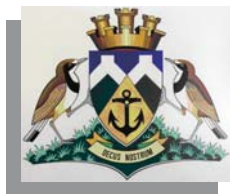


Overberg District Municipality

Annual Report

2012/2013



Draft

CONTENT

CONTENTS

CONTENTS

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	5
COMPONENT A: MAYOR’S FOREWORD	5
COMPONENT B: EXECUTIVE SUMMARY	6
1.1 MUNICIPAL MANAGER’S OVERVIEW	6
1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	7
1.3 SERVICE DELIVERY OVERVIEW	9
1.4 FINANCIAL HEALTH OVERVIEW	10
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW	12
1.6 AUDITOR-GENERAL REPORT	12
1.7 STATUTORY ANNUAL REPORT PROCESS	13
CHAPTER 2 – GOVERNANCE	14
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	14
2.1 POLITICAL GOVERNANCE	14
2.2 ADMINISTRATIVE GOVERNANCE	16
COMPONENT B: INTERGOVERNMENTAL RELATIONS	17
2.3 INTERGOVERNMENTAL RELATIONS	17
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	18
2.4 PUBLIC MEETINGS	18
2.5 IDP PARTICIPATION AND ALIGNMENT	19
COMPONENT D: CORPORATE GOVERNANCE	19
2.6 RISK MANAGEMENT	19
2.7 ANTI-CORRUPTION AND FRAUD	20
2.8 SUPPLY CHAIN MANAGEMENT	20
2.9 BY-LAWS	21
2.10 WEBSITES	22
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES	22
CHAPTER 3 – SERVICE DELIVERY	23
COMPONENT A: BASIC SERVICES	23
3.1 SOLID WASTE	23
COMPONENT B: ROAD TRANSPORT	27
3.2 ROADS	27
3.3 TRANSPORT	31
COMPONENT C: PLANNING AND DEVELOPMENT	31
3.4 PLANNING	31
3.5 LOCAL ECONOMIC DEVELOPMENT	35
COMPONENT D: COMMUNITY AND SOCIAL SERVICES	38
COMPONENT E: ENVIRONMENTAL PROTECTION	38
3.6 POLLUTION CONTROL	38
3.7 ENVIRONMENTAL MANAGEMENT	41
COMPONENT F: HEALTH	44
3.8 MUNICIPAL HEALTH (HEALTH INSPECTION)	44
COMPONENT G: SECURITY AND SAFETY	47
3.9 FIRE SERVICES	47
3.10 DISASTER MANAGEMENT	50
COMPONENT H: SPORT AND RECREATION	53
3.11 RESORTS	53



CONTENT

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES	56
3.12 EXECUTIVE AND COUNCIL	56
3.13 FINANCIAL SERVICES	59
3.14 HUMAN RESOURCES SERVICES	62
3.15 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES	65
3.16 SUPPORT SERVICES, PROPERTY, RISK MANAGEMENT AND PROCUREMENT SERVICES	65
COMPONENT J: ORGANISATIONAL PERFORMANCE SCORE CARD	68
COMPONENT K: PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS	78
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE	79
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL	79
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES	79
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE	80
4.2 POLICIES	81
4.3 INJURIES, SICKNESS AND SUSPENSIONS	81
4.4 PERFORMANCE REWARDS	83
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE	83
4.5 SKILLS DEVELOPMENT AND TRAINING	84
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE	85
4.6 EMPLOYEE EXPENDITURE	86
CHAPTER 5 – FINANCIAL PERFORMANCE	88
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	88
5.1 STATEMENTS OF FINANCIAL PERFORMANCE	89
5.2 GRANTS	90
5.3 ASSET MANAGEMENT	91
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	92
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	95
5.5 CAPITAL EXPENDITURE	95
5.6 SOURCES OF FINANCE	96
5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS	96
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	97
COMPONENT C: CASH GLOW MANAGEMENT AND INVESTMENTS	97
5.9 CASH FLOW	98
5.10 BORROWING AND INVESTMENTS	99
5.11 PUBLIC PRIVATE PARTNERSHIPS	100
COMPONENT D: OTHER FINANCIAL MATTERS	100
5.12 SUPPLY CHAIN MANAGEMENT	100
5.13 GRAP COMPLIANCE	101
CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDINGS	102
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2011/2012	102
6.1 AUDITOR-GENERAL REPORTS 2011/2012	102
COMPONENT B: AUDITOR-GENERAL OPINION 2012/2013	106
6.2 AUDITOR GENERAL REPORT 2012/2013	106
GLOSSARY	110
APPENDICES	112
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	112
APPENDIX B – COMMITTEE AND COMMITTEE PURPOSES	113
APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE	114
APPENDIX D – REPORT OF AUDIT AND PERFORMANCE COMMITTEE	115
APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT AND PERFORMANCE COMMITTEE 2012/2013	120
APPENDIX F – LONG-TERM CONTRACTS	121
APPENDIX G – DISCLOSURES OF FINANCIAL INTERESTS	122



CONTENT

<i>APPENDIX H - REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE</i>	<i>123</i>
<i>APPENDIX H (I) – REVENUE COLLECTION PERFORMANCE BY VOTE</i>	<i>123</i>
<i>APPENDIX H (II) – REVENUE COLLECTION PERFORMANCE BY SOURCE</i>	<i>123</i>
<i>APPENDIX I – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG</i>	<i>124</i>
<i>APPENDIX J – CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES</i>	<i>125</i>
<i>APPENDIX J (I) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME</i>	<i>125</i>
<i>APPENDIX J (II) – CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMMES</i>	<i>127</i>
<i>APPENDIX K – CAPITAL PROGRAMME BY PROJECT 2012/2013</i>	<i>129</i>
<i>APPENDIX L – AUDITOR-GENERAL REPORT ON THE FINANCIAL STATEMENTS AND PERFORMANCE REPORT 2012/2013</i>	<i>130</i>
<i>APPENDIX M – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71</i>	<i>135</i>

VOLUME II: ANNUAL FINANCIAL STATEMENTS



CHAPTER 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

To be completed



CHAPTER 1

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

To be completed



CHAPTER 1

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The Overberg District Municipality (ODM) is situated in the south of the Western Cape and borders the Indian and Atlantic Oceans to the south, and Cape Town, Cape Winelands and Eden to the west, north and east, with its head office in Bredasdorp.

The region comprises an area of over 12 240 km² with demarcated wards, totalling a population of 258 176 people.

The District is divided into four local municipalities, namely Theewaterskloof, Overstrand, Cape Agulhas and Swellendam.

Theewaterskloof Local Municipality, with its headquarters in Caledon, includes Genadendal, Grabouw, Villiersdorp, Greyton, Bot River and Riviersonderend. Agricultural activities include wheat production, stock farming and fruit production.

Overstrand Local Municipality, with its headquarters in Hermanus, includes Gansbaai, Stanford, Kleinmond, Hawston, Rooi Els, Pringle Bay, Hangklip, Onrus, Vermont, Sandbaai, De Kelders, Kleinbaai, Franskraal, Pearly Beach and Baardskeerdersbos. The area is mainly known as a tourism and holiday destination, and is well known for its small fishing communities.

Cape Agulhas Municipality, with its headquarters in Bredasdorp, includes Arniston (Waenhuiskrans), Struisbaai, L'Agulhas, Suiderstrand, Napier and Elim. Agricultural activities include wheat production, stock farming and small fishing communities. The area is also known as a holiday destination with the southernmost point of Africa at L'Agulhas.

Swellendam Local Municipality, with its headquarters in Swellendam, includes Suurbraak, Buffeljagsrivier and Barrydale. Agricultural activities include wheat production and stock farming.

Basic Services

The District has no households and the functions of water, sanitation, electricity, refuse and housing, etc. are delivered by the Local Municipalities. The municipality maintains 430 km asphalt and 3200 km gravel roads as an agent function for the Provincial Department of Transport and Public Works in the Overberg area. The ODM executes the nine functions of the Municipal Health Act, 2003, in the district, which has a direct impact on the residents of the area. The ODM manages a regional waste management site, which services Overstrand and Theewaterskloof area.

Population

According to the 2011 Census the Overberg District is home to 258 176 people and accounts for 4.43% of the Western Cape Population. The density is 21.1 inhabitants / km².

The total number of **households** within the municipal area increased from 60 057 in the 2007 Community Survey to 77196 in the 2011 Census. Households are defined as all structures in both formal and informal areas.

Age Distribution

The population can be classified into three main groups, namely: children (0 – 14 years); economically active population (15 - 64 years); and persons aged 65 years and older.

In 2007, the population was 25.4% children, 65% economically active and 8.1% persons aged 65 and older.

In 2011, the population is 24.1% children, 59.9% economically active and 13.9% aged 65 and older.

Gender

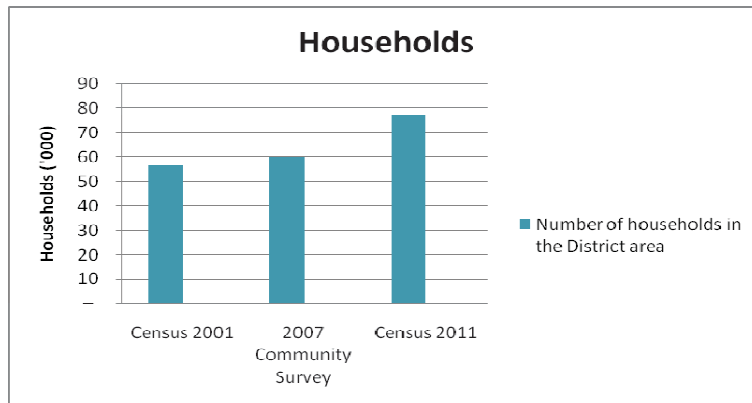
According to the 2011 Census 50.5% of the population in the Overberg is male and 49.5% female.



