

# Camdeboo Municipality

*T o g e t h e r w e b u i l d*



## Annual Report 2010



CAMDEBOO MUNICIPALITY  
ANNUAL REPORT

FOREWORD

This Annual Performance Report has been compiled according to Section 121 of the Municipal Finance Management Act 2003 (Act No. 56 of 2003) that provides that;

*“Every municipality must for each financial year prepare an Annual Report and that the Council of a municipality must within nine (9) months after the end of that Financial Year deal with the Annual Report of the municipality in accordance with Section 129.”*

Council and its employees have a great pleasure in presenting this Annual Performance Report on their activities of the Camdeboo Municipality for the year ended 30 June 2010 to the Audit Committee; Oversight Committee; Government Institutions; SALGA and the entire community of the Camdeboo. All the particulars presented include those required by law.

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## PART 1: INTRODUCTION AND OVERVIEW

### A. FOREWORD BY THE MAYOR

Ladies and Gentlemen  
Good Day

Allow me once again to write to you on yet another Annual Report, the report for 2009/2010. The FIFA World Cup is something of the past for two months now. As a Municipality, we are immensely proud because this World Cup has once again showed that as a Nation and Community we can stand together.

We are also proud to keep the momentum of the World Cup joy as we move forward in the !Xamdeboo. We are still the Best Service Delivery Municipality in South Africa and Graaff-Reinet has won the Town of the Year Competition in South Africa. We also learnt that the Basic Training Institute for the Police in Graaff-Reinet under Commander H.D. Swartbooi has been declared the best Training Institution in South Africa and the Visible Policing Unit of the Command of Lt. Colonel B. Siyaya had been named the Best Visible Policing Unit in South Africa.

We also once again achieved an Unqualified Audit Opinion for the 2009/2010 Financial Year. The Mayor is still an Ambassador for Clean Audits.

This is certainly a show of the courage, determination and unity with which we want to move forward in the Camdeboo.

As the year is drawing to a close, every hour, day, week or month that past us by, bring us nearer to the end of this term for Councillors and we are proud to know, that in most of our disciplines we performed to the best of our ability. So if we do not come back for another term, we can without hesitation say well done.

We further wish to thank our communities for their understanding of the tireless efforts the Councillors and staff made to deliver the best of services in our country and we herewith wish to acknowledge the fact that Camdeboo Municipality had been announced the Municipality with the best Performing International Twinning Agreement in South Africa.

Lastly, as this is the last months of our second term and some of us might find other things to do after the election in 2011, we hereby wish you all a safe and prosperous future and in the words of Max Ehrman, I would like to say "You are a child of the Universe, no less than the moon and the stars; you have a right to be here. In addition, whether or not it is clear to you, no doubt the Universe is unfolding, as it should.

Thank you very much; Baie Dankie; Enkosi Khakhulu; Qeing gangans



D. JAPHTA  
CAMDEBOO MAYOR





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**B. THE YEARLY PROGRAMME PRIORITIES STATEMENT**

**JULY 2009**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
15 July 2009	11h00	Safety Committee.
21 July 2009	09h00	Rectification meeting.
27 July 2009	09h00	Engineering and Infrastructure Development Planning Standing Committee.
28 July 2009	14h30	Community Development and Human Resources Standing Committee.
29 July 2009	14h30	Budget & Treasury Standing Committee.
30 July 2009	10h00	Local Labour Forum

**AUGUST 2009**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
3 August 2009	14h30	LED Committee meeting.
10 August 2009		Women's Day
12 August 2009	11h00	Safety Committee.
20 August 2009	11h00	Ordinary Council Meeting
31 August 2009		Submission of Annual Financial Statements.

**SEPTEMBER 2009**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
01 September 2009		Commencement of compilation of 2009 Annual Report.
01 September 2009	14:30	IDP Representative Forum Meeting
02 September 2009	10h00	Commonage meeting.
08 September 2009	10h00	Rectification meeting.
09 September 2009	10h00	Local Labour Forum.
16 September 2009	11h00	Safety Committee.
24 September 2009		Heritage Day.

**OCTOBER 2009**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
07 October 2009	11h00	Safety Committee.
14 October 2009	10h00	Local Labour Forum.
20 October 2009		Meeting with Pres. J.G. Zuma Cape Town (Mayor)
21 & 22 October 2009		LG National Indaba: Boksburg
26 October 2009	09h00	Engineering and Infrastructure Development Planning Standing Committee.
27 October 2009	14h30	Community Development and Human Resources Standing Committee.
28 October 2009	14h30	Budget & Treasury Standing Committee.

**NOVEMBER 2009**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
03 November 2009	10h00	Commonage.
04 November 2009	11h00	Safety Committee.
09 November 2009	14h30	IDP Steering Committee Meeting

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<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
10 November 2009	10h00	Rectification meeting.
11 November 2009	10h00	Local Labour Forum.
18 November 2009	14:30	IDP Representative Forum Meeting
19 November 2009	11h00	Ordinary Council Meeting

**DECEMBER 2009**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
01 December 2009		World Aids Day
	11h00	Safety Committee.
08 December 2009	11h00	Local Labour Forum.
10 December 2009	11h00	Last Council Meeting for 2009
11 December 2009		Council goes on recess until 8 January 2010.

**JANUARY 2010**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
06 January 2010	11h00	Special Council meeting
20 January 2010	09h30	Meeting with MEC S.H. Gqobana, Auditorium, GRT
21 January 2010	10h00	Meeting with the stakeholders: Dept. of Social Development: Grahamstown Safety Forum Meeting: Grahamstown
22 January 2010	09h30	Automated PMS meeting: CDM; Port Elizabeth
28 January 2010	14h30	Special Council meeting: Draft 2009 Annual Report; Mid-Year Performance Report and Adjustments Budget.

**FEBRUARY 2010**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
01 February 2010	11h00	PMS Workshop: Auditorium
03 February 2010	10h00	Debriefing meeting: 2009 Audit Process
03 & 04 February 2010	08h30	Training of Councillors: CDM & COGTA.
05 February 2010	11h00	Meeting with a delegation from CDM
11 February 2010		State of the Nation Address: Cape Town
16 February 2010	10h00	Workshop: Employment Equity: Auditorium
17 February 2010	14h30	Special Council meeting
19 February 2010		State of the Provincial Address: Bhishe
25 February 2010	10h00	Project Steering Committee (Aloe).

**MARCH 2010**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
1 March 2010	10h00	MDB meeting: Auditorium
02 March 2010	10h00	Commonage Management Meeting
03 March 2010	10h00	Umasizakhe Encroachments meeting
05 March 2010	10h00	Audit Committee meeting
08 March 2010	12h00	IDP Steering Committee Meeting
10 March 2010	10h00	Capital Budget Workshop: Officials only
	14h30	Management Meeting
12 March 2010	10h00	Provincial Budget Speech: Bhishe
15 March 2010	10h00	Karoo Cluster meeting
16 March 2010	10h00	Umasizakhe 242 Housing Project meeting

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<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
17 March 2010	10h00	LLF meeting
27 March 2010	14:00	IDP Representative Forum Meeting
22 March 2010	-	Human Rights Day
25 March 2010	14h30	Special Council meeting
29 March 2010	09h00	Engineering and Infrastructure Development Planning Standing Committee
29 March 2010	After above	Community Development & Human Resources Standing Committee
29 March 2010	14h30	Budget & Treasury Standing Committee
30 March 2010	15h00	Training Committee
31 March 2010		Adoption of the Draft IDP & Budget Advertising of the two documents

**APRIL 2010**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
April 2010		Draft IDP and Budget available for inspection and comments
14-28 April 2010		Mayor and Councillors to consult with communities
02-05 April 2010		EASTER Weekend
06 -07 April 2010		LGTAS meetings
20 April 2010	10h00	LLF meeting
	14h00	LGTAS meeting
22 April 2010	11h00	Ordinary Council Meeting
23 April 2010		Submission of LGTAS to DDG
27 April 2010		Freedom Day

**MAY 2010**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
01 May 2010		Workers' Day
04 May 2010	10h00	Commonage Management meeting
	11h00	Management Meeting
05 May 2010	14h30	IDP Steering Committee meeting
06 May 2010	10h00	Training Committee meeting
12 May 2010	14h00	IDP Representative Forum meeting
24 May 2010	09h00	Community Development & Human Resources Standing Committee
24 May 2010	14h30	Budget & Treasury Standing Committee
25 May 2010	09h00	Engineering and Infrastructure Development Planning Standing Committee
25 May 2010	11h00	Management meeting: Draft 2010/11 SDBIP
26 May 2010	10h00	LLF meeting
27 May 2010	14h30	Special Council meeting (Approval of the IDP; Budget & SDBIP)
28 May 2010	10h00	Human Settlements meeting (Rental Stock)

**JUNE 2010**

<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
01 June 2010	12h00	Oversight Committee meeting
02 June 2010	08h00	Roles & Responsibility workshop (Auditorium)
04 June 2010	10h00	Audit Committee meeting (Blue Crane Route Municipality)

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<i>DATE</i>	<i>TIME</i>	<i>DESCRIPTION</i>
08 June 2010	10h00	Training Committee / PSC meeting in Aberdeen
11 June 2010		2010 Soccer World Cup commences Municipal Manager goes on Annual Leave.
10 June 2010	10h00	Management Meeting
14 June 2010	10h00	LLF meeting
16 June 2010		Youth Day
17 June 2010	10h00	O & HS Committee meeting
24 June 2010	11h00	Ordinary Council Meeting



M.G. LANGBOOI  
MUNICIPAL MANAGER



PAIA ANNUAL REPORT

*(Incorporating Aberdeen, Graaff-Reinet and Nieu-Bethesda)*

16 OCTOBER 2008 - 13 NOVEMBER 2009

Was submitted to the South African Human Rights Commission, but has not yet been published in the Government Gazette.

The present Section 14 Manual will be reviewed before the end of our current Financial Year.

SECTION 32

- a) the number of requests for access received:  
Twenty Two (22)
- b) the number of requests for access granted in full:  
Twenty Two (22)
- c) the number of requests for access granted in terms of section 46:  
Twenty Two (22)
- d) the number of requests for access refused in full and refused partially and the number of times each provision of this Act was relied on the refuse access in full or partial:  
None
- e) the number of cases in which the periods stipulated in section 25 (1) were extended in terms of section 26 (1):  
None
- f) the number of internal appeals lodged with the relevant authority and the number of cases in which, as a result of an internal appeal, access was given to a record:  
None
- g) the number of internal appeals which were lodged on the ground that a request for access was regarded as having been refused in terms of section 27:  
None
- h) the number of applications to a court which were lodged on the ground that an internal appeal was regarded as having been dismissed in terms of section 77 (7):  
None
- i) such other matters as may be prescribed:  
None

SECTION 15: LIST OF RECORDS

- Legislation.
- Office Organization and Management.
- Council and Council's matters.
- Finance.
- Inventory and Services.
- Municipal land; terrains; buildings and structures.
- Tenders and Quotation.
- Reports and Minutes.
- Publicity; Information and Tourism.
- Festivals; Social gatherings and Awards.
- Establishments of affiliations; representations and meetings of Council; Institutes; Association; Committees and other bodies.
- Legal matters.
- Licenses; Permits and Permission (Authorization granted).
- Town Planning and Control.
- Emergency Services.
- Community Services.

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- Copies of the documents to all the Councillors; departments as well as the Municipal libraries; for easy access to all the members of the public.

**STATISTICS CONTEMPLATED IN SECTION 32 REPORTS:**

1. Mr Dinilesizwe Sobukwe – Copy of images: Graaff-Reinet
2. Mr Daniel Stephanus Smith – Bylaws 242 and 243: Graaff-Reinet.
3. Ms Michelle Erasmus – Prevention of Public nuisances and keeping of animals bylaw: Graaff-Reinet.
4. Ms Anna Louise Graaff – Infrastructure 163/07 and letter 52225: Graaff-Reinet.
5. Ms Lycette Bester – Letters reminding fencing of Cypress Grove and trees in Andries Pretorius Street: Graaff-Reinet.
6. Ms Lycette Bester – Copy of approval for departure use in connection with 8 Andries Pretorius Street: Graaff-Reinet.
7. Ms Lycette Bester – Council resolution to D. Liebenberg for Consent Use: Graaff-Reinet.
8. Mr Archie Welman – Copy of interview minutes: Graaff-Reinet.
9. Ms Hermiena Johanna Baartman – Rezoning of Erf 3833 and minutes of first meeting between Shell and Camdeboo Municipality: Graaff-Reinet.
10. Mr Casper Lötter – Customer Care and Revenue Management Bylaw: Graaff-Reinet.
11. Ms Licette Bester – Council resolution on Shell Sieman’s Garage Upgrading and objection to the upgrading: Graaff-Reinet.
12. Mr Stanley Younger Read – Copy of Council document: Graaff-Reinet.
13. Ms Antoinette Rosaline Marais – Prevention of Public nuisances and keeping of animal bylaw: Graaff-Rienet.
14. Mr Pieter Scholtz – I want to know how do they get the authority to change the property to their name, because the property did not belong to them: Graaff-Reinet.
15. Mr Roy Byron Stauth – document for the Graaff-Reinet Heritage Society.
16. Mr Willem André Crouse – Transfer of the Liquor Licence of Pepper Tree: Graaff-Reinet.
17. Ms Nuzanne Otter – Bylaw of outdoor media and advertising: Graaff-Reinet.
18. Ms Rosemary Walker – Outdoor advertising and signage: Graaff-Reinet.
19. Mrs Liezel De La Harpe – Agreement signed between Directors and Camdeboo Municipality: Graaff-Reinet.
20. Ms Erna Bender – Copies of a Council document: Graaff-Reinet.
21. Mr Moses Johannes Bush – Copy of a letter of objection: Graaff-Reinet.
22. Mr Richard van Rensburg – Zoning regulations: Graaff-Reinet.



**M.G. LANGBOOI  
MUNICIPAL MANAGER**



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TENDERS AWARDED – FINANCIAL YEAR 2009/2010

NR	TENDER NR	DESCRIPTION	TENDERER		VALUE OF TENDER
1	26/2009	SAFETY CANOPIES OF PETROL PUMPS AT MUNICIPAL STORES	EARLY WORK CONSTRUCTION CC	MIDDLEBURG	R 108,150.96
2	46/2009	MAINTENANCE COMPUTER HARDWARE AND SOFTWARE	XTT	GRAAFF-REINET	R 257,868.00
3	65/2009	UPGRADING OF WATER SUPPLY: PHASE 3 : CONSTRUCTION OF RISING MAIN	CCST CC	ST. FRANCIS BAY	R 2,773,411.86
4	69/2009	RENDERING OF SECURITY SERVICE TO CAMDEBOO MUNICIPALITY: GRAAFF-REINET	GRAAFF-REINET SECURITIES	GRAAFF-REINET	R 40,709.40 PER MONTH
5	70/2009	RENDERING OF SECURITY SERVICE TO CAMDEBOO MUNICIPALITY: ABERDEEN	GRAAFF-REINET SECURITIES	GRAAFF-REINET	R 6,840.00 PER MONTH
6	91/2009	SUPPLY OF FUEL TO CAMDEBOO MUNICIPALITY – DIESEL, LEADED PETROL & UNLEADED PETROL	PE FUELS	PORT ELIZABETH	R 21.45 PER LITRE ( COMBINED TOTAL)
7	AUR 87/2009	MANDELA PARK 288 ERVEN HOUSING PROJECT: PROVISION OF SERVICES	TOR CONSTRUCTION	OUDTSHOORN	R 6,849,237.55
8	AUR 90/2009	KROONVALE 455 ERVEN HOUSING PROJECT: PROVISION OF SERVICES	TOR CONSTRUCTION	OUDTSHOORN	R 8,337,113.66
9	AUR 91/2009	LOTUSVILLE 213 ERVEN HOUSING PROJECT: PROVISION OF SERVICES	LRC CIVILS	CRADOCK	R 5,243,643.64
10	AUR 86/2009	THEMBALESIZWE 201 ERVEN HOUSING PROJECT: PROVISION OF SERVICES	LRC CIVILS	CRADOCK	R 4,745,847.07
11	AUR 92/2009	UPGRADING OF WATER SUPPLY: PHASE 3: PUMPING EQUIPMENT	DYNAMIC PROJECT SERVICES	PORT ELIZABETH	R 1,863,482.55

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<b>NR</b>	<b>TENDER NR</b>	<b>DESCRIPTION</b>	<b>TENDERER</b>		<b>VALUE OF TENDER</b>
12	EE3 OF 2008/2009	SUPPLY, INSTALLATION, TESTING & COMMISSIONING OF 3 PHASE STAND BY DIESEL GENERATORS	TRADELANE MANAGEMENT	PORT ELIZABETH	R 617,124.00
13	EE 2 OF 2009	MINIATURE SUBSTATIONS	ACTOM	PORT ELIZABETH	R 401,758.80
14	ABD LOTUSVILLE	DEVELOPMENT OF NEW BOREHOLE	LRC CIVILS	CRADOCK	R 460,101.66
15	NS 3/2009	GRT UPGRADING OF WATER TREATMENT WORKS: PHASE 2 : CIVIL WORKS	LRC CIVILS	CRADOCK	R 3,063,443.00
16	NS 12A/2009	GRAAFF REINET: UPGRADING OF WATER TREATMENT WORKS : PHASE 2 : MECHANICAL WORKS	SWAN'S WATER TREATMENT		R 867,717.80
17	EE1 OF 2009/201	SUPPLY AND DELIVERY OF CABLE AND BUNDLE CONDUCTER	ABERDARE CABLES	PORT ELIZABETH	R 470,550.00
18	MSC 1 /2010	WALK BEHIND ROLLER PLUS TRAILOR	IAN DICKIE & CO	PORT ELIZABETH	R 132,012.00
19	3 /2010	TRENCH EXCAVATION	JOHN BROWN & SONS	GRAAFF-REINET	R 46,854.00
20	14/2010	COMPILATION OF ANNUAL FINANCIAL STATEMENTS	DUCHARME CONSULTING	MATIELAND	R 649,800.00
21	22/2010	SUPPLY OF ONE ONLY LIGHT DELIVERY VEHICLE	MIDLAND AUTO	GRAAFF-REINET	R 125,020.00
22	LHL/575	UPGRADING OF ABERDEEN WATER TREATMENT WORKS	LRC CIVILS	CRADOCK	R 4,745,847.02
23	32/2010	VEHICLE TEST STATION	WORKSHOP ELECTRONICS	JOHANNESBURG	R 113,145.00
24	33/2010	LOAN : R 23 594 000: PROJECT FUNDING	NEDBANK	SOUTH AFRICA	10 YEAR 11.34% FIXED RATE
<b>ADVERTISED AND EVALUATED QUOTATIONS – FINANCIAL YEAR END 2009/2010</b>					
<b>NR</b>	<b>DESCRIPTION</b>	<b>COMPANY</b>			<b>VALUE OF QUOTATION</b>
1	BOREHOLE PUMPS & EQUIPMENTS	ELECTRICAL MOTOR REWINDERS	GRAAFF-REINET		R 85,035.93
2	REPAIR OF SUBMERSIBLE PUMPS	ELECTRICAL MOTOR REWINDERS	GRAAFF-REINET		R 90,441.18



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<b>NR</b>	<b>DESCRIPTION</b>	<b>COMPANY</b>		<b>VALUE OF QUOTATION</b>
3	PALASADE FENCING AT MUNICIPAL STORES: CABLE CAMP	NELLAS CONTRACTORS	GRAAFF-REINET	R 30,000.00
4	WORK DONE AT ROBERT SOBUKWE: REPAIRS	ZALI ELECTRICAL	GRAAFF-REINET	R 35,000.00
5	REPAIRATION OF SEWERAGE PUMPS	ELECTRICAL MOTOR REWINDERS	GRAAFF-REINET	R 84,756.19
6	REFURBISHMENT AT URQUART PARK: CHALETS	NELLAS CONTRACTORS	GRAAFF-REINET	R 29,223.26
7	48 KW SEWERAGE PUMP	PUMP AND ENGINEERING SERVICES	CONSTANCIA	R 60,888.34
8	BUILDING REPAIRS	S&L CONSTRUCTION	GRAAFF-REINET	R 10,000.00
9	CUTTING OF TREES	DD LEONARD	GRAAFF-REINET	R 59,300.00
10	UPGRADING OF MOTOR REGISTRATION OFFICE IN ABERDEEN	J& F TITUS AND SONS	GRAAFF-REINET	R48,900.00
11	WORK DONE AT MUNICIPAL STORES	J&F TITUS AND SONS	GRAAFF-REINET	R 16,900.00
12	UPERGRADING OF WATER FURROWS: NIEU BETHESDA	JJ KANE	GRAAFF-REINET	R 55/M
13	10 MB DATA LINK BETWEEN GRT AND ABERDEEN	XTT	GRAAF-REINET	R 6,840 PM INSTALLATION: R 6,586.40
14	2 X 48KW STAR/DELTA STARTER	HASLOP & MASON	PORT ELIZABETH	R 46,857.42
15	FONTEINBOS RENEWAL PROJECT: ABERDEEN	WILDERNESS FOUNDATION	PORT ELIZABETH	R 88,500.00
16	SUPPLY AND DELIVERY OF SUBMERSIBLE PUMP	ELECTRICAL MOTOR REWINDERS	GRAAFF-REINET	R 31,328.10
17	RENOVATION OF PICNIC SITE	J&F TITUS AND SONS	GRAAFF-REINET	R 3,900.00
18	ROBERT SOBUKWE REPAIRS	J&F TITUS AND SONS	GRAAFF-REINET	R 4,979.25
19	UPGRADING OF ROOF STRUCTURE AT MUNICIPAL STORES	J&F TITUS AND SONS	GRAAFF-REINET	R 63,948.00
20	SUNDAYS RIVER : PHASE 1	METEMBO TRADING	GRAAFF-REINET	R 60,000.00
21	SUNDAYS RIVER: PHASE 2	J&F TITUS AND SONS	GRAAFF-REINET	R 24,500.00
22	IN HOUSE SUPPLY CHAIN TRAINING	NMMU	PORT ELIZABETH	R 24,176.25
23	TOWN PLANNING EVALUTION: NIEU BETHESDA	URBAN DYNAMICS	PORT ELIZABETH	R 80,000.00
24	ENVIROMENTAL IMPACT ASSESMENT: NIEU BETHESDA	CEN INTEGRATED MANAGEMENT UNIT	PORT ELIZABETH	R 57,844.00

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<b>NR</b>	<b>DESCRIPTION</b>	<b>COMPANY</b>		<b>VALUE OF QUOTATION</b>
25	FIRE EQUIPMENT	CB AGENCIES	PORT ELIZABETH	R 32,916.56
26	FIRE HYDRANTS	DYNAMIC PROJECT SERVICES	PORT ELIZABETH	R 29,669.00
27	NEW BULK METERS	ELSTER KENT	AUCKLAND PARK	R 42,608.00
28	CONCRETE PIPING	ROCLA	DE AAR	R 9,494.84
29	COLD PREMIX	BAC	PORT ELIZABETH	R 11,197.00
30	WORK DONE FOR TECHNICAL DEPT.	BRAINWAVE PROJECTS	GRAAFF-REINET	R 17,700.00
31	COLD PREMIX	IPATCH	MOSSEL BAY	R 30,780.00
32	WORK DONE FOR ELECTRICAL DEPT.	J&F TITUS AND SONS	GRAAFF-REINET	R 10,700.00
33	MICROSOFT 2010 – LICENCE	XTT	GRAAFF-REINET	R 18,614.00

## CAMDEBOO MUNICIPALITY ANNUAL REPORT

### SUPPLY CHAIN PRIORITIES STATEMENTS

- All the MIG projects were completed on schedule and Certificates of Completion were issued;
- 86% of the Capital projects that were budgeted for were completed on time after adjusting the budget for the Housing projects that were transferred back to Provincial Government;
- The only budgeted Capital Projects that could not be completed are the establishment of a new dumping site as well as a transfer station in Graaff-Reinet.

### ADMINISTRATION DEPARTMENT

- This department implemented and completed all the Capital projects that were budgeted for the year under review; and
- Needs to be commended for the wonderful achievement.

### COMMUNITY SERVICES DEPARTMENT

- The department implemented and completed the majority of the capital projects that were budgeted for during the year under review;
- Only two projects could not be implemented due to some logistical and technical problems; they are the transfer station as well as the establishment of a new dumping site - completed: EIA and completed: ROD already received; and
- The department performed well above the set targets.

### ELECTRICAL SERVICES DEPARTMENT

- The department implemented and completed all the projects that were budgeted for during the year under review; and
- It must be commended for this great achievement.

### PROTECTION SERVICES

- An amount of R 691,500 was allocated to this department during the year under review and R 681,500 was fully committed for all the Capital Projects that were budgeted for;
- The only project that could not be implemented is the traffic calming circle in Martin Street (R 10,000);
- This was a 98.6 % performance for the year.

### TECHNICAL AND INFRASTRUCTURAL SERVICES DEPARTMENT

- The department managed to implement and complete the majority of the Capital projects that were budgeted for during the year under review;
- Must be commended for the well above average performance; and
- Due to budgetary constraints the department is unable to address the backlogs that are being experienced by our institution, for example: housing needs, storm water, tarring of roads, etc.

### BUDGET AND TREASURY

- This directorate/department performed above the set targets during the year under review because it has been operating with full capacity;
- Managed to adhere to the proper financial management and control systems;
- All the monthly; bi-monthly; quarterly and annual reports were submitted timeously; and
- Performed well to obtain an unqualified audit opinion, with non-financial matters of emphasis.

CAMDEBOO MUNICIPALITY  
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GENERAL PERFORMANCE

- In a nutshell all the departments performed according to the required standards – wonderful achievement in terms of the set targets for the year under review;
- In addition to the conditional grants, Council allocated an amount of approximately R 4.5 million towards the Capital Projects; and
- Several temporal jobs were created during the implementation of some of the Capital Projects.

In conclusion, I am proud to present this excellent report based on the achievements made by all the Directorates/Departments in order to improve the quality of the lives of our people. I am very optimistic that during the 2010/11 Financial Year we will do more.



M.G. LANGBOOI  
MUNICIPAL MANAGER



**C. OVERVIEW OF THE MUNICIPALITY**

**COUNCIL**

There are eleven (11) Councillors of which five (5) are proportional representatives and six (6) Ward Councillors.

**Breakdown:**

African National Congress = 8  
Democratic Alliance = 3

**Gender Breakdown:**

Males = 8  
Females = 3

Three sub-committees of Council are functioning, namely:

- Engineering and Infrastructure Development Planning Committee;
- Budget and Treasury Committee; and
- Community Development and Human Resources Committee.



**WARD COMMITTEES**

Six have been established and were fully functional and stipends were paid to those who attended the meetings. All the minutes were referred to the relevant Portfolio Committees for further deliberations, and the Committees' recommendations were referred to Council for consideration.



**COMMUNITY DEVELOPMENT WORKERS**

Six have been employed in each Ward, and submitted their reports to the Mayor and the Municipal Manager.



**SUB-COMMITTEES**

There are other numerous Sub-Committees of Council that meet as and when needed. The minutes and reports of the sub-committees are submitted to Council, for consideration.

Staff establishment – as at 30 June 2010 there were three hundred and thirty (330) employees, of which 82 were females and 248 males. This indicates a huge gap regarding our equity status. The majority of the critical posts have been filled since 1 October 2008.



**RENDERING OF SERVICES**

The Municipality continues to provide the essential services in all three towns that are under its jurisdiction.

### CAPACITY BUILDING

Councillors, some of the employees and all the Ward Committee members received different types of training to equip them with the necessary skills for the execution of their assigned duties.

### EQUIPMENT AND MATERIALS

Sufficient equipment and materials for the provisioning of services in our entire area. Due to budgetary constraints, Council is unable to provide each town under its jurisdiction with the necessary heavy equipment and machinery; as a result there is always a movement of the machinery from Graaff-Reinet to the other two towns.

### INTEGRATED DEVELOPMENT PLAN

The year of this Annual Report saw the 3rd Review of Camdeboo's 2007-2012 IDP. The concept of Community Based Planning (CBP) was introduced in all 6 Wards during August 2009 and a comprehensive CBP Report containing Ward Maps and clearly outlined Ward-based Development Priorities was compiled and attached as Annexure (D) to the IDP approved by Council on 27th May 2010. All deadlines were met and the Municipality's Turnaround Strategy was also incorporated during this Review.

Much emphasis was placed on getting Communities and Sector Departments involved in the review of the IDP, as evidenced by the Municipality's integrated IDP and Budget Process Plan, which includes an extensive Public Participation Programme that kicks off around August each year. This was enhanced by the Mayor's Outreach Programme (April 2010), which served to inform the Public about the draft IDP and Budget lying for inspection and the Projects being proposed for implementation during the next financial year, with the aim of attaining the goals of the IDP's Vision Statement and achieving the strategic Objectives listed under its Development Priorities, namely :

- HOUSING (RDP backlog and renovation of Fallen Houses)
- INFRASTRUCTURE (Services, maintenance and bulk supply)
- LOCAL ECONOMIC DEVELOPMENT (Job creation, BEE, skills development, tourism, industrial development, heritage, etc.)
- INSTITUTION BUILDING (Organization, HR, etc.)
- COMMUNITY BUILDING (Facilities, Health Services, SPU, etc.)

The Camdeboo Municipal Council strives to produce a credible and implementable Integrated Development Plan, thus aligning itself with the 6 KPAs contained within the IDP Analysis Framework:

- KPA 1: Spatial Development Rationale (incl. SDF & LUMS)  
KPA 2: Service Delivery & Infrastructure Planning (incl. FBS, Housing)  
KPA 3: Local Economic Development (incl. LED Strategy & Action Plans, SLED)  
KPA 4: Good Governance (incl. Community Participation & SPU Strategies)  
KPA 5: Financial Viability (incl. Budget, Audit Reports, Systems, Policies)  
KPA 6: Institutional Arrangements (incl. HR Strategies & Policies, IGR, PMS)

Two new focus areas that emanated from the most recent IDP Assessments in June 2010 were the Local Government Turnaround Strategies and Integrated Social Cohesion Plans.

As always, Camdeboo Municipality is grateful for the support provided by the Department of Local Government & Traditional Affairs (annual grant) and Cacadu District Municipality (technical and other assistance).

## CAMDEBOO MUNICIPALITY ANNUAL REPORT

### BUDGET PROCESS

The total budget was R 150,205,455 of which R 33,203,590 was the Capital Budget and R 117,001,865 the Operating Budget. An amount of R 23,458,633 was received as the equitable share.

### LOCAL ECONOMIC DEVELOPMENT

Council continues to assist the local citizens with the necessary information regarding the acquisition of financial and other forms of assistance for their projects. Council continues to provide accommodation to the Small Enterprise Development Agency which also helps with the dissemination of the relevant information to the local residents. R 437,000 has been received from the DLGTA for the establishment of a fully-fledged LED Unit and to employ a suitably qualified person to run the Unit. Unfortunately at the end of the financial year review under no suitable person could be found for the position.

### LOCAL LABOUR FORUM

This forum needs to meet on a regular basis to afford both the employers and employees organization an opportunity to deliberate on human resource related issues. During the year under review 5 meetings were held.

### OCCUPATIONAL, HEALTH AND SAFETY COMMITTEE

The Committee did not function well during the year under review and efforts have been made to instruct it to meet on a regular basis.

### TRAINING COMMITTEE

It was almost dysfunctional during this year as a result applications from employees who wanted to engage in private studies had to be referred now and again to the Local Labour Forum. This matter will be attended to seriously during the next Financial Years. Two meetings were held during the year under review.

### COMMONAGE LAND

All the municipal commonage land has been allocated to the small/emerging farmers, but a serious problem that the municipality experiences is the failure by the organizations to meet their agreed upon payment obligations. The use of commonage land and veld management must be addressed as a matter of urgency. Council needs more commonage land.

### RELATIONSHIP WITH EXTERNAL STAKEHOLDERS

During the year under review the relationship with the external stakeholders of the municipality was healthy and sound, but needs to be improved regarding the attendance of IDP meetings and IGR Forum meetings.

### VALUATION PROCESS

This process was delayed due to the technical problems that were discovered in the generic tender document that was developed by the Department of Local Government and Traditional Affairs, as a result the municipality could not meet the deadline (1 July 2009) of the implementation of the new Valuation Roll. At the end of the year under review a valid valuation roll was implemented although some processes were outstanding.

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#### WATER ISSUES

The entire area depends on boreholes, but in Graaff-Reinet the main source of water is the Nqweba Dam. There were problems with the percentage of the E.coli in some areas of the municipality, but they were attended to successfully. An education campaign must be conducted with all the communities regarding leakages and illegal connections, as this will reduce the water losses.

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#### PRIMARY HEALTH

The Municipality renders primary health care as an agency function for the Provincial Department of Health. This is done through a Service Level Agreement signed by and between the Department and over Municipality. The funding model, as gazetted, is said to be 80 – 20. Practicalities point to the different direction in that, the funding hovers around the region of 60 – 40 in percentage form. The above results in the municipality not being able to attract and pay professional staff to render the service, nor to retain the existing ones.

On 1 April 2010 the municipality implemented the same remuneration packages as the Department of Health for all the nursing personnel.

There were eleven approved posts for Professional Nurses and only 6 posts were at 30 June 2010 filled.

The posts are vacant, not because of our doing, but because of the fact that they leave for much better salaries and allowances which are offered by the Department of Health. These vacant posts have been advertised various times but no applications have been received. This is a problem occurring at most of the Municipalities in the Eastern Cape that their nurses are appointed at Government Departments and then they struggle to fill the posts.

The reason for this is that no comparison can be drawn between the per capita earnings of a Professional Nurse working for a municipality and those working for the Department of Health because the difference is too large.



#### D. EXECUTIVE SUMMARY (ACHIEVEMENTS)

##### NOMINATED AS THE BEST PERFORMING MUNICIPALITY IN SOUTH AFRICA

Nominated as the best Performing Municipality in South Africa in the service delivery areas of Water and Sanitation, Electricity, Housing and Waste Management.

The survey was conducted by Empowerdex that was appointed by the Department of Co-operative Governance and Traditional Affairs.

The meeting with President Jacob Gezeyihlekisa Zuma in Cape Town was attended by the Mayor.

##### OBTAINED AN UNQUALIFIED AUDIT REPORT

Obtained an unqualified audit report.

An audit implementation plan was developed and submitted to Council and the Oversight Committee.

The most urgent and important issues of the finalisation of the Performance Management System process as well as the recruitment of a suitable incumbent are still underway. It is envisaged that the process will be completed in August/September 2010.

##### FUNDING FROM DLGTA FOR LED UNIT

R 437,000 received from the Department of Local Government and Traditional Affairs (LED Section) for the establishment of a fully-fledged LED Unit.

A certain percentage of the funds have been utilised for to purchase a light delivery vehicle; furniture and other relevant equipment and materials.

The process of recruiting a suitable incumbent was conducted, and when the appointment was made the successful candidate informed us in writing that he has received a better offer.

It was then resolved that the post be re-advertised as well as headhunting be conducted.

##### SUCCESSFUL COMPLETION OF THE MIG PROJECTS

R 9,171,491 MIG allocation was received for the upgrading of the Water Treatment Works in Graaff-Reinet so that Graaff-Reinet is able to receive water supply from the Dam. The project was successfully completed. 30 locals were employed during the construction period of 6 months.

##### UPGRADING OF THE MAIN SUBSTATION IN GRAAFF-REINET FOR AN AMOUNT OF R10.5 MILLION GRANTED BY THE DEPARTMENT OF ENERGY

The project was successfully completed with the assistance of the Department of Energy and Bellenden and Robb.

##### ADDITIONAL CONNECTIONS OF 28 TOILETS TO THE WATERBORNE SEWERAGE SYSTEM IN NIEU-BETHESDA

R 2 million received from Cacadu District Municipality for the project.

##### EQUALISATION OF THE REMUNERATION PACKAGES OF THE PROFESSIONAL NURSES WITH THOSE OF THE PROVINCIAL HEALTH DEPARTMENT, WITH EFFECT FROM 1 APRIL 2010

The new Remuneration Packages were implemented with effect from 01 April 2010.

