

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## 7 INVESTMENT PROPERTY

	Property rented out	Property held for capital appreciation	Total
(Carried at fair value)	R	R	R
2008/09			
Balance 30 June 2008	-	-	-
Change in accounting policy (note 22 )		3,583,000	3,583,000
Restated balance 30 June 2008	-	3,583,000	3,583,000
Acquisitions	-	-	-
Fair value gain on Revaluation of Investment Property adjustment	-	9,996,500	9,996,500
Fair value of disposals	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
Balance 30 June 2009	-	13,579,500	13,579,500

Investment Property were valued at 30 June 2009 on the basis of willing buyer and willing seller by Suid Kaap Waardeerders, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head office in Govan Mbeki Avenue, Port Elizabeth.



## CACADU DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2008

	Loans and receivables R	Non financial assets R	Total R
<b>Assets</b>			
Property, Plant and Equipment	-	55,830,833	55,830,833
Investment Properties	-	3,583,000	3,583,000
investment in joint venture	210,179	-	210,179
Long-term Receivables	102,947	-	102,947
Short-term Portion of Long-term Receivables	15,660	-	15,660
Trade and other receivables from exchange transactions	130,758	-	130,758
Other receivables from non-exchange transactions	6,408,022	648,000	7,056,022
Deposits	16,120	-	16,120
VAT receivable	-	13,852,366	13,852,366
Cash and Cash Equivalents	388,173,866	-	388,173,866
	<u>395,057,552</u>	<u>73,914,199</u>	<u>468,971,751</u>

	Measured at amortised cost R	Non financial liabilities R	Total R
<b>Liabilities</b>			
Post employment medical benefit	-	44,314,122	44,314,122
Short-term Portion of Deferred Income	178,338,242	-	178,338,242
Short-term Portion of Long Term Liabilities	122,679	-	122,679
Short-term Portion of the Post Employment Medical Benefit	2,795,895	-	2,795,895
Trade and other payables from exchange transactions	16,153,577	9,566,567	25,720,144
Bank Overdraft	6,634,039	-	6,634,039
	<u>204,044,432</u>	<u>53,880,689</u>	<u>257,925,121</u>

Net assets		211,046,630	211,046,630
	<u>191,013,120</u>	<u>(191,013,120)</u>	<u>-</u>

	2009 R	2008 R
<b>Loans and receivables at amortised cost</b>		
Opening balance	395,057,552	259,478,437
Net other movements	23,246,357	135,579,115
Closing balance	<u>418,303,909</u>	<u>395,057,552</u>

<b>Financial liabilities at amortised cost</b>		
Opening balance	204,044,432	66,513,570
Net other movements	10,876,693	137,530,862
Closing balance	<u>214,921,125</u>	<u>204,044,432</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>9 LONG-TERM RECEIVABLES</b>		
Loans to Kouga Local Municipality	50,020	65,679
Staff loans	<u>22,517</u>	<u>52,928</u>
	72,537	118,607
Less : Short-term portion transferred to current assets	<u>(17,971)</u>	<u>(15,660)</u>
<b>Total Long-term Receivables</b>	<u><u>54,566</u></u>	<u><u>102,947</u></u>
Classified as a financial asset: Loans and receivables and subsequently measured at amortised cost		
The loan to Kouga Local Municipality is unsecured, bears interest at 14.25 % per annum and is repayable in 30 payments every six months.		
Staff loans relates to study loans paid on behalf of employees for tertiary institutions in furthering their development. These loans are repaid monthly based on agreements with the applicable staff		
<b>10 PROVISIONS</b>		
Performance Bonus	-	-
Contribution	<u>150,716</u>	<u>-</u>
Balance at the end of the year	<u><u>150,716</u></u>	<u><u>-</u></u>
<b>11 TRADE AND OTHER RECEIVABLES</b>		
Trade and other receivables from exchange transactions		
Rates	17,498	53,883
Services	218,469	1,164,439
Rental	1,882	7,886
Salaries and Wages	47,687	68,989
Accrued Rent	<u>32,087</u>	<u>12,871</u>
Total trade and other receivables from exchange transactions	317,623	1,308,068
Less: Allowance for doubtful debts	<u>(250,556)</u>	<u>(1,177,310)</u>
<b>Net total trade and other receivables from exchange transactions</b>	<u><u>67,067</u></u>	<u><u>130,758</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>Trade and other receivables from non exchange transactions including taxes and transfers</b>		
Levies	1,504,098	2,155,097
Sundry Debtors	49,007	7,592
Department of Housing (Housing Schemes)	8,026,342	8,608,281
Nelson Mandela Metropolitan debtors bank deposits	8,989	75,313
Nelson Mandela Metropolitan Municipality (Algoa House)	-	2,360,000
PPE purchased prepaid	-	648,000 *
General	4,846,362	3,389,588
Pre payments	2,811	-
<b>Total non exchange trade and receivables</b>	<u>14,437,609</u>	<u>17,243,871</u>
Less: Allowance for doubtful debts	<u>(12,670,121)</u>	<u>(10,187,849)</u>
<b>Net total non exchange other receivables</b>	<u><u>1,767,488</u></u>	<u><u>7,056,022</u></u>
 <b>Allowance for doubtful debts</b>		
Balance at beginning of year	11,365,159	3,694,239
Restatement of the allowance for doubtful debts	<u>1,555,518</u>	<u>7,670,920</u>
<b>Balance end of year</b>	<u><u>12,920,677</u></u>	<u><u>11,365,159</u></u>
Transferred Trade and other receivables from exchange transactions	(250,556)	(1,177,310)
Transferred to Trade and other receivables from non exchange transactions including taxes and transfers	<u>(12,670,121)</u>	<u>(10,187,849)</u>
	<u><u>-</u></u>	<u><u>-</u></u>
 * Not a financial asset		
 <b>Levies: Ageing</b>		
61 - 90 Days	70,421	391,332
+ 90 Days	<u>1,433,677</u>	<u>1,763,765</u>
<b>Total</b>	<u><u>1,504,098</u></u>	<u><u>2,155,097</u></u>
 <b>Services: Ageing</b>		
0 - 90 Days	49,022	75,209
+ 90 Days	<u>169,447</u>	<u>1,089,230</u>
<b>Total</b>	<u><u>218,469</u></u>	<u><u>1,164,439</u></u>
 <b>Rates : Ageing</b>		
0 - 90 Days	2,018	27,105
+ 90 Days	<u>15,480</u>	<u>26,778</u>
<b>Total</b>	<u><u>17,498</u></u>	<u><u>53,883</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b><u>Trade and other receivables neither past due nor impaired</u></b>		
Current	375,773	2,462,493
<b><u>Trade and other receivables past due but not impaired</u></b>		
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2009, R1 458 782 (2008: R 4 724 287) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	1,168,535	4,499,505
2 months past due	89,755	141,066
3 months past due	200,492	83,716
	1,458,782	4,724,287
<b><u>Total trade and other receivables from exchange and non exchange transactions not impaired</u></b>	<u>1,834,555</u>	<u>7,186,780</u>

**Trade and other receivables impaired**

As of 30 June 2009, trade and other receivables of R12 920 677 (2008: R 11 365 159) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months	150,616	198,294
Over 6 months	12,770,061	11,166,865

Classified as a financial asset: Loans and receivables and subsequently measured at amortised cost

No discounting was performed due to the short term nature of the receivables. For those receivables that are outside the normal terms, allowance for impairment was made. Impairment was based on a collective assessment.

The fair value of trade and other receivables approximates their carrying amounts.

The RSC Levies are collected by the Nelson Mandela Bay Municipality on a contractual basis.

According to legislation passed during 2004/2005, the collection of RSC levies has been abolished effective 1 July 2006.

Terms of payment for accounts raised are determined in the credit control policy. This policy is exercised with caution when applied to parastatal organisations.

**Restatement of 2008 balances:**

Rental and Levies have been increased by R154 187. (See note 23)

General debtors have been increased by R32 865 (See note 23)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
12 VAT		
VAT receivable	17,908,692	13,948,042
VAT payable	<u>(154,212)</u>	<u>(95,676)</u>
Net VAT	<u>17,754,480</u>	<u>13,852,366</u>

All VAT returns have been submitted by the due date throughout the year.

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

Included in the VAT receivable amount is an amount of R14 752 576. This relates to a VAT claim processed during the last month of the financial year on flood damage grant funding.

VAT was increased due to a prior year error to the amount of R3 013 891. Refer note 23

No discounting was performed.

13 DEPOSITS PAID		
Deposits - Electricity	5,000	5,000
Deposits - Parking	9,000	1,620
Deposits - Rietbron Electricity	500	-
Deposit: Parking Grace street	810	500
Deposits - Post Office	<u>6,000</u>	<u>9,000</u>
	<u>21,310</u>	<u>16,120</u>

## 14 CASH AND CASH EQUIVALENTS

The Municipality has the following bank account:

**Current Account (Primary Bank Account)**

ABSA Limited  
32 Govan Mbeki Avenue  
Port Elizabeth  
Account Number : 1640 000 062 (Current Account)

Cashbook balance at the beginning of the year	<u>(6,634,039)</u>	<u>3,872,478</u>
Cashbook balance (overdraft) at the end of the year	<u>(8,473,051)</u>	<u>(6,634,039)</u>
Bank statement balance at the beginning of the year	<u>7,212,625</u>	<u>12,435,889</u>
Bank statement balance at the end of the year	<u>5,127,839</u>	<u>7,212,625</u>
<b>Short -term investments</b>		
<b>Short-term Deposits</b>		
Cashbook balance at beginning of year	<u>388,119,270</u>	<u>244,534,917</u>
Cashbook balance at end of the year	<u>416,370,218</u>	<u>388,119,270</u>
Bank statement balance at beginning of the year	<u>388,119,270</u>	<u>244,534,917</u>
Bank statement balance at end of the year	<u>416,370,218</u>	<u>388,119,270</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>Disclosed in the Statement of Financial Position as follows:-</b>		
Cash Book overdraft	(8,473,051)	(6,634,039)
Call Account Deposits	416,370,218	388,165,766
Petty cash	8,100	8,100
	416,378,318	388,173,866
<b>Net Cash and cash equivalents</b>	<b>407,905,267</b>	<b>381,539,827</b>
Balance at the end of the year	407,905,267	381,539,827
Balance at the beginning of the year	381,539,827	248,410,495
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>26,365,440</b>	<b>133,129,332</b>

The opening bank balance was increased by R46 496 as a correction of error. Refer to note 23.

**Investment in the joint venture**

Opening balance	210,179	(61,651)
50 % surplus / (deficit) of KDA allocated	(210,179)	271,831
Closing balance.	-	210,179

**Short -term investments**

Interest on investments accrued	3,370,218	3,165,766
Short -term Deposits	406,000,000	375,000,000
Short -term Deposits	409,370,218	378,165,766
Call Account Deposits	7,000,000	10,000,000
<b>Total cash investments</b>	<b>416,370,218</b>	<b>388,165,766</b>

Cash and cash equivalents are classified as a financial asset: Loans and receivables subsequently measured at amortised cost.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest.

The fair value of cash and cash equivalents approximates their carrying amounts.

No cash deposits were ceded as collateral.

The return on investments for 2009 fluctuated between 7.5% and 12.83% (2008: 8.9% and 12.83%).

**Allocation of external investments**

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

Post employment medical benefit	49,830,455	47,110,017
Conditional Grants and Receipts (Deferred income)	191,772,385	178,338,242
Infrastructure projects from Levies	6,801,029	9,634,806
Accrued leave pay	1,845,924	1,476,447
Accumulated surplus	166,120,425	151,606,254
<b>Total</b>	<b>416,370,218</b>	<b>388,165,766</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>15 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Government Grants</b>		
Equitable share	57,438,471	48,719,015
<b>Total Government Grants</b>	<u>57,438,471</u>	<u>48,719,015</u>
<b>Provincial Subsidies</b>		
Contribution to Retirement benefits- (Roads pensioners)	3,015,904	2,957,718
Environmental Health	4,526,388	4,270,178
<b>Total Provincial Subsidies</b>	<u>7,542,292</u>	<u>7,227,896</u>
<b>Total Government Grants and Subsidies received</b>	<u>64,980,763</u>	<u>55,946,911</u>
<b>National/Provincial Government Grant funding (expenditure reimbursement)</b>	105,705,293	104,633,931
PHB Debtor	535,369	3,688,049
Sundries	112,632	-
Direct Transfers -		
- Ambulance	(304,158)	-
- Free Basic Services	(1,000)	-
- Primary Health Care	26,414,124	19,814,839
- Transferred to Health	(1,442,075)	-
Capital Projects financed from grants	172,175	2,162,940
<b>Total National/Provincial Government Grants (expenditure reimbursements)</b>	<u>131,192,360</u>	<u>130,299,759</u>
<b>TOTAL GOVERNMENT GRANTS AND SUBSIDIES (Excl VAT)</b>	<u>196,173,123</u>	<u>186,246,670</u>

**Equitable share**

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to the DMA and Rietbron. The balance is used to supplement the Municipality's revenue as discretionary revenue is insufficient.

**DORA**

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

**National Treasury: Circular 48**

The municipality has received confirmation from National Treasury that no unspent grant money would need to be repaid in respect of the previous financial periods.

Refer appendix F for additional information.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>16 TOTAL REVENUE:</b>		
<b>Revenue from exchange transactions</b>		
Tariffs and Charges	227,562	205,861
Property Rates	30,869	28,488
Rental	863,853	855,266
Investment Interest	42,737,659	22,437,022
Other Interest	223,693	185,382
Income for agency services	27,193	26,994
<b>Total revenue from exchange transactions (Excl VAT)</b>	<b><u>44,110,829</u></b>	<b><u>23,739,013</u></b>
<b>Revenue from non - exchange transactions</b>		
Government grants and subsidies	196,173,123	186,246,670
Other revenue	4,651,569	1,981,596
<b>Total revenue from non exchange transactions (Excl VAT)</b>	<b><u>200,824,692</u></b>	<b><u>188,228,266</u></b>
<b>Other revenue:</b>		
Finance charges to funding	-	309,400
Bad debts recovered	2,068,136	-
Contribution from Skill Development Fund	174,825	131,406
Printing Costs Recovered	589,203	-
Infrastructure projects funded from Infrastructure Contingency Fund (ICF)	1,143,251	1,376,693
Insurance claims	-	16,783
Other	676,154	147,314
<b>Total Other Revenue (Excl VAT)</b>	<b><u>4,651,569</u></b>	<b><u>1,981,596</u></b>
<b>17 EMPLOYEE RELATED COSTS</b>		
<b>17.1 Employee Related Costs</b>		
Salaries and wages	22,873,953	19,357,255
Social contributions	4,514,218	4,939,850
	<b><u>27,388,171</u></b>	<b><u>24,297,105</u></b>
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	729,161	645,058
Car Allowance	156,000	156,000
Performance Bonus	-	120,939
<b>Total short-term employee benefits</b>	<b><u>885,161</u></b>	<b><u>921,997</u></b>
<b>Remuneration of the Director Finance and Corporate Service</b>		
Annual Remuneration	627,693	550,018
Car Allowance	144,000	144,000
Performance Bonus	35,217	115,424
<b>Total short-term employee benefits</b>	<b><u>806,910</u></b>	<b><u>809,442</u></b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>Remuneration of the Manager of Health</b>		
Annual Remuneration	410,578	400,274
Car Allowance	96,000	96,000
Performance Bonus	-	77,850
<b>Total short-term employee benefits</b>	<u>506,578</u>	<u>574,124</u>
<b>Remuneration of the Director Planning and Infrastructure Development</b>		
Annual Remuneration	667,411	592,816
Car Allowance	100,000	100,000
Performance Bonus	-	117,246
<b>Total short-term employee benefits</b>	<u>767,411</u>	<u>810,062</u>
<b>Remuneration of the Director Economic Development</b>		
Annual Remuneration	646,533	268,620
Car Allowance	140,004	70,002
<b>Total short- term employee benefits</b>	<u>786,537</u>	<u>338,622</u>
New Department created. Director employed from 02/01/2008.		
<b>17.2 Remuneration of Councillors</b>		
Executive Mayor	654,177	518,230
Speaker	465,243	402,600
Mayoral Committee members	2,112,541	1,915,338
Councillors	1,240,330	1,005,578
<b>Total Councillors' Remuneration</b>	<u>4,472,291</u>	<u>3,841,746</u>

**In-kind Benefits**

The Executive Mayor is full-time and with the Mayoral Committee Members 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
<b>18 KEY MANAGEMENT PERSONNEL</b>		
The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Cacadu District Municipality:		
Executive Mayor		
Speaker		
Mayoral Committee members		
Councillors		
Municipal Manager		
Director: Planning and Infrastructure Development		
Director: Economic Development		
Director: Finance and Corporate Services		
Manager: Health Services		
Their short-term employee benefits are disclosed in note 17.		
<b>19 FINANCE COST</b>		
Finance leases	<u>152,155</u>	<u>112,739</u>
Total interest on External Borrowings	<u>152,155</u>	<u>112,739</u>
<b>20 BULK PURCHASES</b>		
Water purchases -DMA	<u>12,621</u>	<u>13,238</u>
<b>21 CONDITIONAL GRANTS EXPENDITURE AND OTHER GRANTS AND SUBSIDIES PAID</b>		
Expenditure charged against conditional grants		
Disclosed in the Statement of financial performance:		
Under Conditional Grant expenditure	127,037,879	125,990,896
Under Salaries and wages	438,144	278,595
Under General Expenses	28,193	750,921
Under Salaries, maintenance and general (Disaster management operating expenses)	1,000,000	1,000,000
Total Conditional Grants and Subsidies paid	<u>128,504,216</u>	<u>128,020,412</u>
For more detail refer Appendix F.		
Grants and subsidies paid from own and unconditional grant funding:		
Sundries	3,003,230	178,495
Kouga Development Agency (KDA)	275,000	250,000
Environmental Health Subsidies	5,889,964	5,354,505
Total allocations and grants from own funding.	<u>9,168,194</u>	<u>5,783,000</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009  
R2008  
R

## 22 CHANGE IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS7 Financial Instruments Disclosure  
 IPSAS20 Related Party Disclosures  
 IPSAS21 Impairment of Non-Cash Generating Assets  
 IAS32 Financial Instruments: Disclosure and Presentation  
 IAS36 Impairments  
 IAS39 Financial Instruments: Recognition and Measurement  
 GRAP4 Foreign Exchange Transactions  
 GRAP5 Borrowing Costs  
 GRAP 8 Joint ventures  
 GRAP9 Revenue from Exchange Transactions  
 GRAP12 Inventories  
 GRAP13 Leases  
 GRAP16 Investment Property  
 GRAP17 Property, Plant & Equipment  
 GRAP19 Provisions, Contingent Liabilities and Contingent Assets  
 GRAP100 Non-Curent Assets Held for Sale  
 GRAP101 Agriculture  
 GRAP102 Intangible Assets  
 DIRECTIVE 4 Review of useful life on Property, Plant and Equipment

**IFRS 7 : Financial instruments disclosures**

IFRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the municipality's financial instruments.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

Refer to the individual Receivable and payable note as well as note 36 - Risk management. A summary of the financial instruments are provided in note 8 - Financial instruments.

