

| Reporting item | Control environment | Risk assessment | Control activities | Information & communication | Monitoring |
|--|---------------------|-----------------|--------------------|-----------------------------|------------|
| Revenue | ✓ | ✓ | ✓ | ✓ | ✓ |
| Expenditure | ✓ | ✓ | ✓ | ✓ | ✓ |
| Reserves and Accumulated surplus | ✓ | ✓ | ✓ | ✓ | ✓ |
| Trade and other payables | ✓ | ✓ | ✓ | ✓ | ✓ |
| Unspent conditional grants and receipts | ✓ | ✓ | ✓ | ✓ | ✓ |
| Property, plant and equipment | ✓ | ✓ | ✓ | ✓ | ✓ |
| Loans and receivables | ✓ | ✓ | ✓ | ✓ | ✓ |
| Inventory | ✓ | ✓ | ✓ | ✓ | ✓ |
| Other debtors | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cash and cash equivalents | ✓ | ✓ | ✓ | ✓ | ✓ |
| Current portion of loans and receivables | ✓ | ✓ | ✓ | ✓ | ✓ |

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.

Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.

Matters of governance

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 certain key governance responsibilities, which I have assessed as follows:

| | Yes | No |
|--|-----|----|
| Audit committee | | |
| The municipality had an audit committee in operation throughout the financial year. | ✓ | |
| The audit committee operates in accordance with approved, written terms of reference. | ✓ | |
| The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 166(2) of the MFMA. | ✓ | |
| Internal audit | | |
| The municipality had an internal audit function in operation throughout the financial year. | ✓ | |
| The internal audit function operates in terms of an approved internal audit plan. | | ✓ |
| The internal audit function substantially fulfilled its responsibilities for the year, as set out in Section 165(2) of the MFMA. | ✓ | |
| Other matters of governance | | |
| The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA. | ✓ | |
| The annual report was submitted to the auditor for consideration prior to the date of the auditor's report. | | ✓ |
| The financial statements submitted for audit were not subject to any material amendments resulting from the audit. | ✓ | |



| | Yes | No |
|---|-----|----|
| No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management. | | ✓ |
| The prior year's external audit recommendations have been substantially implemented. | | ✓ |
| Implementation of Standards of Generally Recognised Accounting Practice (GRAP) | | |
| The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007. | | ✓ |
| The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP. | | ✓ |
| The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008. | | ✓ |

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

I have reviewed the performance information as set out on pages 13 to 15.

Responsibility of the accounting officer for the performance information

4. 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).

Responsibility of the Auditor-General

5. 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].

6. 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.

7. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

Audit findings (performance information)

Lack of sufficient appropriate evidence

8. The details of the actual achievement against targets of the municipality have not been included in the annual performance report. Therefore, I was unable to determine if the targets set by the municipality was achieved.

APPRECIATION

9. The assistance rendered by the staff of the Capricorn District Municipality during the audit is sincerely appreciated.

Signed by:

Auditor-General

At Polokwane

On the 30 November 2008



STATEMENT OF FINANCIAL POSITION

| | Note | 2008 R | RESTATED 2007 R |
|---|------|--------------------|-----------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net assets | | 618 901 509 | 406 317 677 |
| Government Grant Reserve | 2 | 137 627 537 | 137 627 537 |
| Donations and Public Contribution Reserve | 2 | 290 740 | 290 740 |
| Capitalisation Reserve | 2 | 9 037 403 | 9 037 403 |
| Capital Replacement Reserve | 2 | 15 566 976 | 15 566 976 |
| Accumulated surplus | | 456 378 853 | 243 795 021 |
| Current liabilities | | 60 050 025 | 71 822 508 |
| Trade and Other Payables | 3 | 40 528 667 | 58 657 573 |
| Unspent conditional grants and receipts | 4 | 19 521 358 | 13 164 934 |
| TOTAL NET ASSETS AND LIABILITIES | | 678 951 534 | 478 140 185 |
| ASSETS | | | |
| Non-current assets | | 384 461 009 | 212 874 835 |
| Property, plant and equipment | 5 | 382 707 650 | 210 985 742 |
| Loans and receivables | 6 | 1 753 359 | 1 889 093 |
| Current assets | | 294 490 523 | 265 265 350 |
| Inventory | 7 | 395 526 | - |
| Consumer debtors | 8 | - | 5 209 658 |
| Other debtors | 9 | 34 650 645 | 22 847 040 |
| Cash and cash equivalents | 10 | 257 790 526 | 235 404 866 |
| Current portion of loans and receivables | 6 | 1 653 826 | 1 803 785 |
| TOTAL ASSETS | | 678 951 533 | 478 140 185 |



STATEMENT OF FINANCIAL PERFORMANCE

| | Note | 2008 | RESTATED 2007 |
|--|------|--------------------|--------------------|
| REVENUE | | | |
| Government grants and subsidies received - operating | 11 | 273 489 988 | 171 092 889 |
| Government grants and subsidies received - capital | 11 | 90 142 752 | 67 401 776 |
| Investment Revenue – external investments | 12 | 26 052 593 | 16 907 561 |
| Interest earned - outstanding debtors | | - | - |
| Other income | | 1 480 374 | 570 178 |
| Gain on disposal of property, plant and equipment | | 1 913 | 30 125 |
| Total Revenue | | 391 167 620 | 256 002 530 |
| EXPENDITURE | | | |
| Employee related costs | 13 | 83 199 971 | 54 529 363 |
| Remuneration of councillors | 14 | 7 588 601 | 7 298 683 |
| Collection costs | | 284 291 | - |
| Depreciation | | 11 725 668 | 4 009 290 |
| Repairs & Maintenance | | 1 361 114 | 2 220 879 |
| Grants and subsidies paid | 15 | 6 150 000 | 3 466 592 |
| General expenses | 16 | 54 444 416 | 45 192 669 |
| Contracted services | | 2 802 141 | 2 033 978 |
| Loss on disposal of property, plant and equipment | | - | 542 539 |
| Total Expenditure | | 167 556 202 | 119 293 992 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 223 611 418 | 136 708 538 |



STATEMENT OF CHANGES IN NET ASSETS

| | <u>Capitalisation Reserve</u> | <u>Government Grant Reserve</u> | <u>Capital Replacement Reserve</u> | <u>Donations and Public Contributions Reserve</u> | <u>Accumulated Surplus</u> | <u>Total</u> |
|-------------------------------------|-------------------------------|---------------------------------|------------------------------------|---|----------------------------|--------------------|
| | R | R | R | R | R | R |
| 2007 | | | | | | |
| Balance at 1 July 2007 | 10 060 525 | 52 052 531 | 15 466 064 | 290 740 | 187 251 269 | 265 121 129 |
| Net surplus for the year | | | | | 136 708 538 | 136 708 538 |
| Contribution to Reserve to fund PPE | | | | | | - |
| Capital grants used to purchase PPE | | 87 137 820 | | | (87 137 820) | - |
| Purchase of PPE | | | (2 150 481) | | 2 150 481 | - |
| Donated/contributed PPE | | | | - | - | - |
| Offsetting of Depreciation | (1 023 122) | (1 562 814) | | | 2 585 936 | - |
| Transfer to CRR | | | 2 251 393 | | (2 251 393) | - |
| Balance at 30 June 2007 | <u>9 037 403</u> | <u>137 627 537</u> | <u>15 566 976</u> | <u>290 740</u> | <u>239 307 011</u> | <u>401 829 667</u> |
| 2008 | | | | | | |
| Correction of error (Note 17) | | | | | 4 488 010 | 4 488 010 |
| Restated balance | <u>9 037 403</u> | <u>137 627 537</u> | <u>15 566 976</u> | <u>290 740</u> | <u>243 795 021</u> | <u>406 317 677</u> |
| Net surplus for the year | | | | | 223 611 418 | 223 611 418 |
| Appropriation | | | | | (11 027 587) | |
| Capital grants used to purchase PPE | | | | | - | - |
| Purchase of PPE | | | | | - | - |
| Donated/contributed PPE | | | | | - | - |
| Offsetting of Depreciation | | | | | - | - |
| Transfer to CRR | | | | | - | - |
| Balance at 30 June 2008 | <u>9 037 403</u> | <u>137 627 537</u> | <u>15 566 976</u> | <u>290 740</u> | <u>456 378 853</u> | <u>629 929 096</u> |

CASH FLOW STATEMENT

| | Note | 2008 R | 2007 R |
|---|------|----------------------|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts from ratepayers, government and other | | 353 848 005 | 266 371 366 |
| Cash paid to suppliers and employees | | (174 354 966) | (138 697 619) |
| Cash generated from operations | 18 | 179 493 039 | 127 673 747 |
| Interest received | | 26 052 593 | 16 685 913 |
| NET CASH FROM OPERATING ACTIVITIES | | 205 545 632 | 144 359 660 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (183 461 032) | (114 392 940) |
| Proceeds on disposal of assets | | 15 367 | 96 000 |
| Decrease/(Increase) in Loans and receivables | | 285 693 | (504 573) |
| NET CASH FROM INVESTING ACTIVITIES | | (183 159 972) | (114 801 513) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 22 385 660 | 29 558 147 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 235 404 866 | 190 463 262 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 19 | 257 790 526 | 225 916 769 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notices 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1: Presentation of financial statements.

GRAP 2: Cash flow statements.

GRAP 3: Accounting policies, changes in accounting estimates and errors.

GAMAP 4: Effects of changes in foreign exchange rates.

GAMAP 6: Consolidated financial statements and accounting for controlled entities.

GAMAP 9: Revenue.



GAMAP 7: Accounting for investments in associates.
GAMAP 8: Financial reporting of interests in joint ventures.
GAMAP 12: Inventories.
GAMAP 17: Property, plant and equipment.
GAMAP 19: Provisions, contingent liabilities and contingent assets.

GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards related to the municipality's separate financial statements.

Accounting policies for material transactions, events or conditions not covered by the above GRAP and/or GAMAP 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.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GAMAP or GRAP.

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

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 GOING CONCERN ASSUMPTION

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

1.4 RESERVES

a) Capital Replacement Reserve (CRR)

The purpose of the CRR is to set aside cash to provide infrastructure and other items of property, plant and equipment from internal sources.

The cash is transferred to a designated CRR account and can only be used 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. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

b) Capitalisation Reserve

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from the Capitalisation Reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).



When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

c) Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grants Reserve to the accumulated surplus/(deficit).

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

d) Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5 PROPERTY, PLANT & EQUIPMENT

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost. Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses. Such assets are financed either by external loans, capital replacement reserve, government grants and contributions and donations.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.



Directly attributable costs include the following:

- Cost of site preparation.
- Initial delivery and handling costs.
- Installation cost.
- Professional fees.
- Estimated cost of dismantling the asset.

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. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Where an item of property, plant and equipment is acquired at no cost, it is initially recognised at its fair value as at the date of acquisition.

Incomplete construction work is stated at historical cost and depreciated only when the asset is commissioned into use, and are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Residual value

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

Depreciation

Depreciation is calculated at historical cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

| <u>Infrastructure Assets</u> | <u>Years</u> |
|------------------------------|--------------|
| Roads | 25-50 |
| Electricity | 20-50 |
| Water mains and purification | 50-120 |
| Water reservoir | 30-50 |
| Sewerage | 15-60 |
| | |
| <u>Community Assets</u> | <u>Years</u> |
| Buildings | 50 |
| Security | 5 |
| | |
| <u>Other</u> | <u>Years</u> |
| Specialist vehicles | 10-20 |
| Other vehicles | 5-7 |
| Office equipment | 3-10 |
| Furniture & Fittings | 7-10 |
| Emergency equipment | 5-15 |
| Computer equipment | 3-5 |



Land is not depreciated as it is regarded as having an infinite life.

The useful life or depreciation method for items of property, plant and equipment that have been recognised was not reviewed as permitted in terms of Gazette 30013 of 29 June 2007.

Impairment

The testing for and impairing of any items of property, plant and equipment were not accounted for as permitted in terms of Gazette 30013 of 29 June 2007.

Heritage assets

These are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

Disposal of property, plant and equipment

- The book values of assets are written off on disposal.
- The difference between the carrying amount of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

1.6 FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables. Financial instruments are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities in excess of 12

months. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position. Loans and receivables are recognized initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

Accounts receivable

Trade and other receivables are recognized initially at cost which represents fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

When an under recovery occurs during the year an additional contribution for impairment is made from the accumulated surplus at year end.

Bad debts are written off during the year in which they are identified as irrecoverable

Financial liabilities

Financial liabilities are recognised initially at cost which represents fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate.

Gains and losses

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognized or impaired through the amortization process.

Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.



Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

Leases

Property, plant and equipment subjected to finance lease agreements are capitalised at their cost equivalent and the corresponding liabilities are raised.

The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

Operating lease payments or receipts are recognised on the basis of the actual cash inflows and outflows as per the lease contract as permitted in terms of Gazette 30013 of 29 June 2007.

1.7 INVENTORY

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

Consumable stores goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first in first out method.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public

auction. Consumables are written down with regard to age, condition and utility.

1.8 TRADE CREDITORS

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade creditors are recognised initially at cost price as permitted in terms of Gazette 30013 of 29 June 2007.

1.9 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

Rendering of service

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

The amount of revenue can be measured reliably;

It is probable that the economic benefits or services potential associated with the transaction will flow to the entity;

The stage of completion of the transaction at the reporting date can be measured reliably; and

The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

This principle also applies to tariffs or charges.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses that are recoverable.



Sale of goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;

The municipality retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;

The amount of revenue can be measured reliably;

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Government Grants

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;

The amount of the revenue can be measured reliably; and

To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations received

Other grants and donations shall be recognised as revenue when:

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;

The amount of the revenue can be measured reliably; and

To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

Levies

Levies shall be recognised as revenue when:

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

The amount of the revenue can be measured reliably.

Interest

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

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

The amount of the revenue can be measured reliably.



Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

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

Revenue from the recovery of unauthorized irregular, fruitless and wasteful expenditure is based on legislated procedures.