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**VISIT TO WINTERSWIJK MUNICIPALITY IN NETHERLANDS**

The Mayor; Councillors T. Eksteen and K. Hoffman; Manager of Administration; Director Technical and Infrastructure Services and the Municipal Manager for to pursue the twinning agreement regarding the Social Housing Scheme.

**VISIT BY THE MEC FOR LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS SICELO GQOBANA REGARDING MATTERS OF GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS, ON 21 JANUARY 2010.**

The following two issues were discussed:

- the Grading of the Municipality; and
- the overpayment of Councillors.

**COMMENCEMENT OF THE INFRASTRUCTURAL DEVELOPMENT PROJECTS (INTERNAL SERVICES) IN ABERDEEN AND GRAAFF-REINET FOR 1146 SITES**

An amount received from the Human Settlements Department is R 20,483,604 for the project.

**OCCUPATION OF THE MANGALISO ROBERT SOBUKWE MEMORIAL BUILDING BY THE MUNICIPAL MANAGER'S OFFICE AND THE PMU OFFICE**

The relocation from the Administration Department (Town Hall) provided sufficient space for the Administration department.

**RECEIVED A HAZMAT TRAILER FROM CACADU DISTRICT MUNICIPALITY**

This will enable the Protection Services Department to attend to accidents relating to hazardous materials.

**SUCCESSFUL KAROOLUS FESTIVAL THAT WAS HELD IN GRAAFF-REINET SPONSORED BY MONTEGO CLASSIC**

This was a very successful event that attracted hundreds of the local people as well as people from the neighbouring towns.

The sponsors of this event have decided to make it an annual event.

**CO-HOSTED THE INTERNATIONAL MOHAIR SUMMIT**

Ikwezi and Camdeboo Municipalities co-hosted the event which attracted international delegates. This was a very successful event and Ikwezi Municipality intends to have it on an annual basis.

**DEVELOPMENT OF A TURNAROUND STRATEGY PLAN AS WELL AS AN IMPLEMENTATION PLAN WITH THE ASSISTANCE OF A TASK TEAM FROM THE DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS**

This emanated from the Local Government Indaba that was held on 22 and 23 October 2009 in Boksburg (Gauteng).

The Indaba was attended by Cllr. A. Booyesen; the Manager Community Services and the Municipal Manager.

**PART 2: KPA ACHIEVEMENT REPORT**

**CHAPTER 1: HUMAN RESOURCE AND OTHER ORGANIZATION MANAGEMENT - KPA 1**

**1. PRESENTATION OF THE ORGANISATIONAL STRUCTURE (APPROVED ORGANOGRAM)**

- The Camdeboo Municipality has a total workforce of 358 employees, (89 %).
- The total number of approved posts is 396 and the budgeted posts are 370.
- The total number of vacant budgeted posts is 66. (17.8 %).
- The performance agreements and employment contracts for the Municipal Manager and the three Section 57 Managers have been submitted to the Department of Local Government & Traditional Affairs.

**2. STAFF DEVELOPMENT INITIATIVES DURING THE FINANCIAL YEAR**

- Councillors attended the following training:
  - Course in Local Government Law and Administration.
  - Public Participation.
- Officials attended the following training:
  - Computer Training.
  - First Aid Course.
  - Fire Fighting II and Hazmat Operations Course.
  - Traffic Officer’s Diploma.
  - AARTO Training.
  - Accounting Practices Course.
  - Hands on Support – Housing.
  - VIP and Tax Update.

**3. KEY HR STATISTICS PER FUNCTIONAL AREA**

**Full-time staff complement per functional area**

**(a) SECTION 57 MANAGERS AND OTHER MANAGERS**

Approved Positions	No. of approved & budgeted posts per position	Filled Posts	Vacant Posts
1 Municipal Manager	1	1	0
2 Directors	3	3	0
3 Managers	6	6	0
4 Others (7)	3	3	4
<b>TOTAL</b>	<b>13</b>	<b>13</b>	<b>4</b>

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**(b) OTHER DEPARTMENTS**

Departments	Approved Positions	No. of approved & budgeted posts per section	Filled Posts	Vacant Posts
Administration	44	44	40	4
Protection Services	14	11	11	3 (not budgeted for)
Community Services	7	4	4	0
Parks, Gardens & Amenities	34	34	33	1
Refuse	29	29	29	0
Streets & Pavements	56	56	45	11
Nursing Services	24	24	12	12
Finance	29	29	27	2
Electrical	26	24	24	2 (not budgeted for)
Technical Services	116	102	116	22
<b>TOTAL</b>	<b>379</b>	<b>356</b>	<b>319</b>	<b>60</b>

**(c) TECHNICAL STAFF REGISTERED WITH PROFESSIONAL BODIES**

Technical Directorate Services	Total number of Technical Service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional bodies	Total number not yet registered in the accredited professional body
Electricity	1	1	0	0
Technical Department	1	1	0	0
<b>TOTAL</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

**(d) LEVELS OF EDUCATION AND SKILLS**

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professionals training
330	233	97	53

**(e) TRENDS ON TOTAL PERSONNEL EXPENDITURE**

Financial Years	Total number of staff	Total approved Budget	Personnel Expenditure (salary & salary related)	Percentage of expenditure
2006/2007	300	R58 499 291	R25 062 773	42,9 %
2007/2008	288	R66 047 846	R30 344 746	49,9 %
2008/2009	310	R91 371 648	R34 488 000	37,8 %
2009/2010	358	R44 866 904	R40 269 200	38.3 %

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**(f) LIST OF PENSION AND MEDICAL AIDS TO WHICH EMPLOYEES BELONG**

	NUMBER	COUNCIL CONTRIBUTION
<b>SALA</b>	<b>169</b>	<b>20,7%</b>
<b>CAPE JOINT</b>	<b>140</b>	<b>18%</b>

The following table provides information on the medical aid schemes in operation in the Municipality:

MEMBERS	
<b>LA HEALTH</b>	<b>37</b>
<b>BONITAS</b>	<b>81</b>
<b>HOSMED</b>	<b>15</b>
<b>SAMWUMED</b>	<b>46</b>
<b>KEYHEALTH</b>	<b>4</b>

**4. IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM**

- The Framework and the Policy have been adopted and approved by Council on 12 December 2009 and a Performance Evaluation Committee was established;
- The District Municipality has developed a Software Programme that will be utilized for the Evaluation process. During the year under review the process of recruiting a suitable service provider commenced, to be finalised during 2010/2011; and
- A Service Provider has been appointed to assist in the Implementation Process.

**5. ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT**

**KPA 2.1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	396	358	90,4%	26 posts not budgeted for
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	4	4	100 %	All filled
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	4	4	100 %	None

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	<b>Indicator name</b>	<b>Total number of people (planned for) during the year under review</b>	<b>Achievement level during the year under review</b>	<b>Achievement percentage during the year</b>	<b>Comments on the gap</b>
4	Percentage of Managers in Technical Services with a professional qualification	8	8	100 %	None
5	Percentage of municipalities that have adopted the Performance Management System within the district area (DM only)	N/A	N/A	N/A	N/A
6	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	358 (at the time of the audit)	358 (at the time of the audit)	100 %	None
7	Percentage of councillors who attended a skill development training within the current 5 year term	11	8	72.7 %	3 Councillors must still complete their training
8	Percentage of staff complement with disability	0	0	0 %	Recruitment of disabled people.
9	Percentage of female employees	358	82	24.8 %	Equity to be addressed adequately
10	Percentage of employees that are aged 35 or younger	358	68	20.6 %	None

**6. MAJOR CHALLENGES AND REMEDIAL ACTIONS IN REGARD TO HUMAN RESOURCE AND ORGANIZATIONAL MANAGEMENT**

- that the problems of offices for staff for future accommodation be prioritized;
- the immediate filling of all budgeted vacant positions – especially in the critical posts;
- implementation of the PMS by conducting the quarterly reviews;
- that all the employees be work-shopped on the different HR Policies to bring them on par with the legislation; rules and regulations;
- Implementation of Task Grades; and

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- non-adherence by some employees to the Grievance Procedures – to be attended to by the Directorate Corporate Services.

CHAPTER 2: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS (KPA 2)

**1. WATER SERVICES**

**a. Water services delivery strategy and main role-players**

Our institution is registered with the Department of Water Affairs as a Water Services Authority and Water Services Provider regarding the provision of water in our area.

**b. Levels and standards in water services**

Water samples are taken on a monthly basis and tested by the National Health Laboratory Services for a bacteriological analysis. The results regarding the quality of water samples analysed are referred to Council via the relevant Portfolio Committee, for further deliberations and possible action to be taken if the quality of water is below the expected health standards. All consumers have access to quality water by means of individual connections.

**c. Annual performance as per key performance indicators in water services )**

Indicator name	Total number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/ customer reached during the FY	Percent age of achievement during the year
1 Percentage of households with access to potable water	10 496	Nil	10 496	10 496	100 %
2 Percentage of indigent households with access to free basic potable water	4206	Nil	4206	4206	100 %
4 Percentage of clinics with access to potable water	6	Nil	Nil	6	100 %
5 Percentage of schools with access to potable water	28	Nil	28	28	100 %
6 Percentage of households using buckets	Nil	Nil	Nil	Nil	100 %

**d. Major challenges in water services and remedial actions In this section the municipality is expected to clearly indicate the challenges relating to water provision within its jurisdiction and propose what needs to be done to address them.**

- to obtain a sustainable source of water supply for our entire region, for example: from the Orange River;
- old and ageing infrastructure resulting in frequent breakages of water pipes that have to be repaired at cost to minimize water loss;
- due to the fact that we are in a semi-arid are with a low annual rainfall, that each household be supplied with a water tank to harvest rainwater;
- that funds be allocated by the Department of Water Affairs and Cacadu District Municipality for the second feasibility study regarding the safety of the Nqweba Dam that will determine the future plans;
- that DWA be requested to allocate funds for the rehabilitation of all the boreholes to increase their capacity;
- new water reservoirs are required for all three towns;
- failure by some consumers to settle their municipal accounts timeously or not at all;



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- installation of new bulk water meters and telemetry systems at the reservoirs, boreholes and pump stations to monitor and regulate water consumption in order to obtain the exact figure/data regarding the supply and demand activities;
- to capture all the water infrastructure into our GIS and the appointment of a GIS official; and
- that all the employees in the Water Provision Section be trained and capacitated to enable them to render this service according to the relevant Act.

## 2. ELECTRICITY SERVICES

### a. Electricity services delivery strategy and main role-players

This function includes the bulk purchase and distribution of electricity. The main role-players are Eskom and the Municipality.

The Electricity purchasing and distribution of the Municipality are administered as follows and include:

- The supply and distribution of electricity throughout the Camdeboo Area, which is Graaff-Reinet Town, Kroonvale and some rural Consumers, Aberdeen Town and Thembalesizwe.
- Umasizakhe, Lotusville and Nieu-Bethesda are supplied by ESKOM.

### b. Level and standards in electricity services

The electricity supply is according to the National Electricity Regulator's guidelines, policies and Act for both low and high level electricity services to all the consumers.

The latter refers to the households and industries:

- The upgrading of the Main Intake Substation was funded by the Department of Energy at an amount of R 10.5 million. The project started during 2008 and was completed in May 2010.
- Ring Fencing and Asset Valuation for Camdeboo completed by EDI Holdings.
- Five year Electrical Master Plan 100% completed by Consulting Engineers Bellenden & Robb.
- Upgrading of Electrical Workshop: R 24,998
- Refurbish Substation building: R 45,940
- Upgrading of MV Cable: R 190,679
- Upgrading Mini Substation: R 213,284

### c. Annual performance as per key performance indicators in Electricity services

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	% of achievement during the year
1 Percentage of households with access to electricity services	11 649	20 (rural households)	12	17	100 %
2 Percentage of indigent households with access to basic electricity services	Municipal Consumers 2332	Nil	Nil	Nil	100 %
3 Percentage of indigent households with access to free alternative energy sources	Nil	Nil	Nil	Nil	100 %
4 Percentage of schools with access to electrical services	16	Nil	Nil	Nil	100 %

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Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	% of achievement during the year
5 Percentage of clinics with access to electrical services	6	0	0	0	100%

**d. Major challenges in electricity services and remedial actions**

- To upgrade and replace the old and/or ageing infrastructure to ensure sufficient and sustainable electricity supply. The Department of Energy to allocate funding for this project.
- To install substations and reticulation network for future industrial, commercial and Housing development.
- To install additional area lighting in the existing residential areas and Main Roads. Council will have to budget for this project in the next financial year, to be done in phases as the Department of Energy does not fund area lighting projects.

**3. SANITATION**

**a. Sanitation Services Delivery Strategy and Main Role-Players**

The sewerage functions of the municipality are administered as follows:

Wastewater conveyance; wastewater treatment and also effluent water discharge to the sports fields for irrigation purposes. The functions applicable to the wastewater conveyance division are; planning of wastewater conveyance and wastewater treatment infrastructure; integrated delivery of sanitation infrastructure to newly built areas, such as housing development schemes and the maintenance of the wastewater infrastructure such as pipelines, raising mains, pump stations and wastewater treatment works.

**b. Level and standards in sanitation services**

All the serviced sites are connected to the sewerage network, except the outstanding VIP toilets in Nieu-Bethesda that will be connected to the bulk services in phases. At present only 54 households have been connected with funding from Cacadu District Municipality.

**c. Annual performance as per key performance indicators in sanitation services**

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the year	Number of HH/customer reached	Percentage of achievement during the year
1 Percentage of households with access to sanitation services	10 496	Nil	Nil	Nil	100 %
2 Percentage of indigent households with access to free basic sanitation services	4206	Nil	4206	4206	100 %

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Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the year	Number of HH/customer reached	Percentage of achievement during the year
4 Percentage of clinics with access to sanitation services	6	Nil	Nil	6	100%
5 Percentage of schools with access to sanitation services	28	Nil	28	28	100 %

**d. Major challenges in sanitation services and remedial actions**

- in Nieu-Bethesda 187 households must still be connected to the waterborne sewerage system;
- the extension of the Waste Water Treatment Works in Nieu-Bethesda. The cost estimate is R 7 million;
- the extension of the Waste Water Treatment Works in Graaff-Reinet at an estimated cost of R 15,139,000;
- the extension of the Aberdeen Waste Water Treatment Works of an estimated cost of R 5,282,000;
- the upgrading of sewerage pump stations in all three towns at an estimated cost of R 17,720,132;
- upgrading of sewerage reticulation in Thembalesizwe at an estimated cost of R 5,067,000; and
- the staffing of Treatment Plants needs to comply with the relevant legislation.

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**4. ROADS CONSTRUCTION AND MAINTENANCE**

**a. Road maintenance services delivery strategy and main role-players**

Council has a standing policy to surface two streets in each previously disadvantaged area (ward). The role of the Municipality is to provide appropriate, cost effective and affordable roads; storm water drainage; transportation infrastructure and public transport services in order to improve the quality of life of the communities.

The main role-players are the municipality; Department of Roads and Public Works as well as SANRAL. The Department of Roads and Public Works and SANRAL are responsible for the construction and maintenance of National, Provincial and rural roads whereas the municipality is responsible for the roads within the urban areas.

**b. Level and standards in road maintenance services.**

All households have access to either gravel or surfaced road. The gravel roads are maintained according to the Work Schedule of the Department of Infrastructure and Technical Services and also immediately after a rainstorm. The surfaced roads are maintained annually from the operating maintenance budget. The quality and standards of our roads are in an acceptable condition.

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**c. Annual performance as per key performance indicators in road maintenance services**

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1 Percentage of households without access to gravel or graded roads	Nil	Nil	Nil	Nil	-
2 Percentage of road infrastructure requiring upgrade	40 %	40 %	7	7	100 %
3 Percentage of planned new road infrastructure actually constructed	Nil	40 %	7	7	100 %
4 Percentage of capital budget reserved for road upgrading and maintenance effectively used.	10 %	40 %	7	7	100 %

**d. Major challenges in road maintenance services and remedial actions**

- the surfacing of all remaining streets in the urban developed areas;
- due to our revenue base, the Municipality is unable to address the backlog. Financial assistance is needed from the MIG funding for to address the backlog. The estimated cost is R 143,000,000;
- regarding the storm water backlog, increased MIG allocations are required. The estimated cost for to address the backlog fully is R 45,000,000 (estimated);
- funding is also required for resealing of our roads on a regular basis. The estimated cost R 7,618,000; and
- that more attention be paid to the condition of the rural roads by the Department of Roads and Public Works as well as SANRAL.

**5. WASTE MANAGEMENT**

**a. Waste management services delivery strategy and main role-players**

- The municipality has a fully integrated waste management service; executed by the Departments of Community Services and Technical and Infrastructure Services.
- Refuse is collected two days per week in most of the areas, except in other areas where it services with one removal per week. In all businesses, refuse is removed two to three times a week.
- The Department of Community Services is responsible for managing the landfill sites with the assistance of the Department of Technical and Infrastructure Services.
- This service includes the digging trenches/cells; compacting the waste and replacing the overburden and topsoil once a trench has been filled.

**b. Level and standards in waste management services**

A regular waste removal service is provided to all households, businesses, schools and other institutions within the major towns of the Municipal area. This service can be seen as access to a high quality standard of waste management service. The municipality at the moment does not provide a waste removal service to the farms in the municipal area as the extent of the area and the remote locations of farms will not make this economical feasible. Thus this area can be seen as having a zero or low quality standard of waste management service.

**c. Annual performance as per key performance indicators in waste management services**

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the year under review	Number of HH/customer reached	Percentage of achievement during the year
1 Percentage of households with access to refuse removal services	10 465	Nil	Nil	10465	100 %

**d. Major challenges in waste management services and remedial actions**

- to speed up the relocation of the present dumping site, by putting pressure on the Department of Economic Development and Environmental Affairs for the finalisation of the Environmental Impact Assessment; the issuing of the Record of Decision and the licence; has been issued;
- to adequately upgrade and compact new solid waste disposal sites and transfer stations to fulfil the needs of the communities;

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- to continue rolling out refuse bins to low income areas through adequate budgeting during each financial year;
- to rehabilitate the Nieu-Bethesda waste disposal site – developing a process plan for implementation until 2012 with the assistance and approval of the Department of Economic Development and Environmental Affairs; and
- in some households there is no co-operation regarding the refuse removal service provided and this results in illegal dumping.

**6. HOUSING AND TOWN PLANNING**

**a. Housing and town planning services delivery strategy and main role-players.**

The Department of Human Settlements, the Developer in housing service delivery and our institution assist in the implementation of an approved project. The Housing Sector Plan was developed by Metroplan Consultants and approved by Council. The issue of the semi-detached houses in Umasizakhe must be addressed as a priority.

The main role-players are the National Department of Human Settlements; the Provincial Departments of Human Settlements and Local Government and Traditional Affairs; the Municipality; appointed Consultants; the Social Compact Committees and Ward Committees; as well as the Land Surveyor.

The Town Planning function is performed by Service Providers on an ad hoc basis. Meetings are held with all the relevant role-players. In the meetings the following are discussed; encroachments, resurveying, funding, rezoning; sub-divisions; consolidations as well as public open spaces.

**b. Level and standards in housing and town planning services**

The levels of houses are categorised into RDP houses; private property developments and other related building applications. The standards are enforced and controlled through the National Building Regulations; Provincial Ordinance of 1985; Housing Act; Municipal Systems Act and the Municipal by-laws.

**c. Annual performance as per key performance indicators in housing and town planning services.**

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1 Percentage of households living in informal settlements	Nil	Nil	Nil	Nil	0 %
2 Percentage of informal settlements that have been provided with basic services	Nil	Nil	Nil	Nil	0 %
3 Percentage of households in formal housing that conforms to the minimum building standards for residential houses	100 %	0 %	100 %	100 %	100 %

**d. Major challenges in housing and town planning services and remedial actions**

- that the issue of the Title Deeds of the 120 houses in Geluksdal be dealt with by the Department of Human Settlements as a matter of urgency. The attorney that was awarded the tender never commenced with the transfer of the properties to the rightful owners. This places a financial burden on the municipality as the latter is still the owner of the properties;
- that the rectification of encroachments of properties in Umasizakhe be finalised as soon as feasible so that all the registered properties can be transferred to the rightful owners by issuing them with Title Deeds; - those who were issued with Leasehold Titles do not want the documents endorsed into Freehold Titles;
- that the issue of the endorsement of the Leasehold Titles be attended to by the National Government as a matter of urgency;
- that the relatives inform the municipality timeously about the death of the registered owner and decide on the name of the new house owner at least three months after the passing on of the owner;
- that the Department of Human Settlements properly assist those poor households that cannot afford to pay the transfer fees whenever a house needs to be transferred to a new owner as decided upon by the family;
- acquisition of suitable land for housing development in all our areas – to be assisted by the Department of Human Settlements; Land Affairs and the Department of Local Government and Traditional Affairs;
- the leasing of RDP houses by the owners to business people for taverns and Spaza Shops – the East Cape Liquor Board to assist the Municipality in attending to the illegal operations;
- allocation of sufficient funds for planning and survey of new areas/sites for industrial; commercial and private development by the Department of Local Government and Traditional Affairs as well as the municipality;
- acquisition of suitable land to establish common cemeteries in all three towns;
- that additional funds be allocated by the Department of Local Government and Traditional Affairs to finalise the encroachments as well as other fallen/dilapidated houses in Umasizakhe before the properties can be transferred to the rightful owners;
- that one family that stays in the semi-detached houses in Umasizakhe be prioritized for the next housing development project by the municipality; and
- that Council must appoint a Building Control Officer and Town Planner.

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**7. SPATIAL PLANNING**

**a. Preparation and approval process of SDF:**

The SDF deals with the identification of suitable land for future housing development, public open spaces, commonage land, future residential areas, school sites; etc.

The major role-players are the Department of Local Government and Traditional Affairs, Urban Dynamics, Aurecon (previously known as Ninham Shand Consulting Engineers) and the Municipality.

The present SDF must be reviewed urgently due to the significant growth of our area and the demand for residential, commercial and industrial sites.

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**b. Land use management:**

The number of applications received and processed during the 2009/10 Financial Year under review are as follows:

• Rezoning	5
• Sub-division	5
• Consent Use	12
• Removal of restrictive conditions	0
• Township establishments	0

**c. Major challenges in spatial planning services and remedial actions**

- that the present SDF be reviewed as soon as feasible with the assistance of the Department of Local Government and Traditional Affairs as well as the municipality;
- that awareness campaigns be conducted with the communities regarding Land Use Management to avoid illegal occupation of land, illegal dumping, illegal construction of properties;
- that funds be obtained from the Department of Local Government and Traditional Affairs for the entire Camdeboo area;
- that in the next financial years the issue of the different Zoning Schemes in our areas be addressed adequately by both the Department of Local Government and Traditional Affairs and the municipality;
- that the issue of the semi-detached houses be addressed as a priority; and
- that additional commonage land be acquired for the emerging farmers with the assistance of the Department of Land Affairs.

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**8. INDIGENT POLICY IMPLEMENTATION**

**a. Preparation and approval process of the indigent policy.**

Council approved the indigent policy in March 1997, by providing 6,000 free litres water to both the poor and non-poor indigent households. The indigent policy was then thereafter extended to other essential services such as electricity, sanitation and refuse removal.

Before the adoption and approval of the present policy the Ward Committee members and the public at large were granted an opportunity to make inputs/comments in the form of public participation.

The policy is being reviewed/updated on an annual basis.

**b. Implementation of the Policy**

The policy is strictly adhered to and implemented by the Budget and Treasury Department. Only those households that are identified as indigent are assisted by means of the equitable share. Before the approval of each application, the Ward Councillors are afforded an opportunity to verify the information.

The Credit Control Policy is also implemented where a household defaults on their payments. After the final demand has been issued and there is no response from that particular household owner, the account is handed over to Council's attorneys for collection purposes.

The house owners who cannot afford to pay their municipal accounts are being encouraged to report their situation at the Budget and Treasury Department and make the necessary arrangements.

**c. Major challenges in the implementation of the indigent policy and remedial action.**



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- failure by some households to transfer the property of a deceased into the name of the person the family has identified to take over the ownership;
- failure by the beneficiaries of the IGG support to inform the Treasury Department whenever the total monthly income of the household improves. There is software that is being developed by the Department of Local and Traditional Affairs to manage the entry and exit points of the beneficiaries;
- non-disclosure of the real total monthly income of the household where there is an extra income from another source that could increase the monthly income;
- When defaulting households accounts have been handed over to Council's attorneys for collection purposes, the house owners simply forget or ignore their current accounts as a result they keep on defaulting; and
- Failure by the qualifying households to collect their free electricity tokens from the vendors, and this usually results in queries from the Department of Minerals and Energy.

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9. OVERALL SERVICE DELIVERY BACKLOGS

Basic service delivery area	30 June 2008			30 June 2009			30 June 2010		
Water backlogs (6KL/month)	Required	Budgeted	Actual	Required	budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Spending on new infrastructure to eliminate backlogs (R000)	Nil	Nil	Nil	Nil	Nil	Nil	R 4 mil	R 4 mil	R 4 mil
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R 1.8 mil	R 1.8 mil	R 1.8 mil	R 5.4 mil	R 5.4 mil	R 5.4 mil	R 4 mil	R 4 mil	R 4 mil
Total spending to eliminate backlogs (R000)	R 1.8 mil	R 1.8 mil	R 1.8 mil	R 5.4 mil	R 5.4 mil	R 5.4 mil	R 8 mil	R 8 mil	R 8 mil
Spending on maintenance to ensure no new backlogs (R000)	R 265,000	R 265,000	R 265,000	R 323,000	R 323,000	R 323,000	R 341,269	R 341,269	R 341,269
<b>Electricity backlogs (30KWH/month)</b>									
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Backlogs to be eliminated (%: total HH identified as backlog/total num of HH in the municipality)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Spending on new infrastructure to eliminate backlogs (R000)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R 2.06 mil	R 2.06 mil	R 2.06 mil	R 5.265 mil	R 5.265 mil	R 5.265 mil	R 6.8 mil	R 6.8 mil	R 6.8 mil
Total spending to eliminate backlogs (R000)	Nil	Nil	Nil	Nil	Nil	Nil	R 6.8 mil	R 6.8 mil	R 6.8 mil
Spending on maintenance to ensure no new backlogs (R000)	R 2.06 mil	R 2.06 mil	R 2.06 mil	R 5.265 mil	R 5.265 mil	R 5.265 mil	R 415,000	R 415,000	R 415,000
<b>Sanitation backlogs</b>									
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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Basic service delivery area	30 June 2008			30 June 2009			30 June 2010		
	Required	Budgeted	Actual	Required	budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Spending on new infrastructure to eliminate backlogs (R000)	R 3.6 mil	R 3.6 mil	R 3.6 mil	Nil	Nil	Nil	R 2 mil	R 2 mil	R 2 mil
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R 3.5 mil	R 3.5 mil	R 3.5 mil	R 2.13 mil	R 2.13 mil	R 2.13 mil	R 177,000	R 177,000	R 177,000
Total spending to eliminate backlogs (R000)	R 7.1 mil	R 7.1 mil	R 7.1 mil	R 2.13 mil	R 2.13 mil	R 2.13 mil	R 2.177 mil	R 2.177 mil	R 2.177 mil
Spending on maintenance to ensure no new backlogs (R000)	R 131,000	R 131,000	R 131,000	R 105,000	R 105,000	R 105,000	R 128,000	R 128,000	R 128,000
<b>Road maintenance backlogs</b>									
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	45 %	5 %	5 %	40 %	4 %	4 %	0%	0%	0%
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	45 %	5 %	45 %	40 %	4 %	4 %	0%	0%	0%
Spending on new infrastructure to eliminate backlogs (R000)	R 2.528 mil	R 2.528 mil	R 2.528 mil	R 3.75 mil	R 3.75 mil	R 3.75 mil	Nil	Nil	Nil
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R 4.228 mil	R 4.228 mil	R 4.228 mil	R 7.618 mil	R 7.618 mil	R 7.618 mil	R 665,000	R 665,000	R 665,000
Total spending to eliminate backlogs (R000)	R 4.228 mil	R 4.228 mil	R 4.228 mil	R 7.618 mil	R 7.618 mil	R 7.618 mil	R 665,000	R 665,000	R 665,000
Spending on maintenance to ensure no new backlogs (R000)	R 143,000	R 143,000	R 143,000	R 7.618 mil	R 3.75 mil	R 3.75 mil	R 1.1 mil	R 1.1 mil	R 1.1 mil
<b>Refuse removal</b>									
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Spending on new infrastructure to eliminate backlogs (R000)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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Basic service delivery area	30 June 2008			30 June 2009			30 June 2010		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R 6.42 mil	R 6.42 mil	R 6.42 mil	R 6.42 mil	R 6.42 mil	R 6.42 mil	Nil	Nil	Nil
Total spending to eliminate backlogs (R000)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Spending on maintenance to ensure no new backlogs (R000)	R 1.64 mil	R 1.64 mil	R 1.64 mil	R 3.036 mil	R 2.895 mil	R 2.895 mil	R 504,000	R 504,000	R 504,000
<b>Housing and town planning</b>									
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	4500	0	0	4500	242	39	5000	1146	137
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	41,7	41,7	41,7	37,5	37,5	37,5	46,3	46,3	46,3
Spending on new infrastructure to eliminate backlogs (R000)	R 2.695 mil	R 1.445 mil	R 1.445 mil	R 4.658 mil	R 1.04 mil	R 1.04 mil	R 20,4 mil	R 20,4 mil	0
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R 2.695 mil	R 1.445 mil	R 1.445 mil	R 4.658 mil	R 1.04 mil	R 1.04 mil	R 3 mil	R 3 mil	R 3 mil
Total spending to eliminate backlogs (R000)	R 2.695 mil	R 1.445 mil	R 1.445 mil	R 4.658 mil	R 1.04 mil	R 1.04 mil	R 23,4 mil	R 23,4 mil	R 3 mil
Spending on maintenance to ensure no new backlogs (R000)	R 2.695 mil	R 1.445 mil	R 1.445 mil	R 4.658 mil	R 1.04 mil	R 1.04 mil	0	0	0

## 10. MIG PROJECTS

The following two projects were implemented during the year under review:

- Upgrading of WTW Phases 2 and 3 which involved construction of a new clarifloculator and the installation of additional pumps and pipeline from Nqweba Dam.
- The total value of the projects was R 9,171,491.
- Thirty local people were employed in both projects of which seventeen (17) were adult men; four (4) women and nine (9) youth.
- The total labour costs were R 394,290.

## CHALLENGES

- a larger allocation is needed to address all the identified backlogs such as bulk water and sanitation services; roads and storm water and to attend to other MIG components such as community development facilities etc.
- included in the bulk water and sanitation services, funds are needed for projects such as augmentation of bulk water supply and a new reservoir for Nieu-Bethesda; additional boreholes and a new reservoir for Aberdeen at an estimated cost of R 13,871,806;
- the urgent extension of the Sewerage Treatment Works in Nieu-Bethesda to accommodate the entire area including future housing development projects; at an estimated cost of R7,000,000.

## 11. PRIMARY HEALTH CARE

### a. Primary Health Care services delivery strategy and main role-players.

To ensure the delivery of coordinated, sustainable, comprehensive primary health care services that prioritizes the management for tuberculosis and HIV and AIDS through active community and partnership, to improve the quality of life of all individuals and communities.

The function of providing community health clinic services within the municipality is administered as follows and includes:

- Reduce the HIV and AIDS infection rate; and
- Integration of HIV/AIDS/STI and TB programmes.

In our area there are five (5) clinics; a Day Hospital; one Provincially-aided Hospital and one Provincial Hospital as well as a SANTA TB Hospital.

The roll-out of the anti-retroviral drugs is being managed and controlled by Midland Hospital in Graaff-Reinet.

### b. Level and standards in primary health care

- Preventive, promote and rehabilitative services.
- Communicable disease control.
- Reproductive health services.
- Maternal, child and women's health services.
- Curative services for acute minor illnesses and chronic diseases.
- Level 1 primary health care services at integrated nutrition and mental health services.
- Notifications of notable diseases and active surveillance for vaccine preventable disease.

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**c. Annual performance as per key performance indicators in primary health care:**

<b>Sum of Entry Number</b>			
Sort Order	Data Element Name	Facility	Total
1	PHC headcount under 5 years	<b>ec Horseshoe</b>	2289
		<b>ec Kroonvale</b>	1566
		<b>ec Masakhane Clinic (Aberdeen)</b>	2536
		<b>ec Nieu-Bethesda</b>	617
		<b>ec Umasizakhe</b>	1937
2	PHC headcount 5 years and older	<b>ec Horseshoe</b>	14953
		<b>ec Kroonvale</b>	9573
		<b>ec Masakhane Clinic (Aberdeen)</b>	16531
		<b>ec Nieu-Bethesda</b>	3951
		<b>ec Umasizakhe</b>	14823
<b>Grand Total</b>			<b>68776</b>

**COMMUNITY SERVICES ACHIEVEMENTS:**

- Licencing of the Aberdeen landfill site.
- Licencing of the Jakkalshoek landfill site Nieu-Bethesda.
- Clearing of the Sunday's River of overgrowth for 1 km from the Nqweba Dam Wall.

**12. PROTECTION SERVICES**

The Protection Services is incorporated as a division under the Directorate of Corporate Services. The aforementioned means that the Manager: Protection Services report directly to a Section 57 appointee, the Director: Corporate Services.

This division is mainly responsible for the sub-divisions namely: Traffic Control, Fire Brigade Services and Disaster Management.

The organogram must be reviewed in order to cater for a Chief Fire Officer's position.

**STAFF COMPONENT**

After the review of Council's organisational structure, the department now consists of the Manager: Protection Services, a Superintendent: Traffic responsible for driving licences; an Examiner of Vehicles; two Senior Clerks: Motor Registration and Driving Licences; a Law Enforcement Officer, two Traffic Officers, a contract Traffic Officer, a Cleaner/Pit Assistant and two General Workers: Road Maintenance.

MALES	FEMALES	AFRICAN MALES	COLOURED MALES	WHITE MALES	AFRICAN FEMALES	WHITE FEMALES	COLOURED FEMALES
8	4	2	5	1	1	0	3

During the year under review, an appointment was made of one General Worker: Road Maintenance.

**TRAFFIC CONTROL**

Our main responsibilities under traffic control are road traffic enforcement, road traffic safety campaigns, motor vehicle registration, roadworthiness and driving licences.

**A. Traffic Control**

All the Traffic Officers are qualified and registered as Law Enforcement Officers with the National Department of Transport. The officials strive to render an effective and efficient service to all communities within Camdeboo Municipal area. The Council's biggest challenge is to improve our section 56 notices payment ratio because Council is losing a lot of income due to offenders not paying their traffic fines. This will be improved with the implementation of AARTO. All Traffic Officers have been trained in the AARTO legislation implementation. During 2009 Council subsidized one lady to be trained as a Traffic Officer, and also contracted her to gain experience in respect of traffic control and road traffic safety.

**B. Motor Registration**

The motor registration section is rendering community services like registration of vehicles; licence renewals; application for duplicate registration documents; application for temporary and special permits and application for roadworthiness. It has been reported to Council that there is a decline of income due to the fact that the Post Office is also renewing motor vehicle licences.

**C. Roadworthiness**

Our vehicle test station is graded as a Grade "A" station. It has been reported to Council that we are experiencing a decline of application for roadworthiness due to the fact that a private vehicle testing centre has started operating in Graaff-Reinet. Council has also assisted one of our Traffic Officers to be trained as an Examiner of Vehicles. He will assist in that position when our Examiner of Vehicles is off sick or on annual leave.

**D. Driving Licences**

The Manager: Protection Services as well as the Superintendent: Traffic are qualified and registered as Grade A Driving Licence Inspectors and Examiner of Vehicles. The Senior Clerk: Driving Licences take care of all appointments for learners, driving licences and professional driving permits. Our driving licence tests are performed on Wednesday, Thursday and Friday mornings and learners' licences on Friday afternoons to accommodate our scholars. During this year we had a few audit inspections by the National and Provincial Inspectorate of Driving licence and no irregularities were reported, except for a few minor findings with the completion of application forms and K53 yard. We are proud to announce that our K53 yard facility is rated as one of the best and it needs to be mentioned that we are busy upgrading the yard to a grade A testing centre.