**GRAP 4: The Effects of Changes in Foreign Exchange Rates**

The initial application of GRAP 4 will have no impact on the annual financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009  
R2008  
R**GRAP 5: Borrowing Costs**

The initial application of GRAP 5 will have no impact on the annual financial statements.

**GRAP 8: Interests in Joint Ventures**

GRAP 8 incorporates guidance adopted from SIC13 on Non-monetary Contributions by ventures issued by the IASB i.e. provisions for accounting for non-monetary contributions to a jointly controlled entity in exchange for an equity interest in the jointly controlled entity that is accounted for using either the equity method or proportionate consolidation. (Par.57-62).

CDM entered in a joint venture with Kouga municipality with the establishment of the Kouga development agency.

The effect of this joint venture will be disclosed in the consolidated statements of CDM.

**GRAP 9: Revenue from Exchange Transactions**

The definition of revenue in terms of GRAP 9 incorporates the concept of service potential. Revenue is the gross inflow of economic benefits or service potential when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Entities may derive revenue from exchange or non-exchange transactions.

An exchange transaction is one in which the entity receives resources or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

Non-exchange revenue transaction is a transaction where an entity receives value from another entity without directly giving approximately equal value in exchange.

An entity recognises revenue when it is probable that economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

GRAP 9 clarifies that this Standard only applies to revenue from exchange transactions.

Other than terminology difference no effect on initial adoption of Standard of GRAP 9.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements

During the 2008/09 financial year the following exemptions, exempted in terms of General notice 552 of 2007, up to 30 June 2008 were reintroduced:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009  
R2008  
R**GRAP 13: Leases**

GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the municipality has contravened these legislative requirements, the municipality is still required to apply the requirements of GRAP 13.

Other than the abovementioned requirements, there is no other impact on the initial adoption of GRAP13.

Finance leases are disclosed in note 3a.

**GRAP 14: Events after the reporting date**

An event, which could be favourable or unfavourable, that occurs between the reporting date and the date the annual financial statements are authorised for issue.

GRAP 14 requires the date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.

Two types of events can be identified:

those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date.

The municipality shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

**IPSAS 21: Impairment of Non-Cash Generating Assets**

The method of measurement of value in use of a non-cash generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

The municipality has adopted the standard for the first time in the 2009 annual financial statements

Non-cash generating asset impairment mainly consists of movable assets that are redundant or broken and are part of the amount as disclosed on note 6 regarding assets that are retired from active use.

The impact of the standard is not material.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
<b>GRAP 3 -Accounting policies, changes in accounting estimates and errors</b>		
Exemption - Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31)		
Refer note 44 where each standard not yet effective and its impact on CDM is discussed.		
<b>GAMAP 9 - Revenue</b>		
Exemption- The entire standard as far as it relates to measurement at fair value.		
GAMAP 9 was largely replaced by GRAP 9 - Revenue from exchange transactions but the portion relating to the exemption, namely the discounting of the value of extended credit past the normal credit terms, are the same for GRAP 9.		
The municipality impaired its receivables which are not subject to normal terms. Therefore no discounting was considered necessary.		
<b>GRAP 16</b>		
GRAP 16 was introduced at 1 July 2008 retrospectively. CDM accepted the exemptions up to 30 June 2008 regarding the disclosure of investment properties. Investment properties, consisting mostly of rental properties and agricultural farming properties, have been identified. The following transactions occurred.		
Carrying value of Property, Plant and Equipment as reported on at 30 June 2008		55,830,833
Prior year adjustments.		(597,053)
Transferred to Investment Properties		(3,583,000)
Adjusted PPE after GRAP 16 was introduced.		<u>51,650,780</u>
Carrying value of Property, Plant and Equipment as at 30 June 2009 before GRAP 16 was applied	86,552,270	
Transferred to Investment Properties 2008	(3,583,000)	
Transferred to Investment Properties	(9,996,500)	
Adjusted PPE after GRAP 16 was introduced	<u>72,972,770</u>	<u>-</u>
Carrying value of Investment Properties as reported on at 30 June 2008		
Transferred from PPE		<u>3,583,000</u>
Adjusted Investment Property account after GRAP 16 was introduced		<u>3,583,000</u>
Adjusted Investment Property account at 30 June 2008	3,583,000	
Transferred from PPE in 2009	9,996,500	
Carrying value of Investment Properties at 30 June 2009	<u>13,579,500</u>	

Refer note 6 and note 7 for further information.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009  
R2008  
R**IAS 39 - Financial Instruments measurement**

Financial instruments are initially measured at cost. The classification for all financial assets are Loans and receivable and financial liabilities at amortised cost. Due to reasons as disclosed on the notes to these instruments there was no effect on the financial statements except for additional disclosures.

**GRAP 17-Property plant and equipment**

GAMAP 17 Exemption:- Impairment of non- cash generating assets

GAMAP 17 has been replaced by GRAP 17 as from 1 July 2008. The principles of impairment has been applied as per IPSAS 21- Impairment of non cash generating assets and IAS 36- Impairment of cash generating assets.

**IAS 36 (AC 128) - Impairment of assets**

Exemption:- Entire standard.

The only cash generating assets that CDM controls are properties that generate a rental and these properties were tested for impairment. No impairment was calculated for 2008/2009.

**GAMAP 12 - Inventories**

Exemption:- - The entire standard to the extent that it relates to water stock that was not purchased by the municipality

The only waterstock will be at Rietbron but is not material enough to warrant disclosure.

The municipality has in terms of directive 4 taken advantage of the following transitional provisions in respect of GRAP 17: A review of useful life of items of Property, Plant and Equipment recognised in the annual financial statements; Review of the depreciation method applied to Property, Plant and Equipment recognized in the annual financial statements; Impairment of non-cash generating assets and the Impairment of cash generating assets.

**23 RESTATEMENT OF PRIOR YEAR ERRORS**

The following prior year errors were identified during the current year and are adjusted as follows:

**Adjustments to surplus opening balance 2007:**

Levies adjusted - Levies were abolished and amounts recovered relates to prior years	112,536
Straight line rental income	41,651
Primary health care- Adjustment of vehicles not capitalised in prior years	1,668,140
Deferred income grants- Restructuring portion ring fenced for relocation of head office adjusted	15,000,000
<b>Net effect of adjustments on the Accumulated surplus account</b>	<b>16,822,327</b>
PPE: Primary health care- Adjustment of vehicles values not capitalised in prior years	5,511,383
Accumulated depreciation: Primary health care- Adjustment of vehicles accumulated depreciation to 30/06/2007 not capitalised in prior years	(3,843,243)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>Adjustments to surplus opening balance 2008:</b>		
<b>During the year under review it was discovered that:</b>		
- Sundry creditors - Long outstanding items on reconciliation cleared against surplus.		27,346
- Fixed asset corrections - Opening balance correction - Alexandria property not the property of CDM and capitalise finance lease items.		(597,053)
- Medical aid correction - Prior Year Reconciling Item corrected.		400
- Prior year expenditure correction - printing & stationary - Expenditure incurred in prior year but recorded in current year.		(3,951)
- Prior year expenditure correction - SALGA subscriptions - prior year subscriptions paid in current year and not provided for in the prior year.		(13,144)
- Interest incorrectly allocated prior years - free basic services - Interest recorded against grant funding, reversed to income.		63,014
- Sundry debtors general- Rates and services received in current year relating to prior year income.		(9,641)
- VAT - corrections i.r.o prior years - Vat claims received during current year relating to prior year claims and VAT claimable on flood damage funds not previously claimed.		3,013,891
Primary health care- Grant income and expenditure adjustments to CDM not previously recorded.		
- Government grants and subsidies		16,702,498
- Conditional Grant expenditure		(16,702,498)
- Government grants and subsidies		3,112,341
- Conditional Grant expenditure		(3,112,341)
- PPE: additions for 2008		120,588
- PPE: depreciation for the year		(533,447)
- Leases capitalised - opening balance restated as was not capitalised in prior year.		177,910
- Vehicle written off - Vehicle written off in prior year, but the entry was only posted in current year.		(56,700)
- Insurance proceeds - Proceeds received from insurance in current year relating to prior year claim not provided for.		87,433
- Correction on Gain of sale - Gain made on the sale of assets in the prior year but only posted in the current year - not provided.		(53,957)
- Conditional grant adjustment - Recognition of grant funding through income due to conditions met in previous period, but only recorded in current year.		1,050,348
- Creditors Infrastructure balances transferred on projects that is no longer to be carried out. Conditions met in previous years, but only recognised in current year.		1,574,366
- UIF correction - Reconciling item corrected in current year relating to prior year.		177
- Net effect on the Accumulated surplus account.		<u>4,847,580</u>
<b>The net effect of the restatements were as follows:</b>		
<b>2007</b>		
Debtors (Net decrease)		154,187
PPE		1,668,140
Increase in Deferred income - Unspent grants		15,000,000
Net effect of adjustments on accumulated surplus account		<u>16,822,327</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>2008</b>		
<b>Comparatives</b>		
Creditors		1,601,712
Deferred income - Unspent grants		1,050,348
Bank (Net increase)		46,496
Property, Plant and Equipment		(1,009,912)
VAT		3,013,891
Debtors (Net decrease)		(32,865)
Long term liabilities		177,910
Net Increase of accumulated surplus		<u>4,847,580</u>
Total net increase in Accumulated surplus		<u><u>21,669,907</u></u>

The comparative and current amounts have been appropriately restated. The effect of the errors on the statement of financial performance are as follows:

	2008 Restated	2008 As Previously stated
Revenue	216,029,612	196,205,716
Rental	855,266	855,266
Investment Interest	22,437,022	22,374,008
Other Interest	185,382	185,382
Income for agency services	26,994	26,994
Government grants and subsidies	186,246,670	166,431,831
Tariffs and Charges	205,861	205,861
Property Rates	28,488	28,488
Other revenue	1,981,596	1,981,596
Actuarial gain on valuation of post retirement benefits	2,969,953	2,969,953
Gains on disposal of property, plant and equipment	1,092,380	1,146,337
Expenditure	199,989,043	179,744,649
Employee related costs	24,330,977	24,331,377
Remuneration of Councillors	3,805,926	3,805,926
Contribution to bad debt provision	7,930,583	7,930,583
Collection costs	156,550	156,550
Depreciation	3,056,861	2,523,414
Repairs and maintenance	650,826	650,826
Finance Costs	112,739	112,739
Bulk services	13,238	13,238
Contracted services	2,514,672	2,514,672
Conditional Grant expenditure	125,990,896	106,296,645
Other Grants and Subsidies paid	6,033,000	6,033,000
General expenses-other	19,746,221	19,729,126
Discounting of post retirement benefit obligation	4,494,833	4,494,833
Loss on disposal of property, plant and equipment	1,106,965	1,106,965
Cross subsidisation	44,756	44,756
Surplus for the year	<u>16,040,569</u>	<u>16,461,067</u>

The effect of the above errors on the accumulated surplus account is as follows:

Net effect of changes on Statement of Financial Performance: 2008	(420,498)
Net effect of changes on Statement of Changes in Net Assets: 2008	5,268,078
Net effect of changes on Statement of Changes in Net Assets: 2007	<u>16,822,327</u>
Net changes to accumulated surplus account	<u><u>21,669,907</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
<b>23.2 RESTATEMENT OF JOINT VENTURE.</b>		
The joint venture with Kouga municipality, The Kouga Development Agency has been restated as follows, applying the equity method as per GRAP 8 on a 50% basis:		
<b>2007</b>		
<i>Adjustment for the accumulated loss of KDA as at 30 June 2007</i>		61,651
Accumulated surplus (-123 302 * 50%)		<u>(61,651)</u>
Investment in Joint venture		
<i>Adjustment for the contributions in services from CDM to KDA up to 30 June 2007</i>		
Interentity transaction adjustments to 30 June 2007 were not reallocated as this will only entail debits and credits to the accumulated surplus account.		
<b>2008</b>		
<i>Adjustment for the surplus of KDA for 2008</i>		(271,831)
Portion of surplus of joint venture (543 661 surplus for 2008 *.5)		<u>271,831</u>
Investment in Joint venture		
<i>Adjustment for the contributions in services from CDM to KDA for 2008</i>		(33,872)
Employee related costs (67744 *.5)		35,820
Employee related costs (71639 *.5)		<u>1,948</u>
Portion of surplus of joint venture		
<i>Adjustment for the contributions from CDM to KDA for 2008</i>		(250,000)
Other Grants and Subsidies paid (500000 *.5)		<u>250,000</u>
Portion of surplus of joint venture		
<b>2009</b>		
<i>Adjustment for the deficit of KDA for 2009</i>		
Portion of deficit of joint venture (-524 087*.5)-51864*	210,180	
Investment in Joint venture	<u>(210,180)</u>	
<i>Adjustment for the contributions from CDM to KDA for 2009</i>		
Other Grants and Subsidies paid (550000*.5)	(275,000)	
Portion of deficit of joint venture	<u>275,000</u>	
* The amount of 51864 could not be recognized as allocation would have resulted in the investment account to be negative.		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>24 CASH GENERATED FROM / (UTILISED BY) OPERATIONS</b>		
Surplus for the year	26,805,006	16,312,399
Adjustment for:-		
Portion of joint venture		
Depreciation	2,455,438	3,056,861
Impairment	283,035	-
Bad debt written off.	1,423,769	-
FV Gain on Investment Property	(9,996,500)	-
Loss on disposal of property, plant and equipment	923,769	1,106,965
Gain on disposal of property, plant and equipment	-	(1,146,337)
Gain on Actuarial valuation for post employment medical benefits	-	(2,969,953)
Discounting of post employment medical benefit obligation	5,472,548	4,494,833
Service cost	164,492	139,388
Contributions	150,716	7,930,583
Contribution to health	(581,361)	-
Investment income	(42,961,352)	(22,559,390)
Finance cost	152,155	112,739
<b>Operating surplus before working capital changes:</b>	<b>(15,708,285)</b>	<b>6,478,088</b>
(Increase)/Decrease in Accounts Receivable	26,341	(6,012,029)
(Increase)/Decrease in Deposits	(5,190)	1,600
Decrease in investment in joint venture	210,179	(264,192)
Increase/(Decrease) in Deferred Income	13,434,146	-
Increase/(Decrease) in Accounts Payable	(6,474,333)	9,457,019
<b>Working capital changes</b>	<b>7,191,143</b>	<b>3,182,398</b>
<b>Cash generated/(utilised) by operations</b>	<b>(8,517,142)</b>	<b>9,660,486</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank	(8,473,051)	(6,634,039)
Short term investments	416,370,218	388,165,766
Cash	8,100	8,100
	<b>407,905,267</b>	<b>381,539,827</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>25 EXTERNAL LOANS RECONCILIATION</b>		
Cacadu District Municipality has external loans in the form of finance leases. Refer Appendix A		
<b>26 CONTINGENT LIABILITY</b>		
A possible liability exists in respect of group life insurance claims that have been rejected by the insurers. This litigation process is still on going.	-	450,000
A possible liability exists in respect of an obligation in terms of a development and construction contract. The pleadings in the case have not yet closed	476,632	-
A possible liability exists in respect of damages claimed for the loss of insurance payouts by a former employee due to late submission of claim documentation.	145,000	-
A possible liability exists in respect of duplicate VAT invoices being claimed in previous financial years based on a SARS audit. The findings of this audit is not finalised and it is uncertain as to what the final amount would be.	1,700,249	1,700,249
	<u>2,321,881</u>	<u>2,150,249</u>
<b>27 CONTINGENT ASSETS</b>		
A possible asset in respect of Input VAT claimable, subject to a SARS investigation, existed at year-end. At year-end, the result of the SARS investigation was not known. As a result, it was not virtually certain that the amount would be received.	-	2,198,485
A possible asset exists in respect of a claim in terms of defective workmanship and overpayment for work done.	<u>2,000,000</u>	<u>-</u>
<b>28 UNAUTHORISED EXPENDITURE</b>		
No unauthorised expenditure was incurred in the current and previous financial years.		
<b>29 IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE</b>		
No irregular, fruitless or wasteful expenditure was incurred in the current and previous financial years.		
<b>30 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>30.1 Contributions to SALGA</b>		
Opening balance	-	-
Council subscriptions	291,920	157,511
Amount paid - current year	(291,920)	(157,511)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>30.2 Audit fees</b>		
Opening balance	-	67,744
Current year audit fee	1,132,108	1,254,985
Amount paid - current year	(1,132,108)	(1,254,985)
Amount paid - previous years	-	(67,744)
<b>Balance due (included in debtors)</b>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>30.3 PAYE and UIF</b>		
Opening balance	9,714	6,292
Current year payroll deductions	7,678,656	6,384,672
Amount paid - current year	(7,678,294)	(6,374,958)
Amount paid - previous years	(9,714)	(6,292)
<b>Balance unpaid (included in debtors)</b>	<u><u>362</u></u>	<u><u>9,714</u></u>

The balance represents PAYE and UIF paid to SARS on behalf of employees.