CHAPTER 1

Population Details of Overberg District									
Age	Population '000								
	Census 2001			Community Survey 2007			Census 2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	9	9	18	10	8	18	11	11	22
Age: 5 - 9	9	9	18	10	10	20	10	10	20
Age: 10 - 19	18	18	35	16	18	34	20	20	40
Age: 20 - 29	19	17	36	18	17	35	25	23	48
Age: 30 - 39	16	16	33	17	17	33	20	19	39
Age: 40 - 49	12	12	24	13	14	28	17	17	34
Age: 50 - 59	8	12	20	10	10	19	12	12	24
Age: 60 - 69	6	6	12	7	8	15	8	9	17
Age: 70+	5	4	8	4	6	10	6	8	14

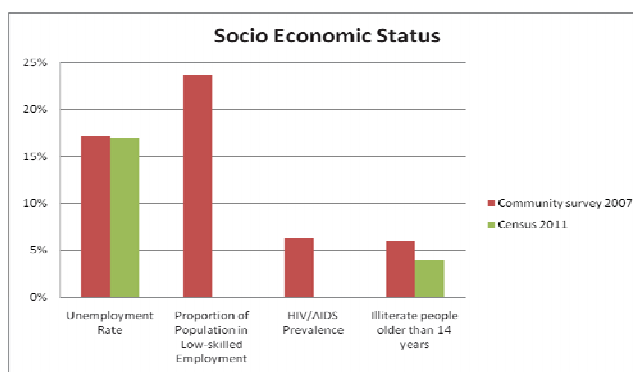
Source: Statistics SA



Socio Economic Status				
Year	Unemployment Rate	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Community survey 2007	17%	24%	6%	6%
Census 2011	17%	*24%	*6%	4%
Stats SA	* 2011 figures not available, refer to Community Survey 2007			



CHAPTER 1



Overview of Local Municipalities in the District
Information regarding the number of Settlement Type, Household and Population, etc. , can be obtained from the annual reports of the following Local Municipalities in the district.
<ul style="list-style-type: none"> • Theewaterskloof • Overstrand • Cape Agulhas • Swellendam

Natural Resources	
Major Natural Resource	Relevance to Community
Wheat production	Economic and job creation
Fruit production	Economic and job creation
Stock farming	Economic and job creation
Wine production	Economic and job creation
Tourism	Economic and job creation
Fishing	Economic and job creation
Fynbos	Export of flowers contributes to the economy and job creation in the district

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Access to basic services has a considerable influence on the standard of living and quality of life of people, and is also a key government priority.

The focus of the Overberg District Municipality on service delivery is different from those of the Local Municipalities, which are responsible for electricity, water, sanitation and waste collection of the households in their respective areas. For information on basic service delivery, see annual reports of the Local Municipalities in the district.

The Overberg District Municipality is responsible for maintaining the roads network in the district, whilst streets are the responsibility of the local municipalities. Roads are the lifelines of any economy, and an effective and well-maintained road network improves socio-economic conditions of the people living in rural areas.

Municipal Health is executed in terms of the National Health Act (Act 61 of 2003) to provide and facilitate comprehensive, pro-active and needs-related services to ensure a safe, healthy environment, thereby preventing and eliminating sources of diseases.



CHAPTER 1

The municipality renders a fire and disaster management service in the municipal area of Swellendam, Theewaterskloof and Cape Agulhas, and works on an agreement basis in the Overstrand area when necessary. The municipality is experiencing problems in delivering the function of solid waste management based on the co-operation of local municipalities and financial capacity.

The municipality continuously promotes sustainable development by means of commenting on various development applications regarding environmental issues. It forms a permanent structure in the form of the Overberg Integrated Conservation Group for Environmental Management with role players such as SANParks, Cape Nature Conservation, Agulhas Biodiversity Initiative and Overstrand Conservation Group. Their role is to co-ordinate environmental activities within the boundaries of the district and to serve as a task team.

Electricity

The main supplier of electricity in the Overberg District is Eskom, which sells electricity to Local Municipalities and also supplies directly to the rural areas. The Municipality recognises the use of renewable energy as a means to generate electricity to supplement Eskom's need to increase natural energy. To date, the municipality has received 8 development proposals for renewal energy (2 - Swellendam area, 1 - Cape Agulhas area, 2 - Overstrand area and 3 - Theewaterskloof area). In the period under review, 4 applications were received, of which two were for oil and gas exploration along the coast.

Water

The main sources of water in the Overberg district are boreholes, springs, dams, pools, rivers, streams and rainwater. The Overberg Water Board distributes water to the surrounding and rural areas of Cape Agulhas, Theewaterskloof and Swellendam. Catchments play an important role in the storage and distribution of water in the Overstrand area.

Sanitation

The local municipalities are responsible for the function of sanitation in their respective areas. The 2011 Census highlighted that the Overberg region reflects an improvement in households with access to flush toilets from 84.7% in to 92% between the last two Censuses.

Waste collection

The function of waste collection is the responsibility of the Local Municipalities.

1.4 – FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Although the municipality managed to improve its financial position, it continues to experience serious financial constraints. Essential vacancies still cannot be filled and service delivery may well deteriorate as a result of this.

Several interactions with roleplayers during the year to review the equitable share portion that replaced the RSC levies had no influence on decision makers. If the allocation to the municipality does not increase, or a sustainable own revenue source is not developed and implemented, the financial sustainability of the municipality is uncertain.

Financial Overview - 2012/2013			
	R' 000		
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	81,959	92,582	88,328
Taxes, Levies and tariffs	1,424	509	621
Other	25,790	20,306	20,627
Sub Total	109,173	113,397	109,576
Less Expenditure	107,216	114,144	107,616
Net Total*	1,958	(747)	1,960
<i>Note: surplus/(deficit)</i>			



CHAPTER 1

Operating Ratios	
Detail	%
Employee Cost	48.6
Repairs & Maintenance	18.6
Finance Charges & Depreciation	3.6

COMMENT ON OPERATING RATIOS

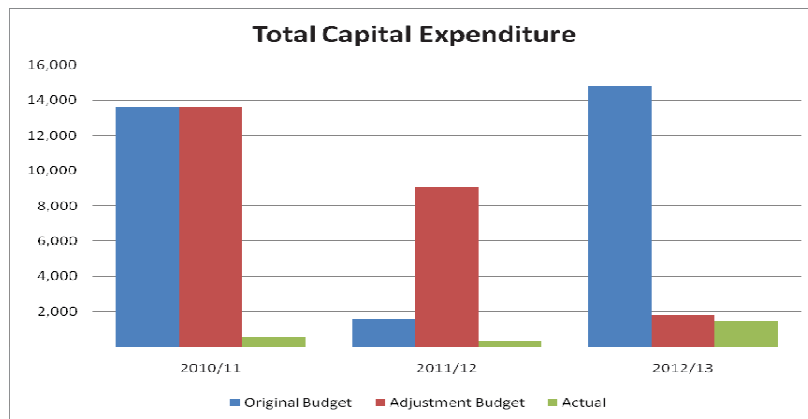
The municipality managed to realise a net surplus for the year under review. This is a huge improvement from the previous year when a net deficit of R7.2 million was realised. Government grants represent 80.61% of total revenue. This is very concerning, as the municipality has no control over this and if it should be reduced, it would have a serious impact on service delivery.

Employee costs represent 48.6% of total expenditure. This is way above the accepted norm of 35%, however certain core functions of the municipality are labour intensive, which has a huge influence on employee costs.

Although repairs and maintenance represent an acceptable percentage of total expenditure, it has to be kept in mind that the roads functions performed on an agency basis on behalf of the Western Cape Provincial Administration, represent the bulk of this expenditure. Repairs and maintenance of the municipality's own functions represent only 2.74% of the total expenditure of the municipality's functions. This is considerably below the acceptable norm and will certainly have a negative impact on the condition of the municipality's assets.

Finance costs represent 3.6% of total expenditure, which is well within the acceptable norm.

Total Capital Expenditure: 2010/11 to Year 2012/13			
	R'000		
Detail	2010/2011	2011/2012	2012/2013
Original Budget	13,662	1,545	14,839
Adjustment Budget	13,662	9,102	1,794
Actual	520	328	1,445



COMMENT ON CAPITAL EXPENDITURE

From the graph it is obvious that very little capital expenditure was incurred in the past few years. The inability of the municipality to obtain external funding for the expansion of the Karwyderskraal Regional Landfill site was the main contributor to this. Furthermore, the financial position of the municipality did not allow for capital expenditure from own sources.

Essential capital expenditure that needs to be incurred includes the replacement of fire brigade vehicles and the upgrading of infrastructure at the resorts. Properties identified to be sold during the year under review to fund essential capital expenditure, did not sell and capital projects budgeted for had to be postponed.



CHAPTER 1

It is essential to incur capital expenditure to replace some assets and upgrade infrastructure to maintain an acceptable level of service delivery.

1.5 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Municipality's organisational structure consists of the Office of the Municipal Manager, Management Services and Community Services. The Office of the Municipal Manager is responsible for Internal Audit, Communication and Risk Management. The Department Management Services is responsible for the functions of Finance and Corporate, and the Department Community Services for Roads, Municipal Health, Environmental Management, Resorts and Fire & Disaster Management. The macrostructure consists of a Municipal Manager with two Directors, namely Director Management Services and a Director Community Services. Ad hoc revisions and amendments to the organisational structure were adopted by Council during the year.

