovation.		0	0	0
11	Strategic Capability and Leadership.	5%	4	4.25	4.2
12	Skills in Governance	5%	4	4.25	4.2
13	Competence in policy conceptualisation, analysis and implementation.		0	0	0
14	Competence in Self Management.	5%	5	5	5



No	Core Competency	Maximum Rating	Manager Score	Panel Score	Final Score
15	Competence required by other national line sector departments		0	0	0
16	Exceptional and dynamic creativity to improve the municipality.		0	0	0
17	Interpretation of legislative and policy frameworks.	5%	4	4.25	4.2
18	Skills in Mediation.		0	0	0
19	Knowledge of global and S.A. political, social and economic context.	5%	5	5	5
20	Knowledge of functional municipal fields/disciplines.		0	0	0
21	Knowledge of Performance Management and Reporting.	5%	5	5	5
	TOTAL percentage (points)	100%			

### Rating Calculator

Section 57 Managers					
Municipality: Emthanjeni Municipality					
Annual Performance Assessment					
Assessment Rating Calculator					
Name: MF Manuel					
Cycle: Jul-08 to Jun-09					
KPA	Weight	Rating	Score	CMC	Weight Rating Score
Municipal Trans & Inst Dev	15%	4.6666667	0.7	Client Orientation and Customer Focus. (compulsory)	10% 5 0.5
Basic Infr & Service Delivery	0%	0	0	Financial Management. (compulsory)	40% 5 2
LED	0%	0	0	People Management and Empowerment. (compulsory)	10% 5 0.5
Municipal Fin Viability & Man	75%	4.3888889	3.2916667	Change Management.	0 0 0
Good Gov & Pub Part	10%	4.5692308	0.4569231	Communication.	0 0 0
				Honesty and Integrity.	10% 5 0.5
				Knowledge Management.	0 0 0
				Problem Solving and Analysis.	0 0 0
				Programme and Project Management.	0 0 0
				Service Delivery Innovation.	0 0 0
				Strategic Capability and Leadership.	5% 4.2 0.21



Section 57 Managers						
Municipality: Emthanjeni Municipality						
Annual Performance Assessment						
Assessment Rating Calculator						
Name: MF Manuel						
Cycle: Jul-08 to Jun-09						
KPA	Weight	Rating	Score	CMC	Weight	Rating
	5%	4.2	0.21	Skills in Governance Competence in policy conceptualisation, analysis and implementation.	5%	4.2
	5%	0	0	Competence in Self Management.	5%	0
	5%	5	0.25	Competence required by other national line sector departments	5%	5
	5%	0	0	Exceptional and dynamic creativity to improve the municipality.	5%	0
	5%	4.2	0.21	Interpretation of legislative and policy frameworks.	5%	4.2
	5%	0	0	Skills in Mediation.	5%	0
	5%	5	0.25	Knowledge of global and S.A. political, social and economic context.	5%	5
	5%	0	0	Knowledge of functional municipal fields/disciplines.	5%	0
	5%	5	0.25	Knowledge of Performance Management and Reporting.	5%	5
	100%		148.2863		100%	97.6
KPA weight			80%	CCR weight		20%
KPA SCORE			119%	CCR SCORE		20%
FINAL SCORE						138%



**Director: Infrastructure and Technical Services  
Key Performance Areas**

Key Performance Area	Weight	Key Performance Indicators	Baseline Information		Target		Score (Between 1 & 5)		
			Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score	
Municipal Transformation and Organisational Development		To ensure Performance Management and Reporting	o Completion of 2007/08 Annual Report	31-Jan-08		1	5	5	5
			o Number of management Performance Reports submitted to MIM	Quarterly		4	5	5	5
			o Annual Review of IDP	31-Mar		1	4	4.25	4.2
			o Annual Water Losses report	30 days after		1	5	5	5
			o Annual Electricity losses report	receipt of Info		1	5	5	5
			o Answering of external audit queries received from AG			100%	5	5	5
			o Number of Health & Safety Com/ meetings	Quarterly			5	5	5
			o Prepare H&S equipment schedule			1	4	3.75	3.8
			o Safety Equipment + protective clothing issued according to schedule				5	4.5	4.6
			o Equipment Safety certificates- Vehicles require			4	5	4.75	4.8
o OHS agent on projects	At commencement of each project			5	5	5			
To ensure effective administration and internal control			o Monthly departmental meetings and reports	Monthly		12	5	5	5
			o Annual leave planning	15-Sep-08		1	5	5	5