**30.4 Pension and Medical Aid Deductions**

Opening balance	(50,391)	(50,491)
Current year payroll deductions and Council Contributions	2,911,501	2,516,436
Amount paid - current year	(2,911,601)	(2,516,336)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<u><u>(50,491)</u></u>	<u><u>(50,391)</u></u>

**31 CAPITAL COMMITMENTS**

No capital commitments existed during the year.

**32 OPERATING COMMITMENTS**

Operating leases - as lessee (expense): Photostat and facsimile machines

Minimum future lease payments due		
-within one year	-	170,362
-second to fifth year inclusive	-	-
<b>Total</b>	<u><u>-</u></u>	<u><u>170,362</u></u>

All operating lease contracts have expired within the current financial year and due payments are not material to disclose.

Photostat machines classified under operating leases during the prior year, have been restated and capitalised as finance leases. Comparatives have been restated.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

## 33 POST EMPLOYMENT BENEFIT INFORMATION

## 33.1 Post- Employment Medical Benefit

Provision is made for post-employment medical benefits in the form of health care plans for eligible employees and pensioners. Refer note 4

## 33.2 Retirement Fund Benefits

Employees and Council contribute to the Cape Joint Retirement Funds on the basis of a fixed contribution which is charged against income as incurred.

## 34 IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance were made during the year

## 35 AGENCY FUNCTIONS

The District Municipality provides Primary Health Care services on an agency basis on behalf of the Eastern Cape Health department. During the financial year the council has resolved to terminate the agreement. The process has been initiated, but it is considered to be a lengthy process. The hand over is considered to be at an undetermined future date.

## 36 RISK MANAGEMENT

## 36.1 Liquidity risk

Liquidity risk is the risk that the Municipality will not have sufficient funds available to cover future commitments. The Municipality manages liquidity through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

The following table details the entity's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

Trade payables		
1-3 months	11,664,500	16,106,992
> 3 months	-	-
Other payables		
1-3 months	-	76,265
> 3 months	200,340,023	185,065,280
	<u>212,004,523</u>	<u>201,248,537</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009  
R2008  
R**36.2 Interest rate risk**

The current account and the call account expose the municipality to interest rate risk. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% in either direction, the effect on the cash balance would be R4.1 mil in each way.

**36.3 Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The Municipality only deposits cash with banks which have an equity above R 10 billion with a good credit rating.

The most significant concentration of credit risk lies with the outstanding RSC levy and the Department of Housing (Housing Scheme) receivables. Refer note 11.

Management believes that the Allowance for impairment adequately addresses the credit risk involved.

**37 ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE**

Refer to Appendix E (1) for the comparison of actual operating expenditure against budgeted operating expenditure.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009  
R2008  
R

## 38 ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to Appendix E (2) for the comparison of actual capital expenditure against budgeted capital expenditure.

## 39 EVENTS AFTER THE REPORTING DATE

None

## 40 COMPLIANCE WITH CHAPTER 11 OF THE MUNICIPAL FINANCE MANAGEMENT ACT

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and applicable regulations. However, the Municipality has experienced difficulties in populating a comprehensive supplier database which is due to a poor response from potential suppliers. As a result the application of the regulations have not been fully implemented.

## 41 RELATED PARTIES

**Kouga Development Agency**

The Kouga Development Agency (KDA) was established as a multi- jurisdictional service utility in terms of the Local Government Systems Act, 2000 in 2004 as a joint venture between the Cacadu District Municipality and the Kouga Local Municipality .

KDA, funded by the parent municipalities and the Industrial Development Corporation, aims to leverage public and private resources for development around opportunities which offer investment, employment, economic and development potential in the Kouga area.

CDM has made a contribution of R550 000 during the current financial year (2008: R500 000) towards the operating costs of KDA.

No other transaction was entered into with KDA.

**Post employment medical aid benefit plan**

The municipality, as part of the conditions of service of employees, keep on contributing its portion of the contributing members to medical aid funds at the retirement of these employees for as long as this member is alive and contributing his or her portion.

The medical aid schemes involved are as follows:

- Bonitas
- Hosmed / Key Health
- L A Health
- Samwumed

Transactions with these schemes amounted to R2 911 501 (2008: R2 516 436)

**Councillors and employees**

Councillors and employees have declared that they do not have any interest or gain in or from any transaction entered into with CDM by any organisation or business.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009  
R2008  
R

## 42 KEY SOURCES OF ESTIMATION UNCERTAINTIES

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 43 SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of CDM's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Judgements**

In the process of applying the municipality's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements

Bridging funding for housing projects is judged to be virtually irrecoverable from the Department of Provincial Housing due to problems locating and obtaining "happy letters" from participants in these projects. The amount of R8 026 342 (2008: R8 608 281) was included in the provision for bad debts.

RSC levy debtors are judged to be 75 % irrecoverable due to legislative problems in recovering the outstanding amounts and the abolition of the Act. Therefore provision was made for R1 433 677, (2008: R1 499 315) on the allowance for doubtful debts.

It is judged that service receivables from Rietbron are virtually irrecoverable due to the unemployment and poverty of the community R161 519 (2008: R 1 117 309) was provided for and included in the allowance for doubtful debts.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009  
R2008  
R**Post Employment Medical Benefit**

The cost of post employment medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, medical aid inflation rate, future salary increases, mortality rates and future medical aid premiums, future subsidies payable to dependants, working life time of employees, gender and spouse assumptions and child dependence and withdrawals. Such estimates are subject to significant uncertainty relating actuarial assumptions. The net employee liability at 30 June 2009 is R49 830 455 (2008: R47 110 017). Further details are given in Note 4.

The effective interest rate for discounting was estimated at 0.5% below prime.

**Useful lives**

The estimates and associated assumptions are based on the historical experience and management's estimation of conditions. Limited changes were made to the useful lives of property, plant and equipment, as management mainly assessed that the estimated useful lives in the prior years, are still appropriate.

**Residual values**

Residual values of property, plant and equipment are based on the nature of the assets, quotes obtained from suppliers and management's estimation of condition. No changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

**44 STANDARDS OF GRAP ISSUED BUT NOT YET EFFECTIVE**

The following standards have been issued but are not yet effective:

- GRAP 18: Segment reporting
- GRAP 21: Impairment of non cash generating assets
- GRAP 23: Revenue from Non exchange transactions (Taxes and Transfers)
- GRAP 24: Presentation of budget information in the financial statements
- GRAP 26: Impairment of cash generating assets
- GRAP 103: Heritage assets

**GRAP 18: Segment reporting**

As CDM is mainly in a supporting function to the municipalities within its jurisdiction the application of this standard is not expected to have a major impact on the accounting procedures and disclosures.

**GRAP 21: Impairment of non cash generating assets**

A major portion of CDM's assets are non cash generating of nature and application of this standard will have an effect on the presentation of assets. But as there are no real major changes to applying IPSAS 21 the impact is not anticipated to be severe.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009  
R2008  
R**GRAP 23: Revenue from Non exchange transactions (Taxes and Transfers)**

A major portion of CDM's revenue consists of grants (transfers) and this standard has been practically adopted and applied as far as it relates to grants. No problems are anticipated when introducing this standard.

**GRAP 24: Presentation of budget information in the financial statements**

The effect on the financial statements of introducing this standard do not seem to be serious as most of the standard is already applied or the information readily available.

**GRAP 26: Impairment of cash generating assets**

The biggest problem here would seem to be the identification of such assets as the definition differs from IAS 36 and GRAP 26. The application does not differ greatly from IAS 36.

**GRAP 103: Heritage assets**

Currently no heritage assets were identified for CDM

APPENDIX A

CACADU DISTRICT MUNICIPALITY AND JOINT VENTURE: SCHEDULE OF FINANCE LEASES AS AT 30 JUNE 2009

EXTERNAL LOANS	LOAN NUMBER	REDEEMABLE DATE	BALANCE AT 30/06/2008	NEW LEASE CONTRACTS	PAYMENTS MADE DURING THE YEAR	FINANCE CHARGES FOR THE YEAR	REDEEMED WRITTEN OFF DURING THE PERIOD	BALANCE AT 30/06/2009	NET BOOK VALUE OF FINANCE LEASES	SHORT TERM PORTION	PRESENT VALUE OF FUTURE MIN PAYMENTS - WITHIN 2 - 5
LEASE LIABILITY			R	R	R	R	R	R	R	R	
Vehicle finance lease - DHN 456 EC	1	2009/04/03	32,569	-	44,859	12,290	-	-	-	-	-
Vehicle finance lease - DHM 454 EC	2	2009/04/03	32,569	-	44,859	12,290	-	-	-	-	-
Vehicle finance lease - DHF 730 EC	3	2009/02/27	29,463	-	41,830	12,367	-	-	-	-	-
Vehicle finance lease - DHD 277 EC	4	2009/02/24	30,290	-	55,643	25,353	-	-	-	-	-
Vehicle finance lease - DHD 723 EC	5	2009/02/23	22,641	-	32,091	9,450	-	-	-	-	-
Vehicle finance lease - DHM 433 EC	6	2009/04/03	32,569	-	44,880	12,311	-	-	-	-	-
Vehicle finance lease - DHD 245 EC	7	2009/02/23	30,290	-	38,686	8,396	-	-	-	-	-
Vehicle finance lease - DHN 631 EC	8	2009/02/20	34,159	-	47,940	13,781	-	-	-	-	-
Vehicle finance lease - DHD 254 EC	9	2009/02/24	29,360	-	38,368	9,008	-	-	-	-	-
Vehicle finance lease - DHD 725 EC	10	2009/02/24	26,678	-	43,357	16,680	-	-	-	-	-
Sub total - Vehicle finance leases			300,589	-	432,513	131,925	-	-	-	-	-
Photostat Machine - Gestetner	11	2009/09/30	68,919	-	64,486	10,116	-	14,549	22,469	14,549	-
Photostat Machine - Panasonic	12	2012/04/30	-	46,051	3,070	482	-	43,463	44,612	13,559	29,904
Photostat Machine - Panasonic	13	2011/09/30	26,670	-	12,490	5,206	-	19,386	3,757	18,793	593
Photostat Machine - Sharp	14	2012/02/28	22,418	-	9,655	4,426	-	17,189	2,857	5,490	11,699
			418,596	46,051	522,214	152,155	-	94,587	73,695	52,391	42,196

APPENDIX B

CACADU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES AS AT 30 JUNE 2009

CLASSIFICATION	COST							ACCUMULATED DEPRECIATION				CARRYING VALUE	BUDGET ADDITIONS 2009	
	OPENING BALANCE	REVALUATION	ADDITIONS	IMPAIRMENT	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	DEPRECIATION FOR THE YEAR	ELIMINATION OF ACC DEPR	DISPOSALS	CLOSING BALANCE			
<b>INFRASTRUCTURE</b>														
Electricity infrastructure	280,254	-	-	-	-	280,254	145,930	24,663			170,593		109,661	-
Land	162,893	-	-	-	-	162,893	80,469	15,746			96,215		66,678	-
Water	443,147	-	-	-	-	443,147	226,399	40,409			266,808		176,339	-
<b>COMMUNITY</b>														
Land	8,367,730	4,216,770	-	-	-	12,584,500	-	-			-		12,584,500	-
	8,367,730	4,216,770	-	-	-	12,584,500	-	-			-		12,584,500	-
<b>OTHER</b>														
Bins and containers	10,820	-	-	-	-	10,820	9,017	721			9,738		1,082	-
Buildings	24,780,204	(1,193,392)	-	(72,867)	-	23,586,812	1,042,881	25,020	(1,018,579)		49,322		23,537,490	300,000
Computer equipment	5,666,374	-	340,784	(72,867)	(1,806,914)	4,127,377	4,265,317	625,985		(1,722,874)	3,168,428		958,949	423,000
Furniture and fittings	1,424,745	-	152,962	(79,492)	(161,365)	1,336,850	366,109	131,895		(68,148)	429,856		906,994	344,500
Land	18,432,570	21,730,730	-	-	-	40,163,300	-	-			7,136,677		40,163,300	-
Motor vehicles	11,458,482	-	4,229,647	(112,802)	(2,113,482)	13,461,845	6,879,075	1,098,319		(840,717)	807,390		6,325,168	3,060,000
Office equipment	1,132,090	-	174,506	(16,368)	(106,884)	1,183,344	707,891	186,462		(86,963)	1,094,701		375,954	373,000
Specialised plant and equipment	1,835,097	-	177,947	(1,506)	(212,436)	1,799,102	1,054,205	217,861		(177,365)	266,912		704,401	2,100,000
Specialist vehicles	526,471	-	488,838	-	(4,000)	1,011,309	198,306	71,108		(2,502)	266,912		744,397	-
	65,266,853	20,537,338	5,564,684	(283,035)	(4,405,081)	86,680,759	14,522,801	2,357,371	(1,018,579)	(2,898,569)	12,963,024		73,717,735	6,600,500
<b>LEASED ASSETS</b>														
Specialised plant and equipment	296,707	-	46,051	-	-	342,758	211,404	57,658			269,062		73,696	-
	296,707	-	46,051	-	-	342,758	211,404	57,658			269,062		73,696	-
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES</b>	74,374,437	24,754,108	5,610,735	(283,035)	(4,405,081)	100,051,164	14,960,604	2,455,438	(1,018,579)	(2,898,569)	13,498,894		86,552,270	6,600,500
Add Back:														
Accumulated Depreciation *		1,018,579				1,018,579			1,018,579		1,018,579			
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES</b>	74,374,437	25,772,687	5,610,735	(283,035)	(4,405,081)	101,069,743	14,960,604	2,455,438	-	(2,898,569)	14,517,473		86,552,270	
<b>SUMMARISED:</b>														
INVESTMENT PROPERTY	3,583,000	9,996,500				13,579,500							13,579,500	
PPE	70,791,437	15,776,187	5,610,735	(283,035)	(4,405,081)	87,490,243	14,960,604	2,455,438	-	(2,898,569)	14,517,473		72,972,770	
	74,374,437	25,772,687	5,610,735	(283,035)	(4,405,081)	101,069,743	14,960,604	2,455,438	-	(2,898,569)	14,517,473		86,552,270	

\* Revaluation accounting entries were treated in accordance with GRAP 17, Para 45 (b), by eliminating the Accumulated Depreciation against the Gross Carrying Amount of the assets.

APPENDIX C  
 CACADU DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
 30 JUNE 2009

FUNCTIONAL AREA CLASSIFICATION	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE		
	OPENING BALANCE	REVALUATION	ADDITIONS	IMPAIRMENT	DISPOSALS	CLOSING BALANCE	DEPRECIATION FOR THE YEAR	ELIMINATION OF ACC DEPR		DISPOSALS	CLOSING BALANCE
Executive and Council	2,395,812	-	924,909	-	(503,723)	2,816,998	1,141,589	394,141	(277,216)	1,258,513	1,558,485
Finance and Administration	58,815,707	24,754,108	805,123	(283,035)	(1,967,859)	82,124,044	5,291,599	544,023	(1,923,399)	3,553,645	78,570,399
Planning and Development	2,354,506	-	148,918	-	(134,258)	2,369,166	1,142,047	344,636	(26,531)	1,460,152	909,014
Health	6,156,925	-	1,867,968	-	(524,954)	7,499,939	4,539,431	535,774	(241,918)	4,833,287	2,666,652
Housing	61,321	-	1,353	-	-	62,674	39,081	9,573	-	48,655	14,019
Public safety	3,867,324	-	1,862,463	-	(1,274,287)	4,455,500	1,761,862	562,652	(429,505)	1,895,009	2,560,491
Road Transport	266,003	-	-	-	-	266,003	156,553	19,845	-	176,398	89,606
Water	191,586	-	-	-	-	191,586	95,262	20,131	-	115,393	76,193
Electricity	265,254	-	-	-	-	265,254	133,179	24,663	-	157,842	107,412
Total	74,374,437	24,754,108	5,610,734	(283,035)	(4,405,081)	100,051,164	14,960,604	2,455,438	(2,898,569)	13,498,894	86,552,270
Accumulated Depreciation •	0	1,018,579.00	-	(283,035)	(4,405,081)	1,018,579	-	-	(2,898,569)	1,018,579	86,552,270
Total	74,374,437	25,772,687	5,610,734	(283,035)	(4,405,081)	101,069,743	14,960,604	2,455,438	-	14,517,473	13,579,500
Investment Property included in the totals :	3,583,000	9,996,500	-	-	-	-	-	-	-	-	13,579,500

• Revaluation accounting entries were treated in accordance with GRAP 17, Para 45 (b), by eliminating the Accumulated Depreciation against the Gross Carrying Amount of the assets.