Revenue are initially recognised at cost as permitted in terms of Gazette 30013 of 29 June 2007.

1.10 CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. Contingent assets are not recognised as assets.

1.11 CONTINGENT LIABILITIES

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

1.12 CONDITIONAL GRANTS AND RECEIPTS

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 raised.

1.13 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of 32 days or daily calls.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.14 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

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



1.17 COMPARATIVE INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.18 RETIREMENT BENEFITS

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- National Fund for Municipal Workers
- Joint Municipal Pension Fund
- Local Government Pension Fund
- Municipal Councillors Pension Fund
- SAMWU Provident Fund

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the Statement of Financial Performance in the year to which they relate as part of cost of employment.

1.19 BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.20 EVENTS AFTER BALANCE SHEET 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.

1.21 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.



| | 2008 R | RESTATED 2007 R |
|--|--------------------|-----------------------|
| 2 RESERVES | | |
| Government Grants Reserve | 137 627 537 | 137 627 537 |
| Donations and Public Contribution Reserve | 290 740 | 290 740 |
| Capitalisation Reserve | 9 037 403 | 9 037 403 |
| Capital Replacement Reserve | 15 566 976 | 15 566 976 |
| | <u>162 522 656</u> | <u>162 522 656</u> |
| 3 TRADE AND OTHER PAYABLES | | |
| Trade creditors | 19 523 594 | 13 153 994 |
| Payroll Creditors | 6 777 687 | 27 349 258 |
| Retentions | 5 535 610 | 2 105 973 |
| SARS liability | - | 10 251 277 |
| Staff Leave | 8 691 777 | 5 797 071 |
| | <u>40 528 667</u> | <u>58 657 573</u> |
| 4 UNSPENT CONDITIONAL GRANTS AND RECEIPTS | | |
| Municipal Infrastructure Grant | 15 560 107 | 9 433 739 |
| District Transport Plan | 59 059 | 59 059 |
| Municipal Systems Improvement Grant | 30 000 | - |
| Finance Management Grant | 201 646 | 1 590 |
| DWAF Infrastructure Grant | 3 670 546 | 3 670 546 |
| Total Conditional Grants and Receipts | <u>19 521 358</u> | <u>13 164 934</u> |

See note 11 for reconciliation of grants from other spheres of government. The unspent grants are invested until utilised.



1. PROPERTY, PLANT AND EQUIPMENT

| Land and Buildings | Land and Buildings | Infrastructure | Community | Other | Total |
|----------------------------------|--------------------|----------------|------------|-------------|--------------|
| | R | R | R | R | R |
| Carrying values at 1 July 2007 | 21 664 965 | 175 408 751 | - | 13 912 027 | 210 985 743 |
| Cost | 26 736 825 | 176 691 539 | - | 21 557 509 | 224 985 873 |
| Accumulated Depreciation | (5 071 859) | (1 282 788) | - | (7 645 482) | (14 000 129) |
| Acquisitions | - | 2 051 728 | - | 1 757 244 | 3 808 972 |
| Capital under Construction | - | 177 491 168 | - | - | 177 491 168 |
| Depreciation | (881 334) | (4 924 104) | - | (2 710 363) | (8 515 801) |
| Classification out | - | (6 779 195) | - | (4 764 714) | (11 543 909) |
| Cost | - | (6 861 306) | - | (6 139 943) | (13 001 249) |
| Accumulated depreciation | - | 82 111 | - | 1 375 229 | 1 457 340 |
| Classification in | 2 998 216 | 2 547 125 | 2 139 899 | 2 811 186 | 10 496 426 |
| Cost | 2 998 216 | 2 547 125 | 3 013 680 | 2 811 186 | 11 370 207 |
| Accumulated depreciation | - | - | (873 781) | - | (873 781) |
| Carrying value of disposals | - | - | - | (14 949) | (14 949) |
| Cost | - | - | - | (14 949) | (14 949) |
| Accumulated depreciation | - | - | - | - | - |
| Carrying values at 30 June 2008 | 23 781 847 | 345 795 473 | 2 139 899 | 10 990 431 | 382 707 650 |
| Cost | 29 735 041 | 351 920 254 | 3 013 680 | 19 971 047 | 404 640 022 |
| Accumulated Depreciation | (5 953 193) | (6 124 781) | (873 781) | (8 980 616) | (21 932 371) |
| Reconciliation of Carrying Value | Land and Buildings | Infrastructure | | Other | Total |
| Carrying values at 30 June 2007 | 21 664 965 | 175 408 750 | | 13 912 027 | 210 985 742 |
| Cost | 26 736 825 | 176 691 539 | | 21 557 509 | 224 985 873 |
| Accumulated Depreciation | (5 071 859) | (1 282 789) | | (7 645 482) | (14 000 130) |

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of been constructed. The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed



| 6 LOANS AND RECEIVABLES | 2008 R | 2007 R |
|---|-------------------|-------------------|
| Motor Vehicle loans | 638 198 | 923 891 |
| Loans to other entities and municipalities | 2 768 987 | 2 768 987 |
| | <u>3 407 185</u> | <u>3 692 878</u> |
| Less Current portion transferred to current receivables | (1 653 826) | (1 803 785) |
| Vehicle loans | (506 266) | (656 225) |
| Loans to other entities and municipalities | (1 147 560) | (1 147 560) |
| | <u>1 753 359</u> | <u>1 889 093</u> |
| Motor Vehicle loans | | |
| Loans to other entities and municipalities | | |
| 7 INVENTORY | | |
| Consumables | 395 526 | - |
| | <u>395 526</u> | <u>-</u> |
| 8 LEVY DEBTORS | | |
| RSC levy debtors | - | 5 209 658 |
| | <u>-</u> | <u>5 209 658</u> |
| 9 OTHER DEBTORS | | |
| Loan accounts - other municipalities | 8 543 533 | 8 543 533 |
| Equitable share - local municipalities | 10 897 571 | 10 897 571 |
| VAT | 26 616 032 | 16 286 463 |
| Other debtors | 1 474 235 | 200 |
| | <u>47 531 372</u> | <u>35 727 767</u> |
| Less: Provision for Bad Debt | (12 880 727) | (12 880 727) |
| | <u>34 650 645</u> | <u>22 847 040</u> |
| 10 BANK, CASH AND OVERDRAFT BALANCES | | |
| The municipality has the following bank account: | | |
| <u>Current Account (Primary Bank Account)</u> | | |
| First National Bank - Polokwane branch | | |
| Account number - 62005556339 | | |
| Cash book balance at beginning of year | 25 389 274 | 9 968 620 |
| Cash book balance at end of year | <u>40 624 858</u> | <u>25 389 274</u> |



| | | |
|---|-------------|-------------|
| Bank statement balance at end of year | 40 624 858 | 2 299 109 |
| Current Account | | |
| Standard Bank - Polokwane branch | | |
| Account number - 030141400 | | |
| Cash book balance at beginning of year | 1 773 062 | - |
| Cash book balance at end of year | 1 772 299 | - |
| Bank statement balance at beginning of year | 1 773 062 | - |
| Bank statement balance at end of year | 1 772 299 | - |
| Petty cash | 9 900 | 4 900 |
| Investments | | |
| Call | 88 481 034 | 95 570 527 |
| 30 Days fixed deposits | 126 902 435 | 114 440 165 |
| | 215 383 469 | 210 010 692 |
| Total Balance | 257 790 526 | 235 404 866 |

11 GOVERNMENT GRANTS AND SUBSIDIES

| | | |
|---------------------------------------|-------------|-------------|
| Operating grants | | |
| Equitable share | 176 435 345 | 141 823 764 |
| Transitional Grant | - | 790 941 |
| Municipal Systems Improvement Grant | 970 000 | 1 000 395 |
| Finance Management Grant | 299 944 | 998 455 |
| DWAF Operating Grant | 94 584 699 | 22 244 334 |
| Other grants | 1 200 000 | 4 235 000 |
| | 273 489 988 | 171 092 889 |
| Capital grants | | |
| Municipal Infrastructure Grant | 90 142 752 | 67 401 776 |
| Total Government Grants and Subsidies | 363 632 740 | 238 494 665 |

11.1. Equitable share

In terms of the Constitution, the grant is used to subsidise the provision of free basic services to indigent community members. The municipality utilized the grant to provide infrastructure for basic services required by the community within its jurisdiction.



11.2. Municipal Infrastructure Grant

| | | |
|---|-------------------|------------------|
| Balance unspent at beginning of year | 9 433 740 | 1 838 620 |
| Current year receipts | 96 269 119 | 74 996 896 |
| Conditions met - transferred to income | (90 142 752) | (67 401 776) |
| Conditions still to be met - transferred to liabilities | <u>15 560 107</u> | <u>9 433 740</u> |

The grant was used to construct infrastructure assets in the local municipalities. The conditions of the grant were met. There was no delay or withholding of the grant

11.3. Transport grant

| | | |
|---|---------------|---------------|
| Balance unspent at beginning of year | 59 059 | 850 000.0 |
| Current year receipts | - | - |
| Conditions met - transferred to income | - | (790 941) |
| Conditions still to be met - transferred to liabilities | <u>59 059</u> | <u>59 059</u> |

The grant was utilised to develop the current public transport record system 06/07. No grant was received in 07/08, and the balance will be carried over for future projects.

11.4. Municipal Systems Improvement Grant

| | | |
|---|---------------|-------------|
| Balance unspent at beginning of year | - | 395 |
| Current year receipts | 1 000 000 | 1 000 000 |
| Conditions met - transferred to income | (970 000) | (1 000 395) |
| Conditions still to be met - transferred to liabilities | <u>30 000</u> | <u>-</u> |

The grant was utilised to fund the implementation of new legislation. The conditions of the grant were met. The balance will be utilised for performance management.

11.5. Finance Management Grant

| | | |
|---|----------------|--------------|
| Balance unspent at beginning of year | 1 590 | 500 045 |
| Current year receipts | 500 000 | 500 000 |
| Conditions met - transferred to income | (299 944) | (998 455) |
| Conditions still to be met - transferred to liabilities | <u>201 646</u> | <u>1 590</u> |

The grant was utilised for the appointment of the financial interns and to assist with the implementation of the MFMA. The funds were not fully utilised as interns were appointed late, and there were less number of officials participating in the Financial Management Programme.

11.6. DWAF Infrastructure Grant

| | | |
|---|------------------|------------------|
| Balance unspent at beginning of year | 3 670 546 | 3 670 546 |
| Current year receipts | - | - |
| Conditions met - transferred to income | - | - |
| Conditions still to be met - transferred to liabilities | <u>3 670 546</u> | <u>3 670 546</u> |

The grant was not utilised during 07/08.

11.7. DWAF Operating Grant

| | | |
|--------------------------------------|------------|------------|
| Balance unspent at beginning of year | - | - |
| Current year receipts | 66 813 390 | 22 244 334 |



| | | |
|---|--------------|--------------|
| Conditions met - transferred to income | (66 813 390) | (22 244 334) |
| Conditions still to be met - transferred to liabilities | - | - |

The grant was utilised to fund the transfer of water schemes from DWAF.

11.8. Provincial grants

| | | |
|--|------------------|------------------|
| Department of Local Government & Housing | 1 200 000 | 1 235 000 |
| Premier Fund | - | 3 000 000 |
| | <u>1 200 000</u> | <u>4 235 000</u> |

These grants are unconditional and were fully spent.

INVESTMENT REVENUE EXTERNAL INVESTMENTS

| | | |
|----------------------|-------------------|-------------------|
| Current account | 1 290 536 | 16 648 715 |
| External investments | 24 762 057 | - |
| | <u>26 052 593</u> | <u>16 648 715</u> |

EMPLOYEE RELATED COSTS

| | | |
|---|-------------------|-------------------|
| Employee related costs - Salaries and wages | 58 730 244 | 37 894 645 |
| Employee related costs - Contributions for UIF, pensions and medical aids | 13 294 023 | 7 559 579 |
| Travel and other allowances | 6 797 666 | 5 772 220 |
| Housing benefits and allowances | 1 178 173 | 647 043 |
| Overtime allowances | 2 247 302 | 898 263 |
| Performance bonus | 952 563 | 1 757 613 |
| Total Employee Related Costs | <u>83 199 971</u> | <u>54 529 363</u> |

There were no advances to employees. Loans to employees are set out in note 6.

Remuneration of the Municipal Manager

| | | |
|-----------------------|----------------|----------------|
| Annual Remuneration | 574 395 | 506 194 |
| Performance bonus | 12 357 | - |
| Annual bonus | 45 203 | - |
| Travel allowance | 120 002 | 180 010 |
| Council contributions | 8 144 | 104 196 |
| Total | <u>760 101</u> | <u>790 400</u> |

Remuneration of the Chief Financial Officer

| | | |
|-----------------------|----------------|----------------|
| Annual Remuneration | 223 800 | 432 731 |
| Performance bonus | - | 49 125 |
| Travel allowance | 77 845 | 168 009 |
| Council contributions | 3 286 | 89 277 |
| Total | <u>304 931</u> | <u>739 142</u> |



| | | |
|--|----------------|----------------|
| Remuneration of the Manager: Infrastructure Services | | |
| Annual Remuneration | 463 239 | 439 075 |
| Performance bonus | 19 548 | 7 009 |
| Annual bonus | 36 222 | - |
| Travel allowance | 157 785 | 157 785 |
| Council contributions | 76 763 | 62 195 |
| Total | <u>753 558</u> | <u>666 064</u> |

| | | |
|---|----------------|----------------|
| Remuneration of the Manager: Corporate Services | | |
| Annual Remuneration | 233 370 | 439 075 |
| Performance bonus | - | 7 009 |
| Annual bonus | - | - |
| Travel allowance | 73 373 | 157 785 |
| Council contributions | 3 397 | 62 195 |
| Total | <u>310 140</u> | <u>666 064</u> |

| | | |
|---|----------------|----------------|
| Remuneration of the Manager: Strategic Planning | | |
| Annual Remuneration | 494 736 | 493 558 |
| Performance bonus | 20 496 | - |
| Annual bonus | 37 966 | - |
| Travel allowance | 145 543 | 145 543 |
| Council contributions | 7 878 | 1 399 |
| Total | <u>706 618</u> | <u>640 500</u> |

| | | |
|---|----------------|----------------|
| Remuneration of the Manager: Community Services | | |
| Annual Remuneration | 355 071 | 360 412 |
| Performance bonus | 18 768 | 18 129 |
| Annual bonus | 29 517 | - |
| Travel allowance | 198 070 | 198 022 |
| Council contributions | 6 428 | 93 232 |
| Total | <u>607 853</u> | <u>669 795</u> |

REMUNERATION OF COUNCILLORS

| | | |
|--------------------------------|------------------|------------------|
| Executive Mayor | 426 188 | 427 352 |
| Speaker | 365 601 | 361 081 |
| Mayoral Committee members | 2 743 101 | 2 838 757 |
| Councillors | 3 067 570 | 2 905 534 |
| Council's contributions | 986 141 | 765 959 |
| Total Councillors Remuneration | <u>7 588 601</u> | <u>7 298 683</u> |

In kind benefits

The Executive Mayor, Speaker, Chief Whip and members of the Mayoral Committee are full time councillors. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has use of a Council owned vehicle for official duties.