The approved structure for the administration has 444 posts, 287 of which were filled on 30 June 2013.

1.6 AUDITOR-GENERAL REPORT

AUDITOR-GENERAL REPORT 2012/2013

The municipality received an unqualified audit opinion. This is a continuation from the previous year and shows that there is a vast improvement in the net results of the municipality.

For the past two years the results of the municipality improved radically and this can be seen clearly from the number of audit findings raised per year. The following is an indication of the decrease in audit findings:

Financial year	Number of audit findings	Number of findings resolved during audit	Final number of findings
2010/2011	133	0	133
2011/2012	66	7	59
2012/2013	43	4	39

A summary of the classification of audit findings follows:

Classification of finding	No	Comments
Misstatements in financial statements	7	Minor changes, one big change in connection with assets of the roads department
Misstatements in annual performance report	4	Have been addressed and training given by AG on this matter
Non-compliance with laws & regulations	20	Will be rectified as far as possible and within boundaries of limited resources
Internal control deficiencies	8	Will be rectified before next audit

An action plan (OPCAR) has been implemented to address unsolved audit findings. All findings will be rectified within the borders or limited resources.

Misstatements in financial statements: Although seven findings were raised in this regard, it was mostly small and immaterial and had no or very little impact on the financial results of the municipality. The only finding that was material was in respect of the treatment of the assets of the roads function. All these assets were funded from grants received from the provincial roads department and were regarded as belonging to the principle agent. The Auditor was of the opinion that the assets are under the control of the municipality and should therefore be disclosed as part of the assets of the municipality.



CHAPTER 1

Misstatements in annual performance report: All the findings related to the performance report were in connection with the portfolio of evidence regarding the obtaining of results as envisaged in the SDBIP.

Non-compliance with laws & regulations: Most of the findings raised have been resolved during the year as it was also addressed in the previous audit report. As it was only rectified during the year under review and not for the whole year, it was raised again. It should not be a problem in the next year's audit.

Internal control deficiencies: Issues raised will be rectified before next audit.

1.7 STATUTORY ANNUAL REPORT PROGRESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feed seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Municipality submits annual financial statements and performance report to Auditor-General.	August
5	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP Analysis Phase	
6	Audit/Performance committee considers Performance Report, Financial Statements of municipality	September August
7	Auditor-General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September
8	Municipalities receive Auditor-General's comments	November
9	Municipalities start to address the Auditor-General's comments	January
10	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
11	Audited Annual Report is made public and representation is invited	February
12	Oversight Committee assesses Annual Report	March
13	Council adopts Oversight report	
14	Oversight report is made public	March
15	Oversight report is submitted to PT, NT and MEC for Local Government	
16	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	March

COMMENT ON THE ANNUAL REPORT PROGRESS

The objectives set by Council in the IDP need to be communicated to the community. The Performance Management System links the IDP to the budget and enables the municipality to monitor, measure and review to what extent is, is achieving its targets and to communicate the results to the community.



CHAPTER 2

CHAPTER 2 - GOVERNANCE

INTRODUCTION TO GOVERNANCE

Good governance is reflected by participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive government that complies with the rule of law. It assures that corruption is minimised, the views of minorities are taken into account, and that the voices of the most vulnerable in society are being heard in decision-making. Good governance is also responsive to the present and future needs of a municipality.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Section 151(3) of the Constitution states that the council of a municipality has the right to govern, on its own initiative, the local government affairs of the local community.

Council, as political governance, performs both legislative and executive functions. Council focuses on decision-making to formulate policy and to play an oversight and participatory role.

The Municipal Manager heads the administration, and primarily serves as chief custodian of service delivery and implementation of political priorities.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Executive Mayor has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the municipality, the Executive Mayor operates in consultation with the Executive Mayoral Committee. The Council is controlled by a majority political party.

Council also established Section 80 Committees that specialise in specific functional areas of the Municipality, and make recommendations on specific functional issues. The committees advise on policy matters and make recommendations to the Mayoral Committee, or the Council via the Executive Mayoral Committees. The Municipality has 4 Section 80 Committees, viz. Finance, Corporate & IGR, Local Economic Development (LED) & Tourism and Community Services. The Community Services Committee deals with the function of Roads, Resorts, Municipal Health, Environmental Management and Fire & Disaster Management.

The Audit and Performance Audit Committee is an independent advisory body that advises the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality on financial control, risk management, accounting policies, performance management and effective governance. The Municipal Public Account Committee (MPAC) fulfils the duty of an Oversight Committee, and comprises non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report. The Oversight Committee's report is published separately in accordance with MFMA guidance. The MPAC Committee also investigates fruitless, wasteful and unauthorised expenditure and makes recommendations to Council.

Note: MFMA S52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality.



CHAPTER 2

POLITICAL STRUCTURE



*Cllr. Lincoln M de Bruyn
(Executive Mayor)*



*Cllr. J du Toit Loubser
(Deputy Executive
Mayor)*



*Ald. D du Toit
(Speaker)*

EXECUTIVE MAYORAL COMMITTEE



*Vacant
(Chairperson: Finance
Portfolio Committee)*



*Cllr. I Sileku
(Chairperson: LED &
Tourism Portfolio
Committee)*



*Cllr. A Franken
(Chairperson: Community
Portfolio Committee)*



*Cllr. K Tiemie
(Chairperson: Corporate &
IGR Portfolio Committee)*

COUNCILLORS

The Council of the Municipality consists of twenty-one Councillors, of whom nine are elected for the district council on a proportional basis by all voters in the area, and twelve Councillors who represent the local municipalities. **Appendix A** provides a full list of Councillors, including committee allocations and attendance at council meetings. **Appendix B** sets out committees and committee purposes.

POLITICAL DECISION-MAKING

Political decisions are taken in a formal meeting where all participating political parties in Council have equal opportunity to deliberate the items as per agenda, whereafter a resolution is adopted.

96% of Council's resolutions, taken during the year, were implemented. The majority of resolutions not implemented, were due to the delay in feedback from third parties, regarding properties.



CHAPTER 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of legislation, the Municipal Manager is the head of administration and accounting officer of the municipality. He must provide guidance to political structures and political office-bearers of the municipality to comply with legislation. During the year under review, Council approved its delegation and power framework.

The municipal manager is supported by a management team to fulfil the strategic objectives and key performance indicators set by Council. The Municipal Manager was assisted by the third level of management and the CFO (Chief Financial Officer) function was outsourced. An acting Director Community Services assisted the Municipal Manager for almost the whole financial year. Both the directors' posts were advertised but not filled. The Municipal Manager was suspended during May, pending an investigation. In the absence of the Municipal Manager the Manager: Municipal Health is acting in the position.

TOP ADMINISTRATIVE STRUCTURE



Mr. M P du Plessis
(Municipal Manager)

Directorate Community Services

- Roads
- Resorts
- Environmental Management
- Municipal Health
- Fire & Disaster Management



Vacant



Vacant

Directorate Management Services

- Income, Expenditure & IT
- SCM
- Financial Services
- IDP, LED & Tourism
- Performance Management
- Corporate Services
- Human Resources

Appendix C provides the third tier administrative structure.



CHAPTER 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

A number of intergovernmental structures promote and facilitate co-operative governance and intergovernmental relations between the respective spheres of government. Intergovernmental relations are regulated by the Intergovernmental Relations Framework Act, 1997.

The District Municipality succeeded to develop an Integrated Development Plan (IDP) for the District, which is one of the most important instruments of co-operation between the Provincial Government and Local Government.

The municipality had sound relations with the Department of Transport and Public Works related to the road agent function delivered on their behalf, and Department of Rural Development & Land Reform on the assistance delivered for the revision of the Spatial Development Framework. A Memorandum of Agreement was signed with Department Environmental Affairs, Development & Planning for the development of a Coastal Management Programme.

National Treasury assisted the municipality with its Municipal Finance Improvement Programme as adopted by council, and also capacitated the municipality with an advisor until March 2014.

Note: MSA S3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution S41.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Participation in national structures took place indirectly through district and provincial intergovernmental structures, for example IDP Managers forum, SALGA, Premiers Co-ordination Forums and District Co-ordination Forum. With these engagements, the District Municipality and Local Municipalities filtered items to national levels to ensure coordination.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Politicians and management actively participated in various provincial intergovernmental structures.

The Municipality participates in the following structures:

Provincial Co-ordination Forum, MinMay. Provincial Health Council, Provincial SDF Forum, Provincial Treasury Forums, MGRO, PPCOM, LG MTEC, Chief Audit Forum, Chief Risk Officers Forum, Chief Financial Officers' Forum, LED Forum, Western Cape Municipal Health Working Group, Provincial Disaster Management Advisory Forum, Provincial Fire Working Groups, Provincial Waste Management Forum, Provincial Estuary Management Task Team, Coastal Committee, Western Cape Air Quality Forum, IDP Indaba, IDP Managers' Forum and various SALGA Working Groups.

Attendance at above-mentioned IGR forums serves as a platform to enhance co-operative governance, share best practices and seek strategic consensus in addressing national, provincial and local priorities.