**APPENDIX E(1)**  
**CACADU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED**  
**30 JUNE 2009**

REVENUE	Actual 2009	Budget 2009	Variance R	Variance %	Explanation of Significant Variances Greater than 10% versus Budget
Regional Services Levy- Turnover	-	240,000	240,000	100	RSC Levies abolished
Regional Services Levy- Remuneration	-	120,000	120,000	100	RSC Levies abolished
Rental	863,853	820,000	(43,853)	-5	n/a
Investment Interest	42,737,659	21,826,052	(20,911,607)	-49	Reserves and interest rates higher than expected during the year
Other Interest	223,693	111,000	(112,693)	-50	Interest in outstanding levy debt higher than expected
Income for agency services	27,193	28,000	807	3	n/a
Government grants and subsidies	196,173,123	217,150,152	20,977,029	11	Slow project expenditure
Tariffs and Charges	227,562	250,600	23,038	10	n/a
Property Rates	30,869	30,000	(869)	-3	n/a
FV Gain on Revaluation of Investment Property	9,996,500	-	(9,996,500)	-100	Not budgeted for as not expected
Other income	4,651,569	27,164,465	22,512,896	484	Contribution from a surplus not utilised and budgeted contributions from creditor funds not utilised
<b>Total Income</b>	<b>254,932,021</b>	<b>267,740,269</b>	<b>12,808,248</b>	<b>-5</b>	
<b>EXPENDITURE</b>					
Employee related costs	27,388,171	34,916,800	7,528,629	27	Vacant positions not filled
Remuneration of Councilors	4,472,291	4,553,299	81,008	2	n/a
Contribution to bad debt provision	1,555,518	1,232,710	(322,808)	-21	Higher than expected amount provided for RSC levies, not written off.
Bad debts written off	1,423,769	1,600,000	176,231	12	Lower than expected debts written off
Collection costs	119,130	100,000	(19,130)	-16	Linked to collection rate of RSC Levies
Depreciation	2,455,438	2,104,300	(351,138)	-14	Recalculation of depreciation based on revised useful live of assets
Impairment loss	285,035	-	(283,035)	-100	Budgeted as part of the depreciation charge.
Repairs and maintenance	1,033,339	2,894,200	1,860,861	180	Repairs to office buildings lower than expected
Finance cost	152,155	916,500	764,345	502	Finance charges on leased vehicles budget under General Exp - leases
Bulk Purchases	12,621	25,000	12,379	98	Less than expected water purchased (drought).
Contracted services	3,115,212	4,021,000	905,788	29	Savings
Conditional Grant expenditure	127,037,879	149,813,252	22,775,373	18	Slow expenditure on projects
Other Grants and Subsidies paid	9,168,194	9,629,900	461,706	5	n/a
General expenses-other	43,028,766	55,933,308	12,904,542	30	Savings in general expenditure and slow expenditure on self funded projects
Discounting of post retirement benefit obligation	5,472,548	-	(5,472,548)	-100	Unplanned cost. Not included in budget
Loss on disposal of property, plant and equipment	923,769	-	(923,769)	-100	Unplanned cost. Not included in budget
<b>Total Expenditure</b>	<b>227,641,835</b>	<b>267,740,269</b>	<b>40,098,434</b>	<b>18</b>	
<b>Portion of joint venture</b>	<b>(485,180)</b>		<b>485,180</b>		
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>26,805,006</b>		<b>(27,290,186)</b>		

**APPENDIX E(2)**  
**CACADU DISTRICT MUNICIPALITY: CAPITAL EXPENDITURE ACTUAL VERSUS BUDGET FOR THE YEAR ENDED**  
**30 JUNE 2009**

	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
<b>OTHER ASSETS</b>					
Buildings	-	300,000	300,000	100.00%	
Office Building	-	300,000	300,000	100.00%	Provision for cemeteries not utilised.
Computer equipment	340,784	423,000	82,216	24.13%	
Computer Hardware	340,784	423,000	82,216	24.13%	Computer equipment that was in good condition was not replaced during the year under review despite having been budgeted for.
Furniture and fittings	152,962	344,500	191,538	125.22%	
Office Machines	-	-	-	-	
Chairs	108,782	162,000	53,218	48.92%	Disaster Management received chairs donated by Provincial Government.
Tables/Desks	30,131	168,400	138,269	458.89%	Furniture and Fittings budgeted for by Disaster Management were donated by Provincial Government.
Miscellaneous	14,049	14,100	51	0.36%	A gate was installed for security purposes.
Motor vehicle	4,229,647	3,060,000	-1,169,647	-27.65%	
Motor Vehicles	4,229,647	3,060,000	-1,169,647	-27.65%	Three mobile clinics were obtained at a lower than estimated tender price. Primary health care vehicles purchased.
Office equipment	174,506	373,000	198,494	113.75%	
Office Machines	174,506	373,000	198,494	113.75%	Equipment for water testing and PA Systems was not required in the financial year.
Miscellaneous	-	-	-	-	
Specialised plant and equipment	223,998	2,100,000	1,876,002	837.51%	
Miscellaneous	223,998	2,100,000	1,876,002	837.51%	A generator for Standard Bank building was not purchased as well as a back-up generator for Disaster Management.
Specialised vehicles	488,838	900,000	411,162	84.11%	
Miscellaneous	488,838	900,000	411,162	84.11%	A water truck could not be delivered before the year end by the supplier.
<b>Grand Total</b>	<b>5,610,735</b>	<b>7,500,500</b>	<b>1,889,765</b>	<b>33.68%</b>	

CACADU DISTRICT MUNICIPALITY

APPENDIX F

CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2009

DESCRIPTION	UNSPENT BALANCE 30 June 2008	CONTRIBUTIONS/ ADJUSTMENTS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2009	CONDITIONS COMPLIED WITH
CAPACITY BUILDING FOR COUNCIL	184,341	-	-	-	126,941	-	-	57,400	Yes
GOAT FARMING AT IKHWEZI LM	231,109	-	-	-	-	-	(2,000,000)	2,231,109	Yes
LIBRARIES - MUNICIPALITIES	5,116,290	-	-	-	3,259,057	-	-	1,857,234	Yes
MAYOR'S SPECIAL PROJECTS	42,864	-	-	-	15,574	-	27,290	-	Yes
DISASTER MANAGEMENT	6,965,348	-	5,455,000	-	3,315,208	-	-	9,105,140	Yes
FINANCE MANAGEMENT GRANT	623,981	-	750,000	-	611,983	24,045	-	737,953	Yes
IDP - CACADU	271,814	-	-	-	271,814	-	-	-	Yes
MUNICIPAL SYSTEM IMPROVEMENT GRANT	1,510,233	-	735,000	-	1,484,312	148,131	-	612,791	Yes
IDP SUPPORT GRANT FOR LM'S AND DM'S	3,723,088	-	1,197,000	-	3,676,479	-	-	1,243,609	Yes
RESTRUCTURING GRANT	4,132,380	-	-	-	2,076,228	-	-	2,056,152	Yes
STEYTLERVILLE SPORT FIELD	320,157	-	-	-	23,548	-	-	296,609	Yes
AMBULANCE SUBSIDY	304,158	-	-	-	304,158	-	-	-	Yes
IDP/LDO	511,088	-	-	-	511,087	-	-	-	Yes
HOUSING PROJECTS	842,928	-	-	-	350,120	-	785,158	842,928	Yes
HONEYBUSH TEA	163,073	-	1,135,278	-	-	-	-	163,073	Yes
PEOPLES HOUSING PROJECT	9,312,973	-	-	1,080,487	309,216	-	(203,219)	10,287,463	Yes
RURAL ACCESS ROADS	100,000	-	-	-	99,162	-	900,000	838	Yes
TOURISM PLANS - DEAT	1,217,810	-	-	-	313,669	-	11,135	4,142	Yes
THORNHAM - WATER SUPPLY	11,135	-	-	-	-	-	-	-	Yes
MUNICIPAL GRANT LED	878,626	-	-	-	152,614	-	-	726,011	Yes
YOUTH CENTRE - SOMERSET EAST	271,541	-	-	-	-	-	-	271,541	Yes
IKWEZI - HARDWOOD FARM	230,092	-	-	-	-	-	-	230,092	Yes
NDLAMBE DISABILITY SPECIAL PROJECTS	45,830	-	-	-	41,501	-	-	4,329	Yes
PASSENGER TRANSPORT PLANS AND FACILITIES	2,446,049	-	-	-	656,551	-	-	1,789,498	Yes
ELECTION ELECTIONS	117,430	-	6,000	-	-	-	123,430	-	Yes
PILOT HOUSING PROJECT - ADDO	796,254	-	-	-	-	-	-	796,254	Yes
PILOT HOUSING PROJECT THORNHILL	29,414	-	-	-	-	-	29,414	-	Yes
DISTRICT WIDE PROJECTS - EX TRC	307,476	-	-	-	-	-	307,476	-	Yes
LAND SURVEY PROJECTS	742,451	-	-	-	401,850	-	-	340,601	Yes
SPATIAL PLANNING PROJECTS	350,560	-	-	-	90,000	-	-	260,560	Yes
MULTIANNNUAL ACTION PLANS - MAAP	3,710,678	-	-	-	336,621	-	-	3,374,056	Yes
MIG	4,550,731	-	5,891,000	-	6,275,486	-	-	4,166,245	Yes
PUBLIC WORKS PROJECTS	1,072,885	-	-	-	51,134	-	-	1,021,751	Yes
DISABILITY EMPOWERMENT PROGRAM	6,352	-	-	-	-	-	6,352	-	Yes
BUILDING FOR SPORT AND RECREATION	252,369	-	-	-	26,524	-	-	225,845	Yes
VALUATION PROJECTS	109,549	-	-	-	109,549	-	-	-	Yes
BLUE CRANE ROUTE: MUNICIPAL FINANCE IT	4,552	-	-	-	4,552	-	-	-	Yes
BLUE CRANE ROUTE: MUNICIPAL FINANCE AFS	38,564	-	-	-	38,564	-	-	-	Yes
BLUE CRANE ROUTE: MUNICIPAL FINANCE MENTOR	43,938	-	-	-	43,938	-	-	-	Yes
LED STRATEGY SIMME	801,869	-	-	-	192,270	-	-	609,599	Yes

CACADU DISTRICT MUNICIPALITY

APPENDIX F

CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2009

DESCRIPTION	UNSPENT BALANCE 30 June 2008	CONTRIBUTIONS/ADJUSTMENTS	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30 June 2009	CONDITIONS COMPLIED WITH
FLOOD DAMAGE ROADS	117,167,052	-	-	9,130,130	70,903,986	-	(965,680,000)	56,358,877	Yes
SRV - HAWKERS FACILITIES	227,139	-	-	-	226,385	-	-	754	Yes
KOUKAMMA - WOODLAND FLOWER PROJECT	564,749	-	-	-	-	-	-	564,749	Yes
CMTP - LAND AVAILABILITY AUDIT	89,210	-	-	-	-	-	89,210	-	Yes
RAIN HARVESTING	286,204	-	-	-	-	-	-	286,204	Yes
FREE BASIC STRATEGY - LM'S	1,000	-	-	-	1,000	-	-	-	Yes
LED FUNDING	2,999,845	-	3,200,000	-	270,430	-	2,000,000	3,929,414	Yes
LED INSTITUTIONAL CAPACITY SUP	434,387	-	-	-	-	-	434,387	-	Yes
MUNICIPAL ADMINISTRATION: WATER	467,572	-	-	-	467,571	-	-	-	Yes
MUNICIPAL ADMINISTRATION: DEVELOPMENT	500,000	-	-	-	-	-	-	500,000	Yes
MUNICIPAL ADMINISTRATION: HEALTH	280,000	-	-	-	-	-	-	280,000	Yes
MUNICIPAL PERFORMANCE MANAGEMENT	803,616	-	700,000	-	267,413	-	-	1,236,204	Yes
DBSA: CACADU CEMETERY MANAGEMENT	223,902	-	-	-	-	-	-	223,902	Yes
DROUGHT RELIEF	501,588	-	-	-	158,916	-	-	342,672	Yes
DWAF (SECTION 78(3))	1,400,000	-	-	-	1,022,741	-	-	377,259	Yes
DBSA: LAND AUDIT	-	-	435,138	-	-	-	-	435,138	Yes
CAPACITY DEV (KOUGA LED STRATE	-	-	450,000	-	-	-	-	450,000	Yes
CDM-STRATEGY DEV (REDTAPE REDU	-	-	418,000	-	157,456	-	-	260,544	Yes
GIS SUPPORT TO CDM BY DWAF	-	-	324,000	-	239,630	-	-	84,370	Yes
MIG:KOUKAMMA	-	-	88,502,000	-	5,681,615	-	-	82,820,385	Yes
TOURISM PLANS - DLG&TA	-	-	-	-	897,962	-	(900,000)	2,038	Yes
TOURISM PLANS - DBSA	-	-	547,533	-	240,480	-	-	307,052	Yes
<b>TOTAL</b>	<b>178,338,242</b>	<b>-</b>	<b>109,745,949</b>	<b>10,210,617</b>	<b>105,705,293</b>	<b>172,175</b>	<b>644,953</b>	<b>191,772,385</b>	

Deduct: Direct Transfers included above but do not form part of expenditure

- Ambulance (304,158)
- Free Basic Services (1,000)
- Primary health 24,546,156
- Transferred to Health (1,442,075)

128,504,216 note 21

- Add: Capital Expenditure 172,175
- Add: Housing projects 535,369
- Add: Sundries 112,632
- Total to Revenue 129,324,393**

CACABU DISTRICT MUNICIPALITY

APPENDIX F1

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2009

Name of Grant	Name of Origin of state	2008/2009 Quarterly Receipts			2008/2009 Quarterly Expenditure			2008/2009 Grants and Subsidies Delayed/withheld				Reason for delay/ withholding funds	Comply to DORA Y/N	Reason non Compliance		
		Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec				Mar	June
Free Basic Strategy	Provincial Government															
IDP - Cacabu	Provincial Government	1,200,000														
LED Funding	Provincial Government															
Municipal Administration: Water	Provincial Government															
Capacity Building for Councillors	Provincial Government															
Tourism Plans - DEAT	National Government															
Tourism Plans - DLG and TA	Provincial Government															
Tourism Plans - DLSA	Other			402,433	145,100											
Finance Management Grant	National Government	750,000														
DWAF Section 78(3)D	National Government															
Municipal System Improvement Grant	National Government	735,000														
Restructuring Grant	National Government															
Election Expenses	Provincial Government				6,000											
Multi Annual Action Plan - MAAP	National Government		1,850,000	1,888,000												
MIG	National Government				2,153,000											
MIG - Xpu Kamma	National Government				88,502,000											
Building for Sport and Recreation	National Government															
Flood Damaged Roads	National Government															
Rural Access Roads	Provincial Government															
Mayor's Special Projects	Provincial Government															
Goat Farming at Ikwezi	Provincial Government															
Drought Relief	Provincial Government															
Libraries - Municipalities	Provincial Government															
Disaster Management	Provincial Government															
Municipal Performance Management	Provincial Government	700,000														
IDP Support Grant for LMs and DIMs	Provincial Government	1,197,000														
Steylerville Sport Field	National Government															
Ambulance Subsidy	Provincial Government															
IDP/LDO	Provincial Government															
Inter-Governmental Relations	National Government	870	18,850	1,112,868	2,750											
Housing Projects	Provincial Government															
Honeybush Tea	Provincial Government															
People Housing Projects	Provincial Government															
Municipal Grant LED	Provincial Government															
Passenger Transport Plans and Facilities	Provincial Government															
Land Survey Projects	Provincial Government															
Spatial Planning Projects	Provincial Government															
Valuation Projects	Provincial Government															
LED Strategy SHME	Provincial Government															
Reddomb Disability Special Projects	Provincial Government															
Public Works Projects	Provincial Government															
Blue Crane Route Municipality - Finance IT	Provincial Government															
Blue Crane Route Municipality - Finance Mentor	Provincial Government															
Blue Crane Route Municipality - Finance AFS	Provincial Government															
SHV - Hawkers Facilities	Provincial Government															
Capacity Development (Koupa LED Strategy)	Provincial Government		450,000													
CDM-Strategy Development (Red Tape Rebut)	Provincial Government		418,000													
DLSA Land Audit	Other															
GIS Support to CDM by DWAF	National Government	435,138		240,000	84,000											
<b>Totals</b>		<b>7,018,008</b>	<b>2,736,850</b>	<b>3,643,241</b>	<b>96,347,850</b>	<b>15,032,122</b>	<b>28,827,739</b>	<b>26,337,913</b>	<b>45,090,679</b>	<b>115,288,453</b>	<b>2,000,000</b>	<b>-15,000,000</b>	<b>-21,654</b>	<b>-785,158</b>	<b>-900,000</b>	<b>-63,014</b>