15 GRANTS AND SUBSIDIES PAID

| | | |
|--|------------------|------------------|
| Grant paid to Molemole Municipality | 1 000 000 | 391 738 |
| Grant paid to Aganang Municipality | 1 000 000 | 1 010 084 |
| Grant paid to Blouberg Municipality | 2 150 000 | 937 500 |
| Grant paid to Lephelle Nkumpi Municipality | 2 000 000 | 1 127 270 |
| Total Grants and Subsidies paid | <u>6 150 000</u> | <u>3 466 592</u> |

16 GENERAL EXPENSES

Included in general expenses are the following:-

| | | |
|---------------------------------|-------------------|-------------------|
| Advertising | 1 301 452 | 1 430 379 |
| Stakeholder participation | 2 707 528 | 2 480 440 |
| Computer related expenditure | 19 320 | 4 180 016 |
| Conference and delegation costs | 921 957 | 1 078 393 |
| Printing and Stationery | 532 157 | 949 541 |
| Professional Fees | 4 056 808 | 2 874 796 |
| Rental equipment | 3 623 375 | 2 391 643 |
| Travel and subsistence | 3 777 700 | 2 108 921 |
| Telephone | 2 688 572 | 2 356 247 |
| Training | 3 569 078 | 3 545 434 |
| Transport claims | - | 1 133 707 |
| Fraud prevention | 32 949 | 1 181 459 |
| | <u>23 230 897</u> | <u>25 710 976</u> |

17 CORRECTION OF ERROR

17.1. During the year ended 30 June 2007, consumer debtors were overstated.

The comparative amount has been restated as follows:

| | |
|---|--------------|
| Correction of consumer debtors | |
| - Attributable to the 2007 Financial Year | (20 357 836) |

17.2. During the year ended 30 June 2007, trade and other payables were overstated.

The comparative amount has been restated as follows:

| | |
|---|-----------|
| Correction of trade and other payables | |
| - Attributable to the 2007 Financial Year | 9 425 192 |

17.3. During the year ended 30 June 2007, cash and cash equivalents were understated.

The comparative amount has been restated as follows:



| | |
|--|-----------|
| Net effect on Surplus/(Deficit) for the year | 4 488 010 |
|--|-----------|

CASH GENERATED FROM OPERATIONS

| | | |
|---|--------------|--------------|
| Net surplus/(deficit) for the year | 223 611 418 | 134 425 067 |
| Adjustment for: - | | |
| Depreciation | 11 725 668 | 4 021 330 |
| Investment Income | (26 052 593) | (10 363 671) |
| Loss on disposal of property, plant and equipment | - | - |
| Gain on disposal of property, plant and equipment | (1 913) | - |
| Contributions to provisions - current | | 535 754 |
| Contributions to bad debt provision | - | 12 970 997 |
| Increase in reserves | - | 37 764 360 |
| Non cash transactions | - | (39 128 842) |
| Prior year adjustment | (11 027 587) | |
| | 198 254 993 | 140 224 995 |
| Increase in inventory | (395 526) | - |
| Decrease/(Increase) in Debtors | 5 209 658 | (3 628 490) |
| Decrease in Other Debtors | (11 803 604) | 8 081 190 |
| (Decrease)/Increase in VAT | - | (7 369 687) |
| | 6 356 424 | (11 950 395) |
| (Decrease)/Increase in Creditors | (18 128 906) | 31 650 405 |
| Cash generated by/(utilised in) operations | 179 493 039 | 157 008 018 |

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:

| | | |
|--------------|-------------|-------------|
| Bank balance | 42 397 157 | 15 901 177 |
| Petty cash | 9 900 | 4 900 |
| Investments | 215 383 469 | 210 010 692 |
| | 257 790 526 | 225 916 769 |

ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

20.1. Contributions to organised local government

| | | |
|----------------------------|------------|------------|
| Opening Balance | - | - |
| Council subscriptions | 238 240 | 226 116 |
| Amount Paid - current year | (238 240) | (226 116) |
| Balance | - | - |

20.2. Audit fees



| | | |
|----------------------------|------------|------------|
| Opening balance | - | - |
| Current year audit fees | 577 629 | 573 963 |
| Amount paid - current year | (577 629) | (573 963) |
| Balance | - | - |

20.3. VAT

VAT input receivables and VAT output receivables are shown in note 9. All VAT returns have been submitted throughout the year.

20.4. PAYE and UIF

| | | |
|---------------------------------|-------------|-------------|
| Opening Balance | - | - |
| Current year payroll deductions | 9 310 294 | 8 134 701 |
| Amount Paid - Current year | (9 310 294) | (8 134 701) |
| Balance | - | - |

20.5. Pension and Medical Aid deductions

| | | |
|---------------------------------|--------------|--------------|
| Opening Balance | - | - |
| Current year payroll deductions | 13 843 992 | 10 370 117 |
| Amount Paid - Current year | (13 843 992) | (10 370 117) |
| Balance | - | - |

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for

| | | |
|-------------|-----------|---|
| - Community | 139 684 | |
| - LED | 177 510 | |
| - Others | 5 663 215 | |
| | 5 980 409 | - |

The expenditure will be financed from:

| | | |
|---------------------|-----------|---|
| - Government Grants | 5 980 409 | |
| - Own resources | - | |
| | 5 980 409 | - |

COMPARISON WITH BUDGET

The comparison of the Municipality's actual performance with that budgeted is set out in Annexure E and F



APPENDIX A : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

| | Cost/Revaluation | | | | | | Accumulated Depreciation | | | | | Carrying Value |
|----------------------------|------------------|-----------|--------------------|-------------|-----------|-----------------|--------------------------|-----------|-----------|-----------|-----------------|----------------|
| | Opening Balance | Additions | Under Construction | Transfer | Disposals | Closing Balance | Opening Balance | Additions | Transfer | Disposals | Closing Balance | |
| Land and Buildings | | | | | | | | | | | | |
| Land | | | | | | | | | | | | - |
| Buildings | 26 736 825 | - | - | 2 998 216 | - | 29 735 041 | 5 071 859 | 881 334 | - | - | 5 953 193 | 23 781 848 |
| | 26 736 825 | - | - | 2 998 216 | - | 29 735 041 | 5 071 859 | 881 334 | - | - | 5 953 193 | 23 781 848 |
| Community Assets | | | | | | | | | | | | |
| Community Assets | - | - | - | 3 013 680 | - | 3 013 680 | - | 873 781 | - | - | 873 781 | 2 139 899 |
| | - | - | - | 3 013 680 | - | 3 013 680 | - | 873 781 | - | - | 873 781 | 2 139 899 |
| Infrastructure | | | | | | | | | | | | |
| Roads | 2 652 758 | 185 926 | - | 979 464 | - | 3 818 148 | 309 488 | 558 299 | - | - | 867 787 | 2 950 361 |
| Sewer | 6 153 482 | 759 502 | - | 51 760 | - | 6 964 744 | 231 414 | 1 244 217 | - | - | 1 475 631 | 5 489 113 |
| Water Mains & Purification | 69 609 082 | 608 222 | - | (1 515 901) | - | 68 701 403 | 655 102 | 2 564 279 | 82 111 | - | 3 137 270 | 65 564 133 |
| Electricity | 2 334 481 | 498 078 | - | 1 515 901 | - | 4 348 460 | 86 784 | 557 309 | - | - | 644 093 | 3 704 367 |
| Asset under construction | 95 941 736 | - | 177 491 168 | (5 345 405) | - | 268 087 499 | - | - | - | - | - | 268 087 499 |
| | 176 691 539 | 2 051 728 | 177 491 168 | (4 314 181) | - | 351 920 254 | 1 282 788 | 4 924 104 | 82 111 | - | 6 124 781 | 345 795 473 |
| Other Assets | | | | | | | | | | | | |
| Motor Vehicles | 6 120 489 | - | - | - | - | 6 120 489 | 809 440 | 637 712 | 118 100 | - | 1 329 052 | 4 791 437 |
| Office Equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Fittings | 7 797 885 | 840 986 | - | (3 328 757) | - | 5 310 114 | 3 651 465 | 1 065 158 | 1 244 421 | - | 3 472 202 | 1 837 912 |
| Machinery & Equipment | 3 493 095 | 174 224 | - | - | - | 3 667 319 | 726 947 | 401 138 | - | - | 1 128 085 | 2 539 234 |
| Specialised Vehicles | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | 3 196 900 | 742 034 | - | - | (14 949) | 3 923 985 | 1 694 806 | 546 261 | 12 708 | - | 2 228 359 | 1 695 626 |
| Computer software | 949 140 | - | - | - | - | 949 140 | 762 824 | 60 094 | - | - | 822 918 | 126 222 |
| | 21 557 509 | 1 757 244 | - | (3 328 757) | (14 949) | 19 971 046 | 7 645 482 | 2 710 363 | 1 375 229 | - | 8 980 616 | 10 990 430 |
| TOTAL | 224 985 873 | 3 808 972 | 177 491 168 | (1 631 042) | (14 949) | 404 640 021 | 14 000 129 | 8 515 801 | 1 457 340 | - | 21 932 371 | 382 707 650 |

APPENDIX B SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

| | Cost | | | Under Construction | Disposals | Closing Balance | Accumulated Depreciation | | | Closing Balance | Carrying Value |
|--|--------------------|--------------------|-------------|--------------------|------------------|--------------------|--------------------------|------------------|-----------|-------------------|--------------------|
| | Opening Balance | Additions | Transfer | | | | Opening Balance | Additions | Disposals | | |
| Executive and Council | 168 516 | 512 204 | 622 397 | - | - | 1 303 117 | 545 | 33 799 | - | 34 344 | 1 268 773 |
| Municipal manager | 168 516 | 512 204 | 622 397 | - | - | 1 303 117 | 545 | 33 799 | - | 34 344 | 1 268 773 |
| Finance and Admin | 13 936 858 | - | - | - | - | 13 936 858 | 6 978 193 | 1 250 774 | - | 8 228 967 | 5 707 891 |
| Expenditure | 13 936 858 | - | - | - | - | 13 936 858 | 6 978 193 | 1 250 774 | - | 8 228 967 | 5 707 891 |
| Planning and Development | 87 052 502 | 2 587 136 | - | - | - | 89 639 637 | 1 580 506 | 5 714 326 | - | 7 294 833 | 82 344 805 |
| IDP Review | 87 052 502 | 2 587 136 | - | - | - | 89 639 637 | 1 580 506 | 5 714 326 | - | 7 294 833 | 82 344 805 |
| Community Services | 5 523 062 | 8 925 607 | (622 397) | - | - | 13 826 271 | 232 732 | 190 623 | - | 423 355 | 13 402 916 |
| HIV/AIDS | 10 607 | 1 861 464 | - | - | - | 1 872 071 | 861 | 3 536 | - | 4 397 | 1 867 675 |
| Administration | 622 | 328 | - | - | - | 328 | - | - | - | - | 328 |
| | 397 | 955 | (622 397) | - | - | 955 | - | - | - | - | 955 |
| Fire and Rescue | 4 813 042 | 1 083 332 | - | - | - | 5 896 374 | 230 103 | 165 255 | - | 395 357 | 5 501 017 |
| Disaster Management | 77 015 | 099 | - | - | - | 78 | 1 768 | 21 582 | - | 23 350 | 54 |
| Environmental Management Special Focus | - | 4 418 801 | - | - | - | 114 | - | - | - | - | 764 |
| | - | 1 231 957 | - | - | - | 1 231 957 | - | 251 | - | 251 | 4 418 801 |
| | - | - | - | - | - | - | - | - | - | - | 1 231 706 |
| Infrastructure Development | 15 471 693 | 162 139 040 | 3 135 321 | - | - | 180 746 055 | - | 53 020 | - | 53 020 | 180 693 035 |
| Administration | 6 608 875 | 696 | - | - | - | 7 305 362 | - | - | - | - | 7 305 362 |
| Water Services and Development | 6 532 942 | 127 129 617 | (608 222) | - | - | 133 054 336 | - | 1 818 | - | 1 818 | 133 052 |
| District Roads | 1 227 021 | 24 087 697 | - | - | - | 25 314 718 | - | 36 049 | - | 36 049 | 25 278 669 |
| Electricity LED | - | 7 365 479 | 1 367 725 | - | - | 8 733 204 | - | 15 154 | - | 15 154 | 8 718 051 |
| Transport Unit | - | - | 2 375 819 | - | - | 2 375 819 | - | - | - | - | 2 375 819 |
| | 1 102 855 | 7 859 760 | - | - | - | 3 962 616 | - | - | - | - | 3 962 616 |
| Corporate Services | 22 811 167 | 1 090 748 | - | - | (14 949) | 23 916 966 | 4 919 780 | 1 004 786 | - | 5 924 566 | 17 992 400 |
| Administration | - | 230 | - | - | - | 230 | - | - | - | - | 217 |
| | - | 011 | - | - | - | 011 | - | 12 394 | - | 12 394 | 617 |
| IT | 420 | 519 | - | - | - | 925 | - | - | - | - | 757 |
| Human Resource | 868 | 823 | - | - | (14 949) | 742 | 37 058 | 131 500 | - | 168 558 | 184 |
| | - | - | - | - | - | 31 | - | - | - | - | - |
| Administration Unit | 31 075 | - | - | - | - | 075 | 5 446 | 7 262 | - | 12 708 | 18 367 |
| | - | 340 | - | - | - | 340 | - | - | - | - | - |
| | 22 389 224 | 914 | - | - | - | 22 730 138 | 4 877 275 | 853 631 | - | 5 730 906 | 16 999 232 |
| Other | 79 703 702 | 4 729 450 | (3 135 321) | - | - | 81 297 830 | - | - | - | - | 81 297 830 |
| TOTAL | 224 697 499 | 179 984 185 | - | - | (14 949) | 404 666 735 | 13 711 756 | 8 247 329 | - | 21 959 085 | 382 707 650 |