RELATIONSHIPS WITH MUNICIPAL ENTITIES

No municipal entities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

The District Municipality, Local Municipalities and other roleplayers actively take part in the following district Intergovernmental structures:

The District Co-ordinating Forum (DCF), DCF Tech, District IDP Managers' Forum, Disaster Management Advisory Forum, IDP LED Managers' Forum incorporating public participation, District Skills Development Forum, District Health



CHAPTER 2

Council, Overberg Integrated Conservation Group, District Public Participation & Communication Forum, EPWP Forum, and others.

The benefit of the forums is that problems and solutions emanating from it can be utilised to the benefit of the community. The forums give strategic direction and development and also serve as a structured way of communication.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In terms of Section 15 (b) of the Municipal Systems Act a municipality is required to establish and organise its administration to facilitate a culture of accountability among its staff. Section 16 (i) states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18 (i) (d) requires a municipality to supply its community with information concerning municipal governance, management and development.

The Municipality's vision states that the municipality is ***totally committed to serve the Overberg***. The communities have a right and a responsibility to participate in local government affairs and decision-making, therefore ample provision is made in legislation for communities to exercise their rights in this respect.

Accountability and community participation were enhanced by engagements through media, publication, electronically, and communication tools such as public participation meetings for the IDP and sector plans linked to the IDP. This is further enhanced through other direct engagements with the local municipalities and sectors in the district. In this regard, priority issues from local municipal areas are incorporated into the Integrated Development Plan of the district municipality.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The District's IDP/Budget Process Plan was approved by Council on 29 July 2012 and made public on the Municipal website as well as all District Office Notice boards across the Overberg District.

As Local Municipalities in the District serve as the District's Ward Committee System, the IDP/Budget process is communicated and consulted on by way of District IDP structure engagements. One such structure is the District IDP Representative/Public Participation and Communication (IDP Rep/PPComm) Forum, which comprises role-players from across the District as well as Western Cape Department of Local Government. The following District structures also serve as IDP Task Teams of the District IDP Rep/PPComm Forum:

- Overberg Integrated Conservation Group (OICG) - includes Environmental Management and Municipal Health Services
- Overberg District Disaster Management Advisory Forum
- District Fire Working Group

District IDP Rep/PPComm Forum engagements were held on 7 September 2011 and 14 March 2012 to discuss the IDP and the District Spatial Development Framework. Meetings were well attended. Annual Camp Committee meetings were also held with semi-permanent residents at the Municipality's Resorts.

The Municipality communicated its Performance information to the public by distributing documents for public participation to its Regional Offices, Local Municipalities, Libraries in the district, and Municipal website.

Communication mechanisms used by the Overberg District Municipality are:-

Website, Local and regional newspapers, Local radio station, Notice boards, IGR Forums, Posters, Pamphlets, Awareness campaigns, Local Municipal Liaison Committees.



CHAPTER 2

COMMENTS ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Through public participation, the local municipalities and the community gave valuable inputs and assisted Councillors with decisions on their behalf. It also enhanced co-operative relationships between the District Municipality, local municipalities and the community, and identification of their needs.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

* Section 26 Municipal Systems Act 2000

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the systems by which municipalities direct and control their functions and relate to the communities.

The municipality succeeded in managing its finance to realise a surplus, by means of monthly monitoring of the MFMA Combined Steering Committee. The municipality achieved a 97% rating from National Treasury on the MFMA monitoring indicators, which measures the levels of compliance with the MFMA.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

In terms of section 62(1)(c) of the MFMA, the accounting officer of the municipality must take reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The municipality has a fully functional Internal Audit unit that operates within prescribed norms and standards and conducts risk-based audits, based on an annual risk-based audit plan. These risks are based on findings from the external audit report. Although the municipality adopted a risk management policy during August 2010, a designated risk manager/officer could not be appointed, due to financial constraints. The municipality is fully aware of the need to appoint a designated official in this regard, as well as the risks if this is not done. The municipality will appoint a designated official in the next financial year.



CHAPTER 2

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

During the year under review, the municipality adopted an anti-fraud and corruption plan as part of the process to ensure effective, efficient and transparent systems of internal control. Ultimately, this strategy would be implemented and monitored by the designated official responsible for the risk management of the municipality.

Key risk areas identified by the Internal Audit unit were based on key findings in the Auditor-General's report of 2010/2011, and are being addressed by follow-up audits and a monitoring programme called the "OPCAR" – Operation Clean Audit Report. Key risk areas and significant findings are also reported quarterly to the Audit and Performance Audit Committee. The Audit and Performance Committee consists of 3 independent qualified persons who report their findings to Council. The compilation of the committee did not comply with legislation at the end of the financial year.

Appendix D – Report of the Audit & Performance Audit Committee. The recommendations of the committee for 2011/2012 are set out at **Appendix E**.

During the year the internal audit department made recommendations in their internal audit reports that were presented to the Audit and Performance Audit Committee. The recommendations were adopted by the committee and also escalated and recommended to the accounting officer. The recommendations made were pertaining to the following audit areas:

- Asset Management
- Bank and Cash Management
- Human Resource Management
- Information Technology
- Supply Chain Management
- Year end stock counts
- Performance information/Pre-determined objectives
- Revenue, Receivables and Debtors management
- Expenditure Management
- Dora
- Municipal Finance Management Act
- Ad-Hoc audits

Notes: See Chapter 4 for details of Disciplinary Action taken in cases of financial mismanagement. MSA 2000 S83(c) requires providers to be chosen through a process that minimises the possibility of fraud and corruption.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The council approved a supply chain management policy. Reports on the implementation of the Supply Chain Management policy are submitted monthly to the accounting officer and quarterly to the Mayor. The quarterly and annual reports are available on the municipal website. Challenges are being experienced in the performance evaluation of service providers due to capacity constraints, and with proper planning on the procurement of capital items due to budget and cash flow constraints.

The Procurement Processes consist of the following processes:

- Specification (development and approval of specification to procure)
- Advertising
- Evaluation (Evaluate all bids)
- Adjudication (Award); and
- Contract management



CHAPTER 2

Appendix F refers to a list of the five largest contracts that exceed 1 year and that had a financial implication for council. Further comments on Supply Chain Management are set out under Financial Performance – Chapter 5 - Component D.

Note: MFMA S110-119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimise opportunities for fraud and corruption.

2.9 BY-LAWS

BY-LAWS

By-laws Introduced during Year 2012/2013					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
By-law relating to Municipal Tariffs	No	Yes	22/08/2012 - 04/09/2012	Yes	19/10/2012

Note: MSA 2000 Section 11 (3)(m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

COMMENT ON BY-LAW

The By-law relating to Municipal tariffs was advertised for public comments in the provincial and local newspapers, on the website and municipal notice boards. No comments were received. The purpose of the by-law is to give effect to the implementation and enforcement of the Tariff Policy of the municipality.



CHAPTER 2

2.10 WEBSITES

Municipal Website : Content and Currency of Material		
Documents published on the Municipality's Website	Yes / No	Publishing Date
Current annual and adjustments budget and budget-related documents	Yes	Annual Budget – 31/05/2012 Adjustment Budget – 28/03/2013
All current budget-related policies	Yes	08/01/2013
The previous annual report 2011/2012	Yes	26/03/2013
The annual report 2012/2013 to be published	-	December 2013
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2012/2013 and resulting scorecards	Yes	25/07/2012
All service delivery agreements 2012/2013	Yes	20/07/2012 & 11/10/2012
All long-term borrowing contracts	Yes	19/12/2008
All supply chain management contracts above R0 value for Year 2012/2013	Yes	13/09/2012 <i>Updated monthly</i>
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2012/2013	None	08/08/2013
Contracts agreed in 2012/2013 to which subsection (1) of section 33 applies, subject to subsection (3) of that section	None	-
Public-private partnership agreements referred to in section 120 made in 2012/2013	None	-
All quarterly reports tabled in the council in terms of section 52 (d) during 2012/2013	Yes	-

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

A new website was reconstructed during the year and complies fully with section 75 of the MFMA.

The municipality does not have computers that can be used by the community, but enquiries related to information on the Municipality's Website, can be logged at our head office or regional offices.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No formal satisfaction survey was conducted for the year under review. We did however receive positive and negative comments in the performance of normal service delivery functions.



CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

The Overberg District Municipality is responsible for the delivery of basic services in terms of:

Solid Waste Disposal Sites • Provincial Roads • Municipal Health • Fire Fighting • Disaster Management • Environmental Management • Resorts (Tourism) • Local Economic Development • Spatial Planning and Planning on a Regional Basis. The Overberg District Municipality does not provide households with basic services.

Above services are rendered with deliverables against the following strategic objectives:

- To ensure the health and safety of communities and visitors in the Overberg District through the provision of efficient basic services and infrastructure in terms of disaster management, municipal health, environmental management and waste disposal services.
- To support the economic drivers of the district by promoting tourism and local economic development, and supporting the development of a sustainable district economy to promote youth development, economic growth, build skills, create jobs and eradicate poverty.

The municipality delivers on its core functions and targets. Performance targets were set, taking into account the financial position and limited human resources. The focus for the year was on financial stability, solutions, redress and how to function with limited resources to deliver to the best of its ability, without negatively influencing the community.

COMPONENT A: BASIC SERVICES

The Municipality only provides waste management, with specific reference to solid waste management. Services in respect of water, electricity, sanitation and housing are provided by Local Municipalities. The function of bulk water distribution in the district area is rendered by Overberg Water Board.