109,745,949

Direct transfers not effecting Expenditure:

LED Funding Transfers  
 Restr Grant Transfer to Surplus  
 Inter-Gov Ref Transfer to Surplus  
 Housing Transfer to Debtors  
 Transferred to Tourism Plans DLG&TA  
 Strategy Free Basic Services - Surplus

Actual Expenditure

96,518,627

APPENDIX G  
SUMMARY OF INVESTMENTS HELD DURING THE 2008/09 FINANCIAL YEAR

FINANCIAL INSTITUTION	ACCOUNT NUMBER	AMOUNT	PERIOD MONTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2008/2009	BALANCE 30 JUNE 2009
STANDARD BANK	088430537114	15,000,000	8	10.95%	19-Nov-07	19-Jul-08	15,000,000	
FIRST RAND BANK	71176810285	8,000,000	4	11.21%	20-Mar-08	21-Jul-08	8,000,000	
FIRST RAND BANK	71173914121	10,000,000	5	11.12%	28-Feb-08	28-Jul-08	10,000,000	
STANDARD BANK	088430537109	8,000,000	12	10.35%	23-Aug-07	21-Aug-08	8,000,000	
NEDCOR BANK	7881501480000079	16,000,000	6	11.25%	26-Feb-08	26-Aug-08	16,000,000	
STANDARD BANK	088430537115	6,000,000	9	11.15%	04-Dec-07	04-Sep-08	6,000,000	
ABSA GROUP	2067420673	18,000,000	10	10.85%	19-Nov-07	19-Sep-08	18,000,000	
ABSA GROUP	2067724487	17,000,000	7	11.15%	26-Feb-08	26-Sep-08	17,000,000	
FIRST RAND BANK	71164484571	6,000,000	10	11.13%	04-Dec-07	04-Oct-08	6,000,000	
FIRST RAND BANK	71178318310	3,000,000	6	11.20%	04-Apr-08	04-Oct-08	3,000,000	
FIRST RAND BANK	71185358325	4,000,000	4	12.60%	06-Jun-08	06-Oct-08	4,000,000	
STANDARD BANK	088430537121	4,000,000	5	12.45%	06-Jun-08	06-Nov-08	4,000,000	
NEDCOR BANK	7881501480000083	27,000,000	5	12.58%	06-Jun-08	13-Nov-08	27,000,000	
NEDCOR BANK	7881501480000077	16,000,000	12	11.00%	19-Nov-07	17-Nov-08	16,000,000	
ABSA GROUP	2068061111	30,000,000	6	12.70%	06-Jun-08	08-Dec-08	30,000,000	
FIRST RAND BANK	71183446320	24,000,000	7	12.07%	21-May-08	22-Dec-08	24,000,000	
STANDARD BANK	088430537118	22,000,000	10	11.50%	19-Mar-08	19-Jan-09	22,000,000	
ABSA GROUP	2067799179	18,000,000	11	11.50%	25-Mar-08	19-Feb-09	18,000,000	
STANDARD BANK	088430537117	15,000,000	12	11.30%	26-Feb-08	24-Feb-09	15,000,000	
ABSA GROUP	2067841209	16,000,000	11	11.50%	03-Apr-08	03-Mar-09	16,000,000	
STANDARD BANK	088430537119	14,000,000	11	11.51%	03-Apr-08	03-Mar-09	14,000,000	
NEDCOR BANK	7881501480000080	10,000,000	12	11.56%	19-Mar-08	18-Mar-09	10,000,000	
NEDCOR BANK	7881501480000081	12,000,000	12	11.60%	03-Apr-08	02-Apr-09	12,000,000	
FIRST RAND BANK	71192212978	12,000,000	8	12.26%	04-Aug-08	03-Apr-09	12,000,000	
ABSA GROUP	2068588193	12,000,000	6	12.08%	23-Oct-08	23-Apr-09	12,000,000	
ABSA GROUP	2068006618	10,000,000	12	12.50%	21-May-08	20-May-09	10,000,000	
NEDCOR BANK	7881501480000082	11,000,000	12	12.55%	21-May-08	20-May-09	11,000,000	
STANDARD BANK	088430537120	18,000,000	12	12.55%	21-May-08	20-May-09	18,000,000	
FIRST RAND BANK	71187264132	17,000,000	11	12.83%	25-Jun-08	25-May-09	17,000,000	
FIRST RAND BANK	71198073663	3,000,000	8	11.88%	25-Sep-08	25-May-09	3,000,000	
ABSA GROUP	2068489113	6,000,000	8	11.85%	23-Sep-08	29-May-09	6,000,000	
NEDCOR BANK	7881501480000089	19,000,000	2	8.90%	03-Apr-09	03-Jun-09	19,000,000	
ABSA GROUP	2068958582	8,000,000	6	10.54%	23-Dec-08	23-Jun-09	8,000,000	
NEDCOR BANK	7881501480000085	14,000,000	9	11.90%	23-Sep-08	23-Jun-09	14,000,000	
NEDCOR BANK	7881501480000084	3,000,000	11	12.15%	04-Aug-08	30-Jun-09	3,000,000	
FIRST RAND BANK	71220880423	9,000,000	3	8.69%	02-Apr-09	02-Jul-09		9,000,000

APPENDIX G  
SUMMARY OF INVESTMENTS HELD DURING THE 2008/09 FINANCIAL YEAR

FINANCIAL INSTITUTION	ACCOUNT NUMBER	AMOUNT	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2008/2009	BALANCE 30 JUNE 2009
INVESTEC	DA867206	10,000,000	3	8.79%	02-Apr-09	02-Jul-09		10,000,000
STANDARD BANK	088430537123	17,000,000	10	11.84%	23-Sep-08	23-Jul-09		17,000,000
FIRST RAND BANK	71173914121	5,000,000	6	10.32%	27-Jan-09	27-Jul-09		5,000,000
STANDARD BANK	088430537125	5,000,000	6	10.25%	27-Jan-09	27-Jul-09		5,000,000
STANDARD BANK	088430537124	15,000,000	12	12.20%	05-Aug-08	03-Aug-09		15,000,000
ABSA GROUP	2068958451	10,000,000	8	10.05%	23-Dec-08	24-Aug-09		10,000,000
ABSA GROUP	2068909444	13,000,000	7	8.95%	11-Feb-09	11-Sep-09		13,000,000
FIRST RAND BANK	71214140271	12,000,000	7	8.90%	11-Feb-09	11-Sep-09		12,000,000
STANDARD BANK	088430537126	15,000,000	7	8.85%	11-Feb-09	11-Sep-09		15,000,000
FIRST RAND BANK	71201472603	13,000,000	11	12.21%	23-Oct-08	23-Sep-09		13,000,000
FIRST RAND BANK	71208232373	6,000,000	9	10.22%	23-Dec-08	23-Sep-09		6,000,000
INVESTEC	DA867207	10,000,000	6	8.30%	02-Apr-09	02-Oct-09		10,000,000
STANDARD BANK	088430537127	14,000,000	7	8.55%	04-Mar-09	04-Oct-09		14,000,000
INVESTEC	DA865649	4,000,000	7	8.66%	04-Mar-09	05-Oct-09		4,000,000
FIRST RAND BANK	71226405019	18,000,000	5	7.55%	25-May-09	26-Oct-09		18,000,000
ABSA GROUP	2069044619	13,000,000	7	8.00%	02-Apr-09	02-Nov-09		13,000,000
FIRST RAND BANK	71178318310	14,000,000	12	10.38%	25-Nov-08	24-Nov-09		14,000,000
NEDCOR BANK	7881501480000086	39,000,000	12	10.39%	25-Nov-08	24-Nov-09		39,000,000
FIRST RAND BANK	71230113666	5,000,000	5	7.60%	29-Jun-09	30-Nov-09		5,000,000
NEDCOR BANK	7881501480000092	32,000,000	5	7.60%	29-Jun-09	30-Nov-09		32,000,000
NEDCOR BANK	7881501480000090	10,000,000	8	8.05%	03-Apr-09	02-Dec-09		10,000,000
INVESTEC	DA865209	14,000,000	8	8.06%	03-Apr-09	03-Dec-09		14,000,000
ABSA GROUP	2068965618	19,000,000	10	8.25%	04-Mar-09	04-Jan-10		19,000,000
ABSA GROUP	2069044588	10,000,000	10	7.85%	02-Apr-09	02-Feb-10		10,000,000
ABSA GROUP	2069176036	8,000,000	10	7.55%	25-May-09	25-Mar-10		8,000,000
STANDARD BANK	088430537129	18,000,000	10	7.50%	25-May-09	25-Mar-10		18,000,000
STANDARD BANK	088430537128	25,000,000	12	8.00%	02-Apr-09	01-Apr-10		25,000,000
ABSA GROUP	2069276834	17,000,000	11	8.00%	29-Jun-09	28-May-10		17,000,000
STANDARD BANK	088430537130	6,000,000	12	8.00%	29-Jun-09	28-Jun-10		6,000,000
								406,000,000



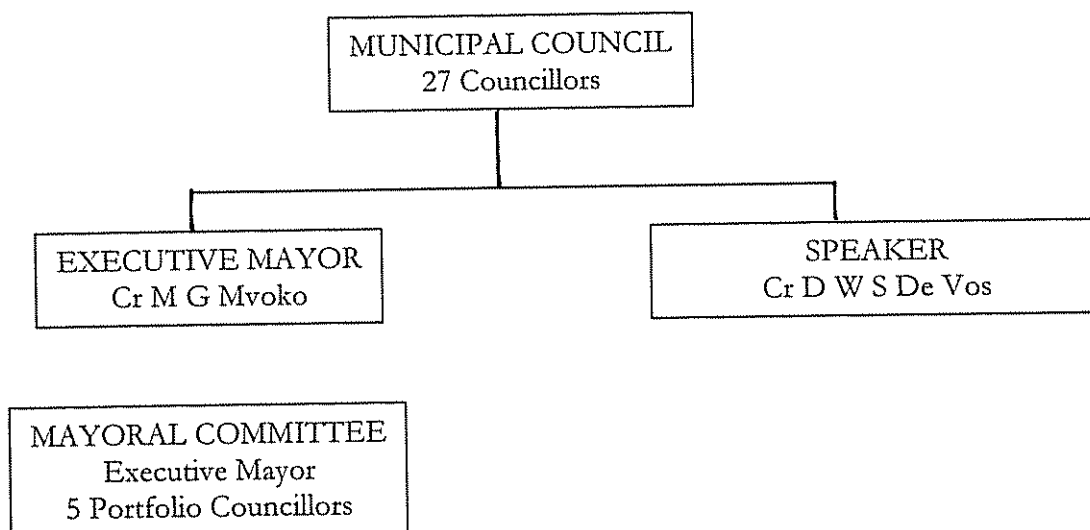


## CHAPTER 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION – (KPA 5)

### OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS

The function of Executive and Council within the Municipality is administered by the Office of the Executive Mayor and Municipal Manager.

All decisions are taken by the Council, the Executive Mayor in consultation with the Mayoral Committee, or senior officials in terms of authority delegated by legislation and/or the delegations of authority adopted by the Council on 1 December 2004, and revised on 28 November 2007.



### PORTFOLIO COUNCILLORS AND MEMBERS OF MAYORAL COMMITTEE

Economic Development	Cr P Kate
Infrastructure	Cr P Faxi
Corporate Services	Cr H Plaatjies
Finance	Cr N Pieters
Health Services	Cr K Kekana
Office of the Executive Mayor and Municipal Manager	Executive Mayor Cr M G Mvoko

### MEMBERS OF THE COUNCIL AS AT 30 JUNE 2009

Mr D J Bezuidenhout  
 Mr J Cawood  
 Mr D S W de Vos  
 Ms N V Faltein  
 Mr P P Faxi  
 Ms G Hawu  
 Mr H M Hendricks

Mr V S Jonas  
 Mr C Jones-Phillipson  
 Mrs K E Kekana  
 Mr Z A Lose  
 Mr V Lwana  
 Mr Z Mantla  
 Ms M Mateti  
 Mr K M Mbolekwa  
 Mr M G Mvoko  
 Mr J M Nel  
 Mr A L Nortje  
 Ms N N Pieters  
 Ms H L Plaatjies  
 Mr I Reid  
 Mr M S Swepu  
 Mr K M Tshume  
 Ms N Vanda  
 Mr M G Whisson  
 Mr O M Williams  
 Mr M Wogane

Five meetings of Council were held during the year under review.

The following committees have been established to deal with specific issues and make recommendations thereon to the Mayoral Committee, or the Council via the Mayoral Committee. The number of meetings of these committees held during the year under review are indicated below:

COMMITTEE/FORUM	NUMBER OF MEETINGS 2008/09
Mayoral Committee	12 + 2 special
Audit/Performance Audit Committee	4
Bid Committees	14
Cacadu District Mayors' Forum (IGF)	5
Municipal Managers Forum	4
Cacadu District Health Council	3
Local Labour Forum	9
District Aids Council	4
DMA Committee	4
District Wide Infrastructure Forum	4
Chief Financial Officers Forum	1
Heritage Advisory Committee	Nil
Budget Committee	1
Oversight Committee	1
Disaster Management Advisory Forum	4
District Communicators Forum	Nil
Health Standing Committee (Pilot)	2
Infrastructure Standing Committee (Pilot)	2

### Strategic objectives

- Improve municipal governance
- Create closer linkages with constituency
- Promote effective and transparent communication

### Key issues for 2008/2009

- A Batho Pele forum was established for the CDM in July 2008 and LMs were encouraged to also establish such forums
- Outreach to remaining communities in the DMA undertaken by Mayoral Committee members in August 2008 to interact with residents.
- Councillors continued with CMPD course in municipal finance
- Relevant functionaries appointed to meet with the counterparts in Nelson Mandela Bay Metro to implement agreed upon areas of mutual support and co-operation in terms of partnership agreement
- A Facilitation Task Team was established to deal with matters concerning the incorporation of DMA areas into nearest municipalities
- Decision taken to pilot two standing Committees – Health Committee and Infrastructure Committee - to be reviewed after six months
- Cape Winelands District Municipality officials visited the CDM for further discussions on implementation of partnership agreement
- Financial support to Kou-Kamma Municipality to assist them deal with problems experienced by them in terms of governance and service delivery
- Adopted CDM Performance Management System guiding policy
- Initiated a programme in terms of which a public viewing of the State of the Nation Address was arranged for communities in Rietbron in the DMA. This programme will continue and the public viewing arrangements will alternate between the nine local municipalities each year.

### **PUBLIC PARTICIPATION AND CONSULTATION**

The Cacadu District Municipality has direct interaction with communities in the District Management Area. For the purpose of formalizing such interaction, a District Management Area (DMA) Committee was established in 2004 and has held regular meetings since then. The Committee is comprised of representatives from each of the settlements in the DMA as well as the District Councillor for the DMA and meetings are chaired by the Speaker of Council. The system works well and provides regular opportunities to hear from and respond to the needs of the communities raised by their community representatives.

In addition to the above, a number of imbizos took place during the year under review in the DMA which were open to all community members. These included:

- An address by the Executive Mayor, Speaker of council and the DMA councillor to the Rietbron community in regard to the decision taken by Council to write off amounts owing by the community for services, rates, interest, housing and sundry other debts. The community was advised of the requirement to complete a service agreement as required by the relevant by-law and policy of Council. Indigents who qualify for Free Basic Services were urged to register for these services.
- An outreach to communities of Rietbron, Vondeling and Miller on 25 February 2009

- An outreach to communities of Wolwefontein, Kleinpoort and Glenconnor on 27 February 2009.

Problems raised by communities included:

- Allocation of RDP houses in Rietbron to wrong beneficiaries and slow pace of transfers and issue of title deeds
- Provision of a clinic facility at Wolwefontein
- Payment of rentals to Transnet i.r.o. station houses
- Lack of maintenance by Transnet of infrastructure
- Slow pace of transfer of Transnet houses
- Slow pace of establishing formal cemeteries

All problems raised were referred to the DMA Committee for further attention and recommendation to the relevant structures of Council.

The Municipality also supported the SONA initiative by erecting a big screen at Rietbron in order for the communities to witness the State of the Nation Address.