| 2007 Actual Expenditure | 2007 | 2008 | 2008 | 2008 |
|-------------------------------|--------------------------------|-----------------------|----------------------------|----------------------------|
| | (Surplu s)/ Deficit R | Actual Income R | Actual Expenditure R | (Surplus)/ Deficit R |
| Executive and Council | | 130 478 | 23 304 365 | (23 173 886) |
| Office Executive Mayor | | - | 14 462 125 | (14 462 125) |
| Office of the Chief Whip | | - | 227 863 | (227 863) |
| MM administration | | - | 7 864 863 | (7 864 863) |
| MM Risk Management | | 130 478 | 749 514 | (619 036) |
| Finance and Admin | | 391 012 356 | 10 264 871 | 380 747 485 |
| CFO's Office | | - | 1 278 894 | (1 278 894) |
| Budget Division | | 339 810 | 1 757 692 | (1 417 882) |
| Expenditure | | - | 4 846 765 | (4 846 765) |
| Income Division | | 389 472 546 | 2 381 521 | 387 091 026 |
| Grant Management | | 1 200 000 | | 1 200 000 |
| Planning and Development | | - | 16 816 752 | (16 816 752) |
| Strategy Admin | | - | 1 637 777 | (1 637 777) |
| IDP Review | | - | 8 407 719 | (8 407 719) |
| Social Facilitation | | - | 2 861 209 | (2 861 209) |
| Contract Management | | - | 2 140 308 | (2 140 308) |
| Project Management | | - | 1 769 738 | (1 769 738) |
| Health | | - | - | - |
| Community and Social Services | | - | 22 612 377 | (22 612 377) |
| Administration | | - | 2 982 483 | (2 982 483) |
| Managers Office | | - | 1 056 043 | (1 056 043) |
| Fire and Rescue Services | | - | 14 061 088 | (14 061 088) |
| Disaster Management | | - | 2 295 415 | (2 295 415) |
| Environmental Management | | - | 751 995 | (751 995) |
| Special Focus | | - | 1 175 494 | (1 175 494) |
| HIV/AIDS | | - | 289 858 | (289 858) |



| | | | |
|-----------------------------------|-------------|-------------|--------------|
| Corporate Services | 24 786 | 32 031 951 | (32 007 165) |
| Managers Office | - | 13 468 419 | (13 468 419) |
| IT | 24 786 | 4 728 204 | (4 703 418) |
| HR | - | 10 776 640 | (10 776 640) |
| Administration | - | 2 113 422 | (2 113 422) |
| Committees | - | 945 267 | (945 267) |
| Infrastructure | - | 38 491 946 | (38 491 946) |
| Infrastructure Administration | - | 1 109 685 | (1 109 685) |
| Water Services | - | 31 689 237 | (31 689 237) |
| Electricity | - | 15 154 | (15 154) |
| Roads | - | 301 864 | (301 864) |
| Operations and maintenance | - | 1 297 677 | (1 297 677) |
| LED | - | 3 021 789 | (3 021 789) |
| Transport | - | 1 056 540 | (1 056 540) |
| Projects | - | 24 033 942 | (24 033 942) |
| Transfers to local municipalities | - | 2 550 000 | (2 550 000) |
| SDF Review to 4 locals | - | 600 000 | (600 000) |
| Operations-tourism | - | 2 000 000 | (2 000 000) |
| Farming-Lepelle-Nkumpi | - | 1 000 000 | (1 000 000) |
| Projects related costs | - | 17 883 942 | (17 883 942) |
| TOTAL | 391 167 620 | 167 556 204 | 223 611 417 |

APPENDIX D (1) ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

| | <u>2008</u> | <u>2008</u> | <u>2008</u> | <u>2008</u> | <u>Explanation of Significant</u> |
|--|---------------------------|---------------------------|---------------------------|-----------------|--|
| REVENUE | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> | <u>Variance</u> | <u>Variances</u> |
| | R | R | R | % | <u>greater than 10% versus Budget</u> |
| Interest earned - external investments | 26 052 593 | - | 26 052 593 | | |
| Government grants and subsidies received - operating | 273 489 988 | 272 940 000 | 549 988 | 0.20 | Interest earned on surplus funds invested |
| Government grants and subsidies - capital | 90 142 752 | 87 914 000 | 2 228 752 | 2.54 | |
| Other income | 1 480 374 | - | 1 480 374 | | |
| Gain on disposal of property, plant and equipment | 1 913 | - | 1 913 | | |
| Total Revenue | <u>391 167 620</u> | <u>360 854 000</u> | <u>30 313 620</u> | | |
| EXPENDITURE | | | | | |
| Employee related costs | 83 199 971 | 71 924 489 | 11 275 483 | 15.68 | There was less budgeted in terms of basic salaries for DWAF employees. |
| Remuneration of councillors | 7 588 601 | 7 895 307 | (306 706) | -3.88 | |
| Collection costs | 284 291 | 525 000 | (240 709) | -45.85 | Service provider for collection of levies were appointed towards the end of the year. GAMAP GRAP implementation - provision for depreciation There was less repairs done for the year. |
| Depreciation | 11 725 668 | 754 554 | 10 971 114 | 1453.99 | |
| Repairs & Maintenance | 1 361 114 | 1 768 271 | (407 157) | -23.03 | |
| Grants and subsidies paid | 6 150 000 | - | 6 150 000 | | |
| General expenses | 54 444 416 | 84 309 586 | (29 865 170) | -35.42 | The over-expenditure here relates to contracting service providers for the configuration of the financial systems |
| Contracted services | 2 802 141 | 2 370 250 | 431 891 | 18.22 | |
| Total Expenditure | <u>167 556 202</u> | <u>169 547 456</u> | <u>(1 991 254)</u> | | |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | <u>223 611 418</u> | <u>191 306 544</u> | <u>32 304 875</u> | | |

| | 2008 Actual | 2008 Under Construction | 2008 Revaluation | 2008 Total Additions | 2008 Budget | 2008 Variance | 2008 Variance | Explanation of Significant Variances greater than 5% versus Budget |
|----------------------------|------------------------|--|-----------------------------|-------------------------------------|------------------------|--------------------------|--------------------------|---|
| | R | R | R | R | R | R | % | |
| Infrastructure | | | | | | | | |
| Roads | 185 926 | - | - | 185 926 | 37 000 000 | (36 814 074) | -99.50 | Assets constructed disclosed under assets under construction |
| Sewer | 759 502 | - | - | 759 502 | 41 199 594 | (40 440 092) | -98.16 | Assets constructed disclosed under assets under construction |
| Water Mains & Purification | 608 222 | - | - | 608 222 | 116 146 000 | (115 537 778) | -99.48 | Assets constructed disclosed under assets under construction |
| Electricity | 498 078 | - | - | 498 078 | 13 525 000 | (13 026 922) | -96.32 | Assets constructed disclosed under assets under construction |
| Assets under construction | - | 177 491 168 | - | 177 491 168 | - | 177 491 168 | 0.00 | All assets under construction |
| | 2 051 728 | 177 491 168 | - | 179 542 896 | 207 870 594 | (28 327 698) | -13.63 | |
| Other Assets | | | | | | | | |
| Furniture and Fittings | 840 986 | - | - | 840 986 | - | 840 986 | | |
| Emergency Equipment | 174 224 | - | - | 174 224 | 500 000 | (325 776) | -65.16 | |
| Specialised Vehicles | - | - | - | - | 1 800 000 | (1 800 000) | -100.00 | The process of procurement was at tender adjudication stage by the end of the financial year. |
| Computer Equipment | 727 085 | - | - | 727 085 | 3 038 479 | (2 311 394) | -76.07 | The budget was intended for the anticipated increase in staff intake |
| TOTAL | 5 845 751 | 354 982 336 | - | 360 828 087 | 213 209 073 | (60 251 580) | | |

APPENDIX E
DISCLOSURE OF GRANTS AND SUBSIDIES

| Name of Grants | Name of Organ of state/ Municipal Entity | Name of organ of state or municipal entity | Total Receipts for the Year | Total Expenditure for the Year | Delay \ withheld | Gazette amount Municipal year | Reason for delay/ withholding of funds | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act |
|-------------------------------|--|--|-----------------------------|--------------------------------|------------------|-------------------------------|--|--|
| | | | Total | Total | Total | Total | | |
| Equitable Share | DPLG | DPLG | 176 435 345 | 176 435 345 | - | 176 435 345 | None | Not Applicable |
| Financial Management Grant | National Treasury | National Treasury | 500 000 | 298 544 | - | 500 000 | None | Yes |
| Municipal Systems Improvement | DPLG | DPLG | 1 000 000 | 970 000 | - | 1 000 000 | None | Yes |
| MIG Grants | DPLG | DPLG | 96 269 119 | 90 142 752 | - | 96 269 119 | None | Yes |
| DWAF water function | National Treasury | National Treasury | 22 244 334 | 22 244 334 | - | 30 687 000 | | |
| DWAF Operating | National Treasury | National Treasury | 93 405 588 | 93 405 588 | - | 85 005 000 | | |
| | | | 389 854 386 | 383 496 563 | - | 389 896 464 | | |





CHAPTER 5: Infrastructure Development & Service Delivery

Water Management

The overview of the area includes provision of provision of affordable, clean bulk and portable water according to RDP standard to 100% of the population by 2008.



| KPA | PROGRESS | CHALLENGES | REMEDIAL ACTIONS |
|----------------|---|---|---|
| Water Projects | <ul style="list-style-type: none"> The Department adopted 26 water projects for implementation for the financial year 2007/8. Fourteen projects were completed by June 2008 however with outstanding ESKOM connections on five. Of the 22 awarded during the financial year under review, four projects were not awarded on time due to supply chain constraints but were eventually awarded. Eight (8) projects were rolled over but completed in the first three months of the 2008.9 financial year. However ESKOM connection remains a challenge on all 8 although ESKOM have started construction of lines to allow energization on 4 of the projects. In addition 9 small projects were initiated by the Department in April 2008. All the small projects are complete and awaiting commissioning. Four (4) schemes were also identified as being ready for cost recovery and it is necessary that systems & procedures be put in place to enable cost recovery to be effected. To that end a service provider will be appointed during 2008.9 financial year to assist in that respect. Water Service Agreements were signed by three out of the four Local Municipalities. Molemole Local Municipality still has to sign the agreement. | Several challenges were encountered during the year especially around the quality of reports from consultants. This resulted in delays in getting the reports approved by DWAF hence the delays in getting projects registered on the MIG MIS System. In addition supply chain constraints hampered progress with the majority of projects awarded in the fourth quarter. | To avert similar problems going forward, the de-clustering of projects should mitigate some of the problems of capacity constraints amongst our consultants. Further capacitating the Supply Chain Unit should assist in reducing the lead time between a project being advertised and being awarded. Forward planning will be prioritised and implemented in an incremental way. |



Project Summary

Twenty-six new projects were approved for implementation as follows:

1. Glen Alpine(Wegdraai) WS evaluation stage
2. Mphahlele RWS evaluation stage
3. Alldays WS tender evaluation stage
4. Zebediela South RWS tender adjudication stage
5. Glen Alpine (GaRawesi)
6. Glen Alipine (Mokgalakwena)
7. Mafefe (Mahlatjane)WS
8. Mathabatha WS
9. Mogwadi WS
10. Taaiboschgroet
11. Makgalong WS
12. Molemole West WS.
13. Houtrivier (Ga Sechaba)
14. Specon RWS
15. Mafefe RWS
16. Stocks RWS
17. Mphahlele Phase 4 RWS
18. Marowe WS
19. Ga-Phago WS
20. Pinkie Sebotse WS
21. Motsane
22. Tibane RWS
23. Rampuru RWS
24. Groothoek RWS
25. Ntabiseng/Morebeng WS
26. Mashashane RWS

Projects were awarded late as follows:



1. Glen Alpine(Wegdraai) WS
2. Mphahlele RWS
3. Alldays WS
4. Zebediela South RWS

Summarized Progress June 2008

| NO | Name of Local Municipality | No of Projects | Average Progress | Budget | Expenditure |
|----|----------------------------|----------------|------------------|-------------|-------------|
| 1 | Aganang | 7 | 74% | R17,100,000 | R9,021,371 |
| 2 | Blouberg | 5 | 55% | R15,600,000 | R11,361,336 |
| 3 | Molemole | 5 | 71% | R13,900,000 | R8,960,433 |
| 4 | Lepelle Nkumpi | 9 | 86% | R25,700,000 | R20,110,236 |
| | Total Average | 26 | 68% | R72,300,000 | R49,453,376 |