3.1 SOLID WASTE MANAGEMENT

INTRODUCTION TO SOLID WASTE MANAGEMENT

Since January 2012, the Regional Landfill facility Karwyderskraal remains closed for service to the local municipalities of Overstrand and Theewaterskloof. The current operations are limited to stockpiling of builder's rubble and continuous composting of green/garden waste. No household waste has been accepted on site since temporary closure. Arrangements were made with the municipalities of Overstrand and Theewaterskloof to divert their waste volumes to Gansbaai and Caledon respectively for the interim period which continued for the past year. This diversion to local landfill sites had a negative impact on transport (distances and impact on infrastructure) together with an increase in waste volumes that forces the local municipalities to make additional provision for landfill airspace that would not have been required under normal circumstances.

The previous application for a loan to the DBSA was stopped after a collective decision between the three municipalities. After continuous efforts to obtain a loan, the escalating prices exceeded the loan amount. The Provincial Government (Waste Management Unit) also required rehabilitation to be done together with the terrain work that is scheduled. Legal requirements, e.g. the inclusion of plastic linings in the cell, also have an increasing effect on the cost of repayment of the loan. All these extra work increased the original loan amount from 8.5 million to 12.5 million. The co-operation of the local municipalities is however seen as a key to the success of the process, and needs to be improved.

The collective agreement between the ODM and the two municipalities that are serviced by Karwyderskraal was revised and will be used on completion to source funding for the extension, rehabilitation and general maintenance of the landfill site.



Chapter 3

The engineering consultant has indicated their willingness to extend the existing contract to finalise the tender process to appoint a service provider for the construction phase. It was agreed between parties to aim for the finalisation of this process by 30 June 2014 if an agreement could be reached on the Tariff Structure and Service Level Agreement. Funding was obtained from Provincial Government to undertake a waste service costing exercise and determination of a tariff/fee structure to be used.

Karwyderskraal continued to be managed according to the permit conditions, regular monitoring and inspections to comply with national legislation. Bi-annual ground and surface water monitoring, annual compliance audit and inspections were still performed.

The appointed service provider that manages the day to day operation on site will remain in place until the site becomes operational again. The administration function of the site is done by the Environmental Management Unit.

When Karwyderskraal landfill is in full operation it provides a service to 28 418 premises, which reflect as follows:

Overstrand – 22 659 households

Theewaterskloof - 5 759 households

The Overberg District Municipality approved an Integrated Waste Management Plan on 27/05/2013. In terms of the National Environmental Management: Waste Act, (Act 59 of 2008) every municipality must adopt an Integrated Waste Management Plan. The purpose of the plan is to deal with minimising the consumption of natural resources, waste generation, recycling, waste disposal, prevention of pollution, promotion of waste services, remedying land degradation, and archiving integrated waste management reporting and planning.

Challenges

It must be mentioned that no MIG funding is allocated to finance this service, due to the fact that the national MIG office does not recognise the households that are serviced. This forces the ODM to finance the capital project by an external loan. The Municipality wrote numerous letters regarding this situation to the local/provincial MIG Office, but with no success. Indication was however given that it might be possible to spend MIG funding allocated towards the local municipalities on a regional project. This however still needs to be workshopped and approved by the MIG office.



Chapter 3

Waste types and volume 2011/2012

Waste type	General	Mixed	Recycle	Garden	Chipping	Fruit	Off-Spec	B/Rubble	Sand	Concrete	Rocks	Total Tons
Jul-11	1950.2	507.1	270.9	375.1	402.2	40.2	0	296	59.3	0	0	3901.00
Aug-11	1999.8	526.1	322.4	326.7	156	60	0	265.7	0	0	0	3656.70
Sep-11	2036.2	106	339.3	145.6	225.3	59.4	0	496.5	0	0	0	3408.30
Oct-11	2165.5	195.4	297.4	31.8	463.4	18.4	0	404.9	0	0	0	3576.80
Nov-11	1614.1	214.1	166.6	39.1	165.8	48.9	0.2	381	0	0	0	2629.80
Dec-11	713.8	82.8	6.7	33.3	132.4	34.9	0	163.4	0	0	0	1167.30
Jan-12	0	0	0	0	293.8	18.2	0	123.2	0	0	0	435.20
Feb-12	0	0	0	0	992.7	223.2	0	325.9	0	0	0	1541.80
Mar-12	0	0	0	0	436.8	283.8	0	189.3	0	0	0	909.90
Apr-12	0	0	0	0	556.5	647.6	0	353.5	0	0	0	1557.60
May-12	0	0	0	0	431.4	887.4	0	379.5	0	0	0	1698.30
Jun-12	0	0	0	0	678.7	825	0	340.5	0	0	0	1844.20
Total Tons	10479.6	1631.5	1403.3	951.6	4935	3147	0.2	3719.4	59.3	0	0	26326.9

Waste types and volume 2012/2013

Waste type	General	Mixed	Recycle	Garden	Chipping	Fruit	Off-Spec	B/Rubble	Sand	Concrete	Rocks	Total Tons
Jul-12	0	0	0	0	749.2	145.8	0	328.4	0	0	0	1223.40
Aug-12	0	0	0	0	473.2	73.6	0	305.5	0	0	0	852.30
Sep-12	0	0	0	0	146.6	104	0	201.2	0	0	0	451.80
Oct-12	0	0	0	0	363.7	164.7	0	313.3	0	0	0	841.70
Nov-12	0	0	0	0	92.9	70.4	0	187.4	0	0	0	350.70
Dec-12	0	0	0	0	36	211.5	0	29.4	0	0	0	276.90
Jan-13	0	0	0	0	96.7	53.6	0	162.2	0	0	0	312.50
Feb-13	0	0	0	0	1013.6	160.2	0	335.9	0	0	0	1509.70
Mar-13	0	0	0	0	847.9	361.8	0	582.1	0	0	0	1791.80
Apr-13	0	0	0	0	486.5	487.1	0	614.1	0	0	0	1587.70
May-13	0	0	0	0	303	726.6	0	812.7	0	0	0	1842.30
Jun-13	0	0	0	630.6	433.7	780.8	0	304.3	0	0	0	2149.40
Total Tons	0	0	0	630.6	5043	3340.1	0	4176.5	0	0	0	13190.2



Chapter 3

Solid Waste Management Service Objective									
Service Objective <i>Service Indicator</i>	Outline Service Targets	2011/12		2012/13		Following years			
		Target	Actual	Target	Actual	Target			
		Previous Year		Current Year		2013/2014	2014/2015	2015/2016	
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure its municipal health, disaster-, environmental management and waste disposal	Develop a 3rd waste cell by 30 June 2013	0%	0%	0%	0%	100%			
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure its municipal health, disaster-, environmental management and waste disposal	Review the compliance of the landfill facilities by end June 2013 and submit report of service provider to council	100%	100%	100%	100%	100%			100%
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure its municipal health, disaster-, environmental management and waste disposal	Review and complete Integrated Waste Management Plan by June 2013	100%	100%	100%	100%	100%			100%



Chapter 3

Financial Performance 2012/13: Solid Waste Management Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,790	1,008	16	16	-6283%
Expenditure:					
Employees	455	342	368	364	6%
Repairs and Maintenance	1	25	25	4	-546%
Other	2,010	3,444	1,590	1,529	-125%
Total Operational Expenditure	2,467	3,811	1,982	1,897	-101%
Net Operational Expenditure	676	2,804	1,966	1,881	-49%

Capital Expenditure 2012/13: Waste Management Services					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8,517			-100%	
Project A	8,500			-100%	
Project B	17			-100%	
Project C				0%	
Project D				0%	

COMMENT ON SOLID WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

Solid waste management had no real performance during the year under review. The facility was closed for most of the year and is still closed. It will only be re-opened once a third cell has been developed. No external funding could be obtained to date to finance the development of the third cell.

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

District acts as an agent for Department of Transport and Public Works for the maintenance of proclaimed provincial roads in the district. The local municipalities are responsible for managing roads/streets in their respective towns. The Overberg District Municipality is responsible for the Integrated Transport Plan for the district.

3.2 ROADS

INTRODUCTION TO ROADS

The Overberg District Municipality (ODM) acts as agent for the Provincial Department of Transport and Public Works to perform the function on roads. The ODM is responsible to maintain, repair, protect and manage the proclaimed Provincial roads in our area, as identified by the District Road Engineer, in a safe and reliable condition within the legal



Chapter 3

framework of the various Ordinances, Acts and Regulations. The function is funded in total, by means of a grant from the department, which includes the employee cost of the staff in the road section.

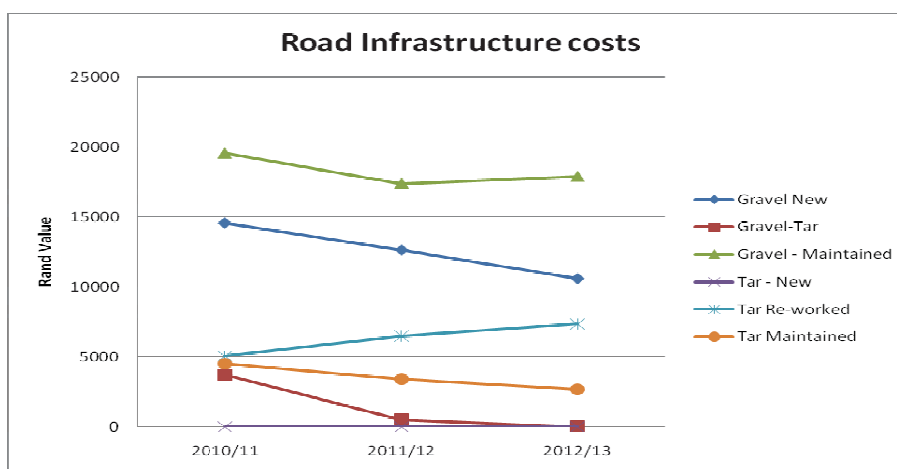
The district's road network is relatively well developed, and plays a major role in future economic development in the area. The major access route of the Overberg district is through the N2 road transport link. It runs through the Overberg from Sir Lowry's Pass through Swellendam. The function of the Roads Division in the ODM is administered by sub-district offices at Swellendam, Bredasdorp and Caledon.