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target		Score (Between 1 & 5)			
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score
<b>Municipal Transformation and Organisational Development</b>									
Infrastructure Development and Service Delivery		Provision of Bulk Services	Implementation of MIG Funded projects	Jun-09	100% according the Implementation Plan		3	3.75	4.8
		Implementation Readiness pipeline Vanderkloof: Phase 1	Establishment of Technical Committee	31-Jul-08			5	5	5
			Stakeholders meeting with initial stakeholders	15-Aug-08			5	5	5
			Preparation of Implementation plan	30-Sep-08			5	5	5
			Implement actions as per implementation plan		100%		5	5	5
			Signing of Agreement	30-Sep-08			5	5	5
			Upgrading of Sport fields- Merino Park and Britstown	Establishment of a Steering Committee	30-Sep-08		5	5	5
				Completion of an Implementation Plan	31-Oct-08		5	5	5
			Maintenance of water networks	o Reduction of annual downtime	Jun-09		5	5	5
			Maintenance of electricity network	o Reduction of annual downtime	Jun-09	12 days	5	5	5
			Maintenance of purification works	o Purification water	12h/day	95%	4	4	4
			Maintenance of sport fields and parks	o Maintenance plan	Sep-08		4	3.75	3.8
				Implementation of maintenance program	Oct-08		4	3.75	3.8
			Maintenance of council buildings	o Maintenance plan	Oct-08		4	3.75	3.8
				o Implementation of a maintenance program	Nov-08		3	2.75	2.8
		Maintenance of cemeteries	o Numbering and registers	Jun-09	5 Cemeteries	4	3.75	3.8	



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target		Score (Between 1 & 5)			
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score
			o Planting of Trees			250	4	3.75	3.8
		Maintenance of swimming pools	o Clean water	Oct-08		6 months	4	3.75	3.8
		Develop dumping site, De Aar, Phase 2	o Access control	Mar-09			5	5	5
			o Revise business plan for upgrading	Nov-09			5	5	5
		Waste Management	o Cleaning of "askaste"	Bi-monthly			4	3.75	3.8
			o Refuse removal to program	Weekly			4	4.25	4.2
		Maintenance of roads and air strip.	o Repair potholes			Ongoing as per programme	4	3.5	3.6
			o Grading of gravel roads according programme	Quarterly		90% of roads	4	3.75	3.8
			o Business plan resealing of tar roads	Aug-08		1 plan	5	5	5
		Improve quality of gravel roads	o Re-gravel	Jun-09		1 km	5	5	5
		Implementation of housing projects funded.	o Construction Booï Mantyi Phase 2/3	Jun-09		121 houses	5	5	5
			o Provide project management	Bi-weekly		24 inspect	4	3.75	3.8
			o Reporting and cash flow	Monthly		12	5	5	5
			o Site meetings	Monthly		12	3	3.5	3.4
		Manage Housing Department	o Completion and update waiting list	Oct-08			5	5	5
			o Update housing plan	Jun-09		1 plan	4	4	4
		Implementation of Accreditation Business plan	o Appointment of building inspector	Oct-08			5	5	5
			o Reporting and expenditure	Monthly			5	5	5
		New housing projects	o Submission of housing business plans	Oct-08		2	5	5	5