**E. Fire Brigade Services**

The Manager: Protection Services, including the five (5) appointed Traffic Officers, are rendering the fire brigade services in Graaff-Reinet on a rotational standby basis. The satellite fire station in Aberdeen is manned by four of Council's personnel and four volunteers. Nieu-Bethesda's satellite fire station is also manned by three Council's personnel as well as four volunteers. The personnel receive a standby allowance in terms of the basic conditions of services agreement. Council have a contingency plan that includes all the different sector departments to assist in an emergency incident. Our contingency plans for fires, heavy snowfalls and drought has been finalised and will be incorporated in the Integrated Development Plan.

The Graaff-Reinet Fire station attended to fifty six (56) incidents which were mainly veld fires, shack fires, house dwellings and motor car accidents.

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Cacadu District Municipality has assisted with the training of the Manager Protection Services on a three-week Fire-fighter Two and Hazmat Operations level course. He is now qualified as a Traffic and Fire Officer. Our intention is to develop the skills of all the Traffic Officers with intensive fire safety and hazmat awareness courses in the new financial year in order to comply with the Fire Brigade Act.

**F. Disaster Management**

Camdeboo Municipality did not have any major incidents in respect of disasters during this financial year. However, the N9 route, which is the national route between North and South was closed for a few days during September 2009 due to heavy snow falls at Lootsberg Pass and also Wapadsberg Pass.

The challenge that we still face is to get our Local Disaster Management Advisory Forum functional again. The process is hampered due to non-attendance from identified forum members.

**G. Capital Projects**

With reference to above, the following projects were completed to meet our Performance Measures and targets which were identified during our IDP process. It was also reported to Council that an audit was done by the Special Investigation Unit and based on their recommendations, R 61,070 was allocated in our adjustment budget to improve our security at the Motor Registration Offices. The final phase will be completed during the next financial year. The upgrading of the vehicle test station was approved in the adjustment budget after the promulgation of Government Gazette 32258 dated 27 May 2009.

IDP No	Project Description	Amount	Progress Status	Outsourced	Will project be completed
205	Fire Brigade equipment & tools	R 18 321	Completed	Yes	Yes
435	Refurbishment of Fire Engine	R 9 161	Completed	Yes	Yes
201	Upgrading of Vehicle Test Station Equipment	R 120 000	Order placed	Yes	Yes
511	Upgrade Security at Motor Registration Offices	R 61 070	Completed	Yes	Yes
<b>TOTAL</b>		<b>R 208 552</b>			

In conclusion, the department is functioning well, except for a few challenges. We are proud to serve, protect and uphold law and order within Camdeboo Municipality. Congratulations to the Manager and his staff.



CHAPTER 3: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK-  
(KPA 3)

1. BRIEF PRESENTATION OF LED STRATEGIC PLAN

The municipality completed its Strategic LED Plan at the end of March 2009, as part of the Thina Sinako EU-funded Provincial LED Support Programme. Other outcomes of this R 1.3 million project were:

- Comprehensive Socio-Economic, Business and Quality-of-life surveys;
- the design and installation of a Socio-Economic & QOL Indicator database;
- the design and installation of a GIS Mapping System, linked to the above;
- an analysis of the current institutional arrangement and recommendations for the reconfiguration thereof in order to improve the Municipality's performance and functionality in terms of LED.

**The Strategic Priorities listed in the LED Plan are:**

- Socio-Economic and Economic Development: Balancing pro-growth and pro-poor approach;
- Institutional Structures, System, HR Capacity and functional LED Institutional arrangements;
- Sectors deserving focus; and
- Strategic Resources.

2. PROGRESS TOWARDS ACHIEVING THE LED KEY OBJECTIVES

**a. Creation of market- and public confidence**

In order to achieve its LED Objectives, the Municipality needs to implement the strategic recommendations made in its LED Plan. The aim would be to create the desired state described in Camdeboo's LED Vision Statement:

***"To grow a vibrant economy that integrates people and places into one economy, that will attract investment, create employment and enhance the quality of life of our inhabitants."***

This is based on the premise of Camdeboo's LED Mission Statement:

***"Camdeboo Municipality needs to create an enabling environment for economic growth, investment attraction, enterprise development and retention and this must happen in terms of a strategic approach with sustainable, measurable results that will make a meaningful and positive impact on the lives of our people."***

**b. Exploit comparative and competitive advantage for industrial activities**

Camdeboo has few major industries but many small business enterprises. The number of small industries has increased significantly during the year under review and there

have been several requests for industrial sites. Council is in the process of planning for the expansion of the present industrial to meet the growing demand.

Our area compares very favourably with neighbouring municipalities in terms of economic activities and development; we have the competitive edge as a prime tourism destination. Another added advantage is the airfield that has an all-weather surface (tarred runway) with navigation-lights. Light aircraft fly in on a regular basis, to do business in town and to bring in visitors to the area.

The Aloe and the Aquaculture Projects received financial injections and other support from Council during their inception stages.

The Development Bank of Southern Africa (DBSA) and Eastern Cape Development Corporation (ECDC) are assisting towards the establishment of a Khoisan Cultural Village and Heritage Route.”

An amount of R2 million was allocated by the Department of Economic Development and Environmental Affairs (DEDEA), for the development of Fonteinbos Nature Reserve in Aberdeen.

**c. Intensify Enterprise support and business development**

There is a significant number of SMMEs that have been established, especially in Graaff-Reinet and Aberdeen.

The role of Council, in conjunction with the Small Enterprise Development Agency, is to assist the prospective businesses with information as well as facilitating contact with beneficial resources.

There is also a Chamber of Business that has been established in Graaff-Reinet that will assist with enterprise development initiatives. The Camdeboo Local Tourism Organisation (based in Graaff-Reinet) and the various Community Tourism Organisations will also assist with tourism-based economic development initiatives in the entire area.

**d. Support Social investment program**

Camdeboo endeavours to improve the Quality of Life of all its citizens and emphasis is thus placed sustainable job creation, which will not only provide household income, but improve general living conditions. Self-employment is being encouraged locally because there are no big factories that can employ as many people as those based in the cities.

The local people have started to venture seriously on self-employment business initiatives to improve their socio-economic situation.

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**CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY MANAGEMENT (KPA 4)**

**1. THE AUDITED FINANCIAL STATEMENTS**

The full Audited Financial Statements are attached as an annexure.

**2. BUDGET TO ACTUAL COMPARISON**

DETAILS	Actual 2009/2010 R	Budgeted 2009/2010 R	Variance actual/ budgeted %
<b>Income:</b>			
Operating income for the year	120 206 329	102 935 940	18%
<b>Expenditure:</b>			
Operating expenditure for the year	100 648 692	117 001 864	(14)%

**3. CAPITAL EXPENDITURE**

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)  
FOR THE YEAR ENDED 30 JUNE 2010**

Description	2009/ 2010	2009/ 2010	2009/ 2010	2009/ 2010	2009/ 2010	2009/ 2010	Explanation of Significant Variances greater than 5% versus Budget
	Actual R	Under Con- struction R	Total Additions R	Budget R	Variance R	Variance %	
<b>Executive and Council</b>	191,620	-	191,620	-	191,620	100.00	Unexpected financing received (Vuna Awards)
<b>Finance and Administration</b>	126,386	10,621	137,007	505,795	(368,788)	(72.91)	Additional capital expenditure incurred under FMG
<b>Health</b>	140,654	-	140,654	460,387	(319,733)	(69.45)	Projects could not be completed due to insufficient funding
<b>Housing</b>	-	-	-	13,322,140	(13,322,140)	(100.00)	Change in policy by Department Housing Eastern Cape
<b>Public Safety</b>	7,671	-	7,671	208,552	(200,881)	(96.32)	Project carried over to 2010/2011
<b>Waste Management</b>	-	626,589	626,589	245,104	381,485	155.64	Project carried over to 2010/2011

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Description	2009/ 2010 Actual R	2009/ 2010 Under Con- struction R	2009/ 2010 Total Additions R	2009/ 2010 Budget R	2009/ 2010 Variance R	2009/ 2010 Variance %	Explanation of Significant Variances greater than 5% versus Budget
<b>Roads and Transport</b>	-	62,250	62,250	754,485	(692,235)	(91.75)	Project carried over to 2010/2011
<b>Water</b>	8,255,792	-	8,255,792	10,359,305	(2,103,513)	(20.31)	Project carried over to 2010/2011
<b>Electricity</b>	7,668,205	-	7,668,205	7,347,821	320,384	4.36	Project carried over to 2010/2011
<b>Total</b>	<b>16,390,329</b>	<b>699,460</b>	<b>17,089,789</b>	<b>33,203,589</b>	<b>(16,113,800)</b>	<b>(48.53)</b>	

4. GRANTS AND TRANSFERS SPENDING  
INFORMATION TECHNOLOGY GRANT

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>10,496</b>	<b>300,000</b>
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(289,504)
Project completed - transferred to Revenue	10,496	
Conditions still to be met - transferred to Current Assets	-	<b>10,496</b>

ELECTRICITY INFRASTRUCTURE – DME

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>4,810,345</b>	<b>890 298</b>
Received during the year	6,000,000	4,700,000
Conditions met - transferred to Revenue: Operating Expenses	29,742	204,204
Conditions met - transferred to Revenue: Capital Expenses	3,627,439	600,638
Interest received		24,889
Project completed - transferred to Revenue	448,233	
Conditions still to be met - transferred to Current Assets	<b>6,704,931</b>	<b>4,810,345</b>

FINANCE MANAGEMENT GRANT – NATIONAL TREASURY

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>1,690,459</b>	<b>1,143,216</b>
Received during the year	2,000,000	1,750,000
Conditions met - transferred to Revenue: Operating Expenses	2,619,358	484,575
Conditions met - transferred to Revenue: Capital Expenses	85,518	718,183
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>985,583</b>	<b>1,690,459</b>

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**HOUSING PROJECTS**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>604,226</b>	<b>622,581</b>
Received during the year	2,200	97,700
Conditions met - transferred to Revenue: Operating Expenses	1,495	167,481
Conditions met - transferred to Revenue: Capital Expenses		
Interest received		51,426
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>604,931</b>	<b>604,226</b>

**INTEGRATED DEVELOPMENT PLAN**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>348,956</b>	<b>322,307</b>
Received during the year	71,700	57,000
Conditions met - transferred to Revenue: Operating Expenses	47,694	71,710
Conditions met - transferred to Revenue: Capital Expenses		
Interest received		41,359
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>372,962</b>	<b>348,956</b>

**LOCAL ECONOMIC DEVELOPMENT OFFICE**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year		
Received during the year	437,000	
Conditions met - transferred to Revenue: Operating Expenses	8,178	
Conditions met - transferred to Revenue: Capital Expenses	117,675	
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>311,147</b>	

**MIG ROADS AND STORMWATER UMASIZAKHE**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>282,210</b>	<b>282,210</b>
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses	97,682	
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>184,528</b>	<b>282,210</b>

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**MIG WATER TREATMENT WORKS**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>1,243,444</b>	<b>942,268</b>
Received during the year	5,860,523	4,348,079
Conditions met - transferred to Revenue: Operating Expenses	62,422	
Conditions met - transferred to Revenue: Capital Expenses	6,445,468	4,046,903
Conditions met – transferred to Revenue: WIP	62,250	
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>533,828</b>	<b>1,234,444</b>

**MIG WATERBORNE SANITATION**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>366,569</b>	<b>1 966 767</b>
Received during the year	1,361,900	
Conditions met - transferred to Revenue: Operating Expenses		55,553
Conditions met - transferred to Revenue: Capital Expenses		2,297,784
Conditions met – transferred to Revenue: WIP	626,588	
Interest received		
Project completed - transferred to Revenue	1,311,885	
Conditions still to be met - transferred to Current Assets	<b>1,680,628</b>	<b>366,569</b>

**MSIG – FIXED ASSET REGISTER**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>154,444</b>	
Received during the year		200,000
Conditions met - transferred to Revenue: Operating Expenses		45,556
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	154,444	
Conditions still to be met - transferred to Current Assets	-	<b>154,444</b>

**MSIG – GENERAL VALUATIONS ON PROPERTIES**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>192,866</b>	<b>742,168</b>
Received during the year	410,000	445,000
Conditions met - transferred to Revenue: Operating Expenses	602,866	994,302
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets	-	<b>192,866</b>

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**MSIG – WARD PARTICIPATION ASSISTANCE**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>9,188</b>	
Received during the year	90,000	90,000
Conditions met - transferred to Revenue: Operating Expenses	93,527	80,812
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	34,909	
Conditions still to be met - transferred to Current Assets	<b>40,570</b>	<b>9,188</b>

**MIG – PROJECT MANAGEMENT UNIT**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>221,112</b>	<b>164,683</b>
Received during the year	889,739	289,259
Conditions met - transferred to Revenue: Operating Expenses	366,705	232,829
Conditions met - transferred to Revenue: Capital Expenses	11,797	
Conditions met – transferred to Revenue: WIP		
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>732,349</b>	<b>221,112</b>

**SPATIAL DEVELOPMENT PLAN**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>186,603</b>	<b>176,681</b>
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		9,922
Project completed - transferred to Revenue	186,603	
Conditions still to be met - transferred to Current Assets	-	<b>186,603</b>

**REHABILITATION OF LIGHTING**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>45,828</b>	<b>45,828</b>
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	45,828	
Conditions still to be met - transferred to Current Assets	-	<b>45,828</b>

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THINA SINAKO

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>67,315</b>	<b>609,279</b>
Received during the year		414,442
Conditions met - transferred to Revenue: Operating Expenses	97,185	994,424
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received	37,777	38,018
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>7,906</b>	<b>67,315</b>

TOWN PLANNING PROJECT

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>362,705</b>	<b>84,923</b>
Received during the year		254,850
Conditions met - transferred to Revenue: Operating Expenses	196,250	10,668
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		33,600
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>166,455</b>	<b>362,705</b>

VUNA AWARDS

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>300,372</b>	<b>592,828</b>
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses	214,113	281,517
Conditions met - transferred to Revenue: Capital Expenses	83,839	119,334
Conditions met – transferred to Revenue: WIP		
Interest received		108,395
Other Transfers		
Conditions still to be met - transferred to Current Assets	<b>2,420</b>	<b>300,372</b>

DROUGHT RELIEF

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>300,476</b>	<b>273,261</b>
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		6,058
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		33,273
Project completed - transferred to Revenue	300,476	
Conditions still to be met - transferred to Current Assets		<b>300,476</b>



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**COMPREHENSIVE INFRASTRUCTURE PLAN**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>189,756</b>	
Received during the year		200,000
Conditions met - transferred to Revenue: Operating Expenses		32,581
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		22,337
Project completed - transferred to Revenue	189,756	
Conditions still to be met - transferred to Current Assets		<b>189,756</b>

**TRANSITIONAL LOCAL GOVERNMENT GRANT**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>464,779</b>	<b>464,779</b>
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	464,779	
Conditions still to be met - transferred to Current Assets		<b>464,779</b>

**BRICKMAKING PROJECT**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	<b>11,194</b>	<b>12,434</b>
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses	11,194	
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		1,240
Other Transfers		
Conditions still to be met - transferred to Current Assets		<b>11,194</b>

**ABERDEEN CEMETARY**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	76,183	67,747
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		1,754
Project completed - transferred to Revenue	76,182	
Conditions still to be met - transferred to Current Assets		76,183

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**CLEANEST TOWN AWARD**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	2,562	69,950
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		69,143
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		1,754
Project completed - transferred to Revenue	2,562	
Conditions still to be met - transferred to Current Assets		2,562

**IMPLEMENTATION OF FREE BASIC SERVICES**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	2,915	2,592
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		323
Project completed - transferred to Revenue	2,915	
Conditions still to be met - transferred to Current Assets		2,915

**GEO-TECHNICAL SURVEY**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	7,435	6,612
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		823
Project completed - transferred to Revenue	7,435	
Conditions still to be met - transferred to Current Assets		7,435

**TOWNSHIP REGISTERS**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	23,209	23,639
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		2,570
Project completed - transferred to Revenue	23,209	
Conditions still to be met - transferred to Current Assets		23,209

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**WATER SERVICES BOARD PLAN IMPLEMENTATION**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	93,770	785,356
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		691,586
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	93,770	
Conditions still to be met - transferred to Current Assets		93,770

**WATER SERVICES AUTHORITY ASSESMENT**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	128,108	113,922
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		14,186
Project completed - transferred to Revenue	128,108	
Conditions still to be met - transferred to Current Assets		128,108

**ZONING SCHEME – GRAAFF-REINET**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	222,766	253,898
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		55,800
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		24,668
Project completed - transferred to Revenue	222,766	
Conditions still to be met - transferred to Current Assets		222,766

**FONTEINBOS**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year		
Received during the year	2,000,000	
Conditions met - transferred to Revenue: Operating Expenses	88,767	
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets	1,911,233	

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**REVIEW OF WATER SERVICES DEVELOPMENT PLAN**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year		
Received during the year	175,000	
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets	175,000	

**WATER CONSERVATION AND DEMAND MANAGEMENT PLAN**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year		
Received during the year	250,000	
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets	250,000	

**ALOE PROJECT**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	491,053	850,799
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses	453,638	437,087
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received	39,680	77,341
Other Transfers		
Conditions still to be met - transferred to Current Assets	77,095	491,053

**FREE PROTESTANT CHURCH CEMETARY**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	15,187	13,926
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received	1,412	1,261
Other Transfers		
Conditions still to be met - transferred to Current Assets	16,598	15,187

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**CRADOCK STREET CEMETARY**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	17,500	16,023
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received	1,627	4,608
Other Transfers		
Conditions still to be met - transferred to Current Assets	19,126	17,500

**LAING ESTATE**

	<u>2010</u>	<u>2009</u>
Balance unspent at beginning of year	415,328	380,518
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses	42,002	
Conditions met - transferred to Revenue: Capital Expenses	3,307	
Conditions met – transferred to Revenue: WIP		
Interest received	38,610	34,810
Other Transfers		
Conditions still to be met - transferred to Current Assets	408,628	415,328

**5. MEETING DONORS' REQUIREMENTS IN RESPECT OF CONDITIONAL GRANTS**

All material donor requirements have been met with regard to conditional grants received from the national treasury and provincial government. Slow spending of the Finance Management Grant and the Municipal Systems Improvement Grant resulted in National Treasury demanding that the unspent balances be paid back on 30 June 2009. Most of these amounts related to prior years, as shown in the table below.

<b>Unspent Conditional Grants</b>					
<b>Financial Year</b>	<b>FMG</b>	<b>MSIG</b>	<b>Electrification Fund</b>	<b>MIG</b>	<b>Total</b>
2005/2006	26	-	58	-	<b>84</b>
2006/2007	389	-	-	90	<b>479</b>
2007/2008	368	709	-24	-	<b>1 053</b>
<b>Total</b>	<b>783</b>	<b>709</b>	<b>34</b>	<b>90</b>	<b>1 616</b>

However, the municipality was able to show that most of the funds were committed to projects like the general valuation, asset register and GRAP conversion. In the end the municipality had to pay back an amount of R 342,000 which remained unspent and the amount was paid in December 2009.

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**6. LONG TERM CONTRACTS ENTERED INTO BY THE MUNICIPALITY**

No long term contracts entered into during the year under review.

**7. ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN FINANCIAL VIABILITY**

<b>Indicator Name</b>	<b>Target set for the year R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year</b>
Percentage expenditure of capital budget	R 33 203	R 16 390	-48%
	<b>Target set for the year (35%) R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year vs. the operational budget</b>
Salary budget as a percentage of the total operational budget	38%	40%	-2%
	<b>Target set for the year (80% and more) R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year</b>
Total municipal own revenue as a percentage of the total actual budget	75%	64%	
	<b>Target set for the year R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year</b>
Rate of municipal consumer debt reduction	–	(Increase) R 4 757	
Percentage of MIG budget appropriately spent	100%		100%
Percentage of MSIG budget appropriately spent	100%		100%

**8. THE AUDIT COMMITTEE FUNCTIONALITY**

The Audit Committee is fully functional and provides an advisory service to the cluster of Camdeboo, Blue Crane Route and Ikwezi municipalities. Meetings rotated among the three centres and took place as per the requirement of four meetings per year, but only three meeting occurred.

The contracts of the individuals serving on the committee came to an end on 30 June 2009 but due the statutory requirements, Council resolved to extend their contracts until 31 December 2011, and that recruitment process must commence during the first quarter of 2010/2011.

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**9. ARREARS IN PROPERTY RATES AND SERVICE CHARGES**

Amounts in arrears for property rates and service charges grew by 11% from R19.8m to R22.1m during the financial year.

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**10. ANTI-CORRUPTION STRATEGY**

The Fraud Prevention Plan has been developed and adopted by Council on June 2009. Because it was so late in the financial year, not much has been done to raise awareness among staff members during the period under review. The prevention of fraud is also supported by other risk management strategies. The discovery of fraud in the municipality is a standing item on the agenda of the Audit Committee. No fraud cases were uncovered or reported during the period under review. Each Department/Directorate has been issued with the copy of the plan, and this includes Aberdeen and Nieu-Bethesda.

CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

1. OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS:

Camdeboo is a Category B Municipality operating on a Plenary System with a Ward participatory system; promulgated under the Section 12 Notice.

There are 6 Wards that are governed as follows:

- Ward 1: Councillor: Councillor V.G. Jacobs (ANC)
- Ward 2: Councillor A.R. Knott-Craig (DA)
- Ward 3: Councillor K. Hoffman (ANC)
- Ward 4: Councillor C. Abels (ANC)
- Ward 5: Councillor I. Reid (ANC)
- Ward 6: Councillor A. Booyesen (ANC)

The following indicates the composition of the three Portfolio Committees:

BUDGET AND TREASURY:

- Mr I. Reid – Chairperson
- Ms M. Jacobs
- Mr T.J.C. Eksteen
- Mr V.G. Jacobs
- Ms A. Booyesen
- Mr D. Japhta (Mayor/Speaker) Ex-officio

COMMUNITY DEVELOPMENT AND HUMAN RESOURCES:

- Mr C. Abels – Chairperson
- Ms M. Jacobs
- Ms K. Hoffman
- Mr M. Block
- Mr I. Reid
- Mr D. Jaftha (Mayor/Speaker) ex-official

ENGINEERING AND INFRASTRUCTURE DEVELOPMENT:

- Ms K. Hoffman – Chairperson
- Mr S.J. Mbotya (replaced by Cllr. K. Horn from August 2009).
- Ms A. Booyesen
- Mr M. Block
- Mr V.G. Jacobs
- Mr D. Jaftha (Mayor/Speaker) Ex-officio

TOP MANAGEMENT:

- Mr M.G. Langbooi – Municipal Manager
- Mr J. Joubert – Director Finance
- Mr T.S.B .Vukaphi – Director Corporate Services
- Mr M.P. Minnie – Director Technical & Infrastructure Services
- Ms Z.V. Kali – Manager Administration



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- Mr J.J. Krige – Manager Community Services
- Mr A. van Zyl – Manager Electrical Services
- Mr C.V. Rhooode – Manager Protection Services
- Mr I. Berrington – Manager Technical Services (from 1 September 2009)

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### 2. PUBLIC PARTICIPATION

The municipality does not have a dedicated unit that deals with public participation matters. The function is dealt with by the offices of the Mayor/Speaker and the Municipal Manager.

The Municipality committed itself with the theme of ‘people government’ and, to this end, has sought to consult widely with the communities on service delivery priorities, services delivery programmes and mechanisms.

This done through Council Outreach Programmes, Mayoral Imbizos, Ward Committee and Ward Committee forums, IDP formulation consultation process and review of such IDP. The governance structure of Community Development Workers is exploited optimally to enhance the views and demands of the communities before such demands manifest themselves into protests. To achieve this, the CDWs have a standing invitation to the Ward Committee meetings and are encouraged to attend Council meetings, within the broader understanding of Council meetings being open meetings to all.

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### 3. FUNCTIONALITY OF WARD COMMITTEES

The municipality has 6 wards, and all were operational during the year under review. These wards are led by duly elected ward committees who meet regularly. The minutes of ward meetings are supplied to Council via the office of the Municipal Manager. The Ward Committee members receive a stipend for the attendance of the meetings.

#### SERVICE DELIVERY

The Municipality delivers all the services in terms of its powers and functions.

#### TITLE DEEDS

The Municipality has been approached on a number of occasions to intervene on behalf of some of the residents of Umasizakhe township in order for them to convert 99-year leasehold titles into full title deeds. On investigation and after a number of meetings with officials of the Provincial Department of Local Government, it became clear that this could only be achieved by an endorsement of the current Permission-to-Occupy, effectively rendering to the holder the same legal authority as the holder of a title deed. However, this is unacceptable to these residents, stating that this amounts to a perpetuation of the apartheid laws. The information emanating from our meetings and interaction with officials from the Province, is that such a step requires a legislative amendment.

The Municipality is desirous for this matter to be resolved amicably, but lacks the necessary resources to take this matter to its full conclusion.

#### FREE BASIC SERVICES

Each household receives 6,000 litres of free water per month. The registered indigent households also qualify for refuse removal; rates and taxes and electricity. The allegation is made that the

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Municipality hands over debt owed by pensioners to the lawyers for collection, resulting in such people having to pay off debt at the lawyers while at the same time paying their current accounts for services.

Where a person, upon application and approval, is declared indigent, the lawyers who collect the debt on behalf of the municipality are instructed not to pursue such arrears.

### GRADING OF THE MUNICIPALITY

Grade 2 and Category B.

1. The seemingly unilateral changing of the municipality's grade from Grade 3 to Grade 2.
2. The grading of the municipality to be changed to Grade 3 in the light of population growth and comparison to similar-sized institutions.

In terms of legislation, the grading of municipalities is based on two factors; namely, the number of voters and the actual rates revenue.

The number of voters in Camdeboo: 22 400

The actual rates income for 2009/2010: R 12 471 048

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### 4. GOOD GOVERNANCE

The Camdeboo Local Municipality is committed to service delivery and good governance for the benefit of all its citizens.

#### SITUATION IN THE AREA

The Camdeboo Local Municipality committed itself to quality services in the 2009/2010 fiscal year. To this end, the Municipality placed its best foot forward and scheduled its community meetings for the financial year. Council and its committees sit regularly as scheduled to deliberate and pass motions on various service delivery mechanisms within council, looking into, amongst other things, the deliberations of the public participation process. This includes the passing and adoption of the Integrated Development Plan (IDP), which is reviewed annually as contemplated in section 46 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended.

Executive positions on the Municipal staff structure have been filled and municipal performance has greatly enhanced, leading to the achievement of the unqualified audit after a rigorous auditing by the Auditor – General.

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### 5. COMMUNICATION STRATEGY / PLAN

The present Communication Plan was adopted and approved by Council in 2005. All the departments have been provided with copies of the Plan for regular implementation.

The Camdeboo Municipality is in the process of formulating and adopting this strategy and should be ready for the current financial year section 46 report time period.

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### 6. ANTI – CORRUPTION STRATEGY

The Camdeboo Municipality subscribe to the National belief that corruption affects the lives of everyone in South Africa. It is our common enemy.

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The Municipality adopted the “Fraud Prevention Plan” by a special Council Resolution on 4 December, 2008, and has taken note of the Public Services anti – Corruption strategy being implemented in phases by provincial public service. Over and above the stated measures, Council established, through the shared service within the District, an Audit Committee, to share the services with Ikwezi and Blue Crane Route Municipality.

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**7. INTERGOVERNMENTAL RELATIONS**

The Camdeboo Local Municipality took cognizance of the object, the preamble and the guidelines on intergovernmental relations as carried in the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005).

A Service Level Agreement has been signed with Cacadu District Municipality on rendering Environmental Health Care by the Camdeboo Municipality.

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**8. DISASTER MANAGEMENT**

The emergency services are rendered by the Protection Services Department of the Municipality. The fire section was assessed by Rural Metro Emergency Services which was appointed by Cacadu District Municipality to compile a report of fire services readiness within the nine Municipalities under the Cacadu District Municipality’s jurisdiction.

Emergency services are performed with passion and within the prescribed SANS practices.

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**9. PRIMARY HEALTH CARE**

The Municipality renders primary health care as an agency function for the Provincial Department of Health. This is done through a Service Level Agreement signed by and between the Provincial Department and Municipality. The funding model, as gazetted, is said to be 80 – 20. Practicalities points to the different direction in that, the funding hovers around the region of 60 – 40 in percentage form.

There are eleven (11) approved posts for Professional Nurses only four (4) posts are filled at present and the staff must serve five (5) clinics in the Camdeboo Municipal area.

These vacant posts have been advertised on various times but no applications were received. This is a problem occurring at most of the Municipalities in the Eastern Cape that their nurses are appointed at Government Departments and then they struggle to fill the posts.

The reason for this is that no comparison can be drawn between the per capital earnings of a Professional Nurse working for a municipality and those working for the Department of Health as the difference is too large.

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**10. LEGAL MATTERS**

Litigation on legal matters is outsourced as and when the need arises to the firm of Dercksen and Partners.

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*Domicilium et executandi:*

**Dercksen and Partners**

**14 Church Street**

**GRAAFF-REINET**

**6280**

**TELEPHONE NO.           049-8922261/8922146**

**FACSIMILE NO.           049-8922291**

**EMAIL                      casper@dercksen.law.za**

**MANAGEMENT OF LITIGATION**

Regarding the defaulting households for the payment of service charges, the Council's attorneys are struggling to collect the monies owed by households; as a result the age of some arrear accounts is more than five years. Despite all the problems being encountered, the Credit Control and Debt Management Policy are strictly implemented.

No criminal matters emanated from corruption and fraud during the year under review.

**MANAGEMENT OF LEGAL RISKS**

A risk management exercise was conducted by KPMG to identify the risk areas as well as possible remedial actions. The Senior Officials assisted with the identification of the risk areas and submitted the proposals to Council for adoption and approval.

All the assets of the Municipality have been insured, including public liability in the event of a serious incident.

Regular inspections in-loco are being conducted by the various departments, the Trees Committee as well as the Engineering Services and Infrastructure Department to ensure the safety of the residents of Camdeboo.

## PART 3: FUNCTIONAL AREAS REPORTING AND ANNEXURE

### A: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

#### 1. GENERAL INFORMATION (POPULATION STATISTICS)

There are approximately fifty two thousand inhabitants in the entire area.

The 2001 Census statistics cannot be included in this report due to the fact that the data reflected in it are not accurate.

#### 2. EXECUTIVE AND COUNCIL'S FUNCTIONS PERFORMANCE

There is a Year Planner that is being developed annually for adoption and approval by Council. All the activities/events/functions that are planned for a particular financial year are adhered to although in some instances there were unavoidable deviations. The Mayor/Speaker also calls for Special Council meetings whenever there are matters of urgency that must be discussed and resolved.

The following meetings were held during the year under review:

- 5 Ordinary Council meetings;
- 33 Special Council meetings;
- 20 Portfolio Committee meetings as well as other sub-committees.

Generally the attendance in these meetings by both Councillors and Officials was satisfactory.

The relevant officials always implemented the Council decisions timeously.

#### 3. FINANCE AND ADMINISTRATION FUNCTION'S PERFORMANCE

Monthly financial reports are submitted to Council for consideration and approval.

The relevant Portfolio Committee handles all the items that are referred to it and then make recommendations to Council. Strict adherence to the Budget is monitored by the Committee.

Due to the sufficient financial controls and management, the institution did not experience any cash flow problems during the year under review.

The Administration with the Registration Office (Archives) as its source of information performed according to the set standards during this year. There were no incidents that were encountered and this was due to the properly synchronised flow of documents and information.

Furthermore, the Administration department performed well in terms of the compilation of the agendas and minutes, and by also ensuring that the agendas reached both the Councillors and Officials on time.

#### 4. PLANNING AND DEVELOPMENT FUNCTION'S PERFORMANCE

The Year Planner was always used as an administrative tool to ensure that the activities/events and functions of Council took place smoothly and harmoniously.

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Eighty six (86) building plans with a total value of R 18,328,000 were submitted during the year under review, and were handled within a reasonable space of time by the Technical and Infrastructure Services Department and other departments.

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**5. COMMUNITY AND SOCIAL SERVICES FUNCTION'S PERFORMANCE**

All matters that are related to this function were handled by the Corporate and Community Social Services Committee, with recommendations to Council for consideration.

The Committee dealt with matters from the Protection Services; Community Services as well as the Administration department.

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**6. HOUSING FUNCTION'S PERFORMANCE**

A Housing Sector Plan that was adopted and approved by Council is in place.

An amount of R 20,483,604 million has been allocated to our institution by the Department of Human Settlements (previously known as the Department of Housing, Local Government and Traditional Affairs) for the infrastructural development of 1 146 sites. Construction of the services to these sites commenced during May.

Furthermore, an amount of R3 million from the Housing Development Fund was utilised in attending to the fallen/dilapidated houses. 135 houses benefited from the project.

The construction of 242 houses in infill erven commenced in October 2008 and was supposed to have been completed within four months from the commencement date of the project, but due to technical and logistical problems the project is still underway. Thus far 98 units have been completed, due to the encroachments as well as existing structures on the sites.

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**7. WASTE MANAGEMENT FUNCTION'S PERFORMANCE**

The Community Services department continued to remove refuse from the various areas according to the Work Schedule. Council is in a process of relocating the present dumping site to a site that is situated approximately eight kilometres out of town, but due to the delays in the finalisation of the Environmental Impact Study the issuing of a Record of Decision and Licence as well as few objections that have been received, the whole process is taking much longer than initially envisaged.

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**8. WASTE WATER MANAGEMENT**

The majority of erven are connected to a Waterborne Sewerage System, except in Nieu-Bethesda where only 54 toilets in Pienaarsig have been connected thus far. The erven not yet connected in Pienaarsig are to be done during the 2011/2012 financial year with funding from Cacadu Municipality.

The existing sewerage plants in Aberdeen and Graaff-Reinet will be extended and upgraded during the 2010/2011 Financial Year with the allocation from the Municipal Infrastructure Grant.

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#### 9. ROAD MAINTENANCE FUNCTION'S PERFORMANCE

All the roads that fall under the jurisdiction of the Municipality are being attended to by the Technical and Infrastructure Services Department according to their Work Schedule. The roads are resurfaced and cleaned after heavy rains and rainstorms.

Our Protection Services Department also assist by painting the road markings.

The rural roads are being attended to by the Department of Roads and Public Works; for example the link road to Nieu-Bethesda is being sealed and others have been upgraded.

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#### 10. WATER DISTRIBUTION FUNCTION'S PERFORMANCE

Water is being provided to all sites, that is, residential and business. The provisioning of water to the entire area is being attended to by the Technical and Infrastructure Services.

Severe water shortages are being encountered in Aberdeen. The situation has been relieved by the commissioning of an additional borehole. No other critical water delivery problems were experienced during the year under review.

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#### 11. ELECTRICITY DISTRIBUTION FUNCTION'S PERFORMANCE

Electricity distribution is the responsibility of both Eskom and the municipality.

All erven in our area have access to electricity.

Poor households that qualify for free basic electricity are registered on our IGG register system and they are to collect their 50 kwh tokens from registered vendors.

The roll out of the provision of CFL energy saving lamps to the households in Camdeboo area by Eskom and the Municipality was successfully completed.

**B. ANNEXTURES**

B1. FULL AG REPORT

B2. AUDIT COMMITTEE REPORT

B3. AUDITED FINANCIAL STATEMENTS

B4. APPROVED MUNICIPAL STRUCTURE

B5. COUNCIL RESOLUTIONS ADOPTING THE ANNUAL REPORT



ANNEXTURE B1: AUDITOR GENERAL REPORT

**AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON CAMDEBOO MUNICIPALITY**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the accompanying financial statements, which comprise the statement of financial position as at 30 June 2010, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages ... to ....

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

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Generally Recognised Accounting Practice (GRAP) financial reporting framework and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor-General's responsibility**

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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**Opinion**

7. In my opinion, these financial statements present fairly, in all material respects, the financial position of the Camdeboo Municipality as at 30 June 2010 and its financial performance and its cash flows for the year then ended are prepared, in all material respects, in accordance with the GRAP financial reporting framework described in accounting policies note 1 to the financial statements and in the manner required by the MFMA.