### Good Governance (Customer Satisfaction) Survey

The Good Governance Survey was conducted in 2007/8 financial year. The survey focused on the following:

- ❖ Local Government Decision Making
- ❖ Public Participation and Consultation
- ❖ Transparency
- ❖ Disclosure
- ❖ Corruption
- ❖ Service Delivery
- ❖ Systems and Structures

### Outcomes of the survey

Upon completion of the survey the following outcomes were identified:

- ❖ Council meetings are held to make decisions.
- ❖ With regards to public participation and consultation 8 of the 9 local municipalities with the exception of Bavianaans were encouraged to improve participation and the manner of publicizing the dates of council meetings in order to improve the community's attendance of council meetings.
- ❖ With regards to transparency all 9 local municipalities scored very low, their communities felt that municipalities are not keeping them informed on matters or make the information available in a format that is too technical for them to understand.
- ❖ They had no knowledge of whether there was a system for their councillors and officials to disclose their private business interests.
- ❖ The communities felt that corruption in the form of nepotism was rife
- ❖ Community members rated services, see table below:

<u>MUNICIPALITY</u>	<u>HIGH RATED SERVICES</u>	<u>LOW RATED SERVICES</u>
Baviaans	<ul style="list-style-type: none"> <li>❖ Water</li> <li>❖ Electricity</li> <li>❖ Water quality</li> </ul>	<ul style="list-style-type: none"> <li>❖ Recreational facilities</li> <li>❖ Roads</li> <li>❖ Traffic management</li> </ul>
Blue Crane Route	<ul style="list-style-type: none"> <li>❖ Water</li> <li>❖ Electricity</li> <li>❖ Water quality</li> </ul>	<ul style="list-style-type: none"> <li>❖ Electricity</li> <li>❖ Roads</li> <li>❖ Overall cleanliness of the town</li> </ul>
Camdeboo	<ul style="list-style-type: none"> <li>❖ Water</li> <li>❖ Electricity</li> <li>❖ Cleanliness of the town</li> </ul>	<ul style="list-style-type: none"> <li>❖ Recreational facilities</li> <li>❖ Roads</li> </ul>
Ikwezi	<ul style="list-style-type: none"> <li>❖ Electricity</li> <li>❖ Primary Healthcare Services</li> </ul>	<ul style="list-style-type: none"> <li>❖ Overall Cleanliness of towns</li> <li>❖ Traffic management</li> <li>❖ Roads</li> <li>❖ Recreational facilities</li> <li>❖ Provision of fire services</li> </ul>
Kouga	<ul style="list-style-type: none"> <li>❖ Electricity</li> <li>❖ Overall cleanliness of the town (Jeff)</li> <li>❖ Traffic management</li> <li>❖ Disaster management (including fire)</li> </ul>	<ul style="list-style-type: none"> <li>❖ Recreational facilities</li> <li>❖ Roads</li> <li>❖ Provision of water</li> <li>❖ Provision of Primary Health Care</li> </ul>
Koukamma	<ul style="list-style-type: none"> <li>❖</li> </ul>	<ul style="list-style-type: none"> <li>❖ Provision of Water</li> <li>❖ Quality of water</li> <li>❖ Sanitation</li> <li>❖ Refuse removal</li> <li>❖ Roads</li> <li>❖ Overall cleanliness of the town</li> <li>❖ Recreational facilities</li> </ul>
Makana	<ul style="list-style-type: none"> <li>❖ Provisions of fire services</li> <li>❖ Traffic management</li> <li>❖ Provision of water</li> <li>❖ Quality of water</li> <li>❖ Sanitation</li> <li>❖ Provision of Primary Health Services</li> </ul>	<ul style="list-style-type: none"> <li>❖ Housing</li> <li>❖ Roads</li> <li>❖ Policing</li> <li>❖ Overall cleanliness of the towns</li> </ul>
Ndlambe	<ul style="list-style-type: none"> <li>❖ Electricity</li> <li>❖ Policing</li> <li>❖ Refuse removal</li> </ul>	<ul style="list-style-type: none"> <li>❖ Recreational facilities</li> <li>❖ Quality of water</li> <li>❖ Roads</li> <li>❖ Housing</li> </ul>
Sundays River Valley	<ul style="list-style-type: none"> <li>❖ Water</li> </ul>	<ul style="list-style-type: none"> <li>❖ Roads</li> <li>❖ Recreational facilities</li> </ul>

## WARD COMMITTEES ESTABLISHMENT AND FUNCTIONALITY

The District Municipality does not have wards. However, as part of its capacity building mandate, it assists local municipalities with the establishment and functionality of the wards in their respective areas.

Out of the nine local municipalities, only seven have ward committees – Baviaans and Ikwezi do not have wards but make use of alternative public participation structures. The number of wards per local municipality is as follows:

LOCAL MUNICIPALITY	NUMBER OF WARDS
Blue Crane Route	5
Camdeboo	6
Kouga	10
Koukamma	5
Makana	12
Ndlambe	9
Sundays River Valley	7

The functionality of the ward committees and any other public participation structure that exists in the district is measured against 4 KPAs/milestones/activities, namely:

- ✓ Were they elected in a fair and transparent process
- ✓ Have they been inducted
- ✓ Were they trained on roles and responsibilities
- ✓ Are they participating in matters of the LM

Details of the functionality of the local municipalities ward committees will be included in the annual reports of the respective local municipalities.

## COMMUNITY DEVELOPMENT WORKERS PERFORMANCE AND MONITORING

There are 54 Community Development Workers operating in the Cacadu District. The distribution is as follows:

<u>LOCAL MUNICIPALITY</u>	<u>NO OF WARDS</u>	<u>NO OF CDW'S</u>	<u>COMMENTS</u>
Blue Crane Route	5	5	All areas are serviced
Camdeboo	6	6	All areas are serviced
Kouga	10	9	Ward 3 (Jeffreys bay) does not have a CDW, therefore 1 CDW required
Koukamma	5	3	Ward 2&3 (Joubertina and Karreedouw do not have CDW's, therefore 2 CDW required
Makana	12	11	Ward 1, 2&6 (Seven Fountains, Extension 6&7 and Extension 4,5 and 6). Therefore 3 CDWs required
Ndlambe	9	8	Ward 12 (Alex – Wintzel park) does not have a CDW, therefore 1 CDW is required
Sundays River Valley	7	5	Ward 3 & 5 (Addo and Valencia) do not have CDW's, therefore 2 CDWs still required

Ikwezi and Baviaans Local Municipalities do not have wards so the distribution of community development workers was not done per ward but per settlement. Each has the following settlements:

<u>MUNICIPALITY</u>	<u>SETTLEMENTS</u>	<u>NO OF CDW'S</u>	<u>COMMENT</u>
Baviaans	<ul style="list-style-type: none"> <li>• Steytlerville</li> <li>• Willowmore</li> <li>• Baviaans Kloof</li> </ul>	1 1 1	All areas are serviced
Ikwezi	<ul style="list-style-type: none"> <li>• Kliplaat</li> <li>• Waterford</li> <li>• Jansenville</li> <li>• Surrounding farms</li> </ul>	1 1 1 0	4 CDW are required in order to service the surrounding farms.
District Management Area	<ul style="list-style-type: none"> <li>• Glenconner</li> <li>• Wolwefontein</li> <li>• Kleinport</li> <li>• Miller</li> <li>• Vondeling</li> <li>• Rietbron</li> </ul>	1	5 CDWs are required in order to service the entire DMA

As CDWs report to Province, their reports are not available to the District or Local Municipalities.



**COMMUNICATION STRATEGY**

The Cacadu District Communication strategy was adopted by Council on 28 May 2008.

The various components of the Communication function have been decentralized in the organization and responsibilities have been assigned as detailed below:

	<b>Responsibility</b>
<b>Media Relations</b> Routine media statements for the Municipality / Media Statements, Opinion Pieces & Articles Media Relations and Liaison (Council meeting, Agendas, Media Briefings) Work closely with Admin Officer in Speaker's Office	MM's office Public Relations Officer Public Relations Officer
<b>Communications Research</b> Content Development and Management Media Monitoring and Communication Environmental Analysis  Speech Writing Website Content Management  Branding and Corporate ID Key messages for Campaigns and Projects	MM's Office Senior Admin Officer, Office of the Executive Mayor PRO Senior Admin Officer, Office of the Executive Mayor MM's Office Senior Admin Officer – Speaker's Office
<b>Corporate Communications &amp; Marketing</b> Internal and External Communications (Newspaper) Marketing (Institution and its Services) Events Management Convening the District Communications Forum and Support to Local Municipalities Intranet (Internal Mail)	Public Relations Officer Public Relations Officer Public Relations Officer Public Relations Officer  Public Relations Officer
<b>Outreach and Community Liaison</b> Inter Governmental Relations  Outreach Programmes Community Liaison Izimbizo Stakeholder's Liaison and Mobilization Local Government Communication	Senior Admin Officer, Office of the Executive Mayor Senior Admin Officer Speaker's Office Senior Admin Officer Speaker's Office Senior Admin Officer Speaker's Office Senior Admin Officer Speaker's Office Senior Admin Officer Speaker's Office

## INTERGOVERNMENTAL RELATIONS

Cacadu District Municipality adopted its IGR policy in 2005 and has implemented it on an ongoing basis since then. The meetings of the IGR Forums are reported on under "Overview of the Executive and Council functions" above.

The Municipality has partnership agreements with two municipalities in South Africa, namely the Nelson Mandela Bay Metropolitan Municipality and the Cape Winelands District Municipality. In 2008/2009 it commenced exploration of a possible partnership agreement with Jincheng City in China, but this has not yet been finalized.

## LEGAL MATTERS

### 1. Setting up of Legal Units

Cacadu District Municipality has employed a legal officer who is responsible for litigation, ensure compliance with all relevant Acts and Regulations, provide legal opinions in legal actions levelled against the Municipality, give advise on labour matters, assist in investigations relating to disciplinary hearings, prepare legal documents such as lease agreements, contract etc, provide legal support to local municipalities and attend to all legal matters of the municipality. There are however complex legal issues that are dealt with by external legal service providers. The names of the firms which were used during the period under review are, Rushmere & Noach Attorneys, Boqwana Loon & Connellan Inc, Goldberg & De Villiers Inc.

### 2. Management of litigation

- a. Favourable cases - Nil
- b. Unfavourable cases - Nil

There are cases pending that have not been finalized, which have been set down for hearing in court sometime in 2010 as detailed hereunder:

Case name	Nature of the case	Date of commencement	Reasons for extensive duration
CDM v Raj Maharaj & Associates	Claim for damages as a result of poor workmanship	November 2004	Negotiations to settle the matter amicably
Baird v CDM	Claim for damages for the repudiation of disability claim.		
DI Valentine v CDM	Claim for transfer of property to Plaintiff's name	8 June 2009	N/A
Transnet v CDM	Claim of damages as a result of a collision	15 October 2009	N/A

### 3. Default judgements - Nil

4. **Prevention mechanisms of current litigations**

The CDM Risk Management Strategy incorporates the assessment of legal risk and the strategies that can be put in place as prevention mechanisms such risk as identified.

5. **Criminal matters emanating from corruption and fraud - Nil**

6. **Management of Legal Risks**

There is no specific policy dealing with management of legal risk, this is dealt with in the Municipality's Risk Management Strategy.

## PART 3

### FUNCTIONAL AREAS REPORTING AND ANNEXURES

#### NOTE:

Functional Areas Service Delivery reports are included only for those areas which have not already been comprehensively covered in Part 2 of this report.

**FUNCTION : FINANCE AND CORPORATE SERVICES**  
**SUB-FUNCTION: FINANCE (Budget and Treasury Office)**

#### Overview

This includes all activities relating to the finance function of the municipality, including revenue collection.

#### Description of Activity

The function of finance within the municipality is administered by the Budget and Treasury Office of the Department: Finance and Corporate Services, and includes:

- provision of relevant, accurate and reliable financial information to all users including councillors, managers and stakeholders to facilitate informed decision making
- provision, maintenance and implementation of sound financial policy, controls and systems
- ongoing introduction of budgetary and accounting reforms
- production of annual budget and annual financial statements
- internal audit and risk management
- the maintenance of an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds. All monies owed to suppliers and service providers are paid within 30 days of receiving the relevant invoice or statement unless there are special arrangements
- provision of financial advice to the Mayoral Committee, Council and Departments
- administration of the investment and insurance portfolios of the municipality
- management of conditional grants
- asset and liability management
- revenue collection and cash flow management
- capacity building by way of training interns, councillors and officials.

#### Strategic Objectives

- ensure long-term financial sustainability
- ensure full compliance with all accounting statutory and legal requirements including implementation of the MFMA
- implement revenue generating strategies and lobby for additional equitable share of National Revenue

- recover outstanding monies owed by the Provincial Government in respect of health subsidies and long term liabilities
- provide support to nine local municipalities

#### Key Issues for 2008/2009

- Produced Operating and Capital budget in the prescribed format and within the specified guidelines;
- Produced GAMAP / GRAP and other relevant accounting standards compliant Financial Statements;
- Compliance with Supply Chain Management regulations, policy and systems;
- Improvement of financial system with regards to
  - infrastructure projects;
  - new budget formats;
  - Rates
  - Supply Chain Management
- Compliance to MFMA reporting requirements; and

#### Analysis of Function

An analysis of the function is contained in the Annual Financial Statements which appear on pages 39 to 111.

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**FUNCTION : FINANCE AND CORPORATE SERVICES SUB-FUNCTION: HUMAN RESOURCES**

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**Overview**

Includes all activities relating to the Human Resource Management function including recruitment, selection, induction, people management, and payroll administration.

**Description of Activity**

Human Resource Management is a specialized function which provides support services for other managers in the institution to enable them to make optimal use of their personnel, and includes the following:

1. Developing HR Policies and Procedures

2. Recruitment and Selection –

The recruitment, including overseeing the preparation of job descriptions, advertising, interviewing and appointment of personnel

3. Induction of new officials

4. Skills Development Facilitation

5. Employer/Employee Relations

6. Employment Equity

**Strategic Objectives**

- Maintenance and review of personnel policies
- Effective functioning of the Local Labour Forum and maintenance of labour peace
- Employment equity and skills development.
- Human resource planning
- Organizational development
- Provide support to Local Municipalities

**Key Issues for 2008/2009**

- Adoption and implementation of Workplace Skills Plan for 2008/2009
- Monitor implementation of Employment Equity Plan
- Training programmes conducted for employees and councillors of district and local municipalities in the following skills –
  - Coaches & Mentors – LGSETA
  - Legal and Industrial Relations
  - Development of EE and WSP – LGSETA
  - Contract Management – National Treasury

- Records Management – DSRAC, EC
- Computer Training – Addskills & Eagle Computers
- Complex Procurement & Vendor Management – Lisho Events Management Forum
- Certificate Programme in Municipal Development (CPMD)
- Municipal Management Skills (SALGA)
- Review of Institutional arrangements

### Analysis of Function

Number and cost of all municipal staff employed:	Number	Total Cost 2008/2009 <u>R</u>
- Top Management (Councillors, Section 57)	32	6 853 985.25
- Senior management	2	986 845.44
- Professionals	15	5 621 729.43
- Skills Technical and Academically qualified	60	9 459 368.39
- Semi-Skilled	83	12 238 940.16
- Unskilled	81	4 862 503.91
	<hr/> 273	<hr/> 40 023 372.58

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**FUNCTION : FINANCE AND CORPORATE SERVICES**  
**SUB-FUNCTION: INFORMATION TECHNOLOGY**

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**Overview**

Includes all activities relating to the provision, maintenance and protection of all relevant Information Technology systems including a web site and maintaining and protecting the integrity of the corporate data required by officials of CDM.

**Description of Activity**

The function is administered as follows:

The CDM's information systems and hardware is owned by the municipality and the support is provided by external service providers.

The Municipality's website is maintained by an external service provider under the guidance of a committee of senior officials appointed to monitor content and accuracy of input and ensure that the website is constantly updated.

While most ICT staff fall under the Finance and Corporate Services Department, some specialist information systems, such as GIS, are maintained by personnel in other departments.

The IT function includes:

- APPx Financial System application development as required
- User training and Telephonic Support
- All necessary data file updates
- All necessary APPx software upgrades
- All system and user documentation as required
- Backup function: System and data backups on a daily, monthly and annual basis
- Data Capture: All data as required for transaction processing and month end functions
- Reporting duties: Printing of all required accounts and necessary reports
- Batch runs: Process and run the daily, weekly and monthly batches
- Internet and E-mail administration and support
- PC and Network administration support

**Strategic Objectives**

Ensure that the CDM can maintain accurate and reliable accounting records through systems development and accurate processing.

**Key Issues for 2008/2009**

- Assisting in setting up Connect with Cacadu
- Currently the accounting system allows for 2 prior years. This is being changed to 3 prior years to be effective from 1 July 2009. Many file structures have had to change and each and every program checked to ensure it will cater for the extra old year and where necessary changes made and tested. This process will also have an impact on



the ageing process which takes place on 30 June so these programs will have to be changed for future ageing and special ageing programs are being written for this year only

- Skills Development module was written and the skill development officer trained.
- A program has been written to convert employees pay slips to PDF and to email them to all those who have email addresses. Those without email addresses still receive printed pay slips.
- Programs have been written to input and maintain a link between Infrastructure's projects, which are maintained on their own system, and the votes on the financial system. Using this link any transactions taking place on the relevant votes are extracted automatically after each Cheque run and transferred to the Infrastructure project system.
- New National Treasury reports and data extracts are in the process of being developed.
- A new rates system has been written and is nearing completion.
- A training manual has been written and training sessions given for the input and maintenance of requisitions.
- A training manual for vote, creditor and Cheque inquiries and reports have been written.

### Analysis of Function

Number and cost of all personnel associated with the Information Technology function:

	Total cost
	R
Permanent Staff – System Administration (1)	206 819
Outsourced – Program maintenance and data capture (3)	820 941

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**FUNCTION : FINANCE AND CORPORATE SERVICES**  
**SUB-FUNCTION: OTHER ADMIN (SUPPORT SERVICES)**

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**Overview**

Includes all activities relating to supporting the organisation, including providing Secretarial Services and Auxiliary Services to Council and Committees, Archives and Central Registry, Legal Services and Property Management

**Description of Activity**

The support services are administered by the Corporate Services Division of the Department : Finance and Corporate Services, and include the following:

1. Secretarial/Auxiliary Services

The Secretariat provides secretarial and administrative support services to the Council, Mayoral Committee, and other committees established for specific purposes (see list under Function: Executive and Council). These services include meeting arrangements, printing and distribution of agendas, keeping of minutes of all meetings and ensuring that resolutions are executed.