Water Operations & Maintenance

| KPA | PROGRESS | CHALLENGES | REMEDIAL ACTIONS |
|--|---|---|---|
| <p>Free basic water implementation (First order strategy)</p> | <ul style="list-style-type: none"> The first order strategy relates to provision of free basic water to district communities whereby we are paying for the energy cost of operating water sources. We are paying for electricity bills from Eskom as well as paying for the diesel used by diesel pumps. In these 2007/08 financial years there are 427 655 district people that are currently benefiting as opposed to 388 774 of 2006/07 financial years. We have increased beneficiaries by more than 10% as was the target in our performance plans. | <p>The challenges were that the submission of free basic water monthly returns is never on time. Eskom electricity bills of other points are not forwarded to CDM on regular basis.</p> | <p>Distribution of diesel to be managed properly both by service providers and pump operators.</p>  |
| <p>Free basic water implementation (Second order strategy)</p>  | <ul style="list-style-type: none"> The local municipalities have developed an indigent registers for all the areas where cost recovery is implemented. The district is subsidizing the indigents in terms of paying back the money to the municipality for the six kilolitres consumed by the indigent population. Currently cost recovery is implemented in the three local municipalities with the exception of Aganang Municipality where an indigent register is being developed. The following sub schemes are operating on cost recovery basis:- <ul style="list-style-type: none"> Blouberg Local Municipality (9 sub schemes = 100%); | <p>The challenges were that the management of free basic water provision by local municipalities requires support from CDM in terms of further improving implementation of cost recovery in other areas. Submission of FBW monthly returns by local municipalities is a matter that requires an improvement and local suppliers are not furnishing invoices to municipalities on monthly basis, as they should.</p> | <p>The appointment of locals as WSP and the technical support to be offered will assist in improving the challenges.</p> |



| | | | |
|--|---|---|---|
| <p>Operations and Maintenance of water schemes</p> | <ul style="list-style-type: none"> The core responsibility of the division is to ensure sustainability in operations and maintenance of district water schemes. Water tankers were hired to provide water to villages with severe water shortage. The addresses of Eskom boreholes electricity bills were changed to CDM address to avoid delay in submission from local municipalities and also to avoid electricity cut offs. Due to continuous theft of diesel engines management took a resolution that all the new replacement diesel engines will be mounted on trolleys and it will be taken to and from the pump houses on a daily basis. | <p>Challenges in terms of procuring of engines that were reported stolen in the fourth quarter of the year by service providers. There was generally a delay of delivery due to the demand the manufacturers were faced with and the unfortunate part is that the culprits are never apprehended.</p> | <p>Most of the stealing cases took place in Aganang and Blouberg municipalities whilst Molemole and Lepelle Nkumpi municipality were the least affected in this financial year.</p> |
| <p>Water demand and conservation strategy and water Quality strategy inventory</p> | | <p>The challenges were that the development of the two strategies were deferred to 2008/09 financial year due to DWAF model being adopted and also due to the need to do proper refurbishment as most of water facilities are not technically complying.</p> | <p>This will be addressed as part of the refurbishment process.</p> |
| <p>Refurbishment of water scheme program for 2007/08</p> | <ul style="list-style-type: none"> The business plan was developed and signed. | <p>The challenges were that the implementation strategy was never agreed upon until when CDM appointed DWAF as support agent in terms of implementation of refurbishment program. Further challenges were experienced due supply chain processes.</p> | <p>This will be prioritized in the next financial year.</p> |
| <p>Acquire 12 water tankers</p> | <ul style="list-style-type: none"> The tender was at award stage in June 2008 but eventually awarded | <p>The challenge was delivering the tankers</p> | <p>this will be addressed in the next financial year.</p> |
| <p>Service level agreements (Section 78)</p> | <ul style="list-style-type: none"> The service provider was appointed to conclude | <p>All signed except for Molemole which still has to be signed.</p> | <p>To continue to engage Molemole</p> |



Sanitation

| KPA | PROGRESS | CHALLENGES | REMEDIAL ACTIONS |
|------------|--|---|--|
| SANITATION | <ul style="list-style-type: none"> The institution embarked on a programme to construct 8,351 dry sanitation facilities, of these 7,014 were commissioned with the rest ready to be commissioned by August 2008. Four waterborne sewerage projects were also implemented in the three local municipal areas of Lepelle Nkumpi, Blouberg & Molemole. Delays in awarding some the projects resulted in poor progress. One of the contractors for Lebowakgomo WWTW faced serious cash-flow problems due to under pricing to an extent that the contract was terminated. Alldays WWTW project was deferred due to lack of water. A strategic approach will be embarked upon in the next financial year as our response to these because assets were transferred without technical appraisals having been undertaken. | <ul style="list-style-type: none"> Challenges were that several community problems were encountered especially in Lepelle Nkumpi area were several communities withdrew from the programme. This resulted in a need to replace those villages. In Lepelle Nkumpi owing to community problems 920 units had to be redistributed. To address challenges in Aganang & Lepelle Nkumpi 2 more ISD officials were seconded to the Municipalities. Several areas also presented hard rock challenges which delayed progress. There was a shortage of jack hammers which delayed progress particularly the Makita Brand. There was also a problem with the supply materials during the course of the year which caused some delays. This was caused by delays by CDM in paying suppliers. Increasingly also there is pollution of groundwater resources due to ground contamination by VIP toilets. | <p>Going forward it is imperative that communities and the District agree on implementation method especially around issues of contributions. This will avert future disagreements when the programme is under implementation. The pollution of groundwater resources require full protocols to be conducted before implementation in the next financial year.</p> |



Project Summary

Four water borne projects approved

- Four under construction namely Morebeng, Senwabarana WWTW & Lebowakgomo.

Summarized Progress June 2008

| | Name of Local Municipality | Average Progress | Budget | Expenditure |
|---|----------------------------|------------------|----------------|----------------|
| 1 | Morebeng | 90% | R6,000,000 | R4,800,895 |
| 2 | Senwabarana WWTW | 100% | R2,000,000 | R1,892,702 |
| 3 | Lebowakgomo | 50% | R3,000,000 | R530,461 |
| 4 | Desmond Park | 100% | R1,200,000 | R1,075,535 |
| 5 | Sanitation | 94% | R26,751,224.99 | R25,543,123.00 |
| | Total Average | 58.8% | R42,451,225 | R33,842,716 |

Road Transport

The overview included all activities associated with the provision of a public transport service to the community. The public transport service responsibilities of the municipality are administered as follows:

These services extend to include policy formulation and implementation, but do not take account of regulation & policing which resides within the jurisdiction of Province/Polokwane LM. The municipality has a mandate to: The institution developed transport policies in relation to the following:

- Promote safety to the commuting public
- Ensure affordable transport

TAXI RANKS

| KPA | PROGRESS | CHALLENGES | REMEDIAL ACTIONS |
|-----------|--|--|---|
| Taxi Rank | <ul style="list-style-type: none"> • Nine projects were approved for implementation. • Three are under construction (Boyne Taxi Rank, Mathibela & Tibane) one is complete (Kromhoek). • Three soft projects will be implemented in the next financial year. | Challenges were that contractors in all taxi rank projects cited increases in steel as a challenge and they indicated that they could not continue unless this was addressed. The matter was addressed. Alldays & Ipopeng Taxi Ranks were withdrawn. These will be implemented in the next financial year. | The Steel variations created problems and affected progress. Going forward all appointed consultants will be instructed to be as realistic as possible with their estimates. Management of the taxi ranks completion also requires proper management. |

Summarized Progress

| | Name of Local Municipality | Average Progress | Budget | Expenditure |
|---|----------------------------|------------------|------------|-------------|
| 1 | Mathibela | 45% | R2,000,000 | R1,345,150 |
| 2 | Kromhoek | 100% | R2,000,000 | R1,987,500 |
| 3 | Tibane | 70% | R500,000 | R633,194 |
| 4 | Boyne | 85% | R1,814,840 | R1,729,825 |
| | Total Average | 57.5% | R6,314,840 | R5,695,669 |



Roads

| KPA | PROGRESS | CHALLENGES | REMEDIAL ACTIONS |
|-------|---|---|--|
| ROADS | <ul style="list-style-type: none"> Five priority roads were approved for implementation. Total budget for the 5 roads was almost R140 million over the next 3 years. All the four projects were awarded albeit in the 3rd & 4th quarter. Construction is proceeding well. <p>The following projects are all under construction:</p> <ul style="list-style-type: none"> Road 4070 Mamoalo to Seleteng Road D4004 Kgokong to Dikgale. Road D1430 Mogoto to Mokopane. D3371 Sebora to Mhlonong Mafefe Road – Funds transferred to RAL. One Stop Centre Access Road in Aganang - Funds transferred to Aganang. | <p>Initial challenges were experienced with the Mogoto to Mokopane Road regarding the servitude which was finally granted. The Kgokong Dikgale experienced problems in respect of the servitude for the road over rail. Realignment was eventual done with cost implications of R5,000,000.</p> | <p>Greater forward planning is required for road projects with lead time of at least year. Unlocking of capital investment on road development especially because the road function constitutes unfunded mandate combined with very high construction costs.</p> |



Summary of report

| | Name of Local Municipality | 2008.9 Targeted Average Progress | Budget | Expenditure |
|---|--------------------------------|----------------------------------|-------------|---------------|
| 1 | Road 4070 Mamoalo to Seleteng | 20% | R9,250,000 | R9,012,037.74 |
| 2 | Road D4004 Kgokong to Dikgale. | 10% | R9,250,000 | R8,548,442.88 |
| 3 | Road D1430 Mogoto to Mokopane | 10% | R9,250,000 | R5,089,567 |
| 4 | Road D3371 Sebora to Mhlonong | 25% | R9,250,000 | R4,778,551.85 |
| 5 | Mafefe Road | 10% | R9,000,000 | R9,000,000 |
| | Total Average | 60.8% | R46,000,000 | R36,428,599 |



Electricity

| KPA | PROGRESS | CHALLENGES | REMEDIAL ACTIONS |
|-----------------|--|---|---|
| Energy Services | <ul style="list-style-type: none"> • The overview included the bulk purchase and distribution of electricity. • The electricity purchase and distribution functions of the municipality are administered as follows and include: <ul style="list-style-type: none"> • Feeder line construction • Extension of lines • Reticulation co-ordination • Identification of villages to be electrified • Free Basic Electricity • Each household is given 50kw per month <p>In order to provide efficient and affordable energy services, the district commissioned seven projects approved for implementation namely</p> <ul style="list-style-type: none"> • Dibeng (awaiting energizing), • Phetole (awaiting energizing) , • Bothonyeng (awaiting energizing) , • Brana (awaiting energizing), • Maphosa (under construction) , • Burgwal/Welgelen: (under construction) , • Mogoto: (under construction) | <p>A problem was the delay in ESKOM approving designs hence delays in implementation. In some instances ESKOM also cited lack of supply capacity which affected progress.</p> | <p>Greater forward planning is required to ensure that villages targeted to benefit have ESKOM capacity</p> |



Summarized Progress

| | Name of Local Municipality | Average Progress | Budget | Expenditure |
|---|--|------------------|---------------|---------------|
| 1 | Dibeng | 95% | R2,603,531.09 | R2,603,531.09 |
| 2 | Phetole | 95% | R3,097,839.54 | R3,097,839.54 |
| 3 | Bothonyeng | 95% | R667,005.03 | R667,005.03 |
| 4 | Brana | 95% | R347,106 | 0 |
| 5 | Maphosa | 60% | R4,896,277 | R5,024,155.56 |
| 6 | Burgwal/Welgelen | 70% | R2,682,561.80 | R2,682,561.80 |
| 7 | Mogoto | 53% | R3,786,432 | R2,001,618.47 |
| 8 | Standplaas, Malemang, Mooiplaas and Mogodi | 0 | R1,500,000 | 0 |
| | Total Average | 80.4% | R19,580,752 | R16,076,711 |

COMMUNITY SERVICES

Function: Environmental Management, Emergency and Disaster Management, Health and HIV/Aids and, Sector Support and Coordination in terms of Sports, Arts and Culture and Education.

The Department of Community Services comprises of four units, namely; Environmental Management, Emergency and Disaster Management, Health and HIV/AIDS and Sector Support and Coordination in terms of Sports, Arts and Culture. Each of these units is charged with specific core responsibilities meant to support and enhance the role and function of the district municipality.

The Department is guided by the following IDP Objectives in performing its duties:- To facilitate the provision of sustainable and accessible health services.