**Emphasis of matters**

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

**Irregular expenditure**

9. The municipality incurred irregular expenditure of R69 016 during the year as a result of the payment of councillors' allowances in excess of the maximum as set in *Government Gazette No. 32833* dated 21 December 2009.

**Restatement of corresponding figures**

10. The previously issued financial statements were restated where a change in accounting policy had been affected. This was as a result of the municipality changing its basis of accounting from an entity-specific basis (IMFO) to the GRAP reporting framework.

**Additional matter**

11. I draw attention to the matter below. My opinion is not modified in respect of this matter:

**Unaudited supplementary schedules**

12. Included as part of the financial statements submitted were annexures A, B, C, D and E which do not form part of the GRAP reporting framework requirements and have therefore not been audited.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations: MFMA, Municipal Systems Act of South Africa, No.32 of 2000 (MSA), Municipal Planning and Performance Management Regulations, 2001 (MPPMR), and financial management (internal control).

**Predetermined objectives**

13. Material findings on the report on predetermined objectives, as set out on pages ... to ..., are reported below:

**Non-compliance with regulatory and reporting requirements**

**Inadequate content of section 57 manager's contracts**

14. Key performance indicators set per the performance contracts of section 57 managers have not been aligned with key performance indicators of the integrated development plan as required by section 57(5) of the MSA.

**No reporting on the municipality's performance in annual report**

15. The annual performance report was not included in the municipality's annual report for 2009 as required by section 46(2) of the MSA and section 121(3)(c) of the MFMA.

**Lack of adoption or implementation of a performance management system**

16. The municipality has not established a performance management system as required by section 38 of the MSA.
17. The municipality has no documented policies and procedures to provide a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted as required by regulation 7 of the MPPMR.

**Inadequate content of annual performance report**

18. No comparison between the municipality's performance for the current year and the set targets, as well as the prior year's performance, was presented in the annual performance report, which is in contradiction to the requirements of section 46 of the MSA and section 121(3)(c) of the MFMA.

**Inadequate content of integrated development plan**

19. The integrated development plan of the municipality did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the MPPMR.
20. The integrated development plan of the municipality did not include a financial strategy that defines sound financial management and expenditure control as well as ways and means of increasing revenue and external funding for the municipality and its development priorities and objectives as required by sections 26(h) of the MSA and regulation 2(3)(c) of the MPPMR.

**Usefulness of information**

21. The following criteria were used to assess the usefulness of the planned and reported performance:
  - Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
  - Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?

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- **Measurability:** Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

**Reported information not consistent with planned objectives, indicators and targets**

22. The municipality has not reported throughout on its performance against predetermined objectives which is consistent with the approved integrated development plan. The predetermined objectives have also not been set in the integrated development plan.

**Reliability of Information**

23. The following criteria were used to assess the reliability of the planned and reported performance:

- **Validity:** Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- **Accuracy:** Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- **Completeness:** All actual results and events that should have been recorded have been included in the reported performance information.

The following audit findings relate to the above criteria:

**Lack of appropriate information systems generating performance information**

24. Sufficient appropriate audit evidence with regard to the reported performance information of the objectives could not be obtained, as the information system used for generating performance information was not appropriate to facilitate the preparation of accurate and complete actual performance information.

**Source information not accurate and complete**

25. The source information or evidence provided to support the reported performance information with regard to the objectives did not adequately support the accuracy and completeness of the facts.

**Compliance with laws and regulations**

**Municipal Finance Management Act, 2003 (Act. No.56 of 2003)**

**The accounting officer did not adhere to his statutory responsibilities**

26. The municipality incurred irregular expenditure during the year as a result of the payment of councillors' allowances in excess of the maximum as set out in *Government Gazette No. 32833*. This is considered in contravention of section 62(d) of the MFMA which requires that all reasonable steps be taken to ensure that irregular expenditure is prevented.

**The financial statements were not prepared in accordance with applicable legislation**

27. In order for the financial statements to meet the requirements of section 122(1) of the MFMA, material misstatements identified during the audit were corrected by management.

**INTERNAL CONTROL**

28. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the Municipal Systems Act, 2000 (Act No.32 of 2000) (MSA) and the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA), but not for the purpose of expressing an opinion on the effectiveness of internal control.

29. The matters reported below are limited to the significant deficiencies regarding the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

- **Leadership**

Performance of the municipality has not been measured against predetermined objectives as set in the integrated development plan and staff are also not subjected to performance measurement, which does not set the correct tone at the top. The lack of effective processes and procedures to prevent and detect irregular expenditure affects the management's ability to effectively mitigate risk and has resulted in instances of irregular expenditure occurring.

- **Financial and performance management**

A performance management system has not been established by the municipality nor have policies been reviewed on a continuous basis ensuring the relevance thereof. Management is also not effectively scrutinising suspense accounts and as such the quality and reliability of financial and performance reporting are not assured. Material misstatements corrected have been identified due to a lack of controls over the conversion to the GRAP financial reporting framework process and the use of consultants over which no effective oversight has been instituted.

- **Governance**

The internal audit function has not been fully effective in the discharge of their legislative requirements nor have they reviewed performance information, and therefore is assessed as not functioning effectively.

*Auditor-General*

East London

30 November 2010

6 December 2010

The Mayor  
Ikwezi Municipality  
P O Box 12  
JANSENVILLE  
6265

**REPORT OF THE AUDIT COMMITTEE OF THE IKWEZI MUNICIPALITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

**AUDIT COMMITTEE MEMBERS**

The Audit Committee has adopted appropriate formal terms of reference and consists of three independent members, as listed hereunder, all of whom are chartered accountants.

Professor D Rosenberg (Chairperson)  
Ms R Blignaut  
Mr R Botha

During the financial year under review the following meetings were held:

**DATES OF MEETINGS**

20 November 2009  
2 March 2010  
5 June 2010

One of the four scheduled meetings was not held because there was a delay in the re-appointment of the Audit Committee after the expiry of their initial term of office.

**AUDIT COMMITTEE RESPONSIBILITIES**

The Audit Committee reports that it complied to the extent possible with its terms of reference and this fact has been verified by the Auditor General in their 2010 report.

**OVERALL COMMENTS**

We are delighted to report that the Municipality once again obtained an unqualified audit report which is highly commendable given the complicated reporting requirements which came into effect during the year under review – we would like to congratulate the Municipal Manager and the Chief Financial Officer for this outstanding effort which took place under the visionary leadership of the Mayor.

We would also like to congratulate the Municipality for its efforts in sustainability in the area of water conservation and for developing plans to build a solar plant in Jansenville and also in connection with the highly successful Mohair Festival which was held towards the end of 2009 in the district and for other initiatives.

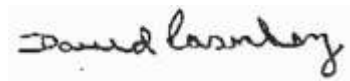
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We recommend that the Municipality continues to improve its internal control procedures and that it continues to monitor the risks facing it on an ongoing basis – we also urge the Municipality to eliminate as far as practically possible the number of audit adjustments raised by the external auditors at the end of each audit.

The Municipality has made progress in implementing an appropriate performance management system – this system is not yet up to the required standard and we look forward to working with the Municipality in this regard during the 2010/11 financial year.

We wish to take this opportunity to thank the External Auditors for their supreme effort in completing the audit within a very short period of time and for the contribution made by the Internal Auditors.

Sincerely

A handwritten signature in black ink, appearing to read "David Rosenberg", is written over a light grey rectangular background.

Professor David Rosenberg (Chairperson)

ANNEXTURE B3: AUDITED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

**MEMBERS OF THE COUNCIL:**

*Mayor:* D JAPHTA  
VG JACOBS  
AR KNOTT-CRAIG  
K HOFFMAN  
C ABELS  
I REID  
A BOOYSEN  
TJC EKSTEEN  
M JACOBS  
M BLOK  
C HORN

PO BOX 71  
GRAAFF-REINET  
6280

**TELEPHONE NUMBER:**

049 807 5700

**FAX NUMBER:**

049 892 6137

**MUNICIPAL MANAGER:**

MG LANGBOOI  
langbooim@camdeboo.gov.za

**CHIEF FINANCIAL OFFICER:**

J JOUBERT  
joubertj@camdeboo.gov.za

**LOCAL GOVERNMENT BARGAINING  
COUNCIL GRADING OF LOCAL  
AUTHORITY:**

GRADE 3

**PROVINCE:**

EASTERN CAPE

**AFS ROUNDING:**

R (to nearest R1)

**AUDITORS:**

AUDITOR-GENERAL  
carynb@agsa.co.za

**BANKERS:**

FIRST NATIONAL BANK

**REGISTERED OFFICE:**

GRAAFF-REINET

**PHYSICAL ADDRESS:**

TOWN HALL SQUARE  
GRAAFF-REINET

**POSTAL ADDRESS:**



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2. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 20 to 91, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager:  
MG LANGBOOI  
2010/08/31

### 3. REPORT OF THE CHIEF FINANCIAL OFFICER

#### A. INTRODUCTION

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2009/10 financial period is set out in Directive 4 and Directive 5 Issued by the Accounting Standards Board (ASB) on 11 March 2009.

Despite having instituted various control measures in order to improve the overall financial results of the municipality, the collection of arrear debt remains a challenge. The increase in the debtors book together with the increased number of indigent customers is indicative of the poverty that exists within the municipal area. However, the on-going reviewing and monitoring of debt collection performance is expected to result in an improvement in the collection of arrears.

#### B. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review.

#### FINANCIAL STATEMENT RATIOS:

INDICATOR	2010	2009
Surplus / (Deficit) before Appropriations	19 557 637	12 262 698
Surplus / (Deficit) at the end of the Year	28 286 880	8 425 659
<b>Expenditure Categories as a percentage of Total Expenses:</b>		
Employee Related Costs	40%	37.06%
Remuneration of Councillors	2%	2.25%
Collection Costs	0.20%	3.16%
Depreciation and Amortisation	0.00%	0.00%
Impairment Losses	0.00%	0.00%
Repairs and Maintenance	3.35%	6.37%
Interest Paid	0.00%	0.00%
Bulk Purchases	22.29%	18.79%
Contracted Services	0.79%	0.81%
Grants and Subsidies Paid	0.09%	4.94%
General Expenses	32%	26.61%
<b>Current Ratio:</b>		
Creditors Days	18	22
Debtors Days	38	19

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**OPERATING RESULTS:**

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2010 are as follows:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
<b>Income:</b>					
Operating income for the year	120 206 329	100 997 178	20%	102 935 940	18%
<b>Expenditure:</b>					
Operating expenditure for the year	100 648 692	88 734 480	13%	117 001 864	(14)%

**RATES AND GENERAL SERVICES:**

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ %
Income	59 193 512	51 938 832	13.97%	41 113 187	43.98%
Expenditure	54 552 871	50 258 725	8.54%	59 104 349	(7.70)%
Surplus / (Deficit)	4 640 640	1 680 107	(176.00)%	(17 991 162)	-
Surplus / (Deficit) as % of total income	7.84%	3.23%		(43.76)%	

**HOUSING SERVICES:**

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

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DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	-	2 394 217	100%	1 538	100%
Expenditure	-	2 917 352	-	-	-
Surplus / (Deficit)	-	(523 135)	(100)%	1 538	-
Surplus / (Deficit) as % of total income	-	(21.85)%		100.00%	

**WASTE MANAGEMENT SERVICES:**

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	7 714 716	7 253 996	6.35%	9 054 828	(14.80)%
Expenditure	6 667 381	4 384 212	52.08%	9 935 420	(32.89)%
Surplus / (Deficit)	1 047 335	2 869 783	(63.50)%	(880 592)	-
Surplus / (Deficit) as % of total income	13.58%	39.56%		(9.73)%	

**ELECTRICITY SERVICES:**

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R22 439 179 (2008/2009: R 16 675 022). Tariffs levied for electricity are subject to administered adjustments.

The envisaged introduction of REDS (Regional Electricity Distribution Suppliers), where electricity will be distributed a regional supplier, will impact materially on the Annual Financial Statements of the municipality.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	41 723 016	29 060 988	43.57%	41 518 203	0.49%
Expenditure	33 120 428	25 874 044	28.01%	37 766 728	(12.30)%
Surplus / (Deficit)	8 602 588	3 186 945	169.93%	3 751 475	-
Surplus / (Deficit) as % of total income	20.62%	10.97%		9.04%	

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**WATER SERVICES:**

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	10 359 627	10 349 145	0.10%	11 248 184	(7.90)%
Expenditure	6 320 999	5 300 147	19.26%	10 159 196	(37.78)%
Surplus / (Deficit)	4 038 628	5 048 998	(20.01)%	1 088 988	-
Surplus / (Deficit) as % of total income	38.98%	48.79%		9.68%	

**C. FINANCING OF CAPITAL EXPENDITURE**

The expenditure on Property, Plant and Equipment during the year amounted to R 16 390 329 (2008/2009: R 12 287 633). Full details of Property, Plant and Equipment are disclosed in Note 06 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R 16 390 329 were financed as follows:

DETAILS	Actual 2009/2010 R	Budgeted 2009/2010 R	Variance actual/ budgeted %
Grants and Subsidies	10 434 157	10 434 157	-
Public Contributions	3 307	-	-
Own Funds (Accumulated Surplus)	5 952 865	5 956 172	(0.06)%
	16 390 329	16 390 329	-

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2010
Grants and Subsidies	63.66%
Public Contributions	0.02%
Own Funds (Accumulated Surplus)	36.32%

Property, Plant and Equipment is funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

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**D. RECONCILIATION OF BUDGET TO ACTUAL**

**OPERATING BUDGET:**

DETAILS	2010	2009
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	(14 065 924)	(14 774 100)
Revenue variances	17 270 389	24 884 945
Expenditure variances:		
Employee Related Costs	4 597 704	4 908 085
Remuneration of Councillors	431 043	4 829
Collection Costs	2 797 879	4 281 078
Depreciation and Amortisation	-	-
Impairment Losses	-	-
Repairs and Maintenance	551 930	(1 873 501)
Interest Paid	-	-
Bulk Purchases	2 608 966	1 844 705
Contracted Services	341 003	35 119
Grants and Subsidies Paid	36 039	(4 270 699)
General Expenses	4 988 607	(2 777 762)
Loss on disposal of Property, Plant and Equipment	-	-
Actual surplus before appropriations	19 557 637	12 262 698

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a cryptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

**CAPITAL BUDGET:**

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Variance actual 2009/10 / 2008/09 R	Budgeted 2009/2010 R	Variance actual/ budgeted R
Executive and Council	191 620	534 117	(342 497)	140 694	50 926
Finance and Administration	137 007	963 457	(826 449)	505 795	(368 788)
Planning and Development	-	710 011	(710 011)	365 101	(365 101)
Health	140 654	42 534	98 121	460 387	(319 733)
Community and Social Services	-	47 501	(47 501)	460 387	(460 387)
Housing	-	468	(468)	13 322 140	(13 322 140)
Public Safety	7 671	794 591	(786 920)	208 552	(200 881)
Sport and Recreation	-	346 036	(346 036)	-	-
Waste Management	626 589	35 233 923	(34 607 334)	281 747	344 842

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DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Variance actual 2009/10 / 2008/09 R	Budgeted 2009/2010 R	Variance actual/ budgeted R
Roads and Transport	62 250	7 330 597	(7 268 347)	676 371	(614 121)
Water	8 255 792	15 567 971	(7 312 179)	10 322 662	(2 066 870)
Electricity	7 668 205	6 372 543	1 295 662	7 347 821	320 384
Other	-	3 596 189	(3 596 189)	-	-
	<u>17 089 789</u>	<u>71 539 938</u>	<u>(54 450 150)</u>	<u>34 091 657</u>	<u>(17 001 868)</u>

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a cryptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

**E. ACCUMULATED SURPLUS**

The balance of the Accumulated Surplus as at 30 June 2010 amounted to R 28 286 880 (30 June 2009:

R8 425 657) and is made up as follows:

Capital Replacement Account	5 000 000
Self-Insurance Account	5 700 369
Housing account	2 525 226
Accumulated Surplus	<u>15 061 285</u>
	<u><u>28 286 880</u></u>

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

**F. LONG-TERM LIABILITIES**

The municipality does not currently have any long-term liabilities.

**G. RETIREMENT BENEFIT LIABILITIES**

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2010 was R 14 460 236 (30 June 2009: R 13 148 689).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 14 for more detail.

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**H. NON-CURRENT PROVISIONS**

Non-current Provisions amounted R 8 666 209 as at 30 June 2010 (30 June 2009: R 6 846 669) and is made up as follows:

Provision for Long-term Service	1 884 409
Provision for Rehabilitation of Land-fill Sites	6 781 800
	<u>8 666 209</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 15 for more detail.

**I. CURRENT LIABILITIES**

Current Liabilities amounted R 26 111 763 as at 30 June 2010 (30 June 2009: R 23 054 094) and is made up as follows:

Consumer Deposits	Note 8	1 256 702
Provisions	Note 9	2 352 196
Creditors	Note 10	4 881 248
Unspent Conditional Grants and Receipts	Note 11	15 185 922
VAT	Note 12	2 435 695
		<u>26 111 763</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

**J. PROPERTY, PLANT AND EQUIPMENT**

The net value of Property, Plant and Equipment was R 17 089 789 as at 30 June 2010 (30 June 2009: R 0). The 30 June 2009 amount of R 0 was as a result of the definition of provisional amounts under Directive 4.

Refer to Note 6 and Appendices "B, C and E (2)" for more detail.

**K. INVESTMENTS**

The municipality held Investments to the value of R 44 473 173 as at 30 June 2010 (30 June 2009: R 34 397 813).

Refer to Note 5 for more detail.



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**L. CURRENT ASSETS**

Current Assets amounted R59 799 935 as at 30 June 2008 (30 June 2007: R51 077 880) and is made up as follows:

Inventory	Note 2	2 791 916
Consumer Debtors	Note 3	7 121 092
Other Debtors	Note 4	3 278 603
Bank Balances and Cash	Note 5	<u>46 608 325</u>
		<u><u>59 799 935</u></u>

The substantial increase in consumer debtors is due to the provision for consumption of metered services from the last reading date to 30 June 2010. Council's Credit Control Policy will have to be applied strictly and adhered to in all circumstances in order to recover monies due to the municipality.

Refer to the indicated Notes for more detail.

**M. INTER-GOVERNMENTAL GRANTS**

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 11 and 21, and Appendix "F" for more detail.

**N. EVENTS AFTER THE REPORTING DATE**

Full details of all known events, if any, after the reporting date are disclosed in Note 44.

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**4. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)**

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format and is now presented as such on continuous basis.

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**5. EXPRESSION OF APPRECIATION**

We are grateful to the Mayor, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



CHIEF FINANCIAL OFFICER  
J Joubert  
31 August 2010

## 6. ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

### A. BASIS OF PREPARATION

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

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

### B. CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The municipality changes an accounting policy only if the change:

- a) is required by a Standard of GRAP; or
- b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

The details of any changes in accounting policies and comparative restatements are explained in the relevant policy.

### C. SIGNIFICANT JUDGEMENTS

The following are the critical judgements that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

#### REVENUE RECOGNITION

Accounting Policy 9.1 on Revenue from Exchange Transactions and Accounting Policy 9.2 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### FINANCIAL ASSETS AND LIABILITIES

The classification of financial assets and liabilities is based on judgement by management.

#### PROVISIONS AND CONTINGENT LIABILITIES

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in notes 10 and 41 respectively. Provisions are discounted where the effect of discounting is material.

#### SOURCES OF ESTIMATION UNCERTAINTY

The following are the 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:

### **IMPAIRMENT OF FINANCIAL ASSETS**

Accounting Policy 5.4 on Impairment of Financial Assets describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: Financial Instruments - Recognition and Measurement.

### **DEFINED BENEFIT PLAN LIABILITIES**

As described in Accounting Policy 15, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 15 and 16 to the Annual Financial Statements.

### **OPERATING LEASE COMMITMENTS – AS LESSOR**

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

### **PRESENTATION CURRENCY**

The annual financial statements are presented in South African Rand, which is the functional currency of the municipality, and amounts are rounded off to the nearest R1.

### **GOING CONCERN ASSUMPTION**

The annual financial statements have been prepared on the assumption that the municipality is a going concern and will continue in operation for the foreseeable future.

### **OFFSETTING**

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

### **STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

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

- GRAP 18 - Segment Reporting - issued March 2005
- GRAP 21 - Impairment of Non-cash-generating Assets - issued March 2009
- GRAP 23 - Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 - Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 25 - Employee Benefits - issued December 2009
- GRAP 26 - Impairment of Cash-generating Assets - issued March 2009
- GRAP 103 - Heritage Assets - issued July 2008
- GRAP 104 - Financial Instruments – issued October 2009

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The ASB Directive 5 paragraph 29 allows for the Municipality to select applying the principles established in a Standard of GRAP that has been issued, but is not yet in effect, in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph .12 of the GRAP 19 on Accounting Policies, Changes in Accounting Estimates and Errors.

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The Municipality applied the principles established in the following Standards of GRAP that have been issued, but is not yet in effect, in developing appropriate accounting policies dealing with the following transactions, but have not early adopted these Standards:

Impairment of Non-cash-generating Assets (GRAP 21 - issued March 2009)  
Revenue from Non-Exchange Transactions (GRAP 23 - issued February 2008)  
Impairment of Cash-generating Assets (GRAP 26 - issued March 2009)

The following other standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 36 Impairment of assets - amended version effective 1 January 2010  
IAS 39 Financial Instruments: Recognition and Measurement - amended version effective 1 January 2010

Management has considered all the above standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

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### 7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

#### A. INITIAL RECOGNITION

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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

**B. SUBSEQUENT MEASUREMENT**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent to initial recognition, items of property, plant and equipment is stated at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses, where applicable. Infrastructure assets are stated at the depreciated replacement cost.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Subsequent to initial recognition, land and buildings are not re-valued.

**DEPRECIATION**

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

	<b>Years</b>		<b>Years</b>
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
Landfill sites	30	Bins and containers	5
Community		Specialized plant and equipment	10-15
Improvements	30	Other plant and equipment	2-5
Recreational Facilities	20-30		
Security	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate. These were not reviewed in the previous and current financial years as required by GRAP 17. The municipality applied ASB directive 4 which states that the municipality need not comply with the measurement requirements of GRAP 17 for the year ending 30 June 2010 but must comply with the measurement requirements for the year ending 30 June 2012. It must however identify and correctly classify all PPE on an assets register for the year ending 30 June 2010.

### C. INCOMPLETE CONSTRUCTION WORK

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available into use.

### D. FINANCE LEASES

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

### E. HERITAGE ASSETS

These are assets that are defined as culturally significant resources which are not depreciated owing to the uncertainty regarding their estimated useful lives. The municipality applied ASB directive 4 relating to Heritage assets.

### F. INFRASTRUCTURE ASSETS

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at depreciated replacement cost. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

### G. DE-RECOGNITION

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

### H. IMPAIRMENT OF CASH AND NON-CASH GENERATING ASSETS

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

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

For the previous and current year under review, the municipality did not perform impairment testing on its assets as required by GRAP 17. The municipality applied ASB directive 4 which states that the municipality need not comply with the measurement requirements of GRAP 17 for the years ending 30 June 2010 but must comply with the measurement requirements for the year ending 30 June 2012. It must however identify and correctly classify all PPE on an assets register for the year ending 30 June 2010.

## I. LANDFILL SITES

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see Accounting Policy 11 on Provisions. Rehabilitation costs capitalised to the cost of the landfill site, are written off on a straight-line basis over the estimated useful lives of the site.

## J. TRANSITIONAL PROVISIONS

The estimated useful lives and the depreciation methods were not reviewed in the previous financial year as required by GRAP 17. The municipality applied ASB directive 4 which states that the municipality need not comply with the measurement requirements of GRAP 17 for the years ending 30 June 2010 but must comply with the measurement requirements for the year ending 30 June 2012. The estimated useful lives and depreciation methods will be reviewed for the year ended 30 June 2012 (and retrospectively where practicable), and any changes therein will be implemented in accordance with the requirements of GRAP 17, GRAP 3 and ASB Directive 4.

The municipality did not perform impairment testing on its cash generating assets and non-cash generating assets in the previous financial year. The municipality applied ASB directive 4 which states that the municipality need not comply with the measurement requirements of GRAP 17 for the years ending 30 June 2010 but must comply with the measurement requirements for the year ending 30 June 2012. The testing for impairment of cash generating assets and non-cash generating assets will be performed for the year ended 30 June 2012 in accordance with the requirements of GRAP 21, GRAP 26 and ASB Directive 4.

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## 8. INTANGIBLE ASSETS

### A. INITIAL RECOGNITION

Identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

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

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

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

Intangible assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair

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

### B. SUBSEQUENT MEASUREMENT, AMORTISATION AND IMPAIRMENT

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

The estimated useful lives and the amortisation methods were not reviewed in the current financial year as required by GRAP 102. The municipality also did not perform impairment testing on its intangible assets during the year under review. The estimated useful lives and amortisation methods will be reviewed and impairment testing will be done for the year ended 30 June 2012 (and retrospectively where practicable), and any changes therein will be implemented in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 4.

### C. DE-RECOGNITION

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

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## 9. INVESTMENT PROPERTY

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

### A. INITIAL RECOGNITION

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

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);



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- a building owned and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- a building that is vacant but is held to be leased out under one or more operating leases.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- property being constructed or developed on behalf of third parties;
- owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- property that is being constructed or developed for future use as investment property;
- property that is leased to another entity under a finance lease;
- property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- property held for strategic purposes or service delivery.

### B. SUBSEQUENT MEASUREMENT

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

### C. TRANSITIONAL PROVISIONS

In terms of ASB Directive 4, the municipality is not required to measure investment properties for reporting periods beginning on or after a date within 3 years following the date of initial adoption of GRAP 16. The municipality elects to apply ASB Directive 4 for its investment properties and does not measure its investment properties for the above-mentioned period. However, provisional amounts for investment properties are disclosed in the Annual Financial Statements in accordance with ASB Directive 4.

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## 10. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

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**A. FINANCIAL ASSETS - CLASSIFICATION**

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions, etc.)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows into the four categories allowed by this standard:

<b>Financial instrument</b>	<b>Classification</b>
Short-term Investment Deposits – Call	Loans and Receivables
Short-term Investment Deposits – Notice	Loans and Receivables
Bank Balances and Cash	Loans and Receivables
Long-term Receivables	Loans and Receivables
Other Debtors	Loans and Receivables
Investments in Fixed Deposits	Held to maturity investments

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

The classification is dependent on the purpose for which the financial asset is acquired and is as follows:

**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the statement of financial performance.

**AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as *Financial assets at fair value through the statement of financial performance, Loans and Receivables, or Held to maturity investments.*

**LOANS AND RECEIVABLES**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

## HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are non-derivative financial assets with fixed or determinable dates of maturity which the municipality intend and are able to keep to maturity.

### B. FINANCIAL LIABILITIES - CLASSIFICATION

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Creditors
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term
- Liabilities
- Consumer Deposits

There are two main categories of Financial Liabilities, the classification determining how they are measured. Financial liabilities may be measured at:

- Fair value through profit or loss; or
- Other financial liabilities at amortised cost

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

### C. INITIAL AND SUBSEQUENT MEASUREMENT

#### FINANCIAL ASSETS

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Fair Value and Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

#### FINANCIAL LIABILITIES

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected lifespan of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset or liability.

#### D. IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made so that the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment, at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

#### E. DE-RECOGNITION OF FINANCIAL ASSETS

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality

continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### F. DE-RECOGNITION OF FINANCIAL LIABILITIES

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

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### 11. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

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

Risks and exposure are disclosed as follows:

#### CREDIT RISK

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

#### LIQUIDITY RISK

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 38 to the Annual Financial Statements.

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### 12. INVENTORIES

#### A. INITIAL RECOGNITION

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

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

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

## B. SUBSEQUENT MEASUREMENT

Consumable stores, raw materials, work-in-progress and finished goods to be consumed within the Municipality are measured at the lower of cost and current replacement cost because they are distributed at no charge or for a nominal charge.

Water is valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

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

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## 13. NON-CURRENT ASSETS HELD FOR SALE

### A. INITIAL RECOGNITION

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

### B. SUBSEQUENT MEASUREMENT

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets, and is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

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

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## 14. REVENUE RECOGNITION

Revenue comprises the fair value of the remuneration received or receivable for the sale of services or goods in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

#### A. REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

##### **SERVICE CHARGES**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

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

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

##### **PRE-PAID ELECTRICITY**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. At year-end the recognition is based on an estimate of the prepaid electricity consumed as at the reporting date.

##### **FINANCE INCOME**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

##### **ROYALTIES**

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

##### **TARIFF CHARGES**

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

##### **INCOME FROM AGENCY SERVICES**

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

## **SALE OF GOODS**

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

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

## **RENTALS**

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

### **B. REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

## **RATES AND TAXES**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

## **FINES**

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

Revenue from the issuing of summonses is only recognised when collected by the courts. Due to the various legal processes that can apply to summonses and the inadequate information received from the courts, it is not possible to measure this revenue when the summons is issued.

## **PUBLIC CONTRIBUTIONS**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

## **OTHER DONATIONS AND CONTRIBUTIONS**

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.



## REVENUE FROM RECOVERY OF UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

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### 15. GRANTS AND RECEIPTS

Grants and conditional receipts are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

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

Interest on unspent grants is being phased out and no interest will be allocated to any unspent grant from 1 July 2010.

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### 16. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

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

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- The municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## 17. EMPLOYEE BENEFITS

### A. SHORT-TERM EMPLOYEE BENEFITS

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as a current provision.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

### B. LONG-SERVICE ALLOWANCE

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

### C. POST-RETIREMENT BENEFITS

The Municipality provides post-retirement benefits for its employees and councillors.

#### **DEFINED CONTRIBUTION PLANS**

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

#### **DEFINED BENEFIT PLANS**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

##### *Post-retirement Health Care Benefits*

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. The other Medical Aid Funds, with which the Municipality is associated, do not provide for continued membership.

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The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Past-service costs are recognised immediately in income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Actuarial gains or losses are accounted for using the “corridor method”. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

### *Multi-employer Defined Benefit Plans and Defined Contribution Plans*

The municipality contributes to various National- and Provincial-administered Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 39 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued tri-annually on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

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## 18. LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the lessee.

Operating leases are those leases that do not fall within the scope of the above definition.

### **THE MUNICIPALITY AS LESSEE**

Property, plant and equipment or Intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

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

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Operating lease rentals are recognised as an expense on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### THE MUNICIPALITY AS LESSOR

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised and recorded on a straight-line basis over the term of the relevant lease.

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### 19. BORROWING COSTS

The municipality capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense in the Statement of Financial Performance.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

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### 20. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

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### 21. VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec. 15(2)(a) of the Value-Added Tax Act No 89 of 1991. Due to the fact that the Municipality utilises the accrual basis of accounting, VAT is accrued for upon invoicing.

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### 22. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

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For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with bank, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

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### 23. UNAUTHORISED EXPENDITURE

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

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### 24. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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### 25. FRUITLESS AND WASTEFUL EXPENDITURE

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

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### 26. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

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### 27. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management are applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall

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restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

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**28. RELATED PARTIES**

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

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**29. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date are disclosed in the notes to the Annual Financial Statements.

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**30. COMPARATIVE INFORMATION**

**A. CURRENT YEAR COMPARATIVES:**

Budgeted amounts have, in accordance with GRAP 1, been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

**B. PRIOR YEAR COMPARATIVES:**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the amendment. The nature and reason for the restatement is disclosed.

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**31. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

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**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010**

	<b>Note</b>	<b>2010 R</b>	<b>2009 R</b>
<b>ASSETS</b>			
		<b>59 799 936</b>	<b>51 077 880</b>
Inventory	<b>2</b>	2 791 916	2 596 355
Trade Receivables from Exchange Transactions	<b>3</b>	7 121 092	2 717 825
Trade Receivables from Non-Exchange Transactions	<b>4</b>	3 278 604	1 722 508
Cash and Cash Equivalents	<b>5</b>	46 608 325	44 041 194
<b>Non-Current Assets</b>		<b>17 089 789</b>	<b>-</b>
Property, Plant and Equipment	<b>6</b>	17 089 789	-
<b>Total Assets</b>		<b>76 889 725</b>	<b>51 077 880</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>26 111 763</b>	<b>23 054 095</b>
Consumer Deposits	<b>9</b>	1 256 702	1 144 709
Provisions	<b>10</b>	2 352 196	1 923 557
Creditors	<b>11</b>	4 881 248	5 456 196
Unspent Conditional Grants and Receipts	<b>12</b>	15 185 922	12 632 156
VAT Payable	<b>13</b>	2 435 695	1 897 476
<b>Non-Current Liabilities</b>		<b>22 491 080</b>	<b>19 598 126</b>
Long-term Liabilities	<b>14</b>	-	171 137
Retirement Benefit Liabilities	<b>15</b>	13 824 871	12 580 320
Non-current Provisions	<b>16</b>	8 666 209	6 846 669
<b>Total Liabilities</b>		<b>48 602 844</b>	<b>42 652 221</b>
<b>Total Assets and Liabilities</b>		<b>28 286 880</b>	<b>8 425 659</b>
<b>NET ASSETS</b>			
Accumulated Surplus / (Deficit)	<b>17</b>	28 286 880	8 425 659
<b>Total Net Assets</b>		<b>28 286 880</b>	<b>8 425 659</b>

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**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

<b>Budget</b>					
<b>2009</b>	<b>2010</b>		<b>Note</b>	<b>2010</b>	<b>2009</b>
<b>R</b>	<b>R</b>			<b>R</b>	<b>R</b>
<b>REVENUE</b>					
10 175 515	10 086 023	Property Rates	<b>18</b>	12 471 048	8 535 300
807 730	836 772	Property Rates - Penalties imposed and collection charges	<b>19</b>	766 293	990 068
42 684 954	61 767 902	Service Charges	<b>20</b>	56 088 089	44 420 018
338 477	317 836	Rental of Facilities and Equipment	<b>21</b>	372 604	316 868
1 258 800	938 205	Interest Earned - External Investments	<b>19</b>	3 297 238	5 434 198
739 536	669 640	Interest Earned - Outstanding Debtors	<b>19</b>	919 691	828 818
495 715	522 985	Fines		372 730	625 378
1 364 497	1 256 712	Licences and Permits		1 269 816	1 198 144
71 185	75 029	Income for Agency Services		136 941	94 584
17 323 000	25 916 367	Government Grants and Subsidies Received	<b>22</b>	43 719 533	31 485 391
152 912	168 940	Internal Charges		187 379	193 722
699 912	379 529	Other Income	<b>23</b>	604 969	727 049
<b>76 112 233</b>	<b>102 935 940</b>	<b>Total Revenue</b>		<b>120 206 329</b>	<b>94 849 500</b>
<b>EXPENDITURE</b>					
37 793 626	44 866 904	Employee Related Costs	<b>24</b>	40 269 200	33 572 969
2 005 050	2 346 735	Remuneration of Councillors	<b>25</b>	1 915 692	2 000 221
7 083 283	3 000 000	Provision for Bad Debts		202 121	2 802 205
3 777 745	3 922 163	Repairs and Maintenance		3 370 233	2 901 375
18 519 727	25 048 144	Bulk Purchases	<b>26</b>	22 439 178	16 675 022
757 705	1 138 486	Contracted Services		797 482	436 555
115 000	129 500	Grants and Subsidies Paid	<b>27</b>	93 461	127 730
20 834 197	36 549 932	General Expenses	<b>28</b>	31 561 325	24 070 763
<b>90 886 333</b>	<b>117 001 864</b>	<b>Total Expenditure</b>		<b>100 648 692</b>	<b>82 586 842</b>
<b>OTHER REVENUE / EXPENDITURE INCURRED</b>					
<b>(14 774 100)</b>	<b>(14 065 924)</b>	<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>19 557 637</b>	<b>12 262 698</b>

**Refer to Appendix E(1) for explanation of budget variances**



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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

Description	Total for Accumulated Surplus/(Deficit) Account	Total
<b>2009</b>	<b>R</b>	<b>R</b>
Balance at 30 June 2008	91 569 562	91 569 562
Change in Accounting Policy (Note 30)	(93 565 237)	(93 565 237)
Correction of Error (Note 31)	(1 841 364)	(1 841 364)
<b>Restated Balance</b>	<b>(3 837 039)</b>	<b>(3 837 039)</b>
Surplus / (Deficit) for the year	12 262 698	12 262 698
<b>Balance at 30 June 2009</b>	<b>8 425 659</b>	<b>8 425 659</b>
<b>2010</b>		
Correction of Error (Note 31)	303 584	303 584
<b>Restated Balance</b>	<b>8 729 243</b>	<b>8 729 243</b>
Surplus / (Deficit) for the year	19 557 637	19 557 637
Correction of Previous Years Differences in Accumulated Surplus Transferred	-	-
	-	-
<b>Balance at 30 June 2010</b>	<b>28 286 880</b>	<b>28 286 880</b>

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Note</b>	<b>2010 R</b>	<b>2009 R</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from Ratepayers, Government and Other		108 474 975	103 735 017
Cash paid to Suppliers and Employees		(92 115 292)	(90 415 034)
<b>Cash generated from / (utilised in) Operations</b>	<b>32</b>	<b>16 359 683</b>	<b>13 319 983</b>
Interest received	<b>20</b>	3 297 237	5 434 198
<b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>19 656 920</b>	<b>18 754 181</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	<b>6</b>	(17 089 789)	(21 436 589)
(Increase) / decrease in Long-term Receivables	<b>16</b>		
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(17 089 789)</b>	<b>(21 436 589)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5</b>	<b>2 567 131</b>	<b>(2 682 408)</b>
Cash and Cash Equivalents at the beginning of the year		44 041 194	46 723 602
Cash and Cash Equivalents at the end of the year		46 608 325	44 041 194

**1. GENERAL INFORMATION**

Camdeboo Municipality is a local government institution in the Eastern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a low capacity municipality and must comply with GRAP by 30 June 2010. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011.