Key Performance Area	Weight	Key Performance Indicators	Baseline Information		Target		Score (Between 1 & 5)		
			Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score	
		Ensure effective planning and Project Management	o Project Business Plans	Apr-09		2	5	5	5
			o Monthly reports MIG MIS	Before 5th Oct 2008		12	5	5	5
			o Funding application DME	15th Oct 2008		1	5	5	5
			o Departmental reports			12	5	5	5
			o Water Services Development Plan: Annual report			1	5	5	5
			o Draft a Business plan	Mar-09			4	4.5	4.4
			o Report eWQMS	Monthly		12	5	5	5
			o Building control inspections			60	5	4.75	4.8
			o Building plans approved	Within 30 days		90%	5	5	5
			o Land-use applications inputs	Within 30 days		100%	5	5	5
<b>Infrastructure Development and Service Delivery</b>									
<b>LOCAL Economic Development</b>									
<b>LOCAL Economic Development</b>									
<b>Municipal Financial Viability and Management</b>									
<b>Municipal Financial Viability and Management</b>									
Public Participation and Governance		To effectively support internal political interfaces	• Special Council meetings	Bi-monthly		10	5	5	5
			• Council committee meetings	Quarterly		42	5	5	5
			• Scheduled Council meetings			4	5	5	5
		Public participation and good Governance	• Number of Ward Committees Meetings held(monthly)			98	5	5	5
<b>4.53333333</b>									
<b>0</b>									
<b>0</b>									



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)		
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined Score
			<ul style="list-style-type: none"> <li>Number of IDP Rep meetings</li> </ul>			4	4	4	4
			<ul style="list-style-type: none"> <li>Number of Budget Consultation meetings</li> <li>Other Public Consultation sessions</li> </ul>			14	5	5	5
						6	5	5	5
Public Participation and Governance									4.8571429





### Core Competency Requirements

No	Core Competency	Maximum Rating	Manager Score	Panel Score	Final Score
1	Client Orientation and Customer Focus. (compulsory)	10%	5	5	5
2	Financial Management. (compulsory )	10%	5	5	5
3	People Management and Empowerment. (compulsory )	10%	4	3.75	3.8
4	Change Management.				
5	Communication.				
6	Honesty and Integrity.	10%	5	4.5	4.6
7	Knowledge Management.				
8	Problem Solving and Analysis.				
9	Programme and Project Management.	10%	5	4.5	4.6
10	Service Delivery Innovation.	10%	4	4	4
11	Strategic Capability and Leadership.	10%	4	4	4
12	Skills in Governance				
13	Competence in policy conceptualisation, analysis and implementation.				
14	Competence in Self Management.				
15	Competence required by other national line sector departments				
16	Exceptional and dynamic creativity to improve the municipality.	10%	5	4.75	4.8
17	Interpretation of legislative and policy frameworks.	10%	4	4	4
18	Skills in Mediation.				
19	Knowledge of global and S.A. political, social and economic context.				
20	Knowledge of functional municipal fields/disciplines.	10%	4	4.5	4.4
21	Knowledge of Performance Management and Reporting.				
	TOTAL percentage(points)	100%			