- To prevent, mitigate and address disasters in the district and to protect life, property and the environment
- To facilitate the provision of educational services
- To improve accessibility to sports and recreational facilities by establishing sports and renovating existing Arts, Culture and community facilities
- To curb and reduce HIV/AIDS infection rate
- To ensure compliance with environmental legislation
- To manage conservation and protection of the environment to ensure sustainable socio-economic development

This report addresses progress registered on 2007/8 financial year projects per the individual units:

Environmental Management

| KPA | PROGRESS | CHALLENGES |
|--|---|---|
| Establishment of a Landfill Site in Lepelle-Nkumpi LM at Lebowakgomo | The project was initiated later in the year | The contractor was appointed and a project was halted to servitude challenges. |
| Establishment of a Landfill Site in Blouberg LM at Senwabarwana | | The project was initiated later in the financial year due to Supply Chain Management challenges experienced, and later experienced challenges regarding the completion of the project due to irregularities identified. |



| | | | |
|---|---|--|--|
| <p>Development of an Environmental Management Plan (EMP) for Aganang, Blouberg and Lepelle-Nkumpi Local Municipalities.</p> | <ul style="list-style-type: none"> The purpose of the project is for a service provider to develop an Environmental Management Plan for the above-mentioned Local Municipalities. The Environmental Management Plan will function as a management and decision making tool and will assist with the integration of environmental, social and economic information into the decision making processes for future development within the municipal areas. The objective is to identify environmental impacts, environmental issues and environmental risks / threats within the various municipal areas and to develop measures (strategies) to minimise, mitigate and manage these impacts, threats and risks. | <p>The projects were not implemented timely due to SCM challenges.</p> | |
| <p>Purchase of waste management equipment Local Municipalities</p> | <ul style="list-style-type: none"> | <p>The lack of suitable equipment (due mainly to limited financial resources) highlighted in past reports is a big stumbling block towards the introduction or expansion of waste services and these funds will make a difference.</p> | <p>This year under review, only Lepelle-Nkumpi municipality responded, and interactions with municipalities will continue to ensure that the right equipment is purchased as possible.</p> |
| <p>Promote the effective and efficient management of waste in the district</p> | <ul style="list-style-type: none"> A study on the progress | <p>Challenges of local municipalities in relation to waste management was conducted</p> | <ul style="list-style-type: none"> Report was finalised and submitted to Council structures |
| <p>Recycling of waste within the district</p> | <ul style="list-style-type: none"> After the success of our relationship with the Glass Recycling Company of SA in the previous financial year and the support in terms of resources received from them towards two glass recycling initiatives in Molemole Municipality, it was decided to investigate and | | <p>Other recyclers to be targeted are; OILKOL, the Rose Foundation, Collect-a-Can, NAMPAK, SAPPI and African Sky</p> |



| | |
|--|--|
| <p>Environmental Management and Sustainability Management training Municipal officials (CDM & all LMs)</p> | <ul style="list-style-type: none"> • Suitable courses were identified in addition to officials from local municipalities being requested to identify relevant courses which CDM will fund (course fees only). • Again as in recent years, waste management training was targeted and a first course was identified that was offered by the Institute for Waste Management of Southern Africa during August. • Waste management training was attended. |
| <p>Environmental Management training for Local Municipality Councillors</p> | <ul style="list-style-type: none"> • As in recent years, environmental management training continued with municipal councillors. CDM councillors were trained during September 2007 • In this financial year, the training was extended to at least two local municipalities with further training following during the coming financial years. |
| <p>Environmental promotion and awareness support and campaigns</p> | <ul style="list-style-type: none"> • Planning was done for various interventions. Key stakeholders were consulted in order to develop an environmental calendar to guide activities in the district (local municipalities, DEDET, DWAF & the Department of Agriculture). • Some activities that were identified included Arbour Week, Schools State of the Environment competition, and the promotion & protection of wetlands workshop. • The development of various promotional and awareness materials were also considered in support of the Polokwane Environmental Education Centre – principal amongst them were environmental fact sheets / pamphlets covering some 65 environmental topics and banners / promotional materials to market the Centre. |



Implementation of an Air Quality Monitoring Programme

- The project involved the acquisition of monitoring equipment through a tender process; training of environmental health practitioners on operation and maintenance of the acquired equipment; installation of monitoring equipment at identified positions / suspected problematic areas; and ongoing analysis of monitoring results.

The project was delayed due to the unsuccessful filling of the Air Quality Officer (AQO) vacancy. Although an appointment was made for commencement of duty on 1 July 2008, the candidate opted to decline the offer after being offered a higher salary and benefits by his current employer.

This was a huge setback and the position was re-advertised. The closing date was set for early August 2008.

Verification, Grading and Declaration of 9 Heritage Sites in the District

- The process was initiated

The challenge was to wait for LIHRA to finalise their internal processes



EMERGENCY AND DISASTER MANAGEMENT

| KPA | PROGRESS |
|---------------------------------------|--|
| a. Institutional Capacity | <ul style="list-style-type: none"> • Staff has been appointed as advertised. • Fire Prevention. • To date about 616 fire prevention inspections have been completed, • 74 pre fire plans were approved, • 137 fire investigations were also completed, • 138 fire awareness campaigns were conducted. |
| b. Fire protection Associations (FPA) | <ul style="list-style-type: none"> • Lepelle-Nkumpi and Molemole FPAs established. • Operational plans developed. • Blouberg FPA not established yet. • Processes are currently underway |
| c. Training | <ul style="list-style-type: none"> • 22 staff trained on specialized courses. • 556 members of the public trained on basic fire fighting. • 166 volunteers trained on fire fighting • 15 people have trained on OHS. |
| d. Response to Reported Calls | <ul style="list-style-type: none"> • 137 fire calls attended to. • 180 rescue calls attended to. • 19 humanitarian services provided. |
| e. Disaster Risk Assessment | <ul style="list-style-type: none"> • Aganang, Flora village underground pollution hazard investigation • Sewer system and final effluent environmental contamination • The area is not the only village affected. The matter has been referred to Water services for attention in infrastructure. |
| f. Awareness Campaigns | <ul style="list-style-type: none"> • Aganang Flora village awareness campaign • Blouberg awareness campaign • Lepelle/nkumpi awareness campaign |
| g. Response to Disasters | <ul style="list-style-type: none"> • Flood disaster at Motsane village where 160 households were provided with relieve material. • Windstorm at Aganang in which more than 10 houses were blown away. • 1 x Fatal house fire at Molemole (two family members lost their lives) • 12 x Windstorms incidents were attended to in the Blouberg area. • 3 x Fire related incidents were attended to in the Blouberg area where temporary shelter, blankets and food parcels were supplied to the affected families. • 111 x fire related incidents responded to in Lepelle/Nkumpi of which the worst one was an 12 roomed house burning in total and a five roomed house burning in totality (The local municipality also came on board to assist affected families) |



Health and HIV/AIDS

The report covers areas within which the unit is engaged in as regards to the projects planned for the financial year namely, Planning, Capacity Building, Prevention, Care and support, Coordination

| KPAs | OBJECTIVES | PROGRESS |
|----------------------|--|--|
| a. Planning | <ul style="list-style-type: none"> To promote a safe and healthy sexual behavior. To ensure the provision of adequate treatment, care and support services in communities. To mitigate the impact of HIV and AIDS on individuals, families and communities. | <p>The CBO's were supported in activities related to core and support to communities. Two officers from the HIV Unit attended the meeting with CBO's. The HIV officers form part of the meetings, in order to learn more on the challenges and successes of the CBO's (Home Based Care and Drop in Centres) for them to be in a position to provide support to them as and when necessary. The total budget for this project was R550, 000.00.</p> |
| b. Capacity Building | <ul style="list-style-type: none"> To promote capacity of CBO's in order to assist them towards becoming sustainable (financially, materially, human resources, and otherwise). To reduce the number of new infections, especially among the youth. | <p>Three Funding and Proposal Development workshops were successfully held:</p> <ul style="list-style-type: none"> Polokwane Municipality held on 21/08 in the CDM Council Chamber. 84 organizations attended the workshop. Lepelle-Nkumpi held on 24/08 in the Lebowakgomo Cultural Centre. 39 organisations, attended the workshop. Aganang, Blouberg and Molemole had their workshop jointly on the 25th/07/08 at the Helen Franz School for the Disabled. 60 Organizations attended the workshop. |
| c. Care and Support | <ul style="list-style-type: none"> To ensure the provision of adequate treatment, care and support services in communities. To mitigate the impact of HIV and AIDS on individuals, families and communities. | <p>Support was provided to the affected families in the form of food parcels, in all our local municipalities partnerships were developed with social workers to ensure that special support is sustainable.</p> |
| d. Coordination | <ul style="list-style-type: none"> To maximize the spirit of cooperation and collaboration amongst various stakeholders within the communities in the fight against the scourge of HIV/AIDS. | <p>Meeting with Traditional leaders was held. Stakeholders within the Municipalities were consulted around speedin- up the establishment of the AIDS Councils, both Local and Provincial. One local Municipality have submitted some of the nominees onto the Local AIDS Council.</p> |
| e. Prevention. | <ul style="list-style-type: none"> To support the workplace HIV interventions within employee wellness. To reduce the number of new infections, especially among the youth. To promote safe and healthy sexual behavior | <p>A first Aid kit was purchased for use by all staff members within CDM to be used in the event of need.</p> |
| f. Health | | <p>District Health Council held meetings on monthly basis which were chaired by CDM. Hospital boards exist in all 6 district hospitals and they also conduct monthly meetings. The</p> |



CORPORATE SERVICES

Administration Division

The main objective is to provide support and auxiliary services to all Departments and the political component of the Municipality.

| KPA | PROGRESS |
|---|--|
| Fleet control | The outcome was the total mobility for staff and Councilors. The Transport Policy was adhered to. Fleet control was done through the vehicle fleet report, Budget expenditure for fuel was R50 000, 00. |
| Office accommodation | There are adequate and well-maintained offices accommodations. Officials and Councilors were relocated to vacated offices. There was still a shortage of offices in some departments. Further relocations were effected to economize on the offices required and a submission was also made to lease more offices. |
| Effective security services. | Regular meetings took place with the service provider to implement enhancements to the service. The metal detector was in operation and monitored. We implemented the new procedure regarding the collection of visitors at the reception. We also maintained a high level of security services when power shedding takes place. We appointed a new service provider when the current tender expired at the end of August 2008. The Communications Unit was requested to finalise the outlay of the reception to provide seating for waiting visitors. Security staff briefed to guard entrances and exits with high care during power shedding. |
| Responsive and inviting customer care. | The number of visitors and the nature of their enquiries are recorded. We had to integrate the activities of Customer Care and Administration with the activities of Customer Care at Communications Unit. Internal Audit has done an audit and the recommendations will be used to inform a decision in this regard. |
| Reliable and efficient telecommunication service. | Telephones were provided and maintained. Telephone numbers list updated. Usage is always monitored. |
| Timely and well-collated qualitative documents. | The print room operated smoothly due to the availability of new equipment and the on-site involvement of the technicians/operators provided by our service provider. |

The main objective is to provide secretariat and coordinatory support services to the decision-making structures of the municipality.

Committees



Information Technology

The main objective is to become a regional information hub and e-municipality to enhance sustainable development.

| KPA | PROGRESS |
|--|---|
| Implemented Effective Document Management System. | We attended a records management course at National Achieve. Also had a meeting with the service provider to deal with the proposed draft file plan. Training will be provided to all officials on registry filing once the file plan is approved and the staff is appointed. |
| Reviewed MSP | Terms of Reference were drafted and tender advertised and the evaluation of tender in progress. |
| Developed and implemented Disaster Recovery plan | Disaster Management team and IT service continuity team was established, Workshop was held with teams. Final Disaster Recovery plan document was submitted and presented to management. |
| Improved Infrastructure and Network Security | <p>We signed a contract with Telkom for upgrade on the data lines for all Disaster Centers. The implementation was done. We had also installed in municipalities such as Aganang, Blouberg, Molemole, Lepelle and CDM.</p> <p>Due to the increase number of employees an upgrade was necessary to increase IP Addresses, Mail Marshal Licenses and firewall. A current contract with Mweb has been submitted for upgrade.</p> |
| Improved Systems | IT IT Policies was developed. Proposal for redevelopment of the website was signed with SITA to standardise on the look and feel of the provincial websites. |
| Implemented integrated systems to support E-Municipality | <p>A Proposal for SAP services was submitted to SAP South Africa for support. Online questionnaires and adhoc interviews were held with employees with the purpose of getting an understanding of employee's view of the organisation and their understanding on the SAP Application. Total number of 65 users responded to the questionnaire.</p> <p>Further enterprise development roadmap work session with management team was held. The purpose of the workshop was to acquire knowledge and input on the organisation, its stakeholders and the economic landscape in which we operate. This Work session is the main tool used in identifying the strategic roadmap for the enterprise's development and growth. This will eventually identify a set of projects critical to the growth and development of the business, which are well aligned with the achievement of the overall purpose of the municipality</p> <p>Urgent attention to financial and HR Payroll and leave management module has been requested. A proposal was submitted and signed. The payroll consultant has been deployed to deal with payroll issues and trained three officials on leave module.</p> <p>Challenges were that the attendance in the workshop was very poor as it required much time due to constrains of the programme.</p> |



Legal Services

The objective is to provide legal and compliance support to the municipality.

a. Availability of signed agreements

For the year under review, the section facilitated the signing of the following contracts

| Contract Description | Contracting Party/ies | Status |
|-----------------------------|----------------------------|--|
| Branding of (03) Taxi Ranks | Commutanet | Submitted to MM for Signature, pending, the end-user department was requested to consult with MM as the outstanding issues were operational in nature. |
| Development of website | SITA | Signed |
| Extension of fleet services | A Masondo Fleet Management | Signed |

The section further perused the following contracts:

- Bulk water supply
 - Interim Water Services Delivery Agreement
 - Transfer of operational costs
- Lepelle Northern Water
 - Four local municipalities within CDM
 - Seabakswana Manufacturing Co-op

Service Provider checklist for capital projects was done. The unit received contracts documentation for two capital projects:

| Project Name | Service Provider | PSP | Surety/ Guarantee | Insurance | COIDA | H & S Plan | CIDB | Construction programme |
|-------------------------|--------------------------------|-----------------------------|-------------------|-----------|-------|------------|------|------------------------|
| Lepelle-Nkumpi Landfill | MLM Transport and Construction | Semenya Furumele Consulting | Yes | Yes | Yes | No | Yes | Yes |
| Blouberg Landfill | Bdikgwetlo Trading cc | Semenya Furumele Consulting | Yes | Yes | Yes | No | Yes | Yes |

The above contracts were not yet ready for signature as the service providers were failing to provide the municipality with the Health and Safety Plan.

Litigation and settlements

| KPA | PROGRESS |
|-----------------------------|--|
| Litigation and settlements. | Cases taken over from the 2007/2008 were 20 (twenty) as per the list of cases. Collection of arrear levies summons were issued and served. We consulted with the attorneys doing arrear levy collection on behalf of the Municipality. |

Legal opinions.

| KPA | PROGRESS |
|-----------------|---|
| Legal opinions. | Several verbal legal opinions were given to various Departments. The following written opinions were provided: <ul style="list-style-type: none"> ➤ Opinion on SALGBC award; ➤ Annual increases in terms of the SALGBC agreement; ➤ Restructuring of packages for level 2 and 3 employees; ➤ Arbitration award re: contract employees other than Section 57 Managers ➤ Delegations of powers |





LOCAL ECONOMIC DEVELOPMENT

The overview included all activities associated with economic development initiatives. Local Economic Development creates a platform for government private sector and local communities the opportunity to work together to improve the local economy.