**2. INVENTORY**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
Consumable Stores	2 791 916	2 596 355
<b>Total Inventory</b>	<b>2 791 916</b>	<b>2 596 355</b>

The consumable stores are held for use by the Municipality, they are thus held for distribution at no charge or for a nominal charge. The consumable stores are thus measured at the lower of cost and current replacement cost.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure the following inventories:

- Unpurified Water;
- Water in pipelines
- Land held for sale

The municipality is currently in a process of identifying all inventory which must be measured in terms of GRAP 12. 15 - 18 and it is expected that this process will be completed for inclusion in the 2012 financial statements.

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**3. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS**

<b>As at 30 June 2010</b>	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
Service Debtors:	13 764 604	8 635 032	5 129 572
Electricity	8 187 969	5 015 569	3 172 400
Refuse	602 340	409 267	193 073
Sewerage	1 292 483	878 192	414 291
Meter Readings not Billed	1 030 660	-	1 030 660
Water	2 651 153	2 332 005	319 148
Housing Debtors	5 400 189	3 797 733	1 602 456
Other Debtors	844 718	455 654	389 064
<b>Total Consumer Debtors</b>	<b>20 009 511</b>	<b>12 888 419</b>	<b>7 121 092</b>

<b>As at 30 June 2009</b>	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
Service Debtors:	8 373 252	6 809 333	1 563 919
Electricity	8 373 252	6 809 333	1 563 919
Water	-	-	-
Housing Debtors	5 426 374	4 412 859	1 013 514
Other Debtors	751 655	611 264	140 391
<b>Total Consumer Debtors</b>	<b>14 551 281</b>	<b>11 833 457</b>	<b>2 717 825</b>

The municipality receives applications that it processes. Deposits are required to be paid for all water and electricity accounts opened. There are no consumers who represent more than 1 % of the total balance of Consumer Debtors.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximates their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratios of the municipality's Consumer Debtors.

**A. AGEING OF CONSUMER DEBTORS**

<b>Rates: Ageing</b>	<b>2010 R</b>	<b>2009 R</b>
<u>Current:</u>		
0 - 30 days	233 195	278 990
<u>Past Due:</u>		
31 - 60 Days	186 008	85 396
61 - 90 Days	150 755	32 566
91 - 120 Days	153 692	13 301
+ 120 Days	8 964 094	8 108 607
<b>Total</b>	<b>9 687 744</b>	<b>8 518 860</b>

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	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b><i>Electricity: Ageing</i></b>		
<u><i>Current:</i></u>		
0 - 30 days	2 291 802	-
<u><i>Past Due:</i></u>		
31 - 60 Days	210 462	-
61 - 90 Days	140 913	-
91 - 120 Days	106 399	-
+ 120 Days	216 847	-
<b>Total</b>	<b>2 966 423</b>	<b>-</b>

<b><i>Refuse: Ageing</i></b>		
<u><i>Current:</i></u>		
0 - 30 days	90 687	-
<u><i>Past Due:</i></u>		
31 - 60 Days	66 139	-
61 - 90 Days	56 992	-
91 - 120 Days	52 809	-
+ 120 Days	335 712	-
<b>Total</b>	<b>602 340</b>	<b>-</b>

<b><i>Sewerage: Ageing</i></b>		
<u><i>Current:</i></u>		
0 - 30 days	222 797	-
<u><i>Past Due:</i></u>		
31 - 60 Days	149 162	-
61 - 90 Days	132 551	-
91 - 120 Days	118 879	-
+ 120 Days	669 093	-
<b>Total</b>	<b>1 292 483</b>	<b>-</b>

<b><i>Water: Ageing</i></b>		
<u><i>Current:</i></u>		
0 - 30 days	308 900	2 197 837
<u><i>Past Due:</i></u>		
31 - 60 Days	296 522	513 659
61 - 90 Days	304 802	400 020
91 - 120 Days	262 206	302 117
+ 120 Days	6 700 269	4 959 619
<b>Total</b>	<b>7 872 699</b>	<b>8 373 252</b>

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	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b><i>Loan Instalments: Ageing</i></b>		
<u><i>Current:</i></u>		
0 - 30 days	-20 897	113 071
<u><i>Past Due:</i></u>		
31 - 60 Days	2 449	89 240
61 - 90 Days	2 485	21 902
91 - 120 Days	2 321	11 818
+ 120 Days	5 435 041	5 380 076
<b>Total</b>	<b>5 421 399</b>	<b>5 616 108</b>

<b><i>Other Debtors: Ageing</i></b>		
<u><i>Current:</i></u>		
0 - 30 days	-217 574	-119 937
<u><i>Past Due:</i></u>		
31 - 60 Days	21 202	30 139
61 - 90 Days	11 954	39 573
91 - 120 Days	11 827	63 726
+ 120 Days	937 448	738 153
<b>Total</b>	<b>764 857</b>	<b>751 655</b>

<b><i>All Debtors: Ageing</i></b>		
<u><i>Current:</i></u>		
0 - 30 days	2 908 910	2 469 962
<u><i>Past Due:</i></u>		
31 - 60 Days	931 943	718 435
61 - 90 Days	800 453	494 061
91 - 120 Days	708 134	390 962
+ 120 Days	23 258 505	19 186 456
<b>Total</b>	<b>28 607 945</b>	<b>23 259 876</b>

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**B. SUMMARY OF DEBTORS BY CUSTOMER CLASSIFICATION**

	<b>Household R</b>	<b>Industrial/ Commercial R</b>	<b>National and Provincial Government R</b>	<b>Other R</b>
<b>As at 30 June 2010</b>				
<i>Current:</i>				
0 - 30 days	1 599 289.57	876 658.65	340 932	92 030
<i>Past Due:</i>				
31 - 60 Days	659 428.65	100 873.42	143 006	28 635
61 - 90 Days	594 733.45	51 104.34	142 087	12 528
+ 90 Days	537 626.63	42 136.75	122 581	5 789
+ 120 Days	21 295 963.12	828 317.46	1 170 821	38 033
Sub-total	24 687 041	1 899 091	1 919 426	177 016
Less: Provision for Impairment	-	-	-	-
<b>Total Debtors by Customer Classification</b>	<b>24 687 041</b>	<b>1 899 091</b>	<b>1 919 426</b>	<b>177 016</b>
<b>As at 30 June 2009</b>				
<i>Current:</i>				
0 - 30 days	1 439 918.95	710 727.95	244 862	74 453
<i>Past Due:</i>				
31 - 60 Days	483 112.47	56 281.29	178 168	874
61 - 90 Days	325 216.89	8 150.13	160 694	0
+ 90 Days	311 994.22	5 020.73	73 947	-
+ 120 Days	18 151 877.23	619 335.47	412 317	3 081
Sub-total	20 712 120	1 399 516	1 069 988	78 408
Less: Provision for Impairment	-	-	-	-
<b>Total Debtors by Customer Classification</b>	<b>20 712 120</b>	<b>1 399 516</b>	<b>1 069 988</b>	<b>78 408</b>

**C. RECONCILIATION OF THE PROVISION FOR IMPAIRMENT**

	<b>2010</b>	<b>2009</b>
Balance at beginning of year	19 267 977	18 112 349
Impairment Losses recognised	202 121	1 155 628
<b>Balance at end of year</b>	<b>19 470 098</b>	<b>19 267 977</b>

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

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**4. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	<b>2010</b>	<b>2009</b>
Assessment Rates debtors	9 687 744	8 701 245
Sundry Deposits	15 000	15 000
Sundry Debtors	157 538	440 784
	9 860 282	9 157 029
Less: Provision for Impairment	6 581 678	7 434 520
<b>Total Other Debtors</b>	<b>3 278 604</b>	<b>1 722 508</b>

Sundry Deposits are in respect of cash deposits made to Kudu Motors for the supply of petrol.

The management of the municipality is of the opinion that the carrying value of Other Debtors approximates their fair values.

**A. RECONCILIATION OF PROVISION FOR IMPAIRMENT**

	<b>2010</b>	<b>2009</b>
Balance at beginning of year	7 434 520	-
Impairment Losses recognised	-	7 434 520
Impairment Losses reversed	-852 842	-
Amounts written off as uncollectable	-	-
Amounts recovered	-	-
<b>Balance at end of year</b>	<b>6 581 678</b>	<b>7 434 520</b>

The Provision for Bad Debts was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

The Provision for Impairment on other debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment. The provision has now been transferred to Provision for Impairment on Long-term Receivables (see Note 16).

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.



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**5. CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents	46 608 325	44 041 194
<b>Total Cash and Cash Equivalents</b>	<b>46 608 325</b>	<b>44 041 194</b>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

**A. CURRENT INVESTMENT DEPOSITS**

Call Deposits	44 473 173	34 397 812
<b>Total Current Investment Deposits</b>	<b>44 473 173</b>	<b>34 397 812</b>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5 % to 6 % per annum. Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 6.5 % to 7.5 % per annum.

Deposits of R 15 185 922 (2009: R 12 632 156) are ring-fenced and attributable to Unspent Conditional Grants.

Deposits of R5 000 000 (2009: R 5 000 000) are ring-fenced and attributable to the Capital Replacement Account.

Deposits of R 2 525 226 (2009: R 2 293 296) are ring-fenced and attributable to the Housing Development Account.

Deposits of R 5 700 369 (2009: R 5 577 035) are ring-fenced and attributable to the Self-Insurance Account.

**B. BANK ACCOUNTS**

	2010	2009
<b>Primary Bank Account</b>		
Cash in Bank	2 133 112	9 639 180
<b>Total Bank Accounts</b>	<b>2 133 112</b>	<b>9 639 180</b>
 <b>Current Bank Account</b>		
Cash book balance at beginning of year	9 639 180	5 536 090
Cash book balance at end of year	2 133 113	9 639 180

The Municipality has the following bank accounts:

**First National Bank - (Acc. 52300007898)**

Bank statement balance at beginning of year	10 403 460	5 502 515
Bank statement balance at end of year	2 349 691	10 403 460

**ABSA - (Acc. 4053048940)**

Bank statement balance at beginning of year	16 211	33 575
Bank statement balance at end of year	18 183	16 211

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The secondary bank account balance was included in the Cash Book as an uncleared deposit at year end.

**C. CASH AND CASH EQUIVALENTS**

	<b>2010</b>	<b>2009</b>
Cash Floats and Advances	2 040	4 202
Other Cash Equivalents	-	-
Cash on hand in Cash Floats, Advances and Equivalents	<u>2 040</u>	<u>4 202</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard

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**6. PROPERTY, PLANT AND EQUIPMENT**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009.

The municipality did not measure all Property, Plant and Equipment in accordance with the standard, including the following:

- Land; and
- Componentised infrastructure assets
- Loose assets

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the Annual Financial Statements;
- Review of the depreciation method applied to PPE recognised in the Annual Financial Statements;
- Review of residual values of item of PPE recognised in the Annual Financial Statements;
- Impairment of non-cash generating assets; and
- Impairment of cash generating assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2012 Financial Statements. The municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2012.

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**Reconciliation of Carrying Value**

Description	Infrastructure	Other	Total
	R	R	R
<b>Carrying values at 01 July 2009</b>	-	-	-
Acquisitions	15 894 748	495 581	16 390 329
Borrowing Costs Capitalised	-	-	-
Capital under Construction - Additions	688 839	10 621	699 460
- <i>Cost</i>	<i>688 839</i>	<i>10 621</i>	<i>699 460</i>
<b>Carrying values at 30 June 2010</b>	<b>16 583 587</b>	<b>506 202</b>	<b>17 089 789</b>

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard

**7. INVESTMENT PROPERTY**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board and thus measured Investment Properties at a provisional value of R 0.

No Investment Properties had been identified and disclosed in the 2008/2009 Annual Financial Statements prepared on the IMFO basis.

The Municipality is currently in the process of valuing all Investment Properties in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2012 financial statements.

All of the Municipality's Investment Property is held under freehold interest and no Investment Property had been pledged as security for any liabilities of the Municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and the proceeds of disposal.

There are no contractual obligations on Investment Property.

**8. THE LONG-TERM RECEIVABLES**

	Gross Balances	Provision for Impairment	Net Balances
	R	R	R
<b>As at 30 June 2010</b>			
Housing Loans	327 736	-	327 736
Written Back	(327 736)		(327 736)
<b>Total Long-term Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>As at 30 June 2009</b>			
Housing Loans	327 736	327 736	-
	327 736	327 736	-
Less: Provision Bad Debt:-	-	-	
<b>TOTAL</b>	<b>327 736</b>	<b>327 736</b>	

### 9. CONSUMER DEPOSITS

	<b>2010</b>	<b>2009</b>
Electricity and Water	1 256 702	1 144 709
<b>Total Consumer Deposits</b>	<b>1 256 702</b>	<b>1 144 709</b>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximates their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

### 10. PROVISIONS

	<b>2010</b>	<b>2009</b>
Bonuses	1 431 713	997 783
Current Portion of Post-retirement Health Care Benefits Liability (See Note 14 below)	635 364	568 368
Current Portion of Non-Current Provisions (See Note 15 below):	285 119	357 406
Cleaning of Illegal Dumping	-	-
Long-term Service	285 119	357 406
<b>Total Provisions</b>	<b>2 352 196</b>	<b>1 923 557</b>

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

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The movement in current provisions are reconciled as follows:

<b>Bonuses:</b>		
Balance at beginning of year	997 783	-
Contributions to provision	433 930	997 783
Expenditure incurred	-	-
<b>Balance at end of year</b>	<b>1 431 713</b>	<b>997 783</b>

Current Portion of Non-Current Provisions:

	Long-term Service	Post-retirement
	R	R
<b>30 June 2010</b>		
Balance at beginning of year	357 406	568 368
Transfer from non-current	285 119	635 364
Expenditure incurred	(357 406)	(568 368)
<b>Balance at end of year</b>	<b>285 119</b>	<b>635 364</b>
<b>30 June 2009</b>		
Balance at beginning of year	257 658	525 216
Transfer from non-current	357 406	568 368
Expenditure incurred	(257 658)	(525 216)
<b>Balance at end of year</b>	<b>357 406</b>	<b>568 368</b>

## 11. CREDITORS

	2010	2009
Trade Creditors	1 869 660	2 290 229
Payments received in Advance	260 114	97 204
Retentions	505 785	-
Other Creditors	7 002	1 038 060
Accrued leave	2 238 688	2 030 703
<b>Total Creditors</b>	<b>4 881 248</b>	<b>5 456 196</b>

Creditors have been restated to correctly classify amounts to be included in Creditors. Refer to Note 30 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 30 days from the receipt of the invoice or statement as determined by the MFMA.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Staff Leave accrue to the staff of the municipality on a monthly basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

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**12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

<i>Conditional Grants - Other</i>	521 449	939 067
<i>Conditional Grants from Government</i>	14 664 472	11 693 089
<b>Total Conditional Grants and Receipts</b>	<b>15 185 922</b>	<b>12 632 156</b>

See Note 22 for the reconciliation of Grants. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Refer to Appendix "F" for more detail on Conditional Grants.

**13. VAT PAYABLE**

	<b>2010</b>	<b>2009</b>
Vat Payable	<b>2 435 695</b>	<b>1 897 476</b>

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec. 15(2)(a) of the Value-Added Tax Act No 89 of 1991. Due to the fact that the Municipality utilises the accrual basis of accounting, VAT is accrued for upon invoicing.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has procedures in place to ensure that payments are affected before the due date.

**14. LONG TERM LIABILITIES**

	<b>2010</b>	<b>2009</b>
Loan from Housing Fund	-	171 139
Sub-total	-	171 139
<b>Total Long-term Liabilities</b> (Neither past due, nor impaired)	<b>-</b>	<b>171 139</b>

The management obtained evidence during the 2010 financial year that the long term liability was extinguished by the promulgation of the Housing Act 107 of 1997. The balance was thus transferred to the Housing Development Account (included in the Accumulated Surplus as a ring-fenced account).

**15. RETIREMENT BENEFIT LIABILITIES**

	<b>2010</b>	<b>2009</b>
<b><i>Post-retirement Health Care Benefits Liability</i></b>	<b>R</b>	<b>R</b>
Balance at beginning of Year	12 580 321	12 402 812
Contributions to Provision	1 879 915	745 877
Balance at end of Year	14 460 236	13 148 689
Transfer to Current Provisions	(635 364)	(568 368)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>13 824 872</b>	<b>12 580 321</b>

Retirement Benefit Liabilities have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 29.18 on "Change in Accounting Policy" for details of the restatement.

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The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr R Hardy, Arch Actuarial Services. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service employee members	160	175
In-service employee non-members	148	-
Continuation Members (retirees, widowers and orphans)	28	27
<b>Total Members</b>	<b>336</b>	<b>202</b>

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

In-service Members	5 797 716	4 706 018
Continuation Members	8 662 520	8 442 671
<b>Total Liability</b>	<b>14 460 236</b>	<b>13 148 689</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Key Health
- LA Health
- Samwumed

The Current-service cost for the year ending 30 June 2010 is estimated to be R361,212, whereas interest-cost for the year is estimated to be R1,186,046 the cost for the ensuing year is estimated to be R394,498 and R1,274,287 respectively (2009: R330,559 and R1,378,182 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>2010</b>	<b>2009</b>
Discount Rate	9.20%	9.22%
Health Care Cost Inflation Rate	7.21%	7.67%
Net Effective Discount Rate	1.86%	1.43%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

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	<b>2010</b>	<b>2009</b>
Balance at the beginning of the year	13 148 689	12 928 028
Current service costs	361 212	330 559
Interest cost	1 186 046	1 378 182
Benefits paid	(568 368)	(525 216)
Actuarial losses / (gains)	332 657	(962 864)
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>14 460 236</b>	<b>13 148 689</b>
Actuarial losses / (gains) unrecognised	-	-
<b>Total Recognised Benefit Liability</b>	<b>14 460 236</b>	<b>13 148 689</b>

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

	<b>2010</b>	<b>2009</b>
Current service cost	361 212	330 559
Interest cost	1 186 046	1 378 182
Actuarial losses / (gains)	332 657	(962 864)
<b>Total Post-retirement Benefit included in Employee Related Costs</b>	<b>1 879 915</b>	<b>745 877</b>

The history of experienced adjustments is as follows:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Present Value of Defined Benefit Obligation	14 460 236	13 148 689	12 928 028
Fair Value of Plan Assets	-	-	-
<b>Deficit</b>	<b>14 460 236</b>	<b>13 148 689</b>	<b>12 928 028</b>

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2008 reporting period.

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	271 800	293 700
Effect on the defined benefit obligation	2 161 000	2 005 000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(218 400)	(237 500)
Effect on the defined benefit obligation	(1 776 000)	(1 645 000)



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**16. NON-CURRENT PROVISIONS**

	<b>2010</b>	<b>2009</b>
Provision for Long Service Awards	1 884 409	1 730 669
Provision for Rehabilitation of Land-fill Sites	6 781 800	5 116 000
<b>Total Non-current Provisions</b>	<b>8 666 209</b>	<b>6 846 669</b>

Non-current Provisions have been restated to adhere to the disclosure provisions of IAS 19. Refer to the Note on "Change in Accounting Policy" for details of the restatement.

The movement in Non-current Provisions are reconciled as follows:

	<b>Long Service Awards</b>	<b>Land-fill Sites</b>
	<b>R</b>	<b>R</b>
<b>30 June 2010</b>		
Balance at beginning of year	1 730 669	5 116 000
Contributions to provision	438 859	1 678 560
Expenditure incurred	-	(12 760)
	<u>2 169 528</u>	<u>6 781 800</u>
Transfer to current provisions	(285 119)	-
<b>Balance at end of year</b>	<b><u>1 884 409</u></b>	<b><u>6 781 800</u></b>
<b>30 June 2009</b>		
Balance at beginning of year	1 735 317	4 868 400
Contributions to provision	352 758	247 600
Expenditure incurred	-	-
	<u>2 088 075</u>	<u>5 116 000</u>
Transfer to current provisions	(357 406)	-
<b>Balance at end of year</b>	<b><u>1 730 669</u></b>	<b><u>5 116 000</u></b>

**A. LONG SERVICE AWARDS**

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality may become entitled to in future, based on an actuarial valuation performed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 314 (2009: 295) employees were eligible for Long-service Awards.

The current service cost for the year is estimated to be R297,396 (2009: R242,028), whereas the interest-costs for the current year is estimated to be R175,170 (2009: R204,853)

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**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

	<b>2010</b>	<b>2009</b>
Discount Rate	9.08%	9.16%
Cost Inflation Rate	5.41%	5.57%
Net Effective Discount Rate	2.51%	2.42%
Expected Rate of Salary Increase	6.41%	6.57%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

**Movements in the present value of the Defined Benefit Obligation were as follows:**

	<b>2010</b>	<b>2009</b>
Balance at the beginning of the year	2 088 075	1 992 975
Current service costs	297 396	242 028
Interest cost	175 170	204 853
Benefits paid	(357 406)	(257 658)
Actuarial (gains)	(33 707)	(94 123)
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>2 169 528</b>	<b>2 088 075</b>
Actuarial losses / (gains) unrecognised	-	-
<b>Total Recognised Benefit Liability</b>	<b>2 169 528</b>	<b>2 088 075</b>

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

	<b>2010</b>	<b>2009</b>
Present value of fund obligations	2 169 528	2 088 075
Unfunded Accrued Liability	2 169 528	2 088 075
Unrecognised Actuarial Gains / (Losses)	-	-
<b>Total Benefit Liability</b>	<b>2 169 528</b>	<b>2 088 075</b>

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

	<b>2010</b>	<b>2009</b>
Current service cost	297 396	242 028
Interest cost	175 170	204 853
Actuarial losses / (gains)	(33 707)	(94 123)
<b>Total Post-retirement Benefit included in Employee Related Costs</b>	<b>438 859</b>	<b>352 758</b>

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The history of experienced adjustments is as follows:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Present Value of Defined Benefit Obligation	2 169 528	2 088 075	1 992 975
Fair Value of Plan Assets	-	-	-
<b>Deficit</b>	<b>2 169 528</b>	<b>2 088 075</b>	<b>1 992 975</b>
Experienced adjustments on Plan Liabilities	(23 929)	-	-
Experienced adjustments on Plan Assets	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2008 reporting period.

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	23 137	21 880
Effect on the defined benefit obligation	129 000	118 000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(20 881)	(19 901)
Effect on the defined benefit obligation	(119 000)	(108 000)

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R 6,6 million (2009: R 5,1 million) to restore the site at the end of its useful life. Provision has been made for the net present value of the cost, using the average cost of borrowing interest rate.

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**17. ACCUMULATED SURPLUS**

The Accumulated Surplus consists of the following ring-fenced accounts:

	<b>2010</b>	<b>2009</b>
Capital Replacement Account (CRR)	5 000 000	5 000 000
<b>Self-insurance Account</b>	<b>5 700 369</b>	5 577 035
<i>Interest earned on investment re-allocated to Account</i>	123 334	
Accumulated Surplus / (Deficit) due to the results of Operations	15 061 285	(4 444 674)
<b>Housing Development Account</b>	<b>2 525 226</b>	2 293 296
<i>Interest earned on investment re-allocated to Account</i>	60 791	
<i>Contribution to account re loan extinguished</i>	171 139	
<b>Total Accumulated Surplus</b>	<b>28 286 880</b>	<b>8 425 657</b>

Furthermore, Accumulated Surplus has been restated to adhere to the provisions of GRAP 9 (paragraphs 42 - 46), GRAP 13 and IAS 19 (Revenue, Leases and Employee Benefits). Refer to Note 30 on "Change in Accounting Policy" for details of the restatement.

The Capital Replacement Account is a ring-fenced account that was created to finance future capital expenditure. Any expenditure incurred from the account will be replaced through budgeted contributions from the relevant functional area that utilised the funding from the account. The account is fully investment backed but the interest on the investment will not accrue to the account but will form part of the investment revenue of the municipality. Future contributions to increase the Capital Replacement Account will be allowed in the budget, budgetary constraints allowing.

Self-Insurance Account is a ring-fenced account that was created to protect the Municipality against insurable damages not fully covered by the external insurance provider of the Municipality. Any expenditure incurred from the account will be replaced through budgeted contributions from the relevant functional area that utilised the funding from the account. The account is fully investment backed but the interest on the investment will not accrue to the account but will form part of the investment revenue of the municipality. Future contributions to increase the Self-Insurance Account will be allowed in the budget, budgetary constraints allowing. Interest for 2009/2010 was re-allocated to Account.

The Housing Development Account was seen as a Statutory Fund under IMFO and was maintained in light of the regulatory requirements of the Housing Act, Act 107 of 1997. The account will be utilised purely in line with the original requirements of the Act with the proviso that it will also be utilised to correct any building defects of RDP housing that may be brought to the attention of the Municipality in the future. The account is fully investment backed but the interest on the investment will not accrue to the account but will form part of the investment revenue of the municipality. Interest for 2009/2010 was re-allocated to Account. In addition a contribution was made as a result of a long term loan to the Department of Housing being extinguished.

All movements relating to the ring-fenced accounts form part of the Statement of Financial Position.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

18. PROPERTY RATES

	Property Valuations July 2010 R00's	Actual Levies
Residential	1 197 865 300	4 711 598
Commercial	441 920 600	4 145 684
Agricultural	977 334 500	1 041 721
State	367 434 800	2 572 044
Municipal	175 115 000	-
Exempted Properties	106 634 400	-
<b>Total Assessment Rates</b>	<b>3 266 304 600</b>	<b>12 471 047</b>
Attributable to:		
Continuing Operations		12 471 047
		<b>12 471 047</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The last valuation came into effect on 1 July 2004. A general valuation has been performed during the financial year and will be applied with effect 1 July 2010.

An average general rate of c/R 0.005 is applied to property valuations to determine assessment rates.

Rebates were allowed in line with the Rates Policy of the Council.

Rates are levied monthly on property owners and are payable the 16<sup>th</sup> of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts. No interest on the 2009/2010 rates assessment was raised in line with the Rates Policy of Council.

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**19. INTEREST EARNED**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b>Property Rates:</b>		
Penalties imposed and Collection Charges	766 293	990 068
	<b>766 293</b>	<b>990 068</b>
<b>External Investments:</b>		
Bank Account	239 432	371 909
Investments	3 057 806	5 062 890
Other Interest	-	-
	<b>3 297 238</b>	<b>5 434 198</b>
	<b>2010</b>	<b>2009</b>
<b>Outstanding Debtors:</b>		
Outstanding Billing Debtors	919 691	828 818
	<b>919 691</b>	<b>828 818</b>
<b>Total Interest Earned</b>	<b>4 983 223</b>	<b>7 253 084</b>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

	<b>2010</b>	<b>2009</b>
Available-for-Sale Financial Assets	3 297 238	5 434 198
Loans and Receivables	1 685 985	1 818 886
	<b>4 072 837</b>	<b>7 253 084</b>

**20. SERVICE CHARGES**

	<b>2010</b>	<b>2009</b>
Sale of Electricity	36 671 492	27 877 499
Sale of Water	8 272 206	9 283 754
Refuse Removal	2 488 431	2 302 949
Sewerage and Sanitation Charges	4 403 601	4 808 358
Other	4 252 358	147 458
<b>Total Service Charges</b>	<b>56 088 089</b>	<b>44 420 018</b>
Attributable to:		
Continuing Operations	56 088 089	44 420 018
	<b>56 088 089</b>	<b>44 420 018</b>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

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**21. RENTAL OF FACILITIES AND EQUIPMENT**

	<b>2010</b>	<b>2009</b>
Rental Revenue from Buildings	145 906	130 329
Rental Revenue from Halls	74 080	94 336
Rental Revenue from Land	-	-
Rental Revenue from Other Facilities	152 617	92 202
<b>Total Rental of Facilities and Equipment</b>	<b>372 604</b>	<b>316 868</b>
Attributable to:		
Continuing Operations	372 604	316 868
	<b>372 604</b>	<b>316 868</b>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

**22. GRANTS AND SUBSIDIES**

**A. NATIONAL: EQUITABLE SHARE – OPERATIONAL GRANT**

	<b>2010</b>	<b>2009</b>
Equitable Share	23 458 633	18 024 839

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

**B. INFORMATION TECHNOLOGY GRANT**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	10 496	300 000
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(289 504)
Project completed - transferred to Revenue	10 496	
Conditions still to be met - transferred to Current Assets (Note 11)	-	<b>10 496</b>

**C. ELECTRICITY INFRASTRUCTURE – DME**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	4 810 345	890 298
Received during the year	6 000 000	4 700 000
Conditions met - transferred to Revenue: Operating Expenses	29 742	204 204
Conditions met - transferred to Revenue: Capital Expenses	3 627 439	600 638
Interest received		24 889
Project completed - transferred to Revenue	448 233	
Conditions still to be met - transferred to Current Assets (Note 11)	<b>6 704 931</b>	<b>4 810 345</b>

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**D. FINANCE MANAGEMENT GRANT – NATIONAL TREASURY**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	1 690 459	1 143 216
Received during the year	2 000 000	1 750 000
Conditions met - transferred to Revenue: Operating Expenses	2 619 358	484 575
Conditions met - transferred to Revenue: Capital Expenses	85 518	718 183
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<u>985 583</u>	<u>1 690 459</u>

**E. HOUSING PROJECTS**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	604 226	622 581
Received during the year	2 200	97 700
Conditions met - transferred to Revenue: Operating Expenses	1 495	167 481
Conditions met - transferred to Revenue: Capital Expenses		
Interest received	<b>2010</b>	<b>2009</b>
Other Transfers		51 426
Conditions still to be met - transferred to Current Assets (Note 11)	<u>604 931</u>	<u>604 226</u>

**F. INTEGRATED DEVELOPMENT PLAN**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	348 956	322 307
Received during the year	71 700	57 000
Conditions met - transferred to Revenue: Operating Expenses	47 694	71 710
Conditions met - transferred to Revenue: Capital Expenses		
Interest received		41 359
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<u>372 962</u>	<u>348 956</u>

**G. LOCAL ECONOMIC DEVELOPMENT OFFICE**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year		
Received during the year	437 000	
Conditions met - transferred to Revenue: Operating Expenses	8 178	
Conditions met - transferred to Revenue: Capital Expenses	117 675	
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<u>311 147</u>	



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**H. MIG ROADS AND STORMWATER UMASIZAKHE**

Balance unspent at beginning of year	282 210	282 210
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses	97 682	
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<b>184 528</b>	<b>282 210</b>

**I. MIG WATER TREATMENT WORKS**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	1 243 444	942 268
Received during the year	5 860 523	4 348 079
Conditions met - transferred to Revenue: Operating Expenses	62 422	
Conditions met - transferred to Revenue: Capital Expenses	6 445 468	4 046 903
Conditions met – transferred to Revenue: WIP	62 250	
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<b>533 828</b>	<b>1 234 444</b>

**J. MIG WATERBORNE SANITATION**

Balance unspent at beginning of year	366 569	1 966 767
Received during the year	1 361 900	
Conditions met - transferred to Revenue: Operating Expenses		55 553
Conditions met - transferred to Revenue: Capital Expenses		2 297 784
Conditions met – transferred to Revenue: WIP	626 588	
Interest received		
Project completed - transferred to Revenue	1 311 885	
Conditions still to be met - transferred to Current Assets (Note 11)	<b>1 680 628</b>	<b>366 569</b>

**K. MSIG – FIXED ASSET REGISTER**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	154 444	
Received during the year		200 000
Conditions met - transferred to Revenue: Operating Expenses		45 556
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	154 444	
Conditions still to be met - transferred to Current Assets (Note 11)	-	<b>154 444</b>

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**L. MSIG – GENERAL VALUATIONS ON PROPERTIES**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	192 866	742 168
Received during the year	410000	445 000
	602866	
Conditions met - transferred to Revenue: Operating Expenses		994 302
	<b>2010</b>	<b>2009</b>
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	-	<b>192 866</b>
	<b>-</b>	<b>192 866</b>

**M. MSIG – WARD PARTICIPATION ASSISTANCE**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	9 188	
Received during the year	90 000	90 000
Conditions met - transferred to Revenue: Operating Expenses	93 527	80 812
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	34 909	
Conditions still to be met - transferred to Current Assets (Note 11)	<b>40 570</b>	<b>9 188</b>
	<b>40 570</b>	<b>9 188</b>

**N. MIG – PROJECT MANAGEMENT UNIT**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	221 112	164 683
Received during the year	889 739	289 259
Conditions met - transferred to Revenue: Operating Expenses	366 705	232 829
Conditions met - transferred to Revenue: Capital Expenses	11 797	
Conditions met – transferred to Revenue: WIP		
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<b>732 349</b>	<b>221 112</b>
	<b>732 349</b>	<b>221 112</b>

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**O. SPATIAL DEVELOPMENT PLAN**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	186 603	176 681
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		9 922
	<b>2010</b>	<b>2009</b>
Project completed - transferred to Revenue	186 603	
Conditions still to be met - transferred to Current Assets (Note 11)	-	<b>186 603</b>
	-	<b>186 603</b>

**P. REHABILITATION OF LIGHTING**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	45 828	45 828
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	45 828	
Conditions still to be met - transferred to Current Assets (Note 11)	-	<b>45 828</b>
	-	<b>45 828</b>

**Q. THINA SINAKO**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	67 315	609 279
Received during the year		414 442
Conditions met - transferred to Revenue: Operating Expenses	97 185	994 424
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received	37 777	38 018
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<b>7 906</b>	<b>67 315</b>
	<b>7 906</b>	<b>67 315</b>

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**R. TOWN PLANNING PROJECT**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	362 705	84 923
Received during the year		254 850
Conditions met - transferred to Revenue: Operating Expenses	196 250	10 668
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		33 600
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	166 455	362 705

**S. VUNA AWARDS**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	300 372	592 828
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses	214 113	281 517
Conditions met - transferred to Revenue: Capital Expenses	83 839	119 334
Conditions met – transferred to Revenue: WIP		
Interest received		108 395
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	2 420	300 372

**T. DROUGHT RELIEF**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	300 476	273 261
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		6058
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		33 273
Project completed - transferred to Revenue	300 476	
Conditions still to be met - transferred to Current Assets (Note 11)		300 476

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**U. COMPREHENSIVE INFRASTRUCTURE PLAN**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	189 756	
Received during the year		200 000
Conditions met - transferred to Revenue: Operating Expenses		32 581
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		22 337
Project completed - transferred to Revenue	189 756	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>189 756</b>

**V. TRANSITIONAL LOCAL GOVERNMENT GRANT**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	464 779	464 779
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	464 779	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>464 779</b>

**W. BRICKMAKING PROJECT**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	11 194	12 434
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses	11 194	
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		1 240
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)		<b>11 194</b>

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**X. ABERDEEN CEMETARY**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	76 183	67 747
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		1 754
Project completed - transferred to Revenue	76 182	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>76 183</b>

**Y. CLEANEST TOWN AWARD**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	2 562	69 950
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		69 143
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		1 754
Project completed - transferred to Revenue	2 562	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>2 562</b>

**Z. IMPLEMENTATION OF FREE BASIC SERVICES**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	2 915	2 592
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		323
Project completed - transferred to Revenue	2 915	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>2 915</b>

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**AA. GEO-TECHNICAL SURVEY**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	7 435	6 612
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		823
Project completed - transferred to Revenue	7 435	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>7 435</b>

**BB. TOWNSHIP REGISTERS**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	23 209	23 639
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		2 570
Project completed - transferred to Revenue	23 209	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>23 209</b>

**CC. WATER SERVICES BOARD PLAN IMPLEMENTATION**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	93 770	785 356
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		691 586
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Project completed - transferred to Revenue	93 770	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>93 770</b>

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**DD. WATER SERVICES AUTHORITY ASSESMENT**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	128 108	113 922
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		14 186
Project completed - transferred to Revenue	128 108	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>128 108</b>

**EE. ZONING SCHEME – GRAAFF-REINET**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	222 766	253 898
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		55 800
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		24 668
Project completed - transferred to Revenue	222 766	
Conditions still to be met - transferred to Current Assets (Note 11)		<b>222 766</b>

**FF. FONTEINBOS**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year		
Received during the year	2 000 000	
Conditions met - transferred to Revenue: Operating Expenses	88 767	
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<b>1 911 233</b>	



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**GG. REVIEW OF WATER SERVICES DEVELOPMENT PLAN**

Balance unspent at beginning of year	
Received during the year	175 000
Conditions met - transferred to Revenue: Operating Expenses	
Conditions met - transferred to Revenue: Capital Expenses	
Conditions met – transferred to Revenue: WIP	
Interest received	
Other Transfers	
Conditions still to be met - transferred to Current Assets (Note 11)	<b>175 000</b>

**HH. WATER CONSERVATION AND DEMAND MANAGEMENT PLAN**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year		
Received during the year	250 000	
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received		
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<b>250 000</b>	

**II. ALOE PROJECT**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	491 053	850 799
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses	453 638	437 087
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received	39 680	77 341
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	<b>77 095</b>	<b>491 053</b>

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**JJ. FREE PROTESTANT CHURCH CEMETARY**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	15 187	13 926
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received	1 412	1 261
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	16 598	15 187

**KK. CRADOCK STREET CEMETARY**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	17 500	16 023
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses		
Conditions met - transferred to Revenue: Capital Expenses		
Conditions met – transferred to Revenue: WIP		
Interest received	1 627	4 608
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	19 126	17 500

**LL. LAING ESTATE**

	<b>2010</b>	<b>2009</b>
Balance unspent at beginning of year	415 328	380 518
Received during the year		
Conditions met - transferred to Revenue: Operating Expenses	42 002	
Conditions met - transferred to Revenue: Capital Expenses	3 307	
Conditions met – transferred to Revenue: WIP		
Interest received	38 610	34 810
Other Transfers		
Conditions still to be met - transferred to Current Assets (Note 11)	408 628	415 328

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**23. OTHER INCOME**

	<b>2010</b>	<b>2009</b>
Housing Loan extinguished	171 139	165 995
Other Income	59 512	120 657
Donations	3 307	
PVT Work Done	371 010	440 398
<b>Total Other Income</b>	<b>604 968</b>	<b>727 049</b>
Attributable to:		
Continuing Operations	604 968	727 050
Discontinued Operations	-	-
	<b>604 968</b>	<b>727 050</b>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 17 and 19, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Inter-departmental Recoveries are received from other trading and economic services.