The ODM focuses on normal maintenance, re-gravel and reseal of proclaimed provincial roads, consisting of 430 km asphalt, and 3200 km gravel roads. The challenges faced by ODM to provide safe and reliable roads were the unpredictable weather of the Overberg District area and insufficient funds.

Gravel Road Infrastructure					
Kilometres					
Financial Year	Total gravel Roads	New gravel roads	Gravel roads upgraded to asphalt	Gravel roads re-gravelled	Gravel roads graded/maintained
2010/11	3200	0	5.3	54.23	3200
2011/12	3200	0	1.01	51.80	3200
2012/13	3200	0	0	58.65	3200

Asphalted Road Infrastructure					
Kilometres					
Financial year	Gravel		Asphalt		
	Total asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt roads Maintained
2010/11	430	5.3	16.35	0	435.3
2011/12	430	1.01	35.19	0	431.3
2012/13	431.3	0	37.56	0	431.3

Cost of Roads Infrastructure						
R'000						
Financial year	Gravel			Asphalt		
	New	Gravel-Tar	Maintained	New	Re-seal	Maintained
2010/11	14566	3713	19567	0	5060	4517
2011/12	12650	530	17399	0	6482	3400
2012/13	10618	0	17902	0	7349	2664



Chapter 3

Roads Service Objective									
Service Objective	Service Indicator	Outline Service Targets	2011/12		2012/13		Following years		
			Target	Actual	Target	Actual	Target		
			Previous Year		Current Year		2013/2014	2014/2015	2015/2016
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure its municipal health, disaster, environmental management and waste disposal		Submit the annual business plan for provincial roads budget allocation by the end of March 2013 to the Department of Transport and Public Works	100%	100%	100%	100%	100%	100%	100%
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure its municipal health, disaster, environmental management and waste disposal		Re-gravel Provincial roads as per the registered projects submitted to the Department of Transport and Public Works	50km	63.69km	54km	58.65km	54km	54km	54km
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure its municipal health, disaster, environmental management and waste disposal		Grade provincial roads as per the registered projects submitted to the Department of Transport and Public Works	6,000km	5701.59km	6,000km	6,676.0km	6000km	6000km	6000km



Chapter 3

Employees: Road Services					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	4	4	0	0.00%
4 - 6	4	6	2	4	66.67%
7 - 9	12	15	12	3	20.00%
10 - 12	35	40	29	11	27.50%
13 - 15	19	22	22	0	0.00%
16 - 18	95	97	94	3	3.10%
Total	166	184	163	21	11.41%

Financial Performance 2012/13: Road Services					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	39,094	34,693	48,679	41,364	16%
Expenditure:					
Employees	12,255	10,145	13,177	13,855	27%
Repairs and Maintenance	13,909	12,972	21,251	18,218	29%
Other	12,930	11,576	14,251	9,291	-25%
Total Operational Expenditure	39,094	34,693	48,679	41,364	16%
Net Operational Expenditure					0%

Capital Expenditure 2012/13: Road Services					
					R' 000
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0
Capital projects on the roads were done by the Provincial Department of Transport and Public Works					

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

Capital projects on the roads were done by Department of Transport and Public Works. The Department of Transport and Public Works allocates funds to the Overberg District for which an annual business plan for road maintenance is submitted to the department, in line with approved budget.



3.3 TRANSPORT

INTRODUCTION TO TRANSPORT

The Overberg District Municipality is responsible for developing an Integrated Transport Plan for the District as required by the National Land Transport Act, 2009 (Act 5 of 2009) and also for updating this plan as prescribed by the Minimum Requirements. The plan was updated in September 2012 with the addition of an operating licence strategy and current public transport records.

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

The Planning and Development function at the Municipality includes Spatial Development Planning, IDP and Local Economic Development. The Municipality is experiencing a lack of human resources to perform its legislative requirements for economic development and spatial development. Functions are performed on a basic level and are supported by Provincial Departments.

3.4 PLANNING

INTRODUCTION TO PLANNING

The Integrated Development Plan (IDP) is regarded as the principle strategic planning instrument that guides and informs all planning and development, and all decisions with regard to planning, management and development, in the Municipality. The approach to strategic planning that involves the entire District and its citizens, is to find the best solution to achieve good long-term development. It aims to co-ordinate the work of Local and other spheres of Government in a coherent plan to improve the quality of life for all people living in an area, and should consider the existing conditions and resources available for development.

The District Municipality is responsible for drafting the District IDP Framework Plan, a mechanism to ensure alignment and integration between the IDPs of the Overberg District and Local Municipalities. The 5-year District IDP Framework Plan, together with the IDP/Budget Process Plan, was adopted by Council on 30 July 2012.

On 29 April 2013, in accordance with the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), Council approved its IDP Review 2012/13. IDP/Budget alignment was ensured; however, due to financial constraints no capital projects could be accommodated.

Intergovernmental relations were vastly improved on and enhanced during the 2012/13 performance period. The following District IDP Structures were established:

- District IDP Steering Committee (IDP SC)
- District IDP Managers' Forum (IDP MF)
- District IDP Representative/Public Participation and Communication (IDP Rep/PPCom) Forum

A Terms of Reference has been approved for each of these IDP structures. Participation has proven to be meaningful and beneficial for the entire District. The District IDP Rep/PPCom Forum also serves as a platform for feedback from District Task Teams, viz.:

- The Overberg Integrated Conservation Group (OICG) – Environmental Management and Municipal Health Services Task Team.
- Fire, Rescue and Disaster Management



Chapter 3

In December 2012, Province awarded the Overberg District a Certificate of Excellence in Integrated Development Planning for Intergovernmental and Stakeholder Relations.

A core component of a Municipality's economic, sectoral, spatial, social, institutional and environmental planning is a Spatial Development Framework (SDF). The SDF is a tool to achieve the desired spatial form of the Municipality and is included as a Sector Plan in IDPs.

It was one of the Municipality's goals in 2011/2012 to review the Spatial Development Framework, as it was the first revision of the document since its approval in 2004. A service provider was appointed on behalf of the Municipality by Department of Rural Development and Land Reform to revise the SDF on behalf of the municipality. The process started in January 2011 and was extended to allow an additional public participation and inputs from the Local Municipalities. It was collectively agreed between the ODM and the four local municipalities to allow for approval of the Draft SDF by the respective local municipalities in order for the ODM to continue with final approval of the revised document. The target for approval was set for June 2013, but could not be finalised by the due date. Feedback is expected after council resolutions have been taken by the local municipalities during August 2013 and the project finalisation was therefore rolled over to the next financial year.



Chapter 3

		Planning Service Objective						
Service Objective <i>Service Indicator</i>	Outline Service Targets	2011/12		2012/13		Following years		
		Target	Actual	Target	Actual	2013/2014	2014/2015	2015/2016
		Previous Year		Current Year			Target	
Support economic drivers of the district by promoting tourism, LED & support development of a sustainable economy to promote youth development, economic growth, skills, create jobs & eradicate poverty	Review, complete and submit to council by June 2013 the Spatial Development Framework	0%	0%	100%	0%	100%		
Ensure good governance practices by providing a democratic and pro-active accountable government and encouraging community participation in all public participatory matters of the municipality	Facilitate the meeting of the district managers IDP forums meetings conducted per annum.	2	2	4	6	4	4	4
Ensure good governance practices by providing a democratic and pro-active accountable government and encouraging community participation in all public participatory matters of the municipality	Review the IDP by 31 May 2013 and submit to council for approval	100%	100%	100%	100%	100%	100%	100%



Chapter 3

Employees: Planning Services					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	1	0	0.00%
4 - 6	1	0	0	0	0.00%
7 - 9	1	1	0	1	100.00%
10 - 12	0	0	0	0	0.00%
13 - 15	0	0	0	0	0.00%
16 - 18	0	0	0	0	0.00%
Total	2	2	1	1	50.00%

Financial Performance 2012/2013: Planning Services					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6	484			0%
Expenditure:					
Employees	2,375	2,656	976	955	-178%
Repairs and Maintenance	2	5	2	1	-606%
Other	472	620	245	192	-223%
Total Operational Expenditure	2,849	3,282	1,223	1,148	-186%
Net Operational Expenditure	2,843	2,797	1,223	1,148	-144%

Capital Expenditure 2012/13: Planning Services					
					R' 000
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8			-100%	
Project A	8			-100%	
Project B				0%	
Project C				0%	
Project D				0%	



3.5 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

The District's Local Economic Development (LED) Strategy was adopted by Council in 2009. The Provincial Department of Economic Development and Tourism (DEDT) has undertaken to assist the District with the review of its LED Strategy by December 2012. Unfortunately, due to various other commitments across the Province, DEDT was unable to assist, and it is now envisaged to review the LED Strategy by June 2014.

In formulating Strategic Objectives that would directly speak to the Vision and Mission Statements of the Overberg District Municipality, discussions centred on how best to respond to the impact it would have on the District and Local Municipalities, as well as communities at large. It was also understood that Strategic Objectives should be aligned with Government's Key Performance Areas (KPA) and address Government's National Outcomes.