The function of economic planning / development within the municipality is administered as follows and includes:

- To create an environment that would stimulate economic growth and development in the next 5 (five) years (2011).

The strategic objectives of this function are to:

- To create & promote Local Economic Development (LED) initiatives in the SMME sector;
- To increase job creation in the district by 20% on a yearly basis.
- To support and promote major economic sectors in the district. Agriculture, Mining, Tourism, Manufacturing and Construction.
- To promote the district as tourism and investment destination area
- To promote Broad based Black Economic Empowerment (BBBEE) within the district

The key issues for 2007/08 were to support to Manufacturing, SMME. Agriculture and Tourism

Support and Develop Manufacturing Sector

| PROGRESS | CHALLENGES | REMEDIAL ACTIONS |
|---|--|--|
| <p>a) Establishment of a Detergents Factory in Molemole</p> <ul style="list-style-type: none"> • ToRs were developed • Project Steering Committee (PSC) was established • Service provider was appointed 24th January 2008 • Service Level Agreement signed on the 18th April 2008 • The First Phase report was presented to the PSC on 13 May 2008 • The business survey experienced some problems | <p>Challenges were around the procurement process which took long and the Service Level Agreement was signed at a later stage.</p> | <p>The current financial year of 2008/2009 will be used to do proper planning, and implementation.</p> |
| <p>b) Mafefe Slate Manufacturing Project (Exploration)</p> <ul style="list-style-type: none"> • Met with Lepelle-Nkumpi for alignment and collaboration • Partnered with Council for Geo-Science. • Acquired copies of title deeds for the two farms • Received application form for prospecting rights | <p>Challenges were around the lack of dedicated staff from Council for Geo-science and the signing of the application for prospecting rights which was awaits signing.</p> | <p>Budget allocation was R700 000.00 and it was fully committed</p> |



Support and Development of Agricultural Sector

| PROGRESS | REMEDIAL ACTIONS |
|--|--|
| <p>a) Establishment of a milling co-op in Aganang</p> <ul style="list-style-type: none"> • Terms of References in place • Stakeholder/reference group established. • Service provider appointed. • All the 18 wards surveyed and report available. | <p>The current financial year will be used to do proper planning, and implementation. Extension period granted to the service provider and the new delivery time is end of July 2008. Budget allocation was R 2 404 530. We have committed to spend R865 203.00 and the only money spend was R 59304.70.</p> |
| <p>b) Mphahlele Goat Farming Met with Lepelle-Nkumpi for alignment and collaboration</p> <ul style="list-style-type: none"> • Camp Fencing 100% complete. • Borehole drilled and equipped. • Office and Sleeping Quarters 100% complete. • Goat Kraals completed. • Goats procured. | <p>Budget money was with clear commitment of R1m. the money was transferred to local municipalities</p> |

Support And Development Of Tourism Sector

| PROGRESS | CHALLENGES | REMEDIAL ACTIONS |
|---|--|--|
| <p>a) Development of Molepo Dam and Sego Game Reserve</p> <ul style="list-style-type: none"> • ToRs developed • Service provider appointed on the 24th of January 2008. • SLA signed on the 29th May 2008. • First Phase report was presented on to the PSC on the 14 May 2008 • Second phase report was presented to the PCS on the 23rd June 2008 | | <p>The current financial year will be used to do proper planning, and implementation in the next financial year. New submission date is the end of July 2008. Allocated budget was R312 702.00 and to date nothing has been spend.</p> |
| <p>b) Mafefe Traditional Tourism Camp</p> <ul style="list-style-type: none"> • Appointment of PSP done by RAL (for the access road construction) | | |
| <p>c) Senwabarwana Tourism Centre</p> <ul style="list-style-type: none"> • Stakeholder group established. • Met with LTP and Blouberg Municipality for alignment and collaboration • ToRs developed • SLA signed between CDM and Blouberg LM • Funds transferred to Blouberg LM | <p>Though the funding was transferred late, we still are hoping that the completion is going to be in next financial year. Blouberg municipality was the only municipality not reporting as agreed in the MOU.</p> | <p>Funds will be rolled over. The allocated budget was R1m.</p> |
| <p>d) Polokwane Tourism Information Centre: (Discontinued funds utilised for Investment and Marketing Strategy)</p> <ul style="list-style-type: none"> • Briefing session held on 27 June 2008. | <p>Appropriate service provider was not identified</p> | <p>The project was deferred to the next financial year.</p> |



PARTNERSHIP WITH LIBSA IN PROMOTING AND SUPPORTING SMME

| KPA | SMME Development | TOTAL |
|---|--------------------------|--------|
| For the facilitation for the creation of jobs in line with the PGDS | • Jobs sustained: | 4155 |
| | • Jobs Created: | 281 |
| | | 93 |
| | • Incubation: | 22 050 |
| | | 229 |
| | • Walk-in-clients: | 3089 |
| | | 1 |
| | • Business Profiles: | 18 |
| | • Business Registration: | |
| • Access to Finance: | | |
| • Workshops/Seminars : | | |

STRATEGY AND PLANNING

The overview includes activities associated with the promotion of integrated development planning in order to achieve integration and harmonization of service delivery. It highlights the achievements, challenges experienced, expenditure to date and proposed interventions to improve the future performance of the Unit.

The objective of the IDP Unit is derived from the organisational strategic. Objectives in the IDP to perform and give support the following functions:

- To coordinate and increase integrated development planning, rural development & urban renewal;
- To facilitate development of sustainable policies and strategies for the district,
- To forge strategic partnerships, enhance service delivery and socio-economic development
- To provide reliable monitoring and evaluation data for planning purposes
- To ensure community participation and involvement to ensure that sustainable communities are built.
- To conduct research for proper planning and service delivery in the district
- Enhance co-ordination of departmental activities within District and Local Municipalities by National and Provincial Departments

The main objective is to manage and co-ordinate the Integrated Development Planning processes within the District and local municipalities. Credible IDP was drafted for 2008/09. District Framework/Action Plans worked on the final Draft IDP/Budget Printing, Braille and Sepedi translation. There was late finalization of the printing of the Documents and that has been liaised with Communications and printing has been reviewed. Total budget for this was R 1.5m.



Social Development

| KPA | PROGRESS | CHALLENGES |
|---|--|---|
| To engage programmes that foster participation, interaction and partnership between municipality and its stakeholders for effective service provision and development of the District | | |
| • Socio-economic Impact Study | The socio-economic impact study was conducted in Molemole as a pilot for further developments of our research guidelines | |
| • Community Based Planning (CBP) | CBP was embarked upon that included the following focusing on Molemole: Refresher training was offered to all officials and Ward Facilitators from Molemole on 21-23 July 2008. Workshop was held with Managers from CDM and LMs on 22 July 2008. Ward Planning concluded at wards 5,9,10 and 11 of Molemole Municipality. | Ward Planning at ward 03 (Molemole) could not be concluded due to poor attendance of the community. |
| • District Development Strategy | Social First draft is available and circulated and a workshop for all stakeholders was organised | The Workshop was rescheduled for the 19 August 2008 due to unavailability of District and local stakeholders. |

Regional Planning Unit

| KPA | PROGRESS | CHALLENGES |
|---|--|--|
| The main objective is to manage and co-ordinate the Regional Spatial Planning processes in the District and provide technical support to local municipalities in respect to spatial planning and land use management and in so doing correcting the apartheid settlement pattern and promoting integrated and sustainable human settlement. | | |
| • Sustainable Settlement planning | Human We had a full reviewed SDF Aligned with LM's SDF. | |
| • Supported and capacitated LM's on spatial planning (Technical and Financial) | Assessment was made with town planners to determine their staff compliments and capacity support to local municipalities programme was developed. | |
| • Settlement Management Support | The local municipalities were supported with the development and proclamation of LUMS. Lepelle-Nkumpi, Aganang, Blouberg and Molemole. Challenges were around Area Based Planning process which was found to be very slow. | Consultants were appointed to implement the project which was not completed by the end of financial year |

EXECUTIVE AND COUNCIL

Executive Mayors Office

The overview included the overall coordination of Council activities. The function of Executive and Council within the municipality is administered as follows and includes:

- Overall administration in the office of the Executive Mayor and to contribute to its effectiveness in leading the Institution.
- Promoting the culture of co-operative governance.
- Ensure Public Participation in Municipal issues.



- Enter into twinning agreement with Foreign Countries District Municipalities.
- Ensuring maintenance of order during Council meetings.
- Co-ordinate Council Portfolio Committee meetings.
- Compilation of agenda and render Secretarial Services to Mayoral Committee and Council.
- Co-ordination with communities and interaction with various stakeholders

The strategic objectives of this function are to:

- Ensure that the IDP is effectively implemented
- Engage in programmes that foster participation, interaction and partnership between the municipality and its stakeholders for effective service provision and development
- Promote intergovernmental relations to ensure coordinated service delivery through cooperative governance.
- Cultivate positive relations with communities and all municipal stakeholders

The key issues for 2007/08 are:

- Deepening democracy through strengthening and sustaining all established ward committees. District wide Ward conference was held and a support plan of action was developed.
- Continued with the strengthening of the oversight function –oversight committee, party caucuses, study groups and multi-party whippersy
- Promote various outreach programmes to communities targeting in particular vulnerable social groupings such as women, youth, the disabled and the elderly.

The following were key projects:

- Initiated an adopt a school programme aimed at supporting needy schools within the district
- Implemented “I can” programme for schools governing bodies
- Complied in terms of council programmes as well as oversight committee programmes
- Embarked on Imbizo's as part of the public

EXECUTIVE MANAGEMENT WITH SPECIAL FOCUS

Special Focus: **Children**

| PROGRESS | CHALLENGES | REMEDIAL ACTION |
|--|--|---|
| <p>There was a formation of a task team comprising of the Local municipalities Special Focus Coordinators, Department of Social development, Child line and SAPS (Child Protection Unit). We have appointed a Service Provider to develop the Children Strategy.</p> | <p>The challenges were that local municipalities did not have Children development programmes and no specific official working on children issues and as such there was no support and continuity on initiatives of children development at community level.</p> | <p>Appointment of Special focus Officials at local municipalities made a difference. The mainstreaming of Children's activities in the broader Municipal activities was crucial. The Lepelle-Nkumpi municipality managed to launch the Child Advisory Council. There was an absence of children development programmes and officials. The appointment of relevant officials in municipalities is crucial.</p> <p>14 Primary schools were visited in the year in question. The Provincial Universal Children's day was held in Greater Tubatse municipality on the 3rd of November 2007. International Children's Day - The event was held in Molemole local municipality at Capricorn Park on the 1st of June 2008. The Capricorn district was represented by approximately 450 children. The children unit coordinated a march against child abuse at Ga-Kgoroshi Primary School in Aganang municipality. It was attended by approximately 200 children and their parents.</p> |



| KPA | PROGRESS |
|---|--|
| 1) Child Development Champ | <ul style="list-style-type: none"> Sixty (60) kids (12 per local municipality, 6 per school – 3girls and 3boys) have been identified with 10 Educators and 10 SGB's (who will serve as Mentors) from 10 primary schools visited for the Children Awareness campaigns. 10 Student Social Workers from the University of Limpopo were identified to serve as Counsellors during the camp. Child line Limpopo trained 20 Mentors and 10 Counsellors in March in preparation for the camp. The camp was held on the 30th of March 2008 to April 2008. |
| 2) Strengthened outreach programmes to special focus groupings. | <ul style="list-style-type: none"> Balloon day children's event was held in partnership with Child line Limpopo on the 8th of September 2007 at Polokwane showground. A partnership has been developed with Child line Limpopo. |

Special Focus: Disability

| KPA | PROGRESS |
|--|---|
| a. Disability programmes that are informed by the strategy | We held four consultative workshops to review the disability strategy at Aganang, Molemole and Lepelle Nkumpi local municipalities as well as the broader District Special Focus stakeholders including the NGO's. We also partnered with and Office of the Premier, Dept of Local Government and Housing and SALGA |
| b. Integration of disability activities in the broader municipal activities. | The Disability forum met on the 15 th of January 2008. The forum meetings always had challenges of none attendance of local municipalities which was due to work pressure since there was only one official responsible for special focus. The appointment of Special focus officials in local municipalities and Programme officers in the district will assist the process. |
| c. A municipality that contributes positively to nation Building activities. | <ol style="list-style-type: none"> Mental Illness The internal Women's day was used also as a platform to raise awareness on mental illnesses such as stress and depression. Women were given motivational talks on how to manage stress and depression as well as on "how to harness their energy and make change work for them." Deaf Awareness Twenty (20) Deaf people, 4 from each local municipality were coordinated and transported to attend the provincial Deaf Awareness day on the 6th of September in Sekhukhune district, Greater Tubatse local municipality. Casual Day In support of the people with disabilities fund raising project of casual day, 395 stickers were bought for all staff members to celebrate the day. Mental Health A stress and depression session was held for officials as part of an awareness raising campaign on mental health.42 staff members attended the session. International day of the disabled The Disability Coordinator formed part of the preparatory committee for the Provincial International day for people with disabilities (03 December 2007) in our district – Helena Franz School in Blouberg. About 3500 people attended the event. Braille and Deaf Awareness The Braille and Deaf awareness campaigns were held in Polokwane, Blouberg and Molemole and about 2800 people participated in the campaigns. |



Skilled people with disabilities who will actively participated in the municipality's economic empowerment Programmes. Aganang and Molemole local municipalities were not represented. They were the two local municipalities to be included in the follow-up workshop. We have strengthened interrelations with stakeholders on Disability development programmes.

The Braille and Deaf awareness campaigns were done in partnership with South African National Council for the Blind and Deaf Federation of South Africa. These partners will assist in mobilisation of the target group, which is People with Blindness and Deafness, and they will as well assist with print material for the campaign. Economic empowerment of People with disabilities workshop was done in partnership with Department of Economic development, LIBSA and Umsobomvu Youth Fund.