2. Archives and Central Registry

The Central Registry and Archives office is responsible for receiving, tracking, filing and retrieving all documents addressed to and leaving the offices of the CDM.

3. Legal Services/Property Management

This includes:

- Contract administration
- Dealing with legal proceedings instituted by/against the Municipality
- Dealing with all matters relating to Municipal-owned property including acquisition/alienation, leases, valuations
- Security and Cleaning Services

**Strategic Objectives**

To provide cost effective administrative support services to the Council and its committees and departments.

**Key issues for 2008/2009**

- The Council held regular meetings during the year under review
- Progress was made towards finalizing all outstanding litigation issues

- Ongoing efforts were made to speed up the transfer of Transnet properties to ensure that the full spectrum of municipal services can be provided to the communities residing thereon with the ultimate goal of transferring ownership of the properties to the occupants.

### Analysis of Function

Number and cost of personnel associated with the "Other Corporate Services" function:

Secretariat	3
Auxiliary Services	10
Legal and Property Management	1
<b>TOTAL COST</b>	<b>R3 342 939</b>

Details of the operation of the municipality's tender committee:

Number of times met:	15
Total number of tenders considered:	28
Total number of tenders approved:	28
Total number of tenders rejected:	None
Backlog of tenders to be approved:	None

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**FUNCTION: FINANCE AND CORPORATE SERVICES**  
**SUB-FUNCTION: OTHER ADMIN (PUBLIC RELATIONS)**

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### Overview

Includes all activities related to communication, marketing, publicity and media co-ordination for the Municipality and the district (geographical area).

### Description of Activity

This function within the Municipality is administered by the Office of the Municipal Manager and includes:

- Promoting the Municipality by providing sufficient information to the public and staff about Municipal issues
- Planning and co-ordinating arrangements for municipal events such as Imbizos, community meetings, project launches and handovers
- Promoting and managing the Municipality's corporate identity and public image
- Formulating and maintaining the Municipality's Communication and Media Policy and Strategy
- Stakeholder Management
- Preparing speeches for the Mayor and Speaker to present at Council meetings and other events

### Strategic objectives:

- Build good relationships between the Municipality and identified target publics (internal as well as external)
- Communicate sufficient information regarding the CDM's services, policies, procedures, goals and activities, and facilitate public understanding thereof
- Promote and manage the CDM's image and reputation

### Key issues for 2008 – 2009

- The annual report for 2007/2008 was adopted by Council on 30 January 2007
- Development of District Communication plan
- Continued publication of two issues of *Cacadu News*, the official District external newspaper Ongoing communication and media support to council meetings
- Media management of key municipal issues
- Branding and media support to district events
- Media Campaigns for municipal programmes such as Connect with Cacadu.

### Analysis of function

Number and cost of personnel associated with the Public Relations function:

1 Public Relations Officer      Cost: R227 644

### Grants and subsidies received:

None

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**FUNCTION: PLANNING AND DEVELOPMENT**  
**SUB-FUNCTION: DISTRICT WIDE STRATEGIC PLANNING**

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### Overview

Includes all activities relating to formulation, monitoring of implementation, evaluation and review of strategic plans for the whole district.

### Description of the Activity

The function of **integrated development planning** is administered by the Department: Infrastructure Services and Planning.

The main activity is to formulate a **five year strategic plan**, monitor and support those implementing the plan, and review the plan annually, in terms of Chapter 5 of the Municipal Systems Act 32 of 2000 (including notice R796 regulations) and in terms of the Municipal Finance Management Act 56 of 2003

### Strategic objectives:

- Integrated development planning for the district as a whole, including a framework for integrated development plans of all category B municipalities. This includes the development and / or review of the following:
  - The Spatial Development Framework. (SDF)
  - Updated socio-economic profiles.
  - Waste management assessment.
  - Areas Based Plan / Land Availability Audit.
- To become an established and effective integrated development planning authority in the Cacadu District through:
  - Facilitating the District's service delivery through infrastructure and services that are planned, delivered, upgraded or managed in such a way that support the District's vision and priorities.
  - Facilitating the prioritization of infrastructure projects and programmes that support the District's vision and priorities.
- Co-ordination and support to the planning function of local municipalities

### Key issues for 2008/2009

- The timely review of the District Municipality's Integrated Development Plan for 2009/2010, which included the following key activities:
  - Development of a district-wide IDP Review Framework Plan that was adopted by all category B municipalities and used to develop Process Plans for IDP review.
  - Compilation of an IDP & Budget Schedule in conjunction with the Finance Unit, in line with the MFMA.

- Development of capacity within CDM departments through using CDM resources as opposed to engaging external service providers
  - Fulfilling horizontal alignment between municipalities and vertical alignment requirements
  - Analysis of development priorities
  - Review and, where required, amendment of strategies, objectives and projects
  - Review of sector plans and operational strategies
  - Development of new plans in areas where plans were not in place
  - Aligning and integrating programmes and plans to the PGDP of the Eastern Cape government
  - Strengthening and improving public participation
  - Preparation of IDP review document and submission thereof to Council for approval
- The IDP was reviewed without assistance from external service providers. This resulted in increased staff participation and increased strategic planning capacity within the CDM. This has also brought about considerable savings.
  - Undertaking Community Based Planning (CBP) within the Sundays River Valley Local Municipality which strengthened public participation within the Blue Crane Route Local Municipality along with strengthening the Sundays River Valley Local Municipality's IDP review process.
  - Completion of the Area Based Plan / Land Availability Audit for the Cacadu District.
  - Development of Electronic land use management system to assist Local Municipalities in performing their land use management function along with a signed SLA with Baviaans LM in which the CDM performs the land use management function on behalf of the Baviaans LM.
  - Partnership with the Nelson Mandela Metropolitan University in undertaking an urban design competition for Da Gama Road in Jeffreys Bay.

### Analysis of Function:

IDP support to the nine category B municipalities is delivered using the following 'vehicles':

- The District Framework Plan that serves as a guide on critical steps in planning and timeframes.
- Funds received from the provincial Department of Housing, Local Government and Traditional Affairs. This funding is disbursed to municipalities to cover the costs of the integrated development planning process and was allocated as follows:

Local Municipality	Allocation
Baviaans	R 110,000.00
Blue Crane	R 158,166.66
Camdeboo	R 57,000.00
Ikwezi	R 158,166.67
Kouga	R 158,166.67
Koukamma	R 158,166.67
Makana	R 81,000.00
Ndlambe	R 158,166.67
SRV	R 158,166.66
<b>Total IDP Review Costs</b>	<b>R 1,197,000.00</b>

**Number personnel associated with the Planning function:**

1x HOD: Planning  
 2x Development Planners  
 1x Infrastructure Planner  
 1x Engineer : Water and Sanitation

**Type and number of grants and subsidies received:**

R 1 197 000.00 from Department of Housing, Local Government and Traditional Affairs.

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**FUNCTION: PLANNING AND DEVELOPMENT**  
**SUB-FUNCTION: ECONOMIC DEVELOPMENT**

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### Overview

Includes all activities associated with economic development initiatives

### Description of activity

The function of economic planning / development within the municipality is administered by the Department : Economic Development and includes:

- strategic planning
- providing support to local municipalities in their LED initiatives
- providing infrastructure for some LED projects in local municipalities.
- Tourism development and Marketing
- Investment promotion

### Strategic objectives:

- sustainable socio-economic development in the District
- sustainable employment creation in the District
- create key economic empowerment mechanism

### Key issues for 2008/2009:

- Selected as a pilot by the Development Bank of Southern Africa (DBSA) for a multimillion LED initiative to be implemented in 2009/10.
- Secured Strategic partners with National Wool Growers Association (NWGA) and Khulasizwe Trust for sheep shearing and ostrich farming, respectively. The main areas will be mentoring and technical support to co-ops in the DMA
- Continued to provide support to Thina Sinakho and establishment of the District Support Team that is meant to facilitate and support LED across the district.
- Developed the District SMME Development strategy to be implemented in the 2009/10 financial year
- Set up institutional arrangements to support the development and implementation of the Natural Fibre Innovation Hub:
  - District Steering Committee;
  - Pineapple Fibre Beneficiation Working Group;
  - Agave Americana Working Group;
  - Wool and Mohair Working Group .
- Served as a member of the Provincial 2010 Coordinating Forum. Hosted jointly with Makana Local Municipality a trial run of a Public Viewing Area in Grahamstown during the CONFED cup 2009.
- Participated and represented the District in the Provincial Steering Committee of Thina Sinakho and SURUDEC



- Served on the Agri-Forum established by the Regional Office of the Department of Agriculture

### Analysis of Function

#### Number and cost of economic development personnel

Economic Development Management (Director+PA)= R543 555.04  
LED (Project Manager+Admin Officer)=R718 674.71

#### Number and type of Grants received:

- Department of Economic Development and Environmental Affairs – R3,200 000.00
- Eastern Cape Department of Local Government, Housing and Traditional Affairs – R868 000

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**FUNCTION: PLANNING AND DEVELOPMENT**  
**SUB-FUNCTION: OTHER (CAPACITY BUILDING)**

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### Overview

According to Section 83(3) of the Municipal Structures Act (MSA) No.117 of 1998, district municipalities have an obligation to assist local municipalities within their demarcated areas by building their capacity to perform their functions and exercise their powers where such capacity is lacking.

### Description of the Activity

The function of capacity building is co-ordinated by a Capacity Building Unit in the Office of the Municipal Manager. Capacity building initiatives are however performed and/or managed in all Departments of the CDM.

The activity is performed by implementing initiatives aimed at empowering local municipalities to enable them to discharge their constitutional mandate and meet specific legislative prescripts. These initiatives include:

- facilitating shared services among the local municipalities in the District
- co-ordinating district wide capacity building and training projects
- conducting specific capacity building and training projects per local municipality based on identified needs
- ensuring the efficient utilization of resources
- managing the information resource centre
- compiling, maintaining and managing a district information management system in collaboration with all departments.
- sourcing funds for the implementation of programmes and projects within the district.
- establishing knowledge sharing networks within and beyond the district aimed at strengthening capacity building initiatives in the district.

### Strategic objectives:

Local municipalities that are:

- able to perform their legislated powers and functions and efficiently deliver cost effective services to their communities
- Self sufficient, developmental in nature and financially sustainable.
- Closely networked and have functioning knowledge sharing structures both within the district and beyond.

Key issues for 2008/2009Human Resources

- Policy development for Ikhwezi, Bavians, Koukamma and BCR
- Assisted with Interview processes
- Labour relations (sitting in for disciplinary procedures)
- Skills development (guidance in terms of legislation through the SDF forum and undertaking some district wide training interventions e.g. record management, business writing and management skills)

Finance Support

- Assisted LMs with finance policies
- Turn around strategies for Koukamma and Blue Crane Route

Disaster Management

- Assisted LMs with development of disaster plans
- Training on:
  1. Fire fighting
  2. Disaster Management framework / legislation

General:

- By law awareness – 3 (Ikhwezi, Bavians and BCR)
- Good governance survey for 5 LMs (Bavians, Camdeboo, Ikhwezi, Makana and Ndlambe)
- Enhancement of IT systems and infrastructure - 4 (Bavians, Blue Crane Route, Ikhwezi and Sundays River Valley)
- PMS support to Bavians
- IDP support to all LMs
- Community Based Planning (BCR)
- Land use management system for non-planners

Analysis of Function:

Number and cost of personnel associated with the Capacity Building function:

1 Capacity Building Manager  
1 Administrative Officer (Vacant)

Total Costs: R 386 328.00

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**FUNCTION : HEALTH SERVICES**  
**SUB-FUNCTION : PRIMARY HEALTH CARE SERVICES**

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**Overview**

Includes all activities associated with the provision of primary health care services which are performed by the Municipality as an agent for the East Cape Provincial Department of Health.

**Description of Activity**

The function of provision of community health clinics within the municipality is administered as follows:

The Cacadu District has been divided into three Health Sub-Districts (HSDs). The total population of the Cacadu District is 416 736 as per the Eastern Cape Cacadu – Facility Population Mid-Year estimates. Details of distribution of the population between the Health Sub-Districts are as follows:

**Camdeboo Health Sub District**

(Camdeboo, Blue Crane Route, Ikwezi, Baviaans Municipalities and ECDMA) – 117 423

**Makana Health Sub District**

(Makana and Ndlambe Municipalities) – 139 195

**Kouga Health Sub District**

(Kouga, Koukamma and SRV Municipalities) – 160 118

The service is rendered by CDM at 26 fixed clinics, 6 satellite clinics and 26 mobile clinics throughout the District. The service is rendered by the seven local municipalities in their areas. Ikwezi and Baviaans Municipalities have seconded their PHC staff to CDM to render PHC services in their areas.

The function of provision of Primary Health Care services within the municipality includes:

- Maternal and Child Health Services
  - Reproductive Health including contraception and pap smears
  - Antenatal
  - Postnatal
  - Child Health (0 - 5 years), including immunization, nutrition and growth monitoring
  - Youth health (6 – 18 years)
- Provision of promotive, preventive and primary level (minor ailments) services
- Provision of Essential Medicines, including those for minor ailments as well as chronic medication (drug management)

- Provision of curative services to combat non communicable diseases such as treatment of curative and chronic conditions
- Provision of services to combat and control communicable disease, which includes screening, medication, counselling and laboratory services for the following conditions:
  - Tuberculosis
  - Sexually Transmitted Infections (STIs) and HIV and AIDS
  - Notifiable diseases
- Provision of EPI Surveillance Programme Services, which include:
  - Delivery of safe patent vaccines to appropriate target groups, using effective vaccination strategies
  - Effective disease surveillance and control measures to permit the early detection and investigation of cases and/or outbreaks and the implementation of appropriate responses.
- Provision of geriatric health services
- Provision, implementation and maintenance of an effective Health Information System
- Other services
  - Maintenance of laboratory services
  - Clinic infrastructure and equipment
  - Effective disposal of medical waste
  - Training of managers and staff

These services extend to include HIV and Aids awareness programmes, capacity building programmes and special health projects, but do not take account of EMRS Services which are provided by provincial government.

### Strategic Objectives

The strategic objectives of the PHC function are to:

- Improve the health status of the communities through the provision and maintenance of a comprehensive package of PHC service at each CDM service point
- Improve the health status of the community through a functionally integrated Primary Health Care service (PHC) and Environmental Health Service (EHS)
- Improve the HIV and AIDS status of the community
- Provide effective management systems within the Health Department

Key issues for 2008/2009:

- Continued implementation of strategies to integrate health care services in the District through:
  - Attendance of the ECDoH Task Team to investigate and make recommendations regarding the future governance of PHC Services
  - The maintenance of a District Health Council (DHC) and District Health Advisory Committee (DHAC) with representation from Local Municipalities (LMs) Eastern Cape Department of Health (ECDoH), Local Service Area (LSA) Managers and CDM. This structure advises the Provincial and District Health Councils.
  - Maintenance and promotion of functional integration of municipal clinics e.g. Steytlerville and Klipplaat clinics as well as placement of ECDoH Professional Nurses with CDM.
- Maintenance of Local Clinic Committees to address issues of community concerns and complaint resolution
- Continual interaction with ECDoH to try and address the ever decreasing financial allocations with resultant shortfalls on the PHC budget.