The District therefore ensured alignment of its Strategic Objectives with that of National and Provincial Government:

- Government development objective: *Local Economic Development*
- Strategic Objective Overberg District Municipality: *To support the economic drivers of the District by promoting tourism and local economic development and supporting the development of a sustainable district economy to promote youth development, economic growth, build skills, create jobs and eradicate poverty.*
- Key Strategies linked to the Strategic Objective above: (a) business/sector relation plan; (b) operational effectiveness and efficiency of Resorts; and (c) formulation and implementation of new LED Strategy.
- 5-Year Predetermined Development Objectives (PDOs): (a) District Tourism Strategy; (b) District LED Strategy; (c) upgrading of Resorts; and (d) EPWP promotion.

Due to capacity constraints, the District has been unable to effectively facilitate the Regional Tourism Stakeholder body that it revived in December of 2011. However, a LED/Tourism Co-ordinator position has been advertised and it is envisaged to have this position filled by October 2013. The LED/Tourism Co-ordinator will be responsible, in collaboration with Local Tourism Offices, for promoting and facilitating LED and tourism in the District.

It is noted that due to financial constraints, the District was unable to acquire the necessary human resources to assist in executing above PDOs. The EPWP initiative has, however, been promoted and implemented successfully by the District by way of providing job opportunities to the unemployed.

As per the Municipal Economic Review & Outlook (MERO) research study in 2012, the Overberg District accounts for a relatively small share of the Western Cape economy, viz. 29%:

Industry	TWK	Overstrand	CAM	Swellendam	Overberg
Agriculture, Forestry and Fishing	-0.5	-0.3	0.9	-5.8	-1.1
Mining and Quarrying	-6.4	-7.9	6.8	-10.5	-0.8
Manufacturing	4.9	7.4	7.0	10.2	6.7
Electricity, Gas and Water	-0.7	-4.2	3.0	6.2	1.0
Construction	11.0	9.1	11.2	10.3	10.1
Wholesale & Retail Trade, Catering & Accommodation	0.9	3.9	0.5	6.6	3.0
Transport, Storage and Communication	3.1	9.9	0.5	12.0	6.6
Finance, Insurance, Real Estate and Business Services	13.1	10.6	10.4	4.5	11.0
Community, Social and Personal Services	1.4	4.7	6.4	4.0	3.9
General Government	0.4	4.0	5.7	2.9	3.0
Total	3.7	6.6	5.6	4.5	5.0



Chapter 3

COMMENT ON LOCAL JOB OPPORTUNITIES

The EPWP is aimed at creating 4.5 million work opportunities for unemployed persons, allowing them to participate economically and to contribute to the development of their communities and the country as a whole. For this purpose, Conditional Grant Agreements with National Department of Public Works are signed by Municipalities to comply with the conditions and obligations of the EPWP Grant.

To compliment the Conditional Grant of R1m, the Overberg District Municipality contributed a further R500,000 of its own funding in an effort to provide more job opportunities. Business Plans were received from all Departments across the Municipality, specifying details of each project with work opportunities and full-time equivalents to be created during the 2012/13 financial period.

Below follows a breakdown of targets and achievements across the Overberg District for 2012/13:

Municipality	Work Opportunities (WOs)		Full-Time Equivalents (FTEs)	
	Target	Achieved	Target	Achieved
Overberg DM	115	156	21	50
Cape Agulhas	138	266	52	58
Overstrand	228	626	72	206
Swellendam	150	488	54	82
Theewaterskloof	352	239	99	51
Total	983	1775	298	447



Chapter 3

Local Economic Development Objective									
Service Objective <i>Service Indicator</i>	Outline Service Targets	2011/12		2012/13		Following years			
		Target	Actual	Target	Actual	Target			
		Previous Year		Current Year		2013/2014	2014/2015	2015/2016	
Support economic drivers of the district by promoting tourism, LED & support development of a sustainable economy to promote youth development, economic growth, skills, create jobs & eradicate poverty	Create temporary jobs opportunities through the municipality's EPWP projects	52	124	115	156	145	145	145	
Support economic drivers of the district by promoting tourism, LED & support development of a sustainable economy to promote youth development, economic growth, skills, create jobs & eradicate poverty	Compile a district LED strategy and submit to council for approval by December 2012	100%	0%	100%	0%	100%			
Support economic drivers of the district by promoting tourism, LED & support development of a sustainable economy to promote youth development, economic growth, skills, create jobs & eradicate poverty	Facilitate the meeting of the Regional Tourism Stakeholders Forums	2	0	2	0	4	4	4	



Chapter 3

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

Due to financial constraints, all local economic development projects for the year under review had to be cancelled.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

In terms of legislation Community & Social Services is not a function of the Overberg District Municipality and the Local Municipalities fulfil the function.

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental protection is managed in terms of section 24 of the Constitution, the National Environmental Management Act, 1998 [Act 107 of 1998 (NEMA)], the Coastal Management Act, 2008 (Act 24 of 2008), the National Environmental Management Waste Act, 2008 (Act 59 of 2008) and the Environmental Management: Air Quality Act, Act, 2004 (Act 39 of 2004). Environmental management is “a purposeful activity with the goal to maintain and improve the state of an environmental resource affected by human activities in the Overberg”.

3.6 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

Environmental pollution control is one of the functions of Municipal Health in terms of the National Health Act, 2003 (Act 61 of 2003).

An Air Quality Management Plan was developed for the district as prescribed by the Environmental Management: Air Quality Act, 2004 (Act No 39 of 2004) and approved by Council on 3 December 2012. With effect from January 2013 the function is performed by the Overberg District Municipality.

Vision of the Air Quality Management Plan

To be a district where the constitutional right of all human beings to clean air is maintained to such a standard where economic and social development will flourish without jeopardising the environment.

Mission of the Air Quality Management Plan

To ensure effective and maintain implementation of sustainable air quality management practices throughout the Overberg district to progressively achieve air quality goals.

Five Atmospheric Emission Licensing applications were submitted by the following industries:

Theewaterskloof Municipal Area	2 Brick Manufacturers
Cape Agulhas Municipal Area	1 Brick Manufacturer
	1 Lime Factory
Overstrand Municipal Area	1 Fishmeal Factory



Chapter 3

One provisional licence was issued to the lime factory. The provisional licence for the fishmeal factory is in the process of being issued, and all other applications are in the process of being reviewed. The provisional licences are valid for one year only, in which the industry must adhere to conditions set by the licensing authority (ODM). The final licences will be valid for 5 years. Before the promulgation of the Air Quality Act, an APPA permit used to be issued by the National Government in terms of the Atmospheric Pollution Prevention Act, 1965 (APPA). All the existing APPA permits must be replaced by the Atmospheric Emission Licence in terms of the Environmental Management: Air Quality Act, 2004 (Act No 39 of 2004). The Municipality is in the process of developing an Air Quality By-law for the District.

The Head: Municipal Health is appointed as Interim Air Quality Officer who delegated the function to the 4 Municipal Health Area Managers, who form the Air Quality Management Committee with the Head: Municipal Health as co-ordinator.

Air Quality Complaints 2012/13					
Listed Activities	Cape L'Agulhas	Overstrand	Swellendam	Theewaterskloof	Annual Total
Fumes	0	0	0	0	0
Smoke	0	1	0	0	1
Dust	1	2	0	0	3
Burning waste/Tyres	0	0	0	0	0
Farm land burning	0	0	0	0	0
Crop spraying	0	0	0	0	0
Offensive odours	3	1	0	2	6
Unlicensed facilities	1	0	0	0	1
Noise	0	2	0	0	2
Other	0	0	0	0	0
Total	5	6	0	2	13



Chapter 3

Service Objective		Pollution Control Objective									
		2011/12		2012/13		Following years					
Outline Service Targets		Target	Actual	Target	Actual	2013/2014	2014/2015	2015/2016			
Service Indicator		Previous Year		Current Year							
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster-, environmental management and waste disposal	Conduct Air quality control inspections to control environmental pollution	0	0	10	3	10	10	10			
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster-, environmental management and waste disposal	Compile District Air Quality Management plan for the Overberg District and submit to council for approval by November 2012										



3.7 ENVIRONMENTAL MANAGEMENT

INTRODUCTION TO ENVIRONMENTAL MANAGEMENT

The Overberg District Municipality promotes sustainability by means of partnerships; as well as an integrated environmental management approach throughout the Overberg region, and continuously promotes sustainable development by means of commenting on various development applications. It provides environmental input to the Spatial Development Framework and manages environmental datasets for the regional GIS database, to ensure that all information is updated and relevant for effective planning and decision-making.

The section was expanded with the filling of the position of Chief Coastal and Inland Water Officer, which focuses on coastal monitoring estuaries and inland waters. The filling of this position aims to assist in the function and to capacitate the municipality in fulfilling its environmental mandate in terms of the Integrated Coastal Management Act (ICM Act). The Overberg Integrated Conservation Group is continuing as permanent structure to advise the IDP Representatives' Forum and to act as Municipal Coastal Committee as envisaged in the Integrated Management Act. Besides these actions, there were continuous efforts from various role-players who are busy with strategies, programmes and projects to enhance environmental conservation and sustainable development. Strong partnerships between these role-players and the ODM exist and all of them are members (Agulhas National Park, Cape Nature, Dept. of Agriculture, Agulhas Biodiversity Initiative) of the Overberg Integrated Conservation Group. A MOU was signed with Provincial Department of Environmental Affairs and Development Planning for the spending of historical grant funding on the development of a coastal management programme that will be phased in over the next 3 financial years. The municipality is closely involved in project advisory committees for the Working for the Coast (DEA funded) projects.