**24. EMPLOYEE RELATED COSTS**

	<b>2010</b>	<b>2009</b>
Employee Related Costs - Salaries and Wages	28 343 038	23 776 234
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	7 758 491	6 345 380
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	834 472	734 173
Overtime Payments	1 371 831	1 188 777
Defined Benefit Plan Expense:	1 961 368	1 528 405
Net Actuarial (gains)/losses recognised	1 961 368	1 528 405
<b>Total Employee Related Costs</b>	<b>40 269 200</b>	<b>33 572 969</b>
Attributable to:		
Continuing Operations	40 269 200	33 572 969
	<b>40 269 200</b>	<b>33 572 969</b>

No advances were made to employees.

**REMUNERATION OF THE MUNICIPAL MANAGER**

	<b>2010</b>	<b>2009</b>
Annual Remuneration	571 861	670 376
Company Contributions to UIF, Medical and Pension Funds	105 570	112 612
<b>Total</b>	<b>677 431</b>	<b>782 988</b>

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**REMUNERATION OF THE DIRECTOR: FINANCE**

	<b>2010</b>	<b>2009</b>
Annual Remuneration	401 228	618 126
Company Contributions to UIF, Medical and Pension Funds	7 454	9 942
<b>Total</b>	<b>408 682</b>	<b>628 068</b>

**REMUNERATION OF THE DIRECTOR: CORPORATE SERVICES**

	<b>2010</b>	<b>2009</b>
Annual Remuneration	357 771	551 201
Company Contributions to UIF, Medical and Pension Funds	50 911	76 867
<b>Total</b>	<b>408 682</b>	<b>628 068</b>

**REMUNERATION OF THE DIRECTOR: INFRASTRUCTURE**

	<b>2010</b>	<b>2009</b>
Annual Remuneration	331 447	517 263
Company Contributions to UIF, Medical and Pension Funds	77 235	110 805
<b>Total</b>	<b>408 682</b>	<b>628 068</b>

No compensation was payable to key management personnel in terms of IAS 19 as at 30 June 2010.

**25. REMUNERATION OF COUNCILLORS**

	<b>2010</b>	<b>2009</b>
Mayor	276 475	267 125
Councillors	1 614 449	1 699 878
Sundry Allowances (Cellular Phones, etc)	24 768	33 218
<b>Total Councillors' Remuneration</b>	<b>1 915 692</b>	<b>2 000 221</b>

**IN-KIND BENEFITS**

The Councillor occupying the position of Mayor is provided with office accommodation and secretarial support at the expense of the municipality in order to enable him to perform his official duties.

The Mayor has use of a Council owned vehicle for official duties.

**26. BULK PURCHASES**

	<b>2010</b>	<b>2009</b>
Electricity	22 439 178	16 675 022
<b>Total Bulk Purchases</b>	<b>22 439 178</b>	<b>16 675 022</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

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**27. GRANTS AND SUBSIDIES PAID**

	<b>2010</b>	<b>2009</b>
Bursaries – Students	5 075	12 622
Grants, Donations and Special Functions	70 386	97 109
Other	18 000	18 000
<b>Total Grants and Subsidies</b>	<b>93 461</b>	<b>127 731</b>

**28. GENERAL EXPENSES**

	<b>2010</b>	<b>2009</b>
Advertising	373 423	363 930
Administration fees		6 700
Affiliations & Subscription	282 960	215 358
Audit Fees	1 152 760	1 331 552
Bank Charges	190 492	146 149
Contribution IGG Rec's	6 052 862	5 822 345
Fund expenditure	224 524	
Entertainment of public and visitors	123 390	73 129
Expenditure under capital budget	4 418 847	4 257 968
Insurance	642 679	506 481
Legal Costs	420 072	3 447
Levies: SALGA	293 008	248 037
Levy - Water Research	216 423	96 389
Materials, Stock	1 069 268	974 238
Grant expenditure not capital	5 008 911	1 376 389
Postage	245 115	277 743
Prepaid commission	130 407	
Publicity – assistance to Publicity Association	120 000	97 907
Provisions	1 678 560	247 600
Running costs of vehicles	1 516 703	1 817 687
Municipal service charges	5 794 770	4 552 581
Travelling and Subsistence	382 392	318 373
Telephone Cost	826 566	752 730
Testing Biological Samples	11 719	19 828
Training Courses	129 298	270000
Work done for private people and charged out	256 174	294 202
<b>Total General Expenses</b>	<b>31 561 325</b>	<b>24 070 763</b>

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

**29. DISCONTINUED OPERATIONS**

No operations have been discontinued.

**30. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP**

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

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**A. STATUTORY FUNDS**

**Balance previously reported: -**

Revolving Fund	50 147 420
Housing Development fund	4 515 761
Insurance Fund	1 666 146
Dog Tax Fund	613 077
Parking Area Dev. Fund	216 304
<b>Total</b>	<b><u>57 158 708</u></b>

**Implementation of GRAP: -**

Transferred to Accumulated Surplus/(Deficit)	57 158 708
<b>Total</b>	<b><u>57 158 708</u></b>

Statutory Funds previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP 1, transferred to Accumulated Surplus Account.

**B. PROVISIONS AND RESERVES**

**Balance previously reported: -**

Accumulated Leave	Surplus	1 789 199
Fire Brigade	Surplus	1 703 437
Machinery & Office	Surplus	386 739
Municipal Buildings	Surplus	188 566
Special Fund Eastern Cape	Unspent Grants	5 950 636
Tariff Stabilization Electricity	Surplus	214 445
Tariff Stabilization Water	Surplus	285 193
Tariff Stabilization Sew & San	Surplus	275 074
Traffic Control	Surplus	63 856
Transitional Local Grant	Unspent Grants	464 779
Transport	Surplus	144 564
Working Capital - Debtors	Bad Debts	16 465 772
Working Capital – Stores	Surplus	2 619 741
Leave Pay	Surplus	(715 680)
Obsolete Stock	Surplus	(431 954)
Bad Debts	Bad Debts	(1 646 577)
<b>Total</b>		<b><u>27 757 790</u></b>

**Implementation of GRAP: -**

Transferred to Unspent Conditional Grants	6 415 415
Transferred to Provision for Bad Debts	14 819 195
Transferred to Accumulated Surplus/(Deficit)	6 523 180
	<b><u>27 757 790</u></b>

Provisions and Reserves previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP 1, transferred to Unspent Conditional Grants in the cases where there are conditions attached to such reserves.

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Provision for Working Capital - Debtors previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP 1, transferred to Provision for Bad Debts.

Statutory Funds previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP 1, transferred to Accumulated Surplus Account.

**C. TRUST FUNDS**

**Balance previously reported: -**

Aloe Project	850 799
Alex Laing Play grounds	309 979
Graaff-Reinet Cemetery	16 023
Laing Hall Furnisher	20 467
Mary Lane Park	50 072
R Church Cemetery	13 926
<b>Total</b>	<b><u>1 261 266</u></b>

**Implementation of GRAP: -**

Transferred to Unspent Conditional	<u>1 261 266</u>
<b>Total</b>	<b><u>1 261 266</u></b>

Trust Fund previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP 1, transferred to Unspent Conditional Grants in the cases where there are conditions attached to such trust funds.

**31. LOANS REDEEMED AND OTHER CAPITAL RECEIPTS**

<b>Balance previously reported</b>	<b>112 968 145</b>
<b>Implementation of GRAP: -</b>	
Transferred to Accumulated Surplus/(Deficit)	<u>112 968 145</u>
<b>Restated Amount for Loans Redeemed and Other Capital Receipts</b>	<b><u><u>-</u></u></b>

Loans Redeemed and Other Capital Receipts previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP 1, transferred to Accumulated Surplus Account.

**A. ASSETS**

<b>Balance previously reported</b>	<b>146 561 209</b>
<b>Implementation of GRAP: -</b>	
Transferred to Accumulated Surplus/(Deficit)	<u>(146 561 209)</u>
<b>Restated Amount for Assets</b>	<b><u><u>-</u></u></b>
<b>Acquisitions for 2008/2009:</b>	
<b>Balance previously reported</b>	<b>21 436 589</b>
<b>Implementation of GRAP: -</b>	
Transferred to Accumulated Surplus/(Deficit)	<u>(21 436 589)</u>
<b>Restated Amount for Assets</b>	<b><u><u>-</u></u></b>

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The Municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board and thus measured all Property, Plant and Equipment and Investment Properties at a provisional value of R 0.

**B. INVENTORY**

**Balance previously reported: -**

Inventory – Consumable Stores	<b>2 187 787</b>
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**Implementation of GRAP: -**

Inventory – Consumable Stores	<b>2 187 787</b>
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Inventory previously disclosed in IMFO Financial Statements and allowed in terms of GRAP, retained as Inventory. The accounting policy regarding the valuation of Consumable Stores had been adjusted to the requirements of GRAP 12.

**32. DEBTORS**

**Balance previously reported: -**

Debtors	<b>21 485 269</b>
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**Implementation of GRAP: -**

Trade Receivables from Exchange Transactions	12 351 265
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Trade Receivables from Non-Exchange Transactions	9 134 004
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	<b>21 485 269</b>
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Debtors previously disclosed in IMFO Financial Statements, allocated to Trade Receivables from Exchange Transactions and Trade Receivables from Non-exchange Transactions in terms of GRAP 9 and GRAP 23.

**A. DEBTORS - PROVISION FOR BAD DEBTS**

<b>Balance previously reported</b>	<b>1 646 577</b>
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**Implementation of GRAP: -**

Transferred from Provisions and Reserves	14 819 195
--	------------

<b>Restated Amount for Debtors - Provision for Bad Debts</b>	<b>16 465 772</b>
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**Apportioned as follows: -**

Trade Receivables from Exchange Transactions	10 038 528
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Trade Receivables from Non-Exchange Transactions	6 427 244
--	-----------

	<b>16 465 772</b>
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Provision for Bad Debts previously disclosed in IMFO Financial Statements and allowed in terms of GRAP, retained as Provision for Bad Debts.

Provision for Working Capital - Debtors previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP 1, transferred from Provisions and Reserves.



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**B. SHORT-TERM INVESTMENTS**

<b>Balance previously reported</b>	<b>41 183 398</b>
<b>Implementation of GRAP: -</b>	
Transferred to Bank, Cash and Cash Equivalents (see 32.B below)	(41 183 398)
<b>Restated Amount for Short-term Investments</b>	<b>-</b>

Short-term Investments previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP, transferred to Bank, Cash and Cash Equivalents.

**C. BANK, CASH AND CASH EQUIVALENTS**

<b>Balance previously reported: -</b>	
Bank Account	5 536 090
Cash Floats	4 114
	<b>5 540 204</b>
Short-term Investments transferred from Investments (see 32.C above)	41 183 398
<b>Restated Amount for Bank, Cash and Cash Equivalents</b>	<b>46 723 602</b>

Bank, Cash and Cash Equivalents previously disclosed in IMFO Financial Statements and allowed in terms of GRAP, retained as Bank, Cash and cash Equivalents.

Short-term Investments previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP, transferred from Short-term Investments.

**D. PROVISIONS**

<b>Balance previously reported: -</b>	
Leave Pay	715 680
Audit Fees	800 000
	<b>1 515 680</b>
<b>Implementation of GRAP: -</b>	
Leave Pay transferred to Creditors	(715 680)
Audit Fees transferred to Accumulated Surplus/(Deficit	(800 000)
<b>Restated Amount for Provisions</b>	<b>-</b>

Provision for Leave Pay previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP, transferred to Creditors.

Provision for Audit Fees previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP, transferred to Accumulated Surplus Account.

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**E. CREDITORS**

<b>Balance previously reported</b>	<b>6 898 227</b>
<b>Implementation of GRAP: -</b>	
Leave Pay transferred from Provisions	715 680
VAT transferred to VAT Payable	<u>(1 330 989)</u>
<b>Restated Amount for Creditors</b>	<b><u>6 282 918</u></b>

Creditors previously disclosed in IMFO Financial Statements and allowed in terms of GRAP, retained as Creditors.

Provision for Leave Pay previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP, transferred from Provisions.

VAT Payable previously disclosed in IMFO Financial Statements as Creditors and not allowed in terms of NT Unbundling Guidelines, transferred to VAT Payable Account.

**F. UNSPENT CONDITIONAL GRANTS**

<b>Balance previously reported</b>	-
<b>Implementation of GRAP: -</b>	
Grants transferred from Provisions and Reserves	6 415 415
Grants transferred from Trust Funds	<u>1 261 266</u>
<b>Restated Amount for Unspent Conditional Grants</b>	<b><u>7 676 681</u></b>

Provisions and Reserves previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP, transferred from Provisions and Reserves in the cases where there are conditions attached to such reserves.

Trust Funds previously disclosed in IMFO Financial Statements and not allowed in terms of GRAP, transferred from Trust Funds in the cases where there are conditions attached to such trust funds.

**G. VAT PAYABLE**

<b>Balance previously reported</b>	-
<b>Implementation of GRAP: -</b>	
VAT transferred from Creditors	<u>1 330 989</u>
<b>Restated Amount for VAT Payable</b>	<b><u>1 330 989</u></b>

VAT Payable previously disclosed in IMFO Financial Statements as Creditors and not allowed in terms of NT Unbundling Guidelines, transferred from Creditors.

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**H. POST-RETIREMENT BENEFITS**

<b>Balance previously reported</b>	-
<b>Implementation of GRAP: -</b>	
Primary Health Care transferred from Accumulated Surplus/(Deficit)	12 928 028
	<b>12 928 028</b>
<b>Restated Amount for Post-retirement Benefits</b>	<b>12 928 028</b>
<b>Apportioned as follows: -</b>	
Current Provisions: Short-term Portion of Primary Health Care	525 216
Post-retirement Benefits: Primary Health Care	12 402 812
	<b>12 928 028</b>

Post-retirement Benefits previously not required in IMFO Financial Statements, now recognised in terms of IAS 19.

**I. NON-CURRENT PROVISIONS**

<b>Balance previously reported</b>	-
<b>Implementation of GRAP: -</b>	
Rehabilitation of Landfill Sites transferred from Accumulated Surplus/(Deficit)	5 116 000
Long-service Allowances transferred from Accumulated Surplus/(Deficit)	220 820
	<b>7 108 975</b>
<b>Restated Amount for Non-current Provisions</b>	<b>7 108 975</b>
<b>Apportioned as follows: -</b>	
Current Provisions: Short-term Portion of Long-service Allowances	257 658
Non-current Provisions: Long-service Allowances	1 735 317
Non-current Provisions: Rehabilitation of Landfill Sites	5 116 000
	<b>7 108 975</b>

Post-retirement Benefits previously not required in IMFO Financial Statements, now recognised in terms of IAS 19.

Provision for the Rehabilitation of Landfill Sites previously not required in IMFO Financial Statements, now recognised in terms of GRAP 19.

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J. ACCUMULATED SURPLUS/(DEFICIT)

<b>Balance previously reported</b>		
<b>Statutory Funds excluding Housing and Self-Insurance</b>		<b>50 976 799</b>
<b>Housing Development Fund</b>		<b>4 515 761</b>
<b>Self-Insurance Fund</b>		<b>1 666 146</b>
<b>Reserves</b>		<b>27 757 790</b>
<b>Retained Income</b>		<b>6 653 066</b>
		<b>91 569 562</b>
<b>Implementation of GRAP: -</b>		<b>93 565 240</b>
Transferred from Statutory Funds	(50 976 799)	
Transferred from Provisions and Reserves	(27 757 790)	
Housing Development Account Contribution	(2 222 465)	
Capital replacement account	5 000 000	
Self-Insurance Account Contribution	3 910 889	
Transferred from Statutory Funds	45 976 801	
Transferred from Provisions and Reserves	6 523 180	
Transferred from Loans Redeemed and Other Capital Receipts	112 968 145	
Transferred from Assets	(146 561 209)	
Transferred from Provisions	800 000	
Transferred to Post-retirement Benefits	(12 928 028)	
Transferred to Post-retirement Benefits	(6 861 375)	
Transferred to Assets re 2008/2009 IMFO acquisitions	(21 436 589)	
		<b>(1 995 678)</b>
<b>Restated Amount for Accumulated Surplus/(Deficit) before prior year error</b>		<b>(1 995 678)</b>

The Accumulated Surplus Account has been restated as indicated above during the conversion of 30 June 2008 and 2008/2009 asset acquisitions balances from IMFO Standard to GRAP.

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**K. SURPLUS/(DEFICIT) FOR THE YEAR**

<b>Balance previously reported</b>		<b>(3 053 711)</b>
<b>Implementation of GRAP: -</b>		
Redemption Paid	4 814 681	
Interest Paid	1 992 757	
Contr. Leave Fund	79 299	
Expenditure Leave Fund	(331 571)	
Interest Leave Reserve	146 053	
Interest Grants	417 219	
Interest Trust Funds	114 888	
Interest to Grants	(532 107)	
Expenditure Housing Account	(3 042 618)	
Other Income Parking Dev,	4 022 102	
Other Income Parking Dev.	1 080	
Sale of Assets in Revolving Fund	163 109	
Interest Statutory Funds	2 698 256	
Legal Fees Revolving Fund	347 943	
Contributions to SPCA from dog tax	(18 000)	
Revolving fund legal expenditure	(18 647)	
Transfers to ring-fenced accounts in accumulated surplus	(1 688 425)	
Deferred Benefits	6 466 150	
Transferred to Non-current Provisions	(315 761)	17 004 833
<b>Surplus/(Deficit) for 2008/2009 restated to comply with GRAP</b>		<b>12 262 698</b>

The Surplus/(Deficit) for the year 2008/2009 has been restated as indicated above during the conversion of the Annual Financial Statements from IMFO Standard to GRAP.

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**33. CORRECTION OF ERROR**

Corrections were made during the previous financial years as disclosed on the Statement of Changes in Net Assets. Details of the corrections are described below:

**2008 / 2009 – as disclosed in IMFO statements**

Prior Year Adjustment to Assets	700 235
Working capital Debtors	(2 802 205)
Contribution to Provision for Doubtful Debts	2 802 205
Leave Fund	(193 652)
Contribution to Provision for Leave Pay	193 652
Contribution to Provision for Leave Pay - prior years	(959 166)
Contribution to Accrued Bonuses - prior years	(837 608)
VAT recovered relating to previous years	(73 713)
	1 501
Prior period provision for expenditure adjusted	828
Unspent grants previously capitalised when received and immediately expensed	(2 172 939)
<b>Prior period corrections 2009:</b>	<b>(1 841 364)</b>

**2009 / 2010**

Conditional grant projects completed in prior years	(303 584)
<b>Prior period corrections 2010:</b>	<b>(303 584)</b>

**34. CASH GENERATED BY OPERATIONS**

	<b>2010</b>	<b>2009</b>
Surplus / (Deficit) for the Year	19 557 637	12 262 698
Adjustment for:		
Landfill sites	1 678 560	247 600
Provision for Bad Debts	202 121	
Current changes in employee benefits	1 172 642	542 574
Assets acquired out of accumulated surplus		633 957
Contributions to ring-fenced accumulated surplus accounts	(242 056)	695 478
Correction of prior period error	303 584	1 841 364
Investment Income	(3 297 237)	(5 434 198)
<b>Operating surplus before working capital changes</b>	<b>19 375 251</b>	<b>10 789 473</b>
(Increase)/Decrease in Inventories	(195 561)	(408 566)
(Increase)/Decrease in Consumer Debtors	(5 959 362)	(2 222 924)
Increase/(Decrease) in Retirement Benefit Liabilities	1 244 551	177 509
Increase/(Decrease) in Non-Current Provisions	1 819 540	242 952
Increase/(Decrease) in Consumer Deposits	111 993	46 298
Increase/(Decrease) in Creditors	(574 947)	(260 234)
Increase/(Decrease) in Conditional Grants and Receipts	538 218	4 955 475
<b>Cash generated by / (utilised in) Operations</b>	<b>16 359 683</b>	<b>12 292 079</b>

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**35. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE  
DISALLOWED**

**A. UNAUTHORISED EXPENDITURE**

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

**B. FRUITLESS AND WASTEFUL EXPENDITURE**

To management's best of knowledge instances of note indicating that Fruitless and Wasteful Expenditure was incurred during the year under review were not revealed.

**C. IRREGULAR EXPENDITURE**

	<b>2010</b>	<b>2009</b>
Opening balance	2 130 677	1 887 838
Irregular expenditure current year	69 016	242 839
Approved by Council or condoned		
Irregular expenditure awaiting condonement	2 245 957	2 130 677

Councillors' allowances were paid in excess of the maximum as set in the Government Gazette no 32833 of 21 December 2009 amounting to R 69 016.

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

**A. CONTRIBUTIONS TO ORGANISED LOCAL GOVERNMENT – SALGA**

	<b>2010</b>	<b>2009</b>
Opening Balance	-	-
Council Subscriptions	230 745	146 275
Amount Paid - current year	(230 745)	(146 275)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**B. AUDIT FEES**

	<b>2010</b>	<b>2009</b>
Opening Balance	-	-
Current year Audit Fee	1 242 287	699 172
Amount Paid - current year	(1 242 287)	-
Amount Paid - previous years	-	(699 172)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**C. VAT**

VAT inputs receivables and VAT outputs receivables are shown in Note 13. All VAT returns have been submitted by the due date throughout the year.

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**D. PAYE AND UIF**

	<b>2010</b>	<b>2009</b>
Opening Balance	-	-
Current year Payroll Deductions	3 238 395	2 735 539
Amount Paid - current year	(3 238 395)	(2 735 539)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**E. PENSION AND MEDICAL AID DEDUCTIONS**

	<b>2010</b>	<b>2009</b>
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	10 749 681	8 197 310
Amount Paid - current year	(10 749 681)	(8 197 310)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**F. COUNCILLOR'S ARREAR CONSUMER ACCOUNTS**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

<b>30 June 2010</b>	<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
Councillor T Eksteen	1 462	-	1 462
Councillor A R Knott-Craig	3 965	-	3 965
Councillor J P Reid	115	115	-
Councillor V G Jacobs	1 559	-	1 559
<b>Total Councillor Arrear Consumer Accounts</b>	<b>7 101</b>	<b>115</b>	<b>6 986</b>

**G. NON-COMPLIANCE WITH CHAPTER 11 OF THE MUNICIPAL FINANCE MANAGEMENT ACT**

No known matters existed at reporting date.



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**37. COMMITMENTS FOR EXPENDITURE**

**A. CAPITAL COMMITMENTS**

Commitments in respect of Capital Expenditure:

	<b>2010</b>	<b>2009</b>
<b>- Approved and Contracted for:-</b>	<b>1 198 966</b>	<b>700 235</b>
<i>Infrastructure</i>	1 173 069	-
<i>Other</i>	25 897	700 235
<b>Total Capital Commitments</b>	<b>1 198 966</b>	<b>700 235</b>

This expenditure will be financed from:

Own Resources	1 198 966	700 235
	<b>1 198 966</b>	<b>700 235</b>

**38. FINANCIAL INSTRUMENTS**

**A. CLASSIFICATION**

**FINANCIAL ASSETS:**

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>	<b>2010</b>	<b>2009</b>
<b>Long-term Receivables</b>			
Car Loans	Loans and receivables	-	-
Housing Loans	Loans and receivables	-	327 736
<b>Consumer Debtors</b>			
Electricity	Loans and receivables	3 172 400	1 563 919
Refuse	Loans and receivables	193 073	-
Sewerage	Loans and receivables	414 291	-
Meter Readings not Billed	Loans and receivables	1 030 660	-
Water	Loans and receivables	319 148	-
Loan Instalments	Loans and receivables	1 602 456	1 013 514
Other Debtors	Loans and receivables	389 064	140 391
<b>Other Debtors</b>			
Assessment Rates	Loans and receivables	3 106 066	1 266 724
Government Subsidy Claims	Loans and receivables	-	-
Projects	Loans and receivables	-	-
Sundry Deposit	Loans and receivables	15 000	15 000
Sundry Debtors	Loans and receivables	157 538	440 784
<b>Bank, Cash and Cash Equivalents</b>			
Funds on deposit	Loans and receivables	44 473 173	34 397 812
Bank Balances	Loans and receivables	2 133 113	9 639 180
Cash Floats and Advances	Loans and receivables	2 040	4 202
		<b>57 008 021</b>	<b>48 809 261</b>

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**SUMMARY OF FINANCIAL ASSETS:**

		<b>2010</b>	<b>2009</b>
<b>Loans and Receivables</b>			
Long-term Receivables	Housing Loans	-	327 736
Consumer Debtors	Electricity	3 172 400	1 485 923
Consumer Debtors	Refuse	193 073	-
Consumer Debtors	Sewerage	414 291	-
Meter Readings not Billed		1 030 660	-
Consumer Debtors	Water	319 148	-
Consumer Debtors	Loan Instalments	1 602 456	962 968
Consumer Debtors	Other Debtors	389 064	133 389
Other Debtors	Assessment Rates	3 106 066	1 219 884
	Government Subsidy		
Other Debtors	Claims	-	-
Other Debtors	Projects	-	268 316
Other Debtors	Sundry Deposits	15 000	15 000
Other Debtors	Sundry Debtors	157 538	354 852
Bank, Cash and Cash Equivalents	Funds on investment	44 473 173	34 397 812
Bank, Cash and Cash Equivalents	Bank accounts	2 133 113	9 639 180
Bank, Cash and Cash Equivalents	Cash Floats and Advances	2 040	4 202
		<b>57 008 021</b>	<b>48 809 261</b>

**FINANCIAL LIABILITIES:**

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows:

		<b>2010</b>	<b>2009</b>
<b><u>Financial Liabilities</u></b>	<b><u>Classification</u></b>		
<b>Long-term Liabilities</b>			
Electricity and Water	Financial liabilities at amortised cost	1 256 702	1 144 709
<b>Creditors</b>			
Trade Creditors	Financial liabilities at amortised cost	1 869 660	2 290 229
Payments received in Advance	Financial liabilities at amortised cost	260 114	97 204
Retentions	Financial liabilities at amortised cost	505 785	-
Leave Pay	Financial liabilities at amortised cost	2 238 688	2 030 703
Sundry Deposits	Financial liabilities at amortised cost	-	-
Other Creditors	Financial liabilities at amortised cost	7 002	1 038 060
Unspent Grants and Receipts	Financial liabilities at amortised cost	15 185 922	12 632 156
<b>VAT Payable</b>			
VAT Control Accounts	Financial liabilities at amortised cost	2 425 887	1 897 476

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**SUMMARY OF FINANCIAL LIABILITIES**

**Financial Liabilities at Amortised Cost:**

Long-term Liabilities	Local Registered Stock	-	171 139
Consumer Deposits	Electricity and Water	1 256 702	1 144 709
Creditors	Trade Creditors	1 869 660	2 290 229
Creditors	Payments received in Advance	260 114	97 204
Creditors	Retentions	505 785	-
Creditors	Leave Pay	2 238 688	2 030 703
Creditors	Staff Bonuses	-	-
Creditors	Other Creditors	7 002	1 038 060
Unspent Grants and Receipts	National Government Grants	15 185 922	12 632 156
VAT Payable	VAT Control Accounts	2 425 887	1 897 476
		<u>23 749 758</u>	<u>20 301 676</u>
<b>Total Financial Liabilities</b>		<u><b>23 749 758</b></u>	<u><b>21 301 676</b></u>

**B. FAIR VALUE**

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The Fair Value of other Financial Assets and Financial Liabilities is determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis using interest rates currently charged or paid by other parties and the remaining term to repayment of the interest;
- The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.
- The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

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	<b>30 June 2010</b>		<b>30 June 2009</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>FINANCIAL ASSETS</b>				
<b>Loans and Receivables</b>	<b>57 008 019</b>	<b>57 008 019</b>	<b>48 809 262</b>	<b>48 809 262</b>
Funds held on Deposit	44 473 172	44 473 172	34 397 813	34 397 813
Bank Balances and Cash	2 135 153	2 135 153	9 643 382	9 643 382
Consumer Debtors	7 121 092	7 121 092	2 582 281	2 582 281
Housing Loans	-	-	327 736	327 736
Other Debtors	3 278 604	3 278 604	1 858 051	1 858 051
VAT Receivable	-	-	268 316	268 316
<b>Total Financial Assets</b>	<b>57 008 021</b>	<b>57 008 021</b>	<b>48 809 262</b>	<b>48 809 262</b>
<b>FINANCIAL LIABILITIES</b>				
Long Term Liabilities:	-	-	171 139	171 139
Trade and Other Payables:	23 749 758	23 749 758	21 130 537	21 130 537
- Consumer Deposits	1 256 701	1 256 701	1 144 709	1 144 709
- Creditors	4 881 248	4 881 248	5 456 196	5 456 196
- Unspent Conditional Grants	15 185 922	15 185 922	12 632 156	12 632 156
- VAT Payable	2 425 887	2 425 887	1 897 476	1 897 476
<b>Total Financial Liabilities</b>	<b>23 719 758</b>	<b>23 719 758</b>	<b>21 301 676</b>	<b>21 301 676</b>
<b>Total Financial Instruments</b>	<b>33 258 263</b>	<b>33 258 263</b>	<b>27 507 586</b>	<b>27 507 586</b>

**C. CAPITAL RISK MANAGEMENT**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2009.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 14 and 15, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 16 and the Statement of Changes in Net Assets.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

**D. FINANCIAL RISK MANAGEMENT OBJECTIVES**

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are

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generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Budget and Treasury monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

### **E. SIGNIFICANT ACCOUNTING POLICIES**

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

### **F. MARKET RISK**

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

### **FOREIGN CURRENCY RISK MANAGEMENT**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the foreign currency rate market.

### **INTEREST RATE RISK MANAGEMENT**

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing.

No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas.

On-going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment. In the case of debtors whose accounts

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become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting.

A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**LIQUIDITY RISK MANAGEMENT**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements.

The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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**G. EFFECTIVE INTEREST RATES AND REPRICING ANALYSIS**

In accordance with IFRS 7 .40 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

**30 June 2010**

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less
	#	%	R	R
<b>FIXED RATE INSTRUMENTS</b>				
<b>Loans and Receivables</b>			<b>44 473 173</b>	<b>44 473 173</b>
Funds held on Deposit	5	5 % - 7.5 %	44 473 173	44 473 173
<b>Total Fixed Rate Instruments</b>			<b>44 473 173</b>	<b>44 473 173</b>
<b>VARIABLE RATE INSTRUMENTS</b>				
Bank Balances and Cash		3% - 4.5%	2 135 152	2 135 152
<b>Total Variable Rate Instruments</b>			<b>2 135 152</b>	<b>2 135 152</b>

**30 June 2009**

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less
	#	%	R	R
<b>FIXED RATE INSTRUMENTS</b>				
<b>Loans and Receivables</b>	5	6% - 9.5%	<b>34 397 812</b>	<b>34 397 812</b>
Funds held on Deposit			34 397 812	34 397 812
<b>Total Fixed Rate Instruments</b>			<b>34 397 812</b>	<b>34 397 812</b>
<b>VARIABLE RATE INSTRUMENTS</b>				
Bank Balances and Cash	5	4.5% - 5%	9 643 382	9 643 382
<b>Total Variable Rate Instruments</b>			<b>9 643 382</b>	<b>9 643 382</b>

**H. OTHER PRICE RISKS**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

**I. CREDIT RISK MANAGEMENT**

Credit Risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties is monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing.



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The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality.

Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On-going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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

The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

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

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
Long-term Receivables	-	327 736
Consumer Debtors	7 121 092	2 582 281
Other Debtors	3 278 604	1 858 051
Bank, Cash and Cash Equivalents	46 608 325	44 041 194
<b>Maximum Credit and Interest Risk Exposure</b>	<b>57 008 021</b>	<b>48 809 261</b>

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**CREDIT QUALITY OF FINANCIAL ASSETS:**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	<b>2010</b>	<b>2009</b>
<b>Long-term Receivables</b>		
Housing loans      Group 3	-	327 736
<b>Total Long-term Receivables</b>	<b>-</b>	<b>327 736</b>

**COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING:**

	<b>2010</b>	<b>2009</b>
Group 3	32 199 692	26 742 530
<b>Total Consumer Debtors</b>	<b>32 199 692</b>	<b>26 742 530</b>

**INVESTMENTS:**

		<b>2010</b>	<b>2009</b>
Investments	Group 1	44 473 173	34 397 812
<b>Total Investments</b>		<b>44 473 173</b>	<b>34 397 812</b>

**BANK BALANCES:**

		<b>2010</b>	<b>2009</b>
ABSA Bank	Group 1	-	22 103
First National Bank	Group 1	2 133 112	9 617 077
		<b>2 133 112</b>	<b>9 639 180</b>

**CREDIT QUALITY OF GROUPINGS:**

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

**MULTI-EMPLOYER RETIREMENT BENEFITS INFORMATION:**

Camdeboo Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

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All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R6,2 million (2009: R5,6 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

**DEFINED BENEFIT SCHEMES:**

**Cape Joint Pension Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2009.

The statutory valuation performed as at 30 June 2009 revealed that the fund had a surplus of R0,0 (30 June 2008: R182,7) million, with a funding level of 100,0% (30 June 2008: 106,5%) and a solvency reserve with a closing balance of R200,6 (30 June 2008: R0,0) million. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is less than the recommended contribution rate of 32,1%.