Analysis of functionNumber and Cost of Health Clinic Personnel and number and general running cost per clinic / service point as at 30 June 2008

Cost Centre	Type of Service Point	Category of Staff	No. Budgeted For	BUDGET 2008/2009		
				Personnel Cost	General Running Cost	Total Cost
<b>MANAGEMENT</b>						
Management	Head Office	Manager Health Services	1	919,105	232,950	1,152,055
		Personal Assistant	1			
		Typist/Clerk	1			
Head Office	Head Office	Manager PHC	1	356,718	❖	356,718
		Chief Professional Nurse (Admin)	1			
		Senior Typist Clerk	1			
		Clerk	1			
		Clerk	1			
<b>TOTAL</b>			<b>8</b>	<b>1,275,823</b>	<b>232,950</b>	<b>1,508,773</b>
<b>MAKANA HEALTH SUB-DISTRICT</b>						
Sub-Office	Sub-Office	Chief Professional Nurse	1	1,260,468	678,005	1,938,473
		Senior Professional Nurse	3			
EC 104 Makana	3 Mobiles 1 Set 1 Satellite	Professional Nurse	7	2,751,206	2,367,671	5,118,877
		Other	7			
EC105 Ndlambe	4 Mobiles 4 Set 0 Satellite	Professional Nurse	14	5,408,428	4,184,318	9,592,746
		Other	13			
EC106 Sundays River Valley	3 Mobiles 2 Set 1 Satellite	Professional Nurse	11	3,883,167	2,756,482	6,639,649
		Other	7			
<b>TOTAL</b>	10 Mobiles 8 Set 1 Satellite	Chief Professional Nurse	1	13,303,269	9,986,476	23,289,745
		Senior Professional Nurse	3			
		Professional Nurse	32			
		Other	27			
		Total	63			
<b>KOUGA HEALTH SUB-DISTRICT</b>						
Sub-Office	Sub-Office	Chief Professional Nurse	1 (Acting)	1,253,769	379,765	1,633,534
		Senior Professional Nurse	3 (2 Acting)			
		Senior Clinic Assistant	0			
EC 108 Kouga	2 Mobiles 6 Set 1 Satellite	Professional Nurse	15	5,684,970	8,201,089	13,886,059
		Other	12			
EC109 KouKamma	3 Mobiles 8 Set 2 Satellite	Professional Nurse	16	5,804,880	10,326,621	16,131,501
		Other	12			
<b>TOTAL</b>	5 Mobiles 14 Set 2 Satellite	Chief Professional Nurse	1	12,743,619	18,907,475	31,651,094
		Senior Professional Nurse	3			
		Professional Nurse	31			
		Other	24			
		Total	59			



Cost Centre	Type of Service Point	Category of Staff	No. Budgeted For	BUDGET 2008/2009		
				Personal Total	General Running Total	Grand Cost
<b>GAMDEBOO HEALTH SUB-DISTRICT</b>						
Sub-Office	Sub-Office	Chief Professional Nurse	1	1,096,965	361,473	1,458,438
		Senior Professional Nurse	2			
		Senior Clinic Assistant	1			
EC 101 Camdeboo	3 Mobiles 0 Set 1 Satellite	Professional Nurse	3	1,401,065	515,667	1,916,732
		Other	4			
EC102 Blue Crane Route	3 Mobiles 0 Set 1 Satellite	Professional Nurse	4	1,451,220	1,941,731	3,392,951
		Other	3			
EC 103 Ikwezi	1 Mobiles 2 Set 0 Satellite	Professional Nurse	5	1,987,263	1,877,423	3,864,686
		Other	5			
EC107 Baviaans	2 Mobiles 1 Set 0 Satellite	Professional Nurse	5	1,908,580	2,180,435	4,089,015
		Other	4			
ECDMA 10	2 Mobiles 1 Set 0 Satellite	Professional Nurse	3	1,074,689	1,123,659	2,198,348
		Other	3			
TOTAL	11 Mobiles 4 Set 2 Satellite	1 Chief Professional Nurse	1	8,919,782	8,000,388	16,920,170
		2 Senior Professional Nurse	2			
		Professional Nurse	20			
		Other	19			
		Total	42			
TOTAL (BUDGET)				R 73,369,782		
ACTUAL EXPENDITURE TO 30 JUNE 2009				R 27,126,484		
SUBSIDY RECEIVED FROM PROVINCIAL DEPARTMENT OF HEALTH				R 26,414,124		
Contribution from CDM				R 2,859,000		
Contribution from VCT funds				R 2,023,436		
OTHER				R 33,554		
Total Income				R 31,330,114		

- ❖ It must be noted that Head Office budget totals R2,208,796 of which R1,852,078 is charged out to clinics and an amount of R356,718 is remaining for subsidization

## PHC SERVICE STATISTICS 2006 - 2009

No.	INDICATOR	DEFINITION	YEAR	CAMDEBOO HSD	KOUGA HSD	MAKANA HSD	DISTRICT AVERAGE	NATIONAL NORM
1	Utilisation Rate (National Norm = 3.5)	Number of visits per person per year to a public health facility	2006/2007	3.6	3.1	3.4	3.4	3.5
			2007/2008	3.5	3.1	3.9	3.5	
			2008/2009	3.6	3.5	4.1	3.7	
2	Nurse Clinical Workload	Average number of patients seen by the PN per clinic weekday	2006/2007	45.1	57.3	36.6	45.0	40
			2007/2008	40.6	52.7	39.6	43.6	
			2008/2009	34.5	50.2	40.4	41.4	
3	Children under 5 years weighing rate	The number of children below 5 years being weighed at each visit	2006/2007	70.3	56.0	75.1	66.3	90%
			2007/2008	71.0	75.3	70.0	72.3	
			2008/2009	71.9	82.1	67.2	74.5	
4	Severe malnutrition under 5 years incidence	The number of children who weigh below 60%. Expected weight for age under 5 years weighed	2006/2007	0.4	0.6	0.08	0.4	Less than 1%
			2007/2008	0.3	0.3	0.06	0.2	
			2008/2009	0.2	0.2	0.06	0.1	
5	Diarrheal Incidence under 5 years	Diarrheal Incidence Rate (2007/2008 no data available)	2006/2007	12.1	8.1	5.5	8.6	Not stated
			2007/2008	0	0	0	0	
			2008/2009	2.3	4.0	2.0	2.9	
6	Immunisation coverage under 1 year	Immunisation coverage under one year namely the percentage of all children in the target group under one year who completed the primary immunization course	2006/2007	61.2	76.3	74.8	71.2	90%
			2007/2008	62.8	80.1	79.4	74.5	
			2008/2009	71.1	94.1	81.3	83.2	
7	Low birth weight rate	Low birth weight refers to babies who weigh less than 2.5 kg at birth	2006/2007	23.0	18.9	16.7	19.3	Less than 10%
			2007/2008	22.1	16.0	16.3	17.7	
			2008/2009	22.3	18.9	14.5	18.5	
8	Caesarean Section rate	The number of caesarean section deliveries expressed as a percentage of total deliveries	2006/2007	10.5	13.7	23.8	16.1	12.5%
			2007/2008	10.1	17.7	22.1	17.0	
			2008/2009	10.9	11.7	21.0	14.5	
9	Delivery Rate to women under 18 years	Percentage of deliveries by women under 18 years	2006/2007	10.2	6.2	6.5	7.3	13%
			2007/2008	11.3	9.4	6.6	9.0	
			2008/2009	10.8	11	7.8	9.9	
10	Antenatal visits before 20 weeks rate	Antenatal visits before 20 weeks rate is the percentage of women who visit the clinic before they are 20 weeks pregnant	2006/2007	40.1	46.1	46.0	44.5	40%
			2007/2008	43.2	49.0	52.9	48.7	
			2008/2009	46.4	49.1	50.6	48.9	

PHC SERVICE STATISTICS 2006 - 2009								
No.	INDICATOR	DEFINITION	YEAR	CAMDEBOO HSD	KOUGA HSD	MAKANA HSD	DISTRICT AVERAGE	ACTION NORM
11	HIV prevalence among antenatal clients tested	Percentage of women who are tested positive for HIV during first antenatal visit (voluntary)	2006/2007	8.9	23.2	22.1	19.2	Not stated
			2007/2008	6.8	17.8	17.4	15.2	
			2008/2009	10.1	17.9	19.1	16.3	
12	STI Partner Treatment Rate	Number of STI partners that report back to facilities for treatment as a percentage of notification slips issued	2006/2007	26.4	25.8	23.9	25.2	40%
			2007/2008	32.7	23.5	18.4	22.9	
			2008/2009	24.1	22.9	21.0	22.3	
13	New smear positive PTB cure rate	Cure rate of new smear TB cases	2006/2007	68.7	85.9	73.0	73.8	85%
			2007/2008	69.0	73.5	79.8	75.0	
14	New smear positive PTB defaulter rate	PTB defaulter rate (break in treatment) amongst new smear positive PTB	2006/2007	2.0	9.0	6.6	5.1	Less than 5%

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**FUNCTION: COMMUNITY SERVICES**  
**SUB-FUNCTION: ENVIRONMENTAL HEALTH**

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Overview

Includes all activities relating to the provision of Environmental (Municipal) Health Services (MHS).

Description of activity

The function of Municipal Health Services in the Municipality is administered as follows:

The Municipality has entered into agreements with the local municipalities of Kouga, Blue Crane Route, Camdeboo, Makana and Ndlambe, Kou-Kamma and Sundays River Valley to render MHS on its behalf in their respective areas of jurisdiction.

The DMA, Ikwezi, and Baviaans local municipality areas are serviced by 2 Environmental Health Practitioners (EHPs), employed by CDM.

The function includes the following activities:

- Water Quality Monitoring
- Food control
- Waste Management
- Health surveillance of premises
- Surveillance and Prevention of Communicable Diseases
- Vector control
- Environmental pollution control
- Disposal of the dead
- Evaluation of Cemeteries, mortuaries and funeral undertaker establishments
- Attending to applications for burials and exhumations
- Active Environmental Education Sessions and Awareness Campaigns/ Programmes

The function as rendered by the Municipality excludes Port Health, Malaria and Hazardous Substances.

The strategic objectives of this function are to improve the health status of communities serviced through the identification, evaluation and control of criteria / factors that affect the physical, social and mental well-being of communities.

Key issues for 2008/2009:

- Conducting and finalizing Section 78 Assessment of EHS/MHS
- Maintenance of a Joint Environmental Health Committee with 7 local municipalities.
- Training of Ingcibi and Amakhankatha. Training Register reflects 56 traditional health practitioners (traditional surgeons and traditional nurses) trained in safe health practices as well the prevention of HIV/AIDS in Camdeboo Sub-district.
- Health awareness projects were held on waste management, health and hygiene (water and sanitation) environmental greening and HIV and AIDS prevention
- Pest control outreaches were conducted and focused on dog vaccination, dipping and deworming in Willowmore, Rietbron, Klipplaat, Jansenville, Glenconner, Wolfefontein and Kleinport.
- Waste management and clean-up campaigns were conducted in Steytlerville and Rietbron.
- The quality of water and food was monitored through routine inspections and drawing of water and food samples throughout the district.
- Disease outbreak monitoring executed with local municipalities in relation to Cholera and Swine Fever throughout the district.

Analysis of functionNumber and cost of personnel associated with Environmental Health Function

Two Environmental Health Practitioners and Manager: Environmental Health Services are employed by CDM. The total budget for the Environmental Health Service is **R9, 490,100.00**. This includes the CDM Head Office budget that is also used to service District Management Area, Ikwezi and Baviaans local municipalities and an allocation/subsidy to 7 Local Municipalities that have entered into service level agreement with CDM.

CDM contributions/subsidy to local municipalities for rendering EHS/MHS has increased substantially over the years from 2006. In the 2008/09 financial year the subsidy was based at R16.50 per capita while CDM remained receiving R12.00 per capita from National Treasury, which indicates under funding of this service by National Government.

During 2008/09, contributions were paid to the LM's for MHS as follows:

• Kouga	R1,166,467.50
• Makana	R1,246,410.00
• BCR	R 577,665.00
• Camdeboo	R 732,121.50
• Ndlambe	R 915,403.50
• Kou-Kamma	R 565,818.00
• SRV	<u>R 686,070.00</u>
<b>Total</b>	<b><u>R5, 889,995.50</u></b>

The year 2008/09 was the last financial year that CDM received allocation/subsidy from the Eastern Cape Department of Health (Bhisho) as a co-funding for the delivery of EHS/MHS. The allocation for this (2008/2009) was R5, 526,388.00.

### **Section 78 Assessment of Municipal Health Services**

One the key issues for 2008/09 is the undertaking of Section 78 assessment of EHS/MHS. Environmental/Municipal Health Services was historically a shared service between the Eastern Cape Department of Health, District and Local Municipalities. Section 84(1) of the Municipal Structures Act (Act 117 of 1998) states that MHS is a competency and a function of Metropolitan and District Municipalities and the National Health Act (Act 61 of 2003) for the first time defined MHS as those elements of EHS that are stated in the description of the service above.

Lastly, the Municipal Systems Act (Act 32 of 2000) determines in accordance with sections 67 and 77 that a municipality must decide on the mechanism (internal or external) for rendering a municipal service, and to be able to decide, they must first do an assessment in accordance with section 78 on the mentioned Act. It is against these legislative imperatives that CDM took a decision to appoint a service provider to conduct a section 78 assessment of MHS. The outcome of this assessment and the subsequent Council decision will determine the future service delivery mechanism of MHS in Cacadu



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**FUNCTION : COMMUNITY AND SOCIAL SERVICES**  
**SUB-FUNCTION: ALL INCLUSIVE**

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**Overview**

Includes activities associated with provision and upgrading of cemeteries, community halls, libraries and crèches, programmes for the empowerment of Youth, Women and the Disabled, programmes towards mitigation of the effect of HIV and Aids on communities, and heritage related matters.

**Description of Activity**

The implementation of Special Programmes for Youth, Women and the Disabled, HIV and Aids mitigation measures, co-ordination of the Community Development Workers (CDW) programme throughout the District, as well as preparation of business plans to access funds for and monitoring of purchase of library equipment, are administered in the Office of the Executive Mayor and Municipal Manager.

The function of provision and / or upgrading of community facilities within the Municipality is administered in the form of infrastructure projects and is performed by the Department : Infrastructure Services in response to specific requests from Local Municipalities or communities in the DMA.

The provision of cemeteries also includes administrative functions relating to acquisition, subdivision and rezoning of land, which functions are dealt with by the Department : Finance and Corporate Services, and all activities necessary to comply with any conditions attached to the land use approvals granted by other relevant bodies, e.g. landscaping, environmental management planning, layout planning, fencing, ablution facilities, etc, which are performed by the Department : Infrastructure Services.

**Strategic Objectives**

The strategic objectives of this function are:

- to ensure that communities are provided with facilities they need in terms of social upliftment and human dignity
- to improve the HIV and Aids status of the community

**Key Issues for 2008/2009**

- Completed installation of "Connect with Cacadu" project in 14 libraries within the District, which provides access to internet and a range of educational software for use, free of charge, by communities
- Business plan prepared and submitted to the Provincial Department of Sport, Recreation, Arts and Culture to access funds to install the Connect with Cacadu project



in 10 more libraries, and to develop Phase 2 of the project which addresses inter alia issues of adult education and career opportunities.

- Two new libraries constructed – at Fingo Village, Makana and Jansenville, Ikhwezi
- Development of policies for Youth Development, Women Empowerment and the Disabled.
- Development of 5 year strategic plans is underway
- All major commemorations days held successfully
- Women Development Session / Summit held successfully
- Support various district forums (women, disabled and youth)
- Library funds distributed to local municipalities on receipt of substantiated claims for purchase of library furniture, books and equipment
- Completed work on new cemeteries in Makana, Sundays River Valley and Camdeboo local municipalities
- Progress made with provision of new cemeteries in Somerset East, Waaikraal, Glenconnor, Kleinpoort and Vondeling

### Analysis of function

One Special Programmes Officer is employed to implement Special Programmes for Youth, Women and the Disabled.

One HIV and Aids Co-ordinator employed to implement HIV and Aids programmes in the District. The HIV and Aids Co-ordinator also assists with Womens programmes.

No specific personnel are allocated to the function of provision and/or upgrading of libraries and other community facilities within the municipality. Staff employed for other ongoing infrastructural and administrative functions are utilised for this purpose on an ad-hoc basis.

Total Cost of personnel :                      R321 395

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**FUNCTION: PUBLIC SAFETY**  
**SUB-FUNCTION: DISASTER MANAGEMENT**

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### Overview

Includes planning, co-ordination and alignment of disaster management activities throughout the District.

### Strategic Objectives:

- Mitigate disasters in the Cacadu District
- Support and Capacitate local municipalities within the District and Communities at Risk on Disaster Risk Management issues.

### Description of activity

The main activity is to co-ordinate disaster management activities in the Cacadu District consistent with the provisions of the Disaster Management Framework and Disaster Management Act 57 of 2002. The framework covers the following KPAs and Enablers:

### KPA 1: Integrated Institutional Capacity for Disaster Risk Management

Under this KPA the following were achieved during the 2008/9 Financial Year:

- A district disaster risk management policy framework for the district has been developed and adopted by council in August 2008.
- An implementation strategy for the above mentioned framework was been developed and finalized during April 2009.
- Council resolved in January 2009 to locate the disaster Management Centre within the Infrastructure and Planning Services Department.
- The District Disaster Management Advisory Forum continues to meet on a quarterly basis, serving as a platform where stakeholders participate and provide technical advice on disaster risk management planning and operations, A Communication task teams has, from the Advisory forum been established.
- CDM has provided two of its existing volunteer teams i.e. Camdeboo (Aberdeen) and Kouga(Weston) with basic response equipment.
- The disaster management centre is being upgraded to conform with the legislative infrastructural requirements of the disaster management centre.
- An alternative structure for disaster risk management committee (Management Structure) has been put in place of a Disaster Risk Management.

**KPA 2: Disaster Risk Assessment**

- A Comprehensive Disaster Risk Assessment was undertaken and finalized during June 2009.

**KPA 3: Disaster Risk Reduction**

- Through the risk assessment process, communities at risk were identified

**KPA 4: Disaster Response and Recovery**

- CDM has consulted with SAPS for purposes of Emergency communication with specific reference to Radio Communication Network.
- Significant incidents were reported in the following areas during the period:

Makana: Grahamstown/Alicedale ( Strong winds and heavy rains caused damage to houses )  
 Ndlambe: Alexandria ( Strong winds and heavy rains caused damage to houses)

In respect of the above, the disaster management centre coordinated relief for the affected families with relevant departments and emergency houses were provided for the affected families.

**Enabler 1: Information Management and Communication**

Although there is no Information Management System, the centre has a 24Hour operational Centre with a Toll Free number for easy access.

**Enabler 2: Education, Training, Public Awareness and Research**

- International Strategy for Disaster Reduction programme was held at Marjorie Parish at Ndlambe Local Municipality, during this period the hospital staff was trained in First Aid level 1, basic fire fighting.

**Enabler 3: Funding Arrangements for Disaster Risk Management**

- R1,4 million from Department of Local Government and Traditional Affairs