Special Focus: Gender

The Task team to review the Gender development strategy was formed and it comprises of the Local municipalities Special Focus Coordinators, SALGA, Dept of Roads & Transport, Dept of Local Govt & Housing, CGE, MRM and Councillors. The consultation plan was discussed with stakeholders and it completed its task by the end of the second quarter.

A framework for the development of strategy was developed and three stakeholders' consultative meetings were held in Molemole local municipality on the 13th of September 2007, Aganang local municipality on the 14th of September 2007 and Lepelle Nkumpi local municipality on the 28 October 2007. The stakeholders consulted were amongst others CDW's, Ward Committees and Councillors, Faith based organisations, Social Workers, Tribal Authority, department representatives and the Community members.

| KPA | PROGRESS |
|---|---|
| a) Skilled Women and men that actively participate in municipal programmes. | Women and Economic Empowerment was held and all the five local municipalities responded positively as well as District women entrepreneurs' organizations. Stakeholders like LIBSA, ABSA, Dept of Public Works and IDT made presentations to the Women and the Municipal Manager also addressed the Women on opportunities available for women entrepreneurs in CDM. |
| b) Strengthened gender programmes. | We partnered with LIBSA, ABSA, Dept of Public Works and IDT for the Women economic empowerment workshop. We also have formed partnership SAMAG, CGE and MRM to coordinate for the preparations of Men & Boys Forum and Men's dialogue during the 16 days of Activism on no violence against women and children. A partnership has been developed with Cell C for the Take a Girl Child to work. |
| c) Mainstreamed Gender activities in the broader Municipal activities. | <p>The Preferential Procurement Policy and Employment Equity Plan monitoring are available.</p> <p>i. Provincial Women's day launch We attended the provincial Women's day launch in Ga Matantanyane at Lepelle Nkumpi municipality.</p> <p>ii. Provincial Women's day The unit coordinated 20 (10 from Office of the Premier) buses from all the five local municipalities to attend Provincial Women's day on the 9th of August 2007 at Mahwelereng stadium.</p> <p>iii. Internal district Women's day The internal district women's day was successfully held on the 24th August 2007 in partnership with Employee Wellness programme, which catered for the Women's distressing session of messages and reflexology. Local Municipalities have no Gender development coordinators and there is no support or continuity on the initiatives of the gender development at community level. No internal gender forum to assist in monitoring of the programmes. Encourage local municipalities to appoint Special Focus Officials or the district may appoint programme officer for them</p> |



iv. National Women's Day

Nine (9) CDM Women councillors from the Social Cluster were coordinated to attend the National Women's Day on the 9th of August 2007 in Kimberley.

v. Take back the night

18 Women Officials from the district were coordinated and transported to attend the provincial event of "Take back the night" led by the Commission on Gender Equality with the purpose of is to claiming the night back, where everybody can be able to walk freely during the night.

vi. Women's parliament

The unit coordinated motions for the Women's parliament. Transport for the five local municipalities and served as secretariat for the District Women's parliament on the 25th of August 2007 facilitated by Office of the Speaker.

National Women in Local Government Conference

Forty-two (42) women from the five local municipalities were coordinated to participate in the SALGA Women in Local Government Sports in Polokwane Rugby stadium on the 31st of August to the 1st of September 2007, which served as a build up event for the National Women in Local Government Conference held in Greater Tzaneen municipality – Karibu lodge. The women won 4 trophies in Relay, Sack race, Netball and Big walk for the district. The Gender Coordinator and Clr Kgare represented CDM in the conference.

Women and Economic Empowerment workshop

Women and Economic Empowerment workshop was held at St Marc hall on the 15th of August 2007 and all the five local municipalities responded positively as well as District women entrepreneurs' organizations. Stakeholders like LIBSA, ABSA, Dept of Public Works and IDT made presentations to the Women and the Municipal Manager also addressed the Women on opportunities available for women entrepreneurs in CDM.

Women in Sanitation Construction

Women in Sanitation Construction programme was conceptualised with the aim of empowering Women in VIP toilet constructions. 114 women from the four local municipalities i.e. Molemole. Blouberg, Aganang and Lepelle Nkumpi were trained on sanitation construction.

16 days of activism on no violence against women and children

Formed partnership SAMAG, CGE, Department of health and Social development, HIV and AIDS unit and MRM to coordinate the preparations of 16 days of activism on no violence against women and children.

Men's Dialogue

Men's dialogue was held on the 09 November 2007 at Lepelle Nkumpi with +_ 100 men from the five local municipalities. Partnership with Commission on Gender

Equality was formed for them to facilitate the dialogue

Men & Boys Forum - The event was held on the 30 November 2007 with +_ 1000 people. The District partnered with Dept of Health, NICRO, SAPS, UNIL ,Dept of Education & Love Life to make the event a success.

Gender Based Violence Workshops

The workshops were held in the two local municipalities, namely Aganang on the 26 November & Lepelle Nkumpi on the 27 November 2007. Popularisation of Beijing Report was also done.



Take a Girl child to work

- Take a Girl child to work project was done in partnership with Cell C.
- 40 learners were hosted, 20 girls from Khaiso School & 20 boys from Nakedi School
- Three local municipalities hosted 80 learners as follows: -
 - Molemole – 30
 - Polokwane - 20
 - Lepelle Nkumpi - 30

Had four consultative workshops at Aganang, Molemole and Lepelle Nkumpi local municipalities as well as the broader District Special Focus stakeholders including the NGO's. We partnered with and Office of the Premier, Dept of Local Government and Housing and SALGA. A Service provider has been appointed to finalize the strategies professionally.

SPECIAL FOCUS: Older Persons

| KPA | PROGRESS |
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| Mainstreamed Older Persons activities in the broader Municipal activities. | The first Older Persons forum was held on the 28 th August 2007 and the attendance was good except for the local municipalities which was represented by Councillors not Officials. Another Older Persons forum meeting was held on the 23 rd of January 2008 with only Molemole municipality being the only one represented. Several cases were attended to with Age in Action and were referred to the Department of Social Development – Social Workers for intervention. The forum meetings always had challenges of none attendance of local municipalities which is because of work pressure since there's only one official responsible for special focus. The appointment of Special focus officials in local municipalities and Programme officers in the district will assist the process. |
| A municipality that contributes positively to Nation Building activities. | Grannies Big Walks was held in all our five local municipalities. Municipality – Date - Attendance <ul style="list-style-type: none"> a. Aganang, 30 July 2007, 256 b. Blouberg, 09 April 2008, 315 c. Lepelle Nkumpi, 16 April 2008, 236 d. Molemole, 20 November 2007, 323 e. Polokwane, 19 March 2008, 285 <p>TOTAL: 1415</p> |
| District Older Persons day and the Older Persons Cultural day | The two events were combined and were held on the 31 st of October 2007 at Setotolwane Elsen School. About 700 older persons from all the local municipalities attended. |
| The Provincial Older persons day | The Provincial Older persons day was held at Rabali stadium in Makhado municipality. 76 Older persons from the district attended the event held on the 1 st of October 2007. |
| The Grand Parents day | The Grand Parents day event was held at Indermak Community hall in Blouberg municipality on the 7 th of October 2007 and about 700 Elderly persons attended the event. Postponement of confirmed dates of events by municipalities and theirs non-attendance to forum meetings and not responding to correspondence. Budget allocation was challenge. The issue of postponement was discussed at the Special Focus workshop in March 2008 and it was agreed that these programme will be supported. More funding allocations in the next financial year 2008/09. Strengthened Older Persons programmes. All our Older Persons activities are done in partnership with Age in Action, Department of Health and Social development, SASSA and SAPS. |



SPECIAL FOCUS: Youth

We facilitated the Youth development strategy review sessions at Polokwane – Chokoe Primary (10/12/07), Aganang – One stop centre (11/12/07) and Molemole – Eisleben preschool (12/12/07). We have speedily appointment of Youth Officer due to capacity

| KPA | PROGRESS |
|---|---|
| 1) Mainstreamed Youth activities in the broader Municipal activities. | District Youth Leadership Camp was held from the 8 th – 10 th of February 2008. The Preferential Procurement policy is implemented. 2 Youth health workshops – STI and Drug and Substance abuse |
| 2) Skilled Youth that actively participate in municipal programmes. | The Youth Leadership camp was held from the 8 th to the 10 th of February 2008. 250 Young entrepreneurs were trained in business planning by LIBSA and Dept of Economic Development. There is a lack of understanding of the mandate of the South African Youth Council and their relationship with municipalities. A full day workshop is arranged to clarify the relationship issues. |

EXECUTIVE MAYORS SUPPORT

| KPA | PROGRESS |
|--|--|
| 1) Positive image and customer relations People-centred governance and effective service provision | Attended events of communities, private sector and sector departments. Municipal Corporate Calendar developed and incorporates schedule of events and meetings from Office of the Executive Mayor. Commemoration of Youth, Women, AIDS and Children Days. |
| 2) Poor working relations in the coordination of municipal events. | Consolidated Implementation Reports on resolutions emanating from both Special Councils are being finalised. Oversight Public Hearings on the Annual Report are still need to be conducted. Consolidated Report finalised. Annual Report finalised in time and therefore Oversight Hearings shall accordingly be facilitated. |
| 3) Effective decision-making and collective leadership Efficient office support | We have managed to convene all the above governance meetings as per schedule. In the event that the PMT meetings could not be held due to the busy schedules of involved Office Bearers, such was postponed with the consent of all. |
| 4) A Women's Caucus Concept Document has been developed to guide its operation | The Executive Mayor and councillors were supported through effective briefing and speaking notes containing key messages necessary to be communicated to the public. Sufficient media appearances were made. Staffing of Office of the Executive Mayor is proceeding unhindered. Follow up on implementation of resolutions/decisions of Council, Mayoral, Senior Management and Management team meetings. Acknowledgment of letters referred mail and written responses to correspondence. Safe and reliable transport was provided for the Executive Mayor. Re-allocations of offices completed and necessary furniture has been purchased. |
| 5) Inter-Governmental Relations | To provide IGR co-ordination & support in ensuring district-wide implementation of IGR resolutions. Consolidated report on progress made regarding the implementation of KPA. Local Government Transformation Agenda. 2008/9 Action plan on 5 KPA for the District to the Premier IGR Forum. Consolidation of Implementation Report of Premier IGR Resolutions Across the District and presented to Premier IGR. Held Municipal Managers forum according to schedule. implementation of the Premier IGR forum resolutions. District IGR Forum not meeting regularly due to none meeting of Technical IGR Forums. Ensure adherence to IGR Calendar of meetings. |



| | |
|---|---|
| 1) Aligned National, Provincial & District Legislation, Policies and Strategies relating to Local Government Matters. | The MMs Forum has been monitoring the progress in the district with regards to the promulgation of LUMS in all the LMs with the exception of Aganang, which is a pilot project. Progress relating to the finalisation of the Shared Services Concept in the district is very slow. Only Report from Audit has been provided. Finalisation of implementation framework of the Municipal Property Rates Act, especially the involvement of traditional leaders. Shared Services Policy for the District to be finalised as part of the IGR activities in the 2008/9 financial year. Finalisation and implementation of District implementation Framework of the Municipal Property Rates Act. |
| 2) Good corporate governance (people management and leadership) | Communication with LMs & other bodies on IGR cooperation has improved. Communication and interactions with DLGH & DPLG has improved. |
| 3) Implementation of effective governance to improve & sustain service delivery | Communication and interactions with DLGH & DPLG has improved. Monthly Reports provided. |

Performance Management Systems (PMS)

| KPA | PROGRESS |
|---|--|
| I. Coordinated performance processes to facilitate service delivery | <ul style="list-style-type: none"> All performance agreements were developed for section 57 managers SDBIP plans developed and implemented Performance assessments were conducted quarterly with senior managers Performance Plans for DWAF transferred staff remains an issue for finalisation. The percentage reflected is CDM staff with signed performance plans. The assessment of DWAF staff and differentiation of staff based on secondment and fully transferred are some of the issues including basic resources like copier facilities to enable basic assessment documents to be made available at different sites. A workshop was held on 20th February 2008 with DWAF transferred supervisors / management staff to do training on basic performance management principles including the performance plans and assessment rating scores. Further practical training was given on performance communication skills to empower supervisors in these performance discussions. |

Audit Services

To provide independent overall assessment on the internal control systems, risk Management and governance process with an aim to minimize the risk to an acceptable level to enable management to accomplish the organisational objectives

- Successfully held an Audit Committee meeting on the 16 May 2008.
- Embarked on the programme to review our processes and procedures
- Audit Committee terms of reference reviewed.
- Audits conducted in May 2008 for the following areas: -
- Supply Chain Management (In progress)
- Contract management (Completed)
- Performance Management Audit (In progress)

Outstanding audits were as follows:

- Revenue Management
- Asset Management



Risk

Main objective is to protect the municipality from potential risks through effective risk management. Risk Manager appointed and all risk management policies reviewed by the Audit Committee and waiting Council approval. There is also a functional Fraud hotline

We Implemented the Risk management strategy and fraud prevention plan. Risk management committee is to be established.

Marketing, External and Internal Communication

The section profile the district in order to endure that the corporate image and identity of the district and leadership are enhanced, ensured that information on key municipal programmes are availed to the media, public and relevant stakeholders. The following promotional items were developed in the communications sections and press conferences conducted: newsletters, promotion pamphlets, notice boards, websites, electronic media interviews and press releases, update to website. The district was able to effectively manage its corporative image during the period under review.

CONCLUSION

Notwithstanding some of the challenges as highlighted much has been achieved in 2007/8 by the District. The district hold a view that through continued harnessing the optimal participation of the entire populace of the district and social partners in the decision-making processes of the Council the CDM vision shall be realized.

CDM further hold the view that through initiatives such as to improve the water quality and adequate sanitation, District outreach meetings, Mayoral visits to communities, working with economic sector people and so forth, the livelihoods of the communities will be enhanced. We also hold the view that through the Inter-Governmental Relations (IGR) structures, improved stakeholder participation and customer care and other mechanisms the district has put in place, the District together with its constituent Local Municipalities will continue to shine as institution of excellence.



CDM

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