The last valuation performed for the period ended 31 March 2006 revealed that the fund had a shortfall of R205 million, with a funding level of 83%. This will be taken into account in determining future surcharges, to be met by increased employer contributions. These surcharges are as follows:

- From 1 July 2006 14%
- From 1 July 2007 17%

The above-mentioned surcharge is payable until 1 July 2010. This position will be monitored on an annual basis.

**Government Employees Pension Fund (GEPF):**

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The statutory valuation performed as at 30 June 2006 revealed that the fund had a surplus of R0,0 (30 June 2004: R-12,78) million, with a funding level of 100,0% (30 June 2004: 96,5%). The contribution rate paid by the members (7,00%) and the municipalities (13,00%) is sufficient to fund the benefits accruing from the fund in the future.

**South African Local Authorities Pension Fund (SALA):**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2007.

The statutory valuation performed as at 1 July 2007 revealed that the fund had a surplus of 558,4 (1 July 2006: R286,0) million, with a funding level of 110% (1 July 2006: 106%). The contribution rate paid by the members (7,50% to 9,00%) and the municipalities (15,00% to 20,80%) is sufficient to fund the benefits accruing from the fund in the future.

**Local Government Pension Fund:**

No details could be provided for the fund and of any valuation performed.

A contribution rate is paid by the members (7,50%) and municipalities (between 15% and 22%).

**DEFINED CONTRIBUTION SCHEMES**

**Cape Joint Pension Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2009.

The statutory valuation performed as at 30 June 2009 revealed that the investment reserve of the fund amounted to R1 171 (30 June 2008: R12 033) million, with a funding level of 100,3% (30 June 2008: 103,3%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Cape Joint Retirement Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2009.

The statutory valuation performed as at 30 June 2009 revealed that the assets of the fund amounted to R6 842 (30 June 2008: R6 675) million, with funding levels of 100,8% and 131,9% (30 June 2008: 101,1% and 112,2%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Municipal Councillors Pension Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The statutory valuation performed as at 30 June 2006 revealed that the fund had a funding ratio of 106.5%. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

**Municipal Gratuity Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2009.

The valuation performed as at 30 June 2009 revealed that the market value of the fund was R8 248,8 (30 June 2008: R8 104,4) billion. The contribution rate payable is 7,50% by the member and 22,00% by the employer. The fund was certified to be in sound financial condition as at 30 June 2007.

**National Fund for Municipal Workers:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2008.

The statutory valuation performed as at 1 July 2008 revealed that the fund had a deficit of R6,3 (1 July 2007: surplus R9,5) million, with a funding level of 99,8% (1 July 2007: 100,3%). The contribution rate paid by the members (2,00% to 7,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future, and the actuary was satisfied that the fund will continue to be able meet its liabilities.

**South African Municipal Workers Union National Provident Fund:**

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2005.

The statutory valuation performed as at 30 June 2005 revealed that the fund had a funding ratio of 100.0% (30 June 2002: 100,0%). The contribution rate paid by the members (not less than 5,00%) and Council (not less than 12,00%) is sufficient to fund the benefits accruing from the fund in the future.

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**39. RELATED PARTY TRANSACTIONS**

**A. INTEREST OF RELATED PARTIES**

Councillors and/or management of the municipality have no relationships with business.

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**B. SERVICES RENDERED TO RELATED PARTIES**

During the year the municipality rendered services to the following related parties:

	<b>Rates charges</b>	<b>Service charges</b>	<b>Sundry charges</b>	<b>Outstanding balances</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>For the year ended 30 June 2010:</b>				
Councillors	10 741	31 208	4 964	7 999
Municipal Managers and Section 57 personnel	4 158	13 231	-	2 951
	<b>14 899</b>	<b>44 439</b>	<b>4 964</b>	<b>10 950</b>

The services rendered to the Related Parties are charges at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel not on the salary deduction list.

**40. CONTINGENT LIABILITIES**

**A. Guarantees:**

The Camdeboo municipality has R60 000 guarantees at First National Bank cc to the Department of Mineral and Energy for the rehabilitation of the quarry

<b>2010</b>	<b>2009</b>
<b>R</b>	<b>R</b>
<b>60 000</b>	<b>60 000</b>

**B. Court Proceedings:**

C.B. Willemse instituted a claim against the Municipality in the amount of R 25 567 relating to training provided. The Municipality did not contract the services of C.B. Willemse for the training. The outcome of the case is still uncertain.

**25 567**

**C. Other Claims**

Alleged claims based on other insurance claims against Council

**- 350 000**

**41. IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any In-kind Donations and Assistance during the year under review.

**42. COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance with that budgeted is set out in Annexure "E (1) and E (2)".

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#### 43. PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the financial year 2009/2010.

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#### 44. EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2010.

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#### 45. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies and Prior Period Errors.

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#### 46. STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been issued, but are not yet effective:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 25 Employee Benefits - issued December 2009
- GRAP 26 Impairment of Cash-generating Assets - issued March 2009
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 104 Financial Instruments - issued October 2009

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all the GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

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APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Description	Historical Cost				Carrying Value
	Opening Balance	Additions	Under Construction	Closing Balance	
	R	R	R	R	R
<i>Electricity:</i>				-	
Transformer Kiosks	-	7 653 298	-	7 653 298	7 653 298
<i>Roads:</i>					
Storm water	-	-	62 250	62 250	62 250
<i>Sewerage:</i>					
Pumping Stations	-	-	626 589	626 589	626 589
Pumps	-	73 711	-	73 711	73 711
<i>Water:</i>					
Purification Plant	-	8 120 448	-	8 120 448	8 120 448
Reservoirs and Tanks	-	-	-	-	-
Supply and Reticulation	-	47 290	-	47 290	47 290
	-	<b>15 894 748</b>	<b>688 839</b>	<b>16 583 587</b>	<b>16 583 587</b>
<b>Other Assets</b>					
<i>Furniture and Fittings:</i>					
Cabinets and Cupboards	-	-	10 621	10 621	10 621
Chairs	-	59 220	-	59 220	59 220
Other Furniture	-	21 371	-	21 371	21 371
Tables and Desks	-	11 696	-	11 696	11 696
<i>Motor Vehicles:</i>					
Trucks and Bakkies	-	109 667	-	109 667	109 667
<i>Office Equipment:</i>					
Computer Hardware	-	122 054	-	122 054	122 054
Office Machines	-	14 259	-	14 259	14 259
<i>Plant and Equipment:</i>					
Lawnmowers	-	19 684	-	19 684	19 684
Other Plant and Equipment	-	125 570	-	125 570	125 570
Telecommunication Equipment	-	12 060	-	12 060	12 060
	-	<b>495 581</b>	<b>10 621</b>	<b>506 202</b>	<b>506 202</b>
<b>Total Fixed Asset Register</b>	-	<b>16 390 329</b>	<b>699 460</b>	<b>17 089 789</b>	<b>17 089 789</b>



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APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Description	Cost / Revaluation				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance
	R	R	R	R	R
Executive and Council	-	191 620	-		191 620
Finance and Administration	-	126 386	10 621		137 007
Health	-	140 654	-		140 654
Public Safety	-	7 671	-		7 671
Roads and Transport	-	-	62 250		62 250
Water	-	8 255 792	-		8 255 792
Electricity	-	7 668 205	-		7 668 205
<b>Total</b>	-	<b>16 390 329</b>	<b>699 460</b>		<b>17 089 789</b>

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**APPENDIX E(1)**

**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010**

Description	2009/2010 Actual	2009/2010 Budget	2009/2010 Variance	2009/2010 Variance	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	
Property Rates	12 471 048	10 086 023	2 385 025	19.12	The budget was prepared before the general valuation was completed Council determined in the Rates Policy that no interest will be raised on the 2009/2010 rates raised Change in accounting due to change in policy of National Treasury. Increase due to increased outstanding amounts for debtors National Prosecution Authority withdrew large amount of summonses Improvements made to Traffic Centre Capital grant receipts now excluded in performance statement in terms of IAS 20
Property Rates - Penalties imposed and collection charges	766 293	836 772	(70 479)	(9.20)	
Service Charges	56 088 089	61 767 902	(5 679 813)	(10.13)	
Rental of Facilities and Equipment	372 604	317 836	54 768	14.70	
Interest Earned - External investments	3 297 238	938 205	2 291 762	70.95	
Interest Earned - Outstanding debtors	919 691	669 640	378 111	36.09	
Fines	372 730	522 985	(150 255)	(40.31)	
Licences and Permits	1 269 816	1 256 712	13 104	1.03	
Income for Agency Services	136 941	75 029	61 912	45.21	
Government Grants and Subsidies	43 719 533	25 916 367	17 803 166	39.27	
Other Income	604 969	379 529	(6 490)	(1.07)	
Internal Charges	187 379	168 940	18 439	9.84	
<b>Total Revenue</b>	<b>120 206 329</b>	<b>102 935 940</b>	<b>17 270 389</b>	<b>15.82</b>	
<b>EXPENDITURE</b>					
Employee Related Costs	40 269 200	44 866 904	(4 597 704)	(9.15)	Variance as result of unfilled posts Increases allowed per legislation less than budgeted amounts
Remuneration of Councillors	1 915 692	2 346 735	(431 043)	(22.50)	

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Provision for Bad Debts/Impairment of Debtors	202 121	3 000 000	(2 797 879)	(1 384.26)	Budget based on prior year provision that included a claw-back
Depreciation	-	-	-	-	Budgeted for capital redemption – Directive 4 utilised
Repairs and Maintenance	3 370 233	3 922 163	(551 930)	(16.38)	Breakage rate lower than anticipated
Bulk Purchases	22 439 178	25 048 144	(2 608 966)	(11.63)	Increased tariffs resulted in decrease in demand
Contracted Services	797 483	1 138 486	(341 003)	(42.76)	Contracted services as budgeted not required
Grants and Subsidies Paid	93 461	129 500	(36 039)	(38.56)	Subsidies not claimed as budgeted
General Expenses	31 561 325	36 549 932	(5 810 370)	(18.90)	
<b>Total Expenditure</b>	<b>100 648 692</b>	<b>117 001 864</b>	<b>(16 353 172)</b>	<b>(13.97)</b>	
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>19 557 637</b>	<b>(14 065 924)</b>	<b>33 623 561</b>	<b>231.96</b>	

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**APPENDIX E(2)**

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR  
THE YEAR ENDED 30 JUNE 2010**

Description	2009/2010	2009/2010 Under Construction	2009/2010	2009/2010	2009/2010	2009/2010	Explanation of Significant Variances greater than 5% versus Budget
	Actual		Total Additions	Budget	Variance	Variance	
	R	R	R	R	R	%	
Executive and Council Finance and Administration	191 620	-	191 620	-	191 620	100.00	Unexpected financing received (Vuna Awards)
	126 386	10 621	137 007	505 795	(368 788)	(72.91)	Additional capital expenditure incurred under FMG
Health	140 654	-	140 654	460 387	(319 733)	(69.45)	Projects could not be completed due to insufficient funding
Housing	-	-	-	13 322	(13 322)	(100.00)	Change in policy by Department Housing Eastern Cape
Public Safety	7 671	-	7 671	208 552	(200 881)	(96.32)	Project carried over to 2010/2011
Waste Management	-	626 589	626 589	245 104	381 485	155.64	Project carried over to 2010/2011
Roads and Transport	-	62 250	62 250	754 485	(692 235)	(91.75)	Project carried over to 2010/2011
Water	8 255 792	-	8 255 792	10 359 305	(2 103 513)	(20.31)	Project carried over to 2010/2011
Electricity	7 668 205	-	7 668 205	7 347 821	320 384	4.36	Project carried over to 2010/2011
<b>Total</b>	<b>16 390 329</b>	<b>699 460</b>	<b>17 089 789</b>	<b>33 203 589</b>	<b>(16 113 800)</b>	<b>(48.53)</b>	

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**APPENDIX F**

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

**GRANTS AND SUBSIDIES RECEIVED**

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Compliance to Revenue Act (*) See below
		Sept	Dec	March	June	Sept	Dec	March	June	
FMG	Nat Treasury	-	2 000 000	-	-	100 752	815 163	196 236	1 068 037	Yes
MIG Projects	MIG	1 152 000	3 283 000	190 000	3 544 000	2 149 090	1 391 496	718 410	3 011 298	Yes
Health - Clinics	Province	183 031	507 588	1 620 876	718 921	183 031				Yes
Equitable Share	Nat Treasury	9 589 320	7 629 344	6 205 769	34200	9 589 320	7 629 344	6 205 769	34200	Yes
DLGH	Province	-	500 000	-	-	-	500 000	-	-	Yes
Electrification Project	DME	3 000 000	2 000 000	1 000 000	-	1 491 762	1 491 762	667 436	7 444 755	Yes
MSP & MSIG	Province	-	-	500 000	-	-	-	189 720	310 280	Yes
<b>Total Received</b>		<b>13 924 351</b>	<b>15 919 932</b>	<b>1 690 000</b>	<b>4 297 121</b>	<b>13 513 955</b>	<b>12 335 353</b>	<b>9 598 447</b>	<b>12 587 491</b>	

**(\*) DID YOUR MUNICIPALITY COMPLY WITH THE GRANT CONDITIONS IN TERMS OF "GRANT FRAMEWORK" IN THE LATEST DIVISION OF REVENUE ACT**

ANNEXTURE B4: ORGANISATIONAL STRUCTURE [ORGANOGRAM]

APPROVED BY THE COUNCIL ON 30 APRIL 2008

Please note the following:

- POSTS HATCHED WITH A DOUBLE LINE ARE PROPOSED FUTURE POSTS
- THE NUMBER CONTAINED IN BRACKETS ADJACENT TO A POST INDICATES POST LEVEL
- THE NUMBER ADJACENT TO OR BELOW A NAME INDICATES STAFF NUMBER
- THE EC NUMBER INDICATES THE BARGAINING COUNCIL POST EVALUATION REFERENCE NUMBER
- UPDATED – 3 OCTOBER 2008

APPROVED BY MUNICIPAL MANAGER IN TERMS OF s 66 OF THE MUNICIPAL SYSTEMS ACT NO. 32 OF 2000.

EFFECTIVE FROM 1 MAY 2008.

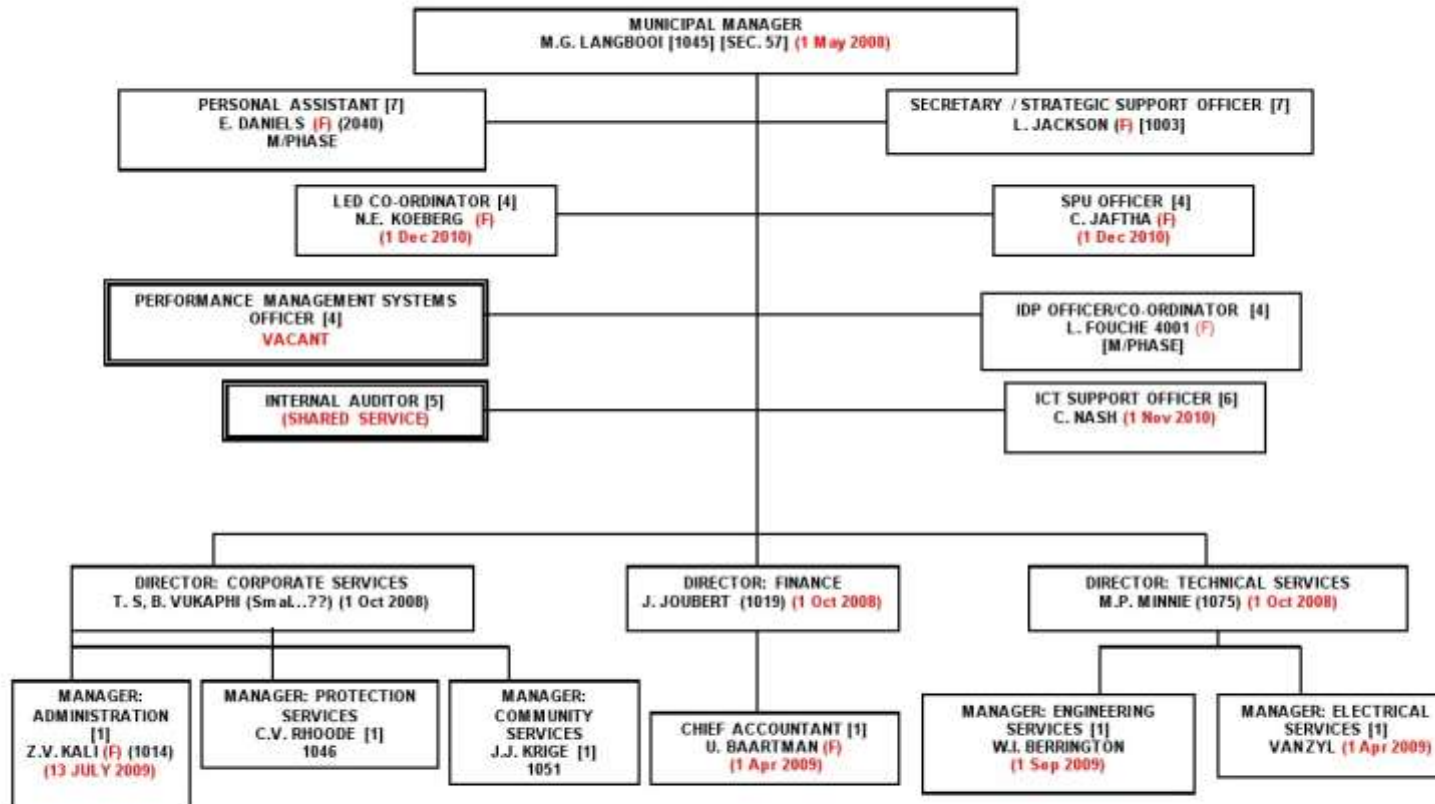


M.G. LANGBOOI  
MUNICIPAL MANAGER



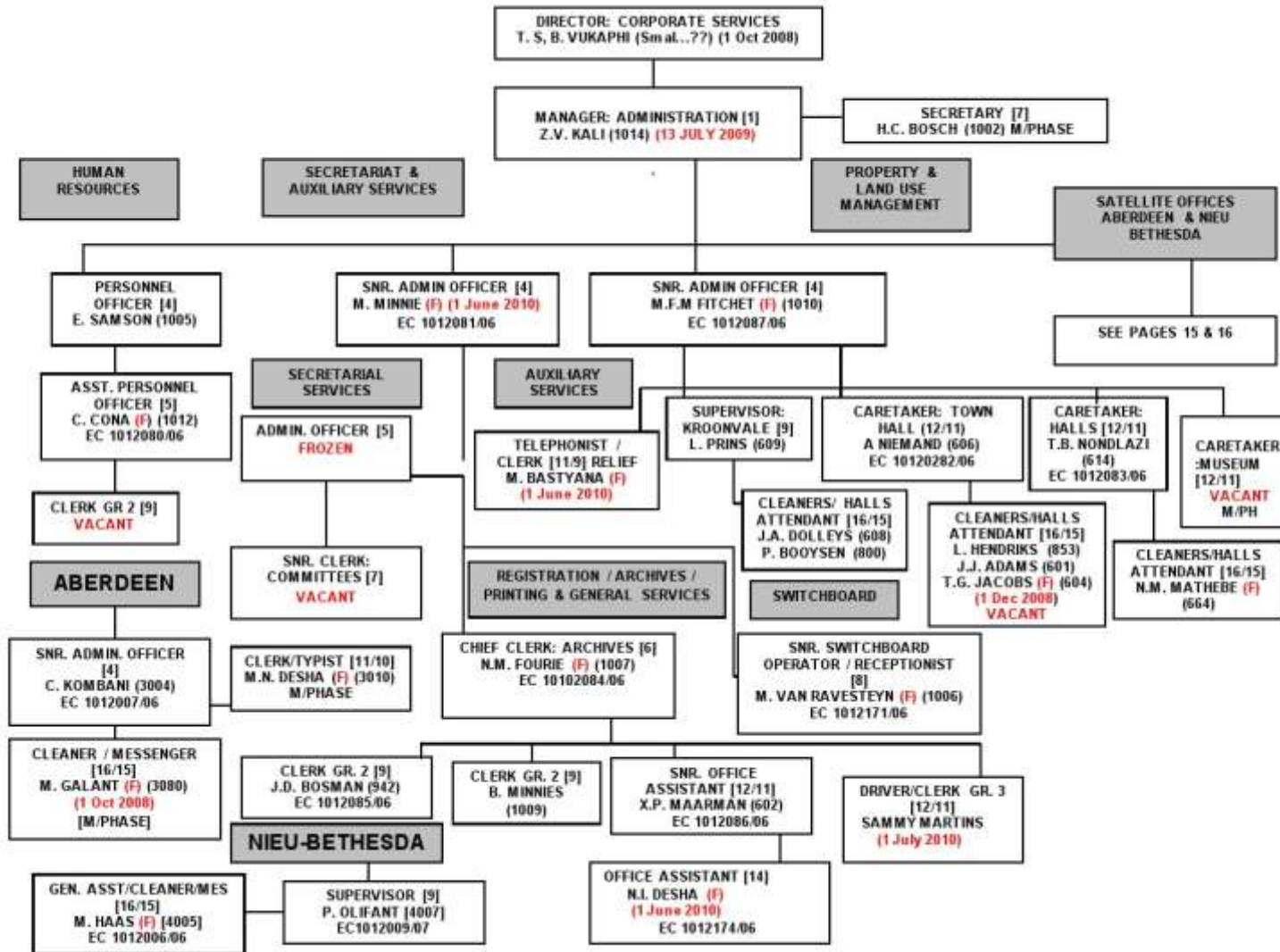
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**ORGANOGRAM OF CAMDEBOO MUNICIPALITY : 30 APRIL 2008**



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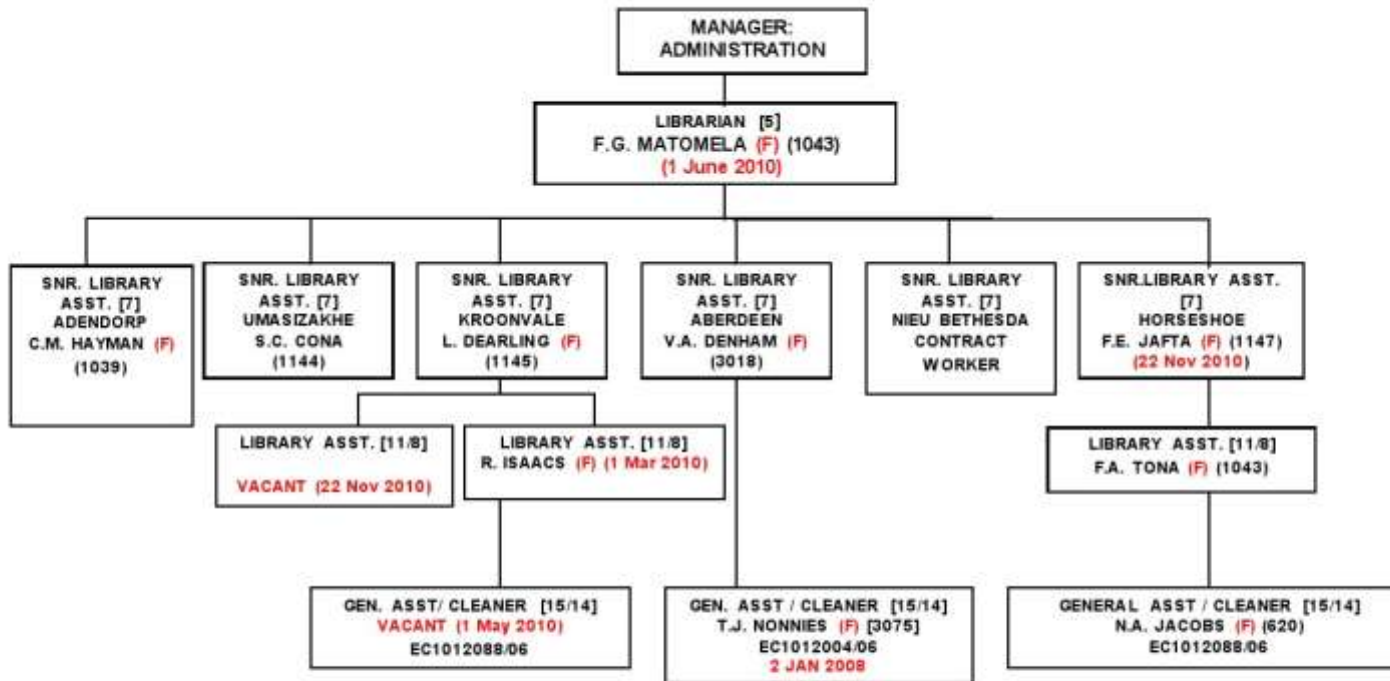
ORGANOGRAM – CORPORATE SERVICES DIRECTORATE – DIVISION ADMINISTRATION





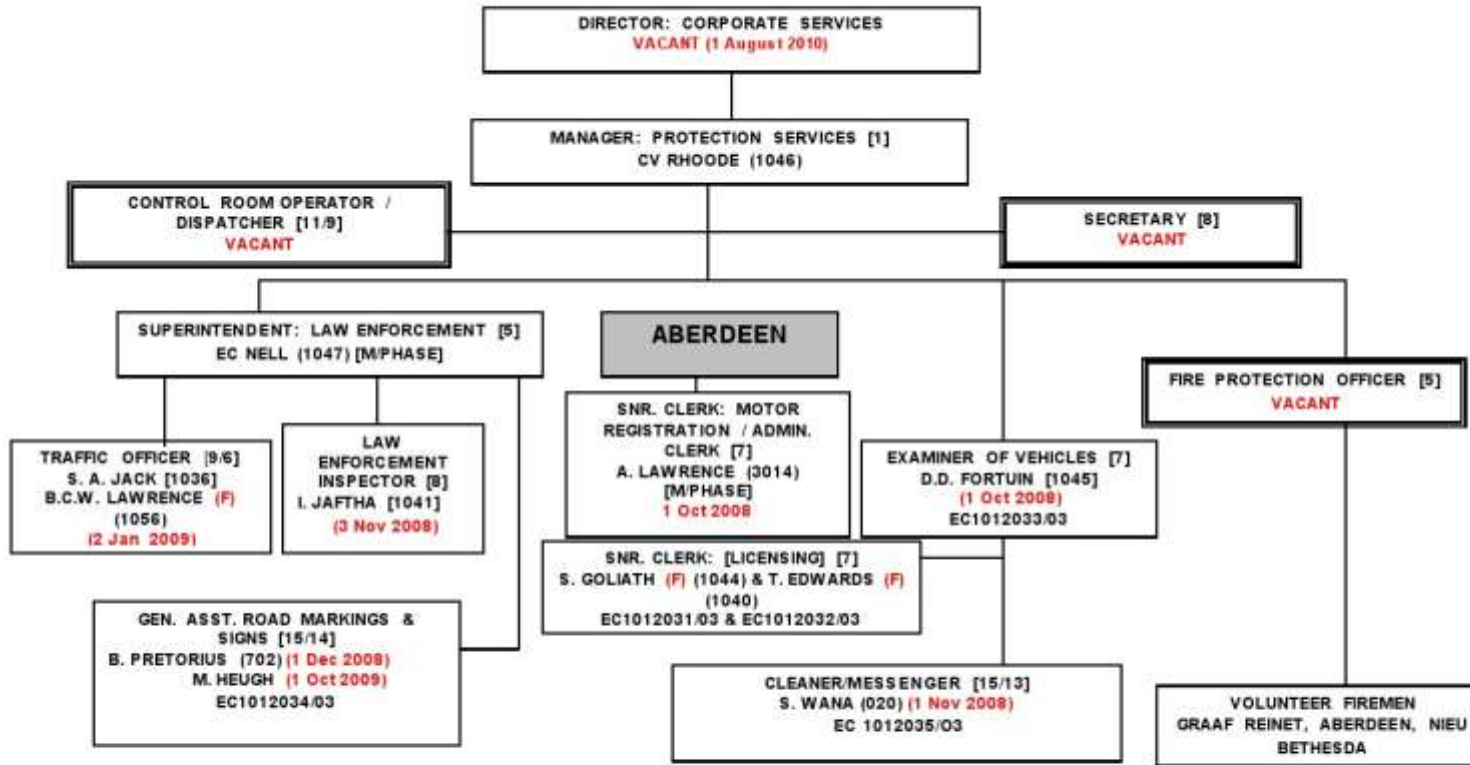
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**ORGANOGRAM – CORPORATE SERVICES DIRECTORATE – DIVISION LIBRARY SERVICES**



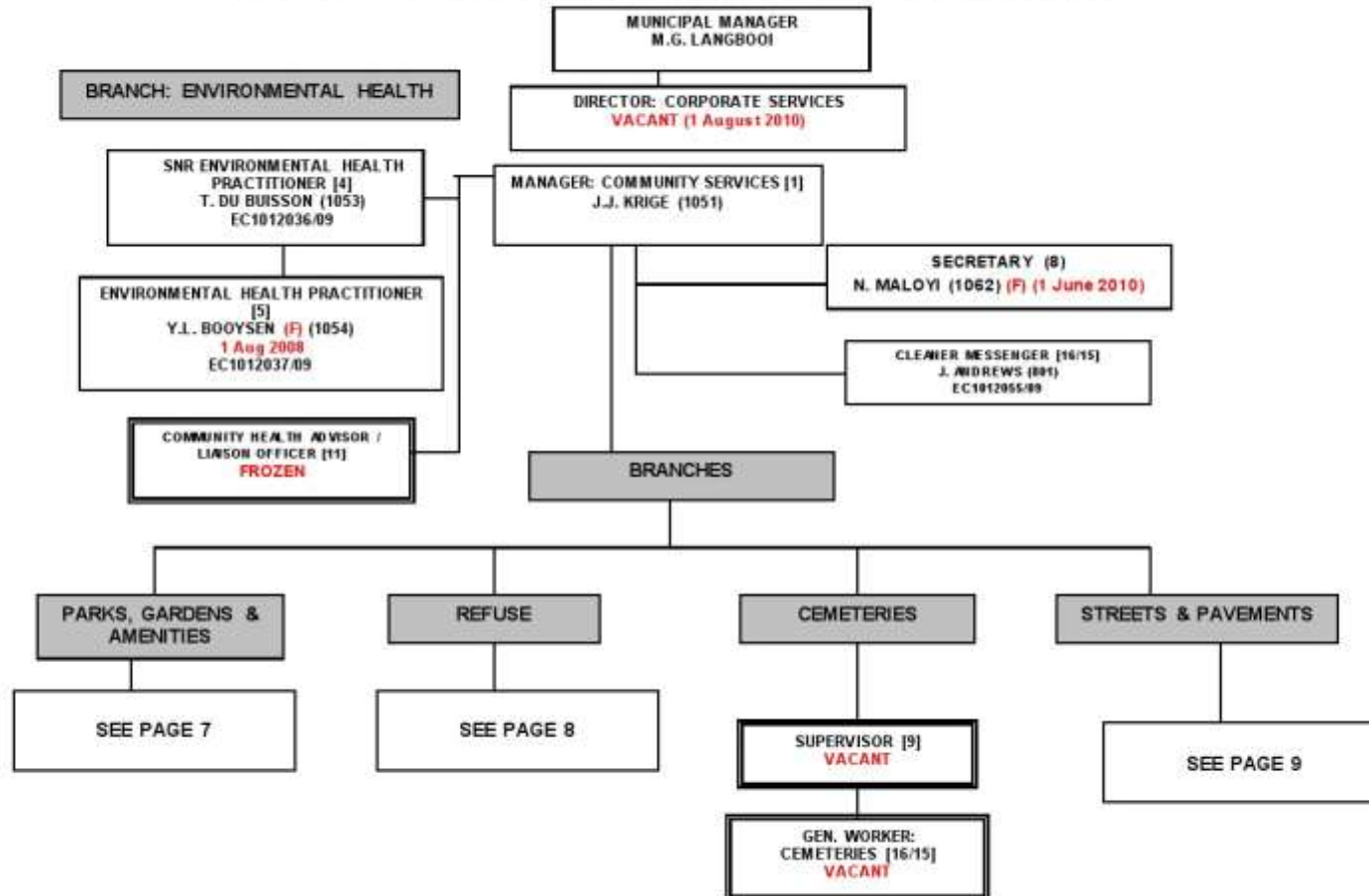
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**ORGANOGRAM - CORPORATE SERVICES DIRECTORATE : DIVISION PROTECTION SERVICES**



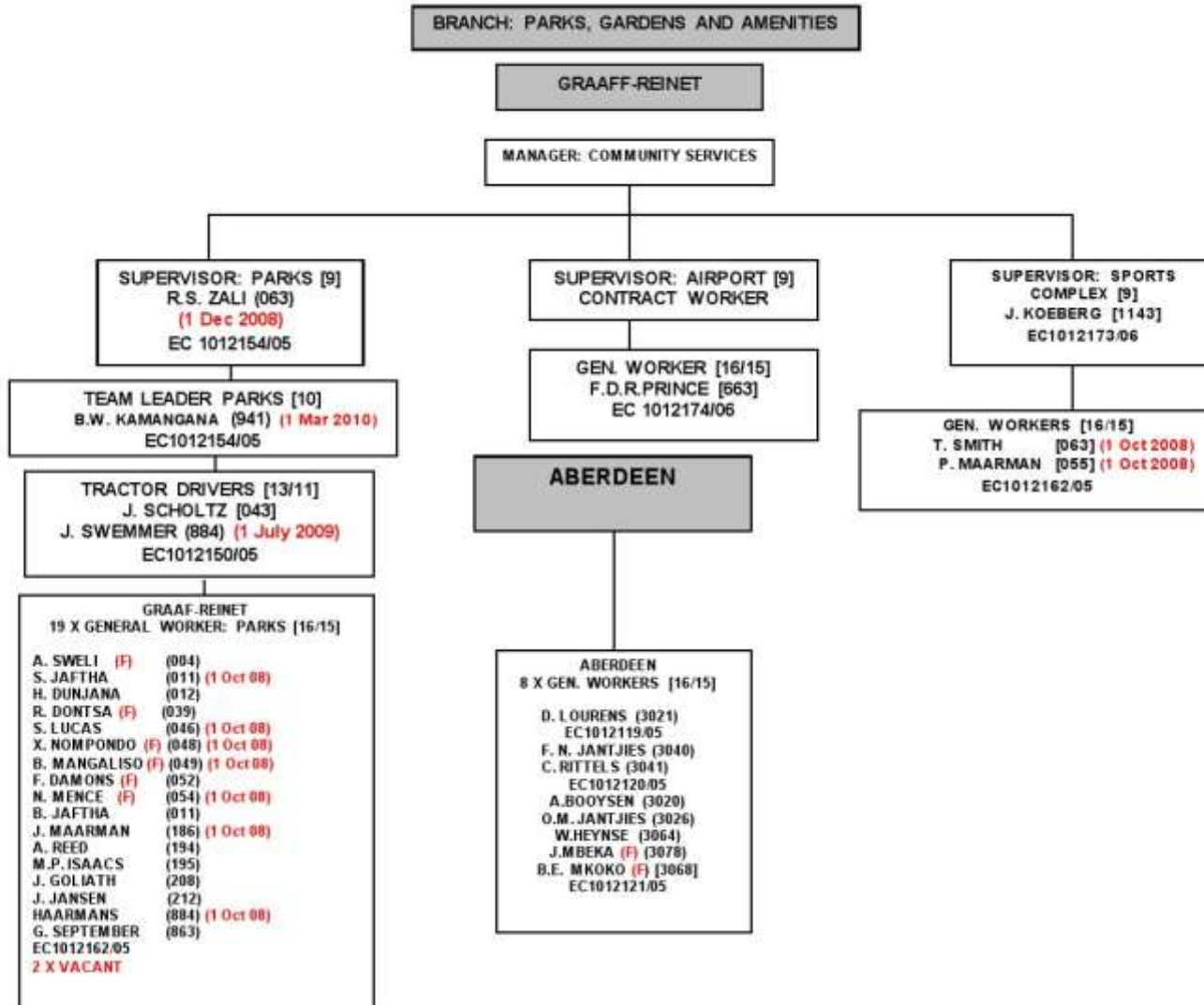
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**ORGANOGRAM - CORPORATE SERVICES DIRECTORATE : DIVISION COMMUNITY SERVICES**