### Rating Calculator

Section 57  
Managers

### Municipality: Emthanjani Municipality Annual Performance Assessment Assessment Rating Calculator

Name: F Taljaard

Cycle: Jul-08 to Jun-09



KPA	Weight	Rating	Score	CMC	Weight	Rating	Score
Municipal Trans & Inst Dev	15%	4.8	0.72	Client Orientation and Customer Focus. (compulsory)	10%	5	0.5
Basic Infr & Service Delivery	70%	4.5333333	3.1733333	Financial Management. (compulsory)	10%	5	0.5
LED	0%	0	0	People Management and Empowerment. (compulsory)	10%	3.8	0.38
Municipal Fin Viability & Man	0%	0	0	Change Management.		0	0
Good Gov & Pub Part	15%	4.8571429	0.7285714	Communication.		0	0
				Honesty and Integrity.	10%	4.6	0.46
				Knowledge Management.		0	0
				Problem Solving and Analysis.		0	0
				Programme and Project Management.	10%	4.6	0.46
				Service Delivery Innovation.	10%	4	0.4
				Strategic Capability and Leadership.	10%	4	0.4
				Skills in Governance		0	0
				Competence in policy conceptualisation, analysis and implementation.		0	0
				Competence in Self Management.		0	0
				Competence required by other national line sector departments		0	0
				Exceptional and dynamic creativity to improve the municipality.	10%	4.8	0.48
				Interpretation of legislative and policy frameworks.	10%	4	0.4
				Skills in Mediation.		0	0
				Knowledge of global and S.A. political, social and economic context.		0	0
				Knowledge of functional municipal fields/disciplines.	10%	4.4	0.44
				Knowledge of Performance Management and Reporting.			
						0	0
KPA weight	100%		154.0635		100%		88.4
KPA SCORE			80%				20%
FINAL SCORE			123%				18%
							141%

**Director: Infrastructure and Technical Services  
Key Performance Areas**

Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)		
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined score
Municipal Transformation and Organisational Development		To ensure Performance Management and Reporting	<ul style="list-style-type: none"> <li>o Completion of 2007/08 Annual Report</li> <li>o Number of management Performance Reports submitted to MM</li> <li>o Annual Review of IDP</li> <li>o Answering of external audit queries received from AG</li> </ul>	31-Jan-08		1	5	5	5
				Quarterly		4	4	4	4
				31-Mar		1	5	5	5
				100%		5	5	5	
		Ensure effective administrative management and internal controls	<ul style="list-style-type: none"> <li>Compliance to targets set for the administration: Monthly Departmental reports</li> <li>o HOD Meetings</li> <li>o Annual Leave planning and control</li> <li>o Bi-weekly Management meetings own Depart</li> </ul>			12	5	5	5
						24	5	5	5
						1	5	5	5
						24	3	3.5	3.4
		Human Resource Development	<ul style="list-style-type: none"> <li>o Review &amp; report on EEP</li> <li>o Review &amp; report on WSP</li> <li>o Review &amp; report on Organogram</li> <li>o % Implementation of Training Plan</li> </ul>	30-Jun		1	5	5	5
				May/June		5	5	5	
				30-Jun		1	4	4	4
				100%		1	4	4	
		Labour Relations	<ul style="list-style-type: none"> <li>o Local Labour For a meetings</li> <li>o Disciplinary Cases Reported &amp; Completed</li> </ul>	Quarterly		4	4	4	3.8
				Within 60 days		3	3	3	
				Quarterly		4	3	3	
						4	3	3	
		Health, Safety and Environment	<ul style="list-style-type: none"> <li>o Number of Health &amp; Safety Com/ meetings</li> <li>o Bi-Monthly H&amp;S reports</li> <li>o Prepare H&amp;S equipment schedule</li> <li>o Safety Equipment + protective clothing issued according to schedule</li> </ul>	Quarterly		4	3	3	3
Bi-monthly					6	3	3	3	
					1	3	3	3	
100%					4	4	4		
	To ensure effective administration and internal control	<ul style="list-style-type: none"> <li>o Monthly departmental meetings and reports</li> <li>o Annual leave planning</li> </ul>	Monthly		12	5	5	5	
			15-Sep-08		1	5	5	5	
					1	5	5		





Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)		
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined score
<b>Municipal Transformation and Organisational Development</b>									
Infrastructure Development and Service Delivery		To ensure safe Potable water	o Sampling of water	Monthly		144	5	5	4.26
		Development of a Programme for the appointment of Peace Officer	o Development of a programme	30-Sep-08			5	4.75	4.8
			o Implementation of the programme	30-Mar-09			5	4.75	4.8
<b>Infrastructure Development and Service Delivery</b>									
Local Economic Development (LED)		Ensure effective Planning and Project Management	o Review and approval of LED Strategy	30-Jun			4	3.75	3.8
			o Alignment of DM Spatial Development Framework with local framework	30-Jun			5	4.5	4.6
			o Monthly departmental reports			12	5	5	5
		Ensure effective Project Management and Tourism Development	o Submission of Business Plans for Tourism Projects	30-Jun		2	2	1.75	1.8
			o Develop a Draft Tourism Strategy	30-Jun			2	1.75	1.8
			o Development and Implementation of a marketing plan	30-Jun			4	4	4
		Ensure effective Capacitating programmes are implemented	o Youth development training			Continuous	3	3.25	3.2
			o Capacitating of SMME's	Quarterly		4	3	3.25	3.2
			o Councillor and staff capacitating on project management	Quarterly		4	4	4.5	4.4
		Ensure proper environmental programmes are undertaken and implemented	o Maintenance and cleanliness of community halls	Monthly		12	4	3.75	3.8



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)			
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined score	
		Ensure proper implementation of bylaws	o Traffic officers to report on implementation of law enforcements and by-laws of the municipality	Monthly		12 reports	5	5	5	
<b>Local Economic Development (LED)</b>										
Municipal Financial Viability and Management		To ensure punctuality of staff when knocking in and out	<ul style="list-style-type: none"> <li>Development and maintenance of proper time sheets of staff</li> <li>Adherence to Batho Pele Principles by all staff</li> <li>Staff meetings in various towns, De Aar Britstown and Hanover</li> </ul>			1	5	5	5	
			<ul style="list-style-type: none"> <li>Development and Maintenance of Leave Register</li> </ul>			1	4	4.25	4.2	
							12	5	5	5
							1	4	4.25	4.2
Municipal Financial Viability and Management Public Participation and Governance		To effectively support internal political interfaces	<ul style="list-style-type: none"> <li>Special Council meetings</li> <li>Council committee meetings</li> <li>Scheduled Council meetings</li> <li>Percentage of Council Decisions implemented</li> <li>Council meet the People</li> <li>Implementation of wards projects</li> </ul>	Bi-monthly		10	5	5	5	
				Quarterly		42	5	5	5	
						4	5	5	5	
						95%	3	3.5	3.4	
					Quarterly		28	4	5	4.8
						100%	4	5	5	4.8
		Public participation and good Governance	<ul style="list-style-type: none"> <li>Number of Ward Committees Meetings held(monthly)</li> <li>Number of IDP Rep meetings</li> <li>Number of Budget Consultation meetings</li> <li>Other Public Consultation sessions</li> </ul>			98	5	5	5	
						4	3	4.5	4.2	
						14	5	5	5	
						6	4	4.75	4.6	



Key Performance Area	Weight	Key Performance Indicators	Baseline Information	Target			Score (Between 1 & 5)		
				Time Frame	Quality	Quantity	Self Score	Panel Score	Combined score
		Development of policies and by-laws	<ul style="list-style-type: none"> <li>Number of identified policies completed(Land Management, Fleet Management, Review HR, Anti Corruption, IT Policy Conflict Management)</li> </ul>		10	3	3.25	3.2	
			<ul style="list-style-type: none"> <li>Number of identified By-Laws completed(Stray Animals, Street Hawkers, Review of Standard By-Laws)</li> </ul>		19	5	5	5	
<b>Public Participation and Governance</b>									

#### Core Competency Requirements

No	Core Competency	Maximum Rating	Manager Score	Panel Score	Final Score
1	Client Orientation and Customer Focus. (compulsory)	10%	4	4	4
2	Financial Management. (compulsory)	10%	4	4	4
3	People Management and Empowerment. (compulsory)	10%	4	4.25	4.2
4	Change Management.				
5	Communication.				
6	Honesty and Integrity.	10%	4	4.25	4.2
7	Knowledge Management.				
8	Problem Solving and Analysis.				
9	Programme and Project Management.				
10	Service Delivery Innovation.				
11	Strategic Capability and Leadership.	10%	4	4.25	4.2
12	Skills in Governance	10%	3	3.25	3.2
13	Competence in policy conceptualisation, analysis and implementation.				
14	Competence in Self Management.				
15	Competence required by other national line sector departments	10%	4	4.25	4.2
16	Exceptional and dynamic creativity to improve the municipality.				
17	Interpretation of legislative and policy frameworks.				



No	Core Competency	Maximum Rating	Manager Score	Panel Score	Final Score
18	Skills in Mediation.				
19	Knowledge of global and S.A. political, social and economic context.	10%	3	3.25	3.2
20	Knowledge of functional municipal fields/disciplines.	10%	4	4.25	4.2
21	Knowledge of Performance Management and Reporting.	10%	3	3.25	3.2
	TOTAL percentage(points)	100%			

### Rating Calculator

Section 57  
Managers

### Municipality: Emthanjani Municipality Annual Performance Assessment Assessment Rating Calculator

**Name:** B Siwa

**Cycle:** Jul-08 to Jun-09

KPA	Weight	Rating	Score	CMC	Weight	Rating	Score
Municipal Trans & Inst Dev	40%	4.26	1.704	Client Orientation and Customer Focus. (compulsory)	10%	4	0.4
Basic Infr & Service Delivery	15%	4.83333333	0.725	Financial Management. (compulsory ) People Management and Empowerment. (compulsory )	10%	4	0.4
LED	20%	3.6909091	0.7381818	Change Management.	10%	4.2	0.42
Municipal Fin Viability & Man	15%	4.6	0.69	Communication.		0	0
Good Gov & Pub Part	20%	4.58333333	0.91666667	Honesty and Integrity.	10%	4.2	0.42
				Knowledge Management.		0	0
				Problem Solving and Analysis.		0	0
				Programme and Project Management.		0	0
				Service Delivery Innovation.		0	0
				Strategic Capability and Leadership.	10%	4.2	0.42
				Skills in Governance	10%	3.2	0.32



		Competence in policy conceptualisation, analysis and implementation.		0	0
		Competence in Self Management.		0	0
		Competence required by other national line sector departments	10%	4.2	0.42
		Exceptional and dynamic creativity to improve the municipality.		0	0
		Interpretation of legislative and policy frameworks.		0	0
		Skills in Mediation.		0	0
		Knowledge of global and S.A. political, social and economic context.	10%	3.2	0.32
		Knowledge of functional municipal fields/disciplines.	10%	4.2	0.42
		Knowledge of Performance Management and Reporting.			
			10%	3.2	0.32
	100%		100%		77.2
KPA weight	159.1283				20%
KPA SCORE	80%				15%
FINAL SCORE	127%				143%





## Performance Scale and % Bonus payable

### OVERALL RATING

The overall rating achieved for the Key Performance Areas and Core Competency Requirements were then converted into a scale of 1 to 5. 1 representing unacceptable performance, and 5 representing outstanding performance as outlined above.

The converted KPAs and CCR scores are as follows:

Name	Designation	KPA Scores	Converted Score	CCR Scores	Converted Score
I Visser	Municipal Manager	138.5723906	111%	94.8	19%
MF Manuel	Chief financial Officer	148.2863248	119%	97.6	20%
FD Taljaard	Infrastructure and Technical Services	154.0634921	123%	88.4	18%
B Siwa	Community, Support and Social Services	159.1282828	127%	77.2	15%

### FINAL SCORES AND % BONUS

The following are the final scores and bonus percentages payable on the employees total remuneration packages.

NAME	DESIGNATION	Evaluation Scores	% Bonus payable
I Visser	Municipal Manager	130%	5
MF Manuel	Chief financial Officer	138%	6
FD Taljaard	Infrastructure and Technical Services	141%	7
B Siwa	Community, Support and Social Services	143%	7