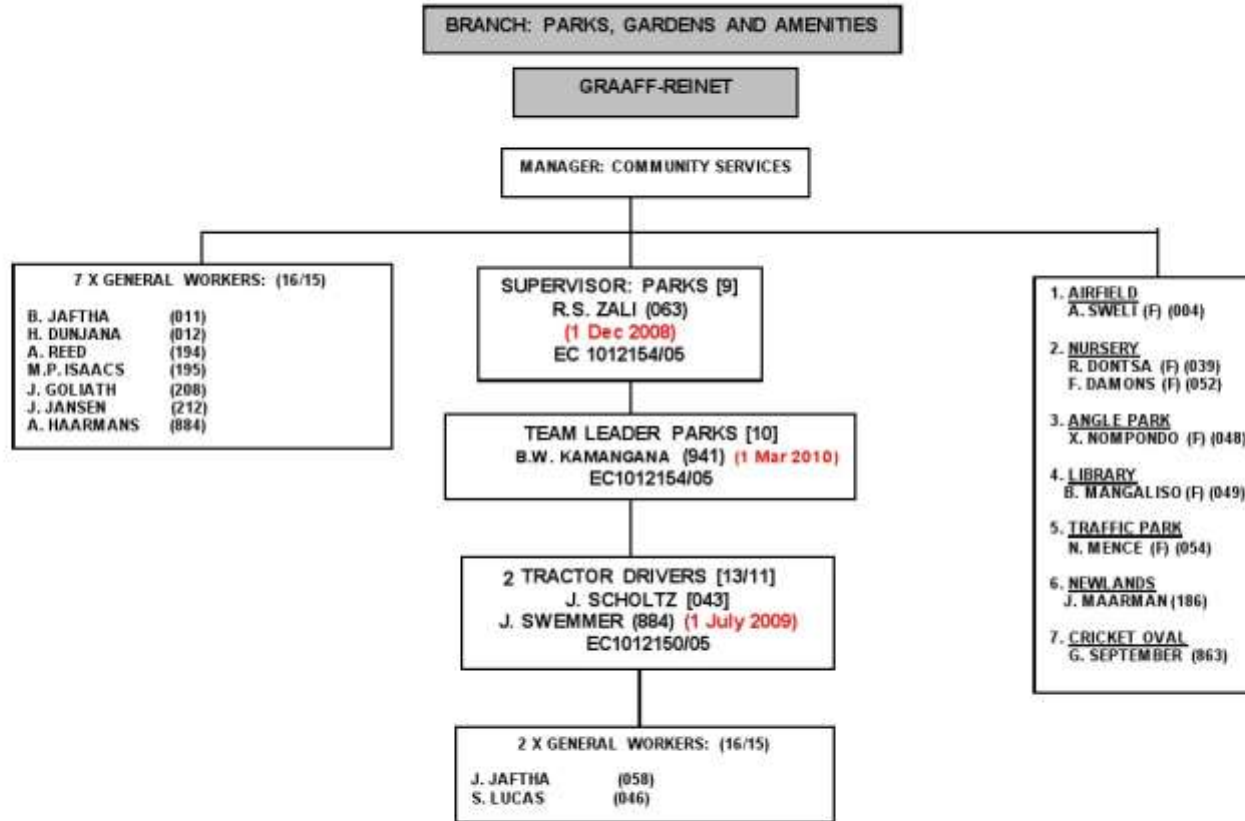


NB: CEMETERIES SECTION TO BE POPULATED WHEN THIS FUNCTION IS UNDERTAKEN

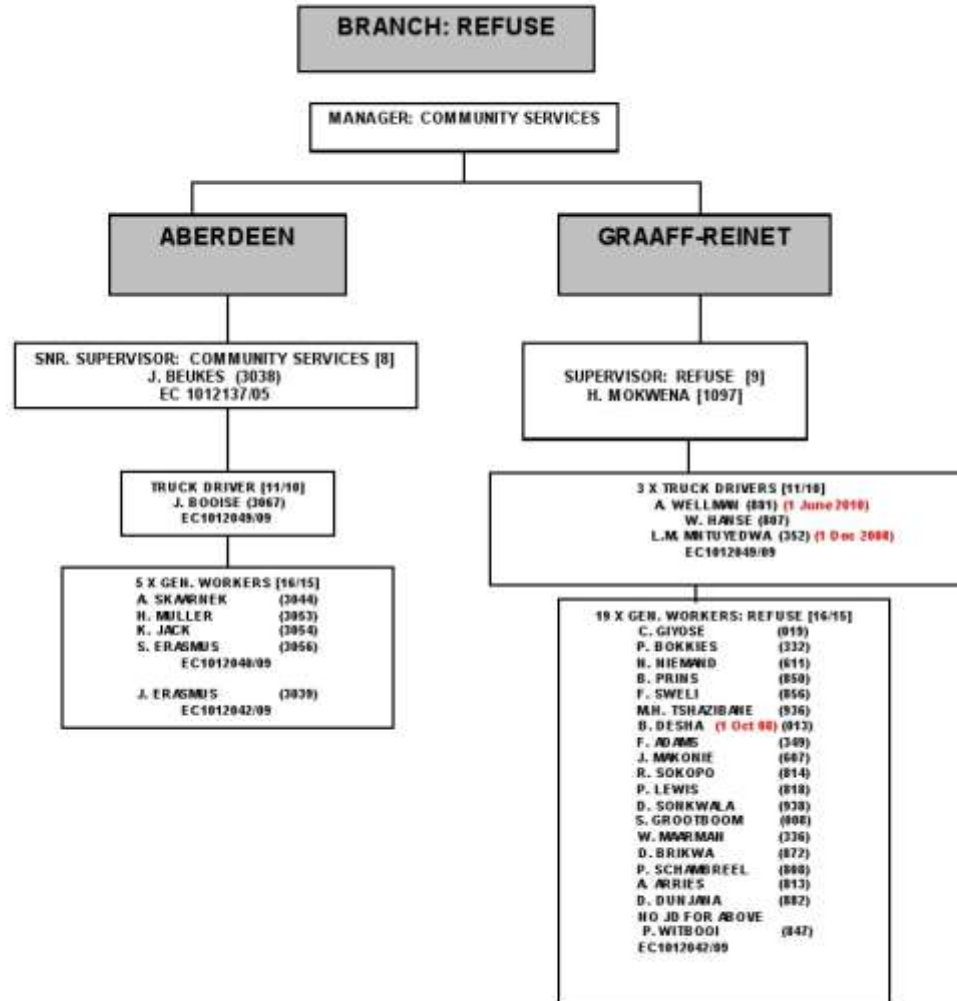
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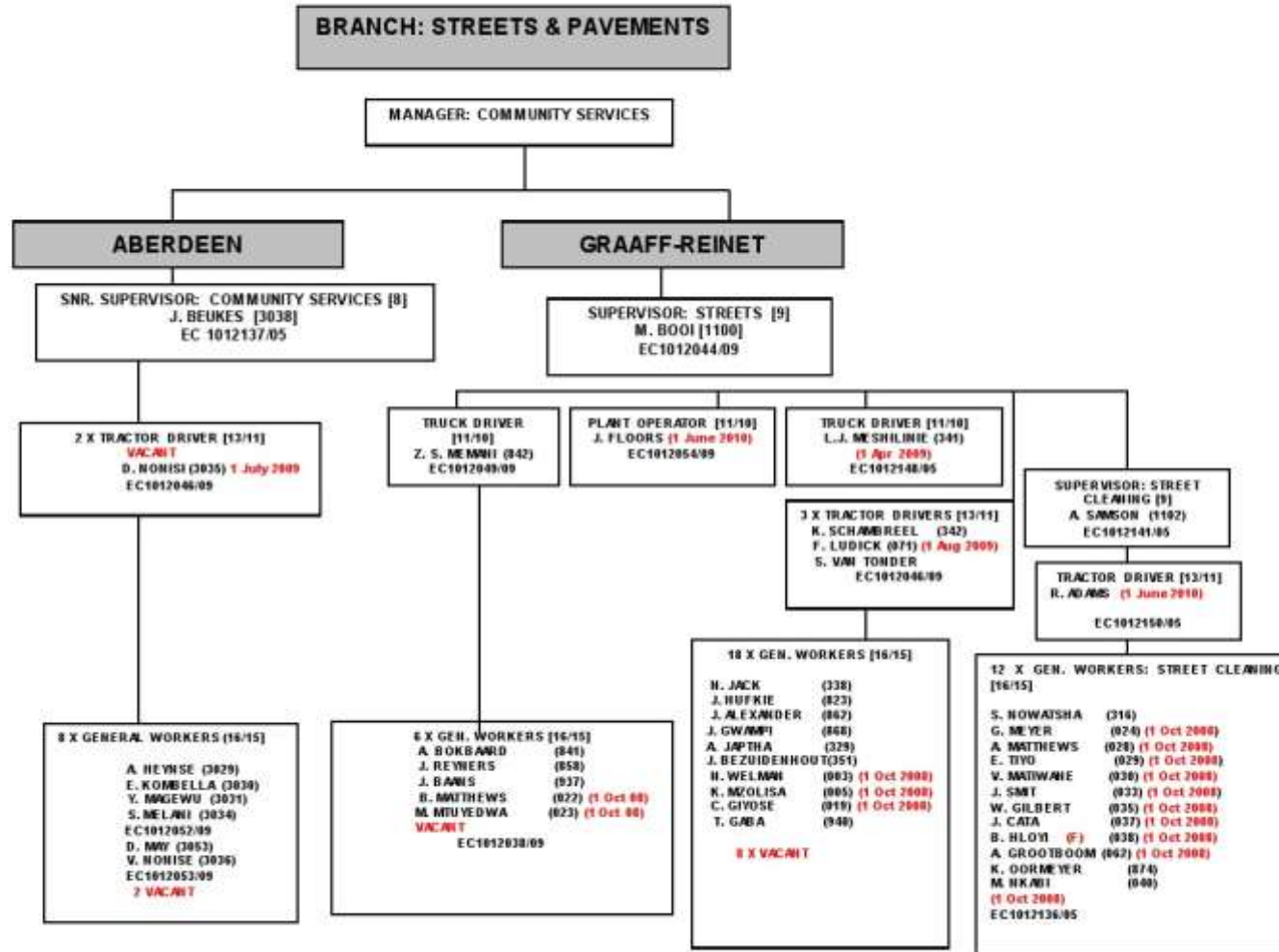
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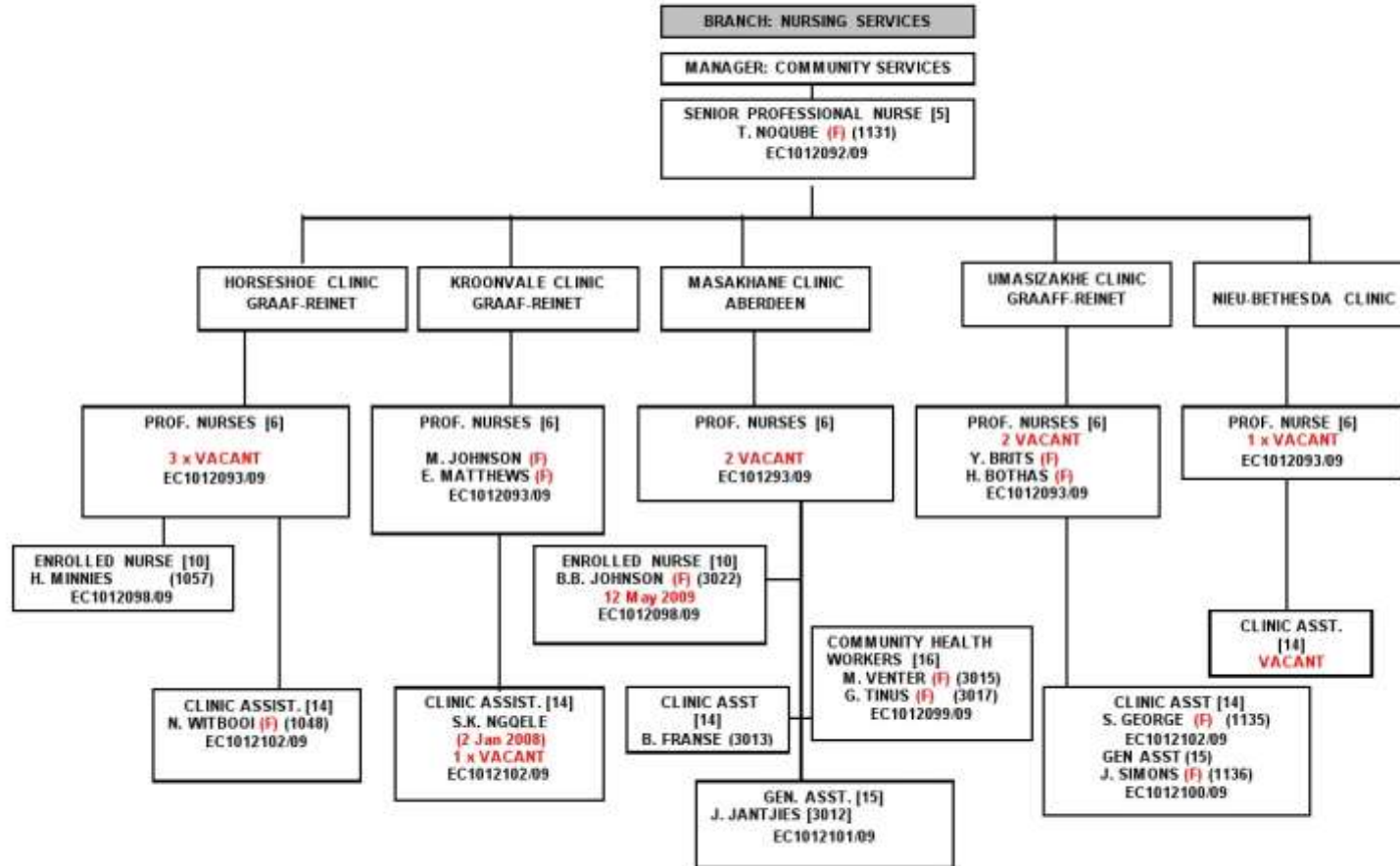


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ORGANOGRAM - CORPORATE SERVICES DIRECTORATE: DIVISION COMMUNITY SERVICES

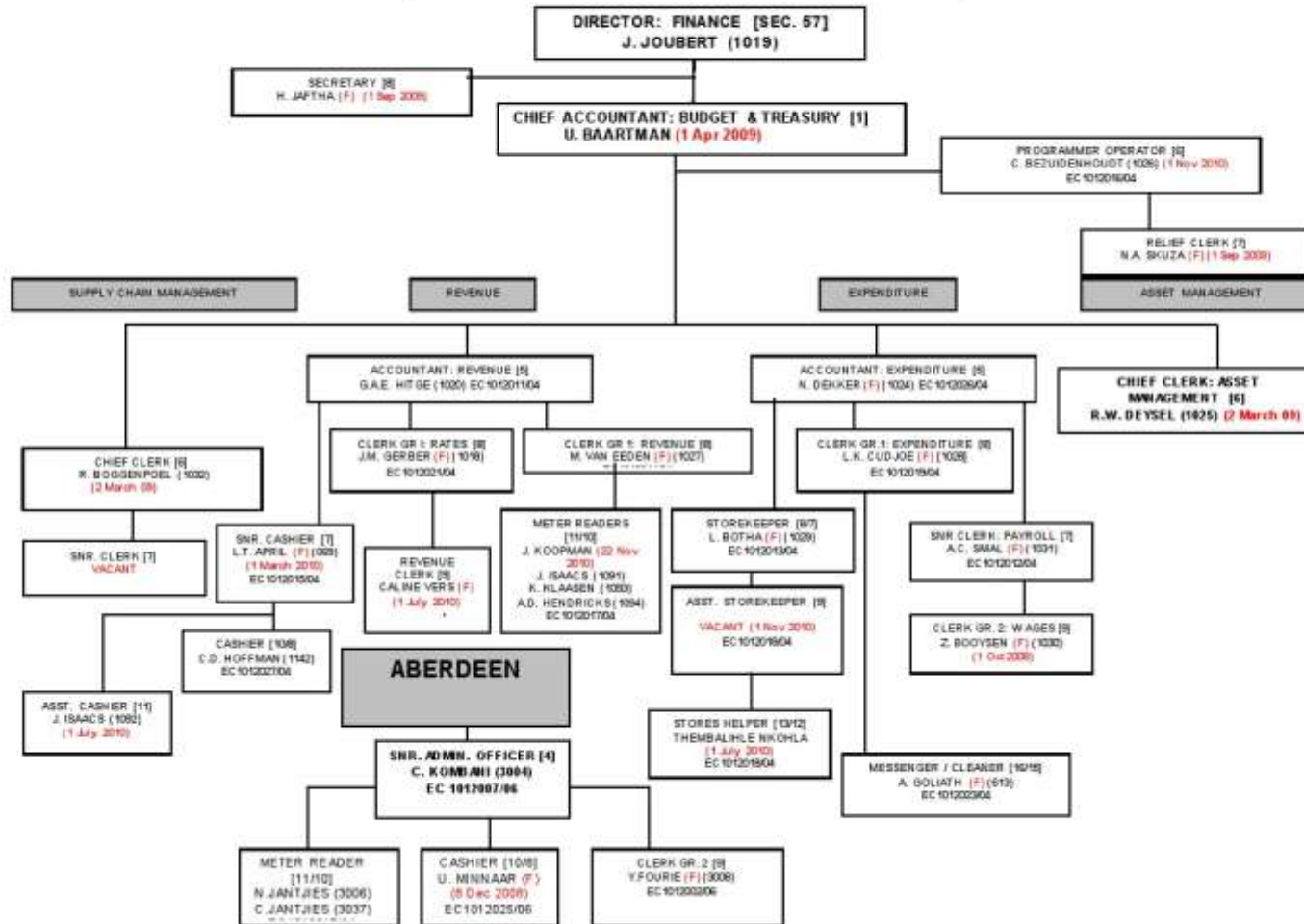




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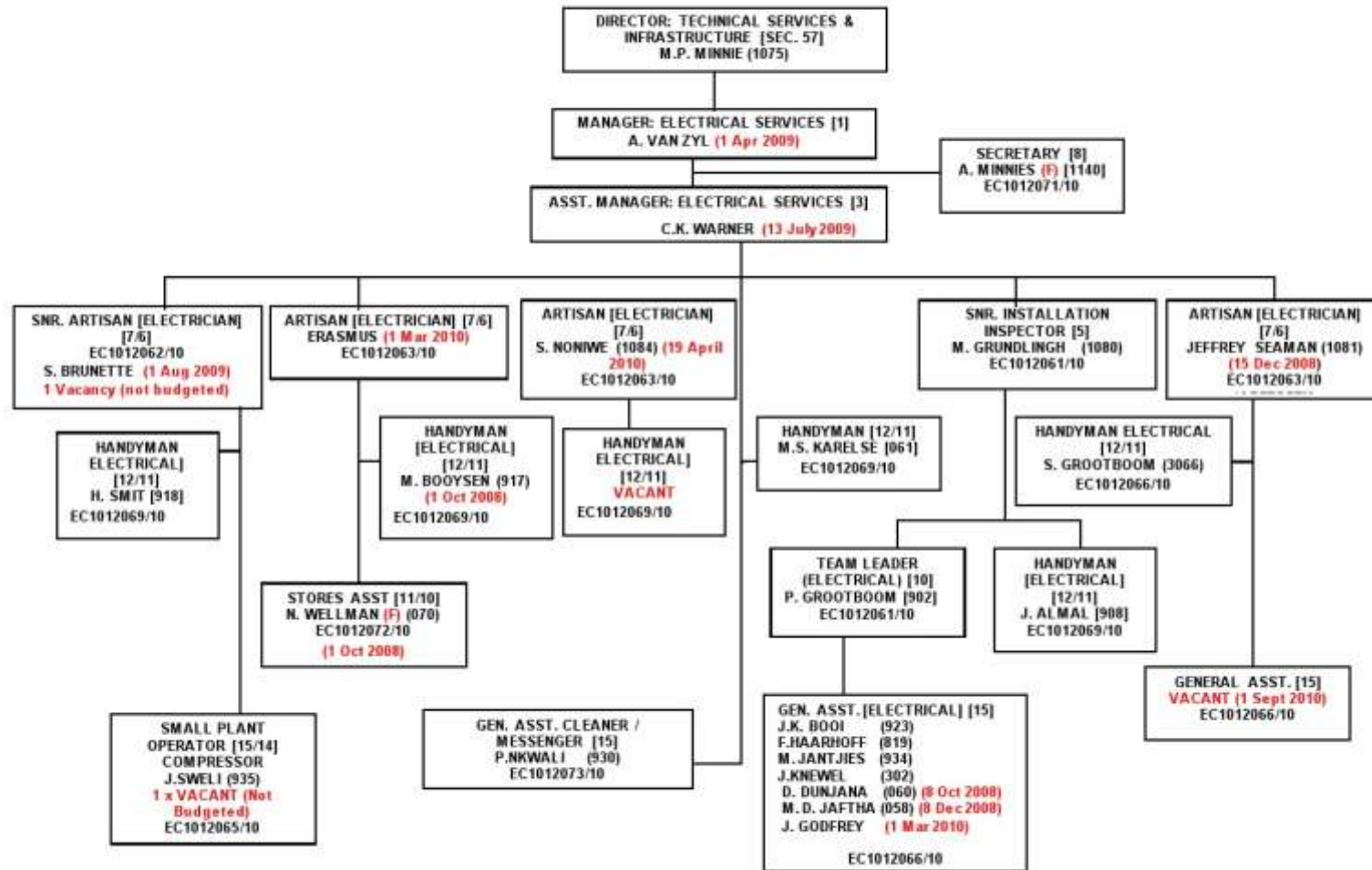
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**ORGANOGRAM – DIRECTORATE: BUDGET AND TREASURY**



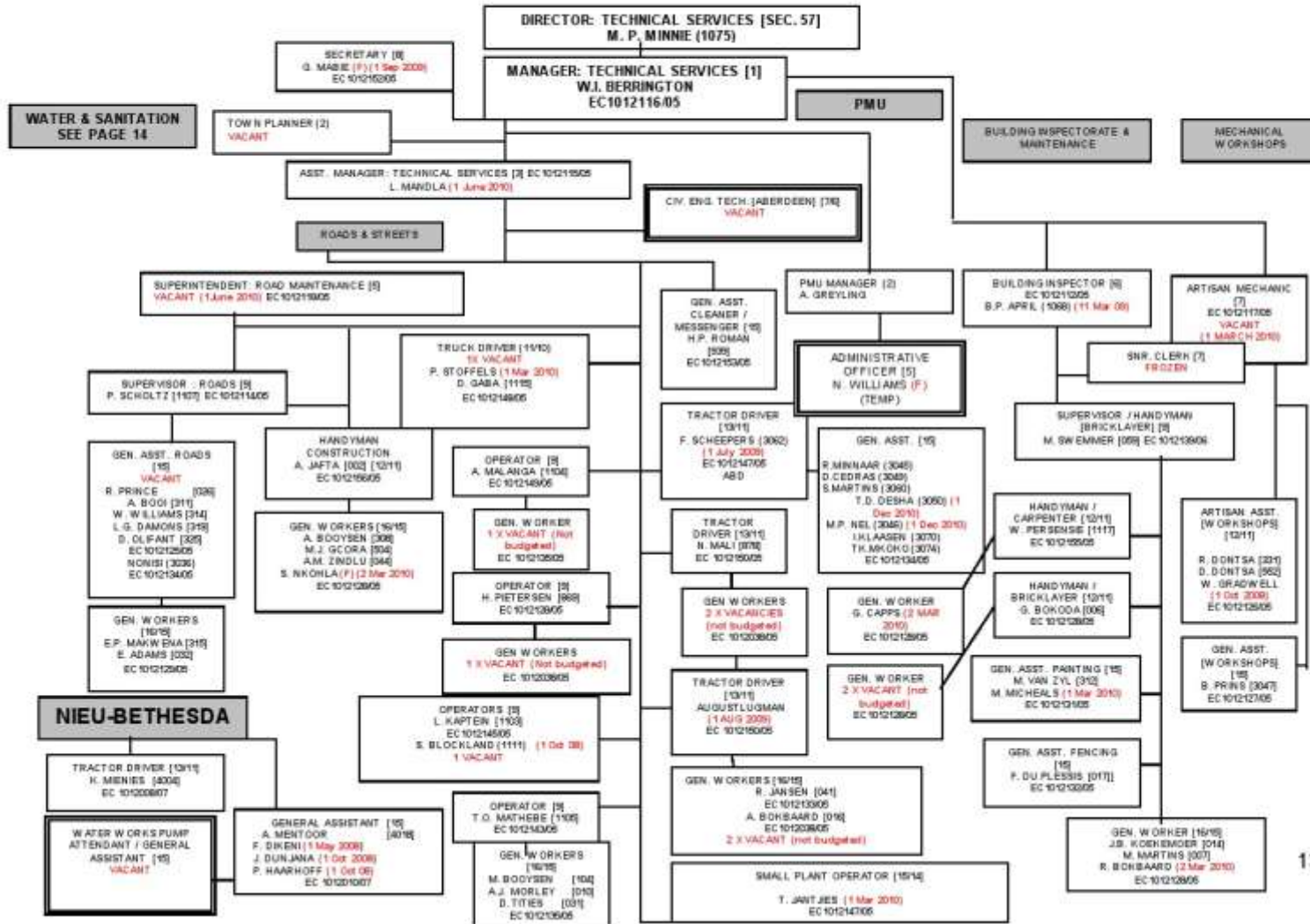
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**ORGANOGRAM – DIRECTORATE TECHNICAL SERVICES – ELECTRICAL SERVICES DIVISION**



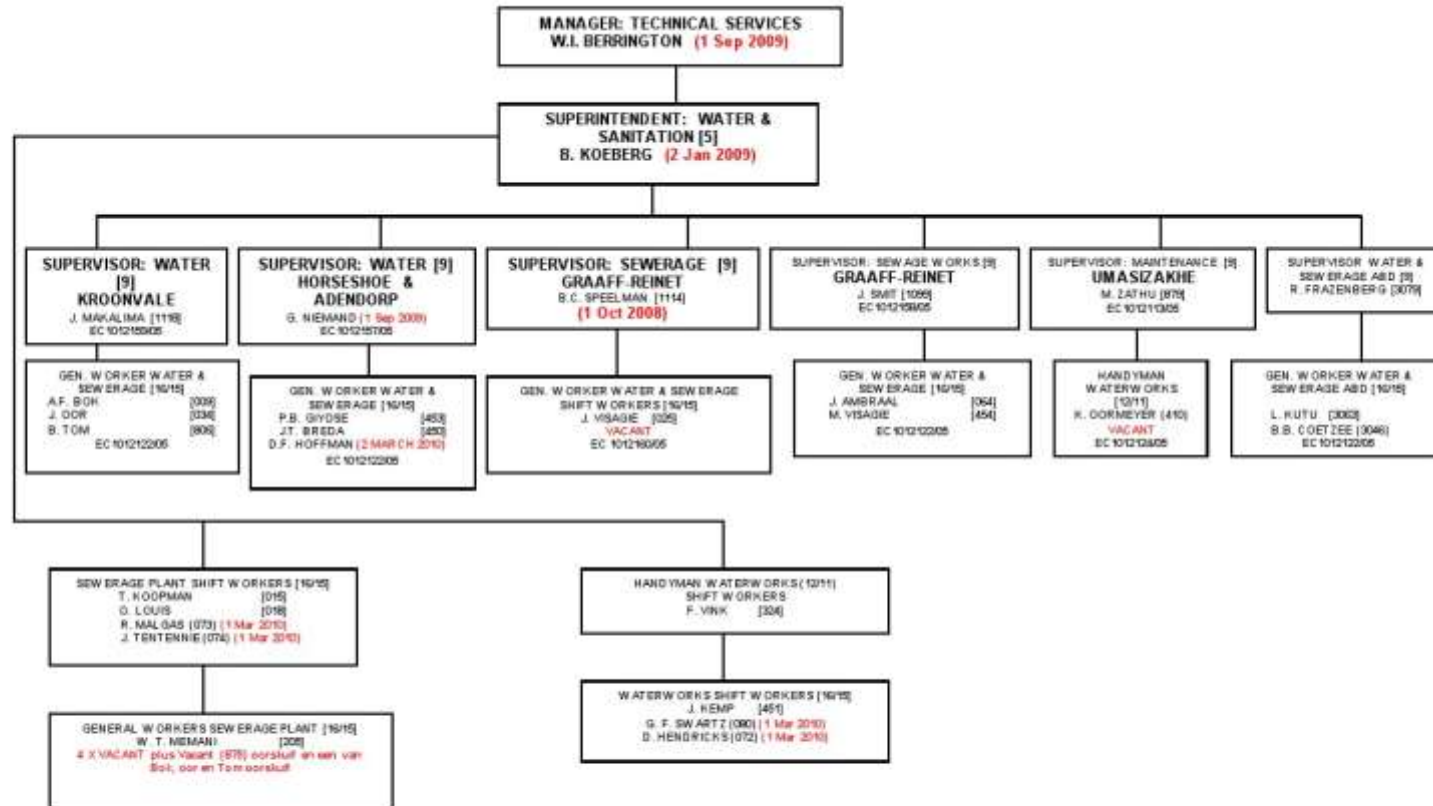
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ORGANOGRAM – DIRECTORATE TECHNICAL SERVICES – ENGINEERING SERVICES AND INFRASTRUCTURE DIVISION



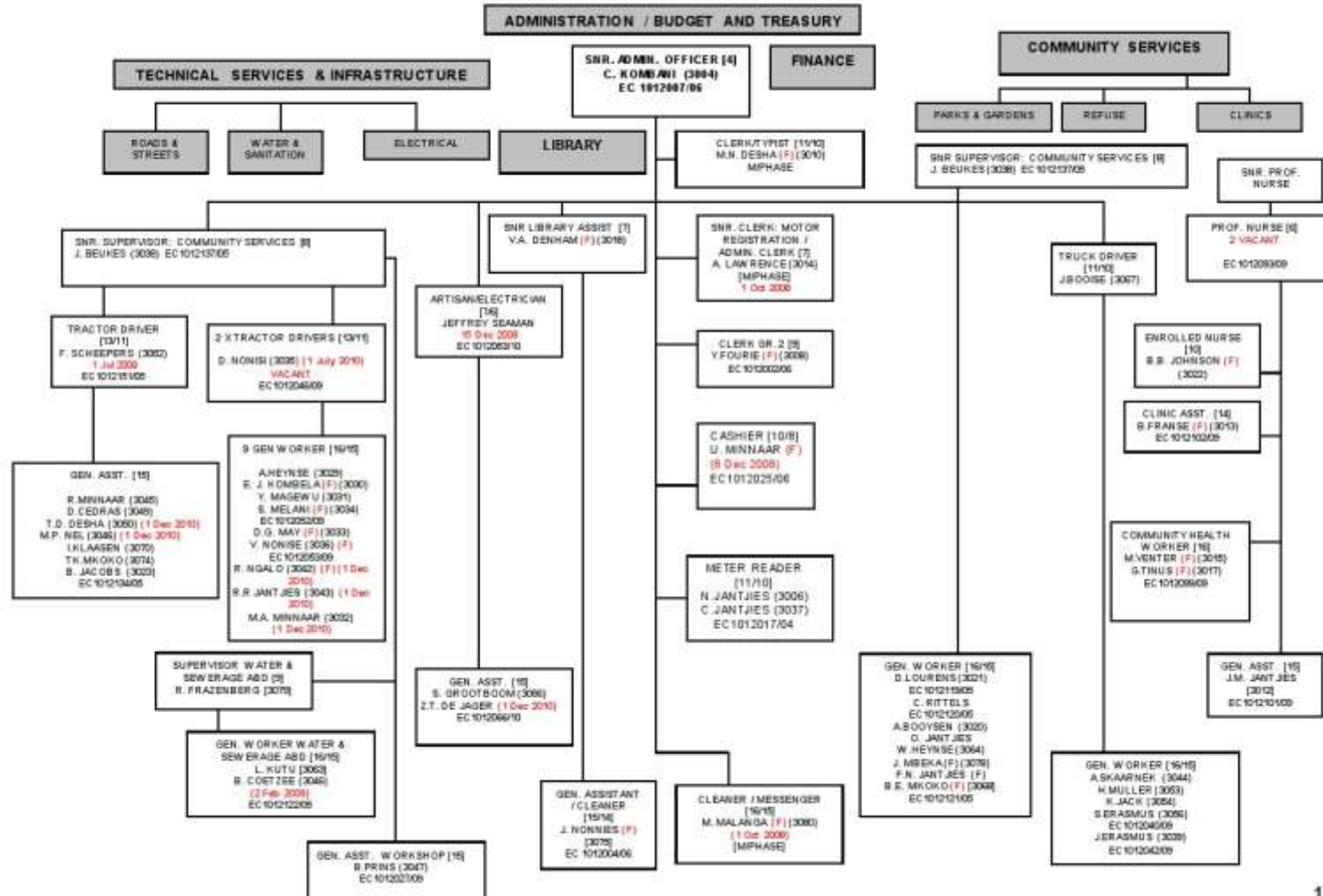
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**ORGANOGRAM – DIRECTORATE TECHNICAL SERVICES – ENGINEERING SERVICES AND INFRASTRUCTURE DIVISION**



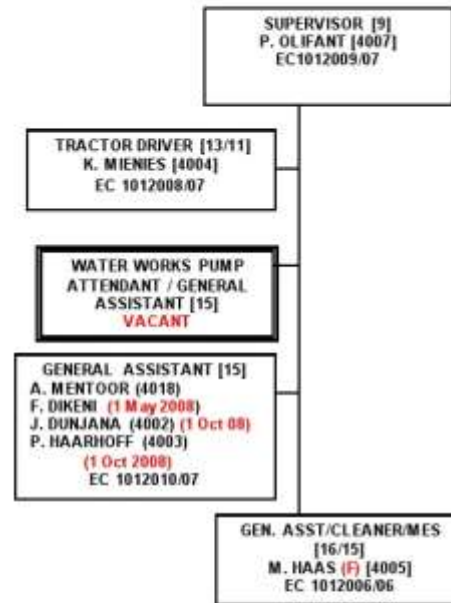
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SATELLITE OFFICE : ABERDEEN



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SATELLITE OFFICE : NIEU BETHESDA



ANNEXTURE B5: COUNCIL RESOLUTION

EXTRACT FROM THE SPECIAL COUNCIL MEETING ON 6 APRIL 2011

**SCOUNCIL-030/11          FINAL APPROVAL OF THE 2010 ANNUAL REPORT: 9/2/2**

Council must please take note that no inputs or comments were received during the 21-day advertising period.

RESOLVED

- (a) That the Annual Report be approved;
- (b) That the appointed Service Provider be requested to proceed with final stages of the report;
- (c) That an Oversight Committee be established consisting of the following members:
  - Mayor
  - Cllr T. Eksteen
  - Cllr I. Reid
  - Municipal Manager
  - Director: Corporate Services
  - Director: Budget and Treasury
  - Director: Technical and Infrastructure Services; and
- (d) That the Committee must meet 7 days after the final report has been received from the Service Provider, if the report is available.