The municipality approved an Environmental Management policy, as well as a Milkwood Tree policy, on 28 September 2012. The Milkwood Tree policy is applicable only to resorts under the management of the municipality.

A concerted effort was made to ensure that the ODM could procure a service provider to draft a Coastal Management Programme as provided for in the ICM Act. A Memorandum of Understanding (MOU) was signed between the ODM and DEA&DP on spending of grant funding for this project over the next three financial years.

EPWP

The Environmental Section successfully rolled out a three months Alien Clearing Project, creating jobs for 11 people over the project period.

As commenting authority, various comments were given on development applications from all municipalities and environmental practitioners. In total 42 development applications, of which 3 were focused on alternative energy (Wind Farms and Wave Energy), were addressed.



Chapter 3

Service Objective		2011/12		2012/13		Following years		
		Target	Actual	Target	Actual	Target	2013/2014	2014/2015
Service Indicator		Previous Year		Current Year				
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster-, environmental management and waste disposal	Facilitate the meeting of the Overberg Integrated Conservation Group	4	5	5	5	5	5	5



Chapter 3

Employees: Environmental Management					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00%
4 - 6	2	3	2	1	33.33%
7 - 9	1	4	1	3	75.00%
10 - 12	0	0	0	0	0.00%
13 - 15	0	0	0	0	0.00%
16 - 18	0	0	0	0	0.00%
Total	3	7	3	4	57.14%

Financial Performance 2012/13: Environmental Management					
					R'000
Details	2011/12	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					
Employees	144	877	865	846	-4%
Repairs and Maintenance		84	41	7	-1148%
Other	2	557	55	27	-1975%
Total Operational Expenditure	146	1,518	960	879	-73%
Net Operational Expenditure	146	1,518	960	879	-73%

Capital Expenditure 2012/2013: Environmental Management					
					R' 000
Capital Projects	2012/2013				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3	180	167	99%	
Project A	3			-100%	
Project B		180	167	0%	167
Project C				0%	
Project D				0%	

COMMENT ON THE PERFORMANCE OF ENVIRONMENTAL MANAGEMENT

Environmental Management managed to stay within their allocated budget. Money has been obtained for the development of a Coastal Management Programme. The development of the programme will commence during the new financial year.



COMPONENT F: HEALTH

INTRODUCTION TO HEALTH

The Overberg District Municipality performs only the function of Health Inspection in the district as per the National Health Act, 2003.

The service of Municipal Health is rendered from offices in Swellendam, Bredasdorp, Struisbaai, Hermanus, Gansbaai, Caledon, Grabouw and Kleinmond.

3.8 MUNICIPAL HEALTH (HEALTH INSPECTION)

INTRODUCTION TO MUNICIPAL HEALTH (INSPECTIONS, FOOD, ETC.)

In accordance with Section 1 of the National Health Act, municipal health services include:-

- Water quality monitoring;
- Food control;
- Waste management;
- Health surveillance of premises;
- Surveillance and prevention of communicable diseases, excluding immunisation;
- Vector control;
- Environmental pollution control;
- Disposal of the dead; and
- Chemical safety.

In order to execute the legal obligations, the Overberg District Municipality: Health Services fulfils its mandate through duly qualified and skilled environmental health practitioners (EHP's). They provide and facilitate comprehensive, pro-active and need-related services to ensure a safe and healthy environment, and thereby prevent and eliminate sources of diseases.

The Municipal Health Services, with its limited human resources and budget, strives to perform its target set, with no cost to the community. The high cost to deliver the function and the financial position of the Municipality hamper the implementation of the function to its maximum capacity.

Food

The training of new entrants on food handling in the food industry had a positive impact on food quality. Standards were set for informal food traders (Spaza shops) to improve hygiene and quality.

Waste water & water samples

According to laboratory results, the quality of the water is improving as the local municipalities are moving towards the green drop status. No cholera outbreaks were reported and there were also no indication of cholera in moor pad sample testing. A monitoring programme is in place to ensure compliance with applicable standards.

Solid waste sites

A critical factor is space for landfill sites. The visual impact of disposal of waste becomes more and more of a problem. The majority of the landfill sites are at their maximum capacity and do not comply with licence requirements. All other waste sites (transfer stations) in the Overberg District comply with licence requirements.



Chapter 3

Municipal Health Services Objective									
Service Objective	Service Indicator	2011/12		2012/13		Following years			
		Target	Actual	Target	Actual	2013/2014	2014/2015	2015/2016	
		Previous Year		Current Year					
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure ito municipal health, disaster, environmental management and waste disposal	Take food samples to monitor the quality of Food ito the FCD Act and legislative requirements	192	460	240	360	240	240	240	
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure ito municipal health, disaster, environmental management and waste disposal	Take water samples for testing wrt drinking water, sewerage final outflow, cholera, milking sheds and recreational water	920	948	940	938	960	960	960	
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure ito municipal health, disaster, environmental management and waste disposal	Conduct inspections at funeral parlours iro Regulation 237 to monitor the disposal of the dead	40	56	40	42	40	40	40	



Chapter 3

Employees: Municipal Health					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0.00%
4 - 6	8	16	8	8	50.00%
7 - 9	9	18	9	9	50.00%
10 - 12	3	12	3	9	75.00%
13 - 15	0	5	0	5	100.00%
16 - 18	1	4	1	3	75.00%
Total	22	56	22	34	60.71%

Financial Performance 2012/13: Municipal Health					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	40		100	79	100%
Expenditure:					
Employees	8,173	8,998	9,126	8,976	0%
Repairs and Maintenance	35	45	13	3	-1302%
Other	777	1,371	1,003	843	-63%
Total Operational Expenditure	8,985	10,413	10,142	9,822	-6%
Net Operational Expenditure	8,946	10,413	10,042	9,743	-7%

Capital Expenditure Year 2012/13: Municipal Health					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	637	1	1	-57809%	
Project A				0%	
Project B				0%	
Project C				0%	
Project D				0%	

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, ETC. OVERALL (Municipal Health)

Municipal Health managed to stay within its allocated budget. According to legislation, the service is understaffed however and the level of performance is not according to the requirements set in legislation. The current financial position of the municipality does not allow this function to appoint additional staff members and the level of service will therefore not be able to improve within the near future.



Chapter 3

COMPONENT G: SECURITY AND SAFETY

INTRODUCTION TO SECURITY & SAFETY

The Overberg District Municipality performs a fire and disaster management function in the district. The functions of Fire and Disaster Management are jointly conducted by the protective services division of the municipality. The functions are controlled from the regional control centre, incorporated into the disaster management centre in Bredasdorp. The control centre is jointly controlled by Overberg District Municipality and Western Cape Department of Health.

3.9 FIRE SERVICES

INTRODUCTION TO FIRE SERVICES

The Overberg District Municipality provides a full fire service as per the Fire Brigade Service Act, 1987 (Act 99 of 1987), to the Cape Agulhas, Theewaterskloof and Swellendam Municipalities. A co-operation agreement exists between Overstrand Municipality and Overberg District Municipality with a very close relationship between the two authorities.

The service responds from the different stations situated in Swellendam, Caledon, Bredasdorp, Grabouw and Villiersdorp. Satellite stations are staffed by volunteers in Greyton, Riviersonderend, Suurbraak, Malgas and Barrydale. Responses to emergency calls in regard to major fires are activated from the control centre and response from the different stations.

The three top priorities for the unit were:

- Reduction of after hours response time;
- Providing enough adequately trained staff to respond to incidents; and
- To ensure the safety of the Overberg communities and visitors during the holiday season.

The safety project was successful, with three lives saved over the season. We would like to believe that the awareness created by this project assisted in preventing potential dangerous situations and therefore also indirectly saving lives.

With the limited resources, as a result of the financial constraints experienced by this council, we managed to improve reaction time, and to increase our manpower through partnerships with other organisations such as WoF and the EPWP programme.

Fire Service Data					
	Details	2010/2011	2011/2012		2012/2013
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	305	Can't determine	382	842
2	Total of other incidents attended in the year	333	Can't determine	508	245
3	Average turnout time – urban areas	Office hours 7 min, after hours 15 min	Office hours 7 min, after hours 15 min	Office hours 7 min, after hours 15 min	7min
4	Average turnout time – rural areas	15-30 min	15-30min	15-30 min	15-30 min
5	Fire fighters in post at year end	32	90	35	
6	Total fire appliances at year end	20	20	20	20
7	Average number of appliance off the road during the year	3	3	3	2



Chapter 3

Service Objective / Service Indicator		Fire Services Objective									
		2011/12		2012/13		Following years					
		Target	Actual	Target	Actual	2013/2014	2014/2015	2015/2016	2013/2014	2014/2015	2015/2016
		Previous Year		Current Year							
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster-, environmental management and waste disposal	Facilitate the quarterly meeting of the District Fire Working Group	4	4	4	4	4	4	4	4	4	
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster-, environmental management and waste disposal	Fire prevention inspection undertaken in the district	48	180	96	103	96	96	96	96	96	
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster-, environmental management and waste disposal	Annual pre-fire season safety training to all operational staff by December 2012	20	28	30	30	30	30	30	30	30	



Chapter 3

Employees: Fire Services					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0.00%
4 - 6	3	15	4	11	73.33%
7 - 9	6	12	7	5	41.67%
10 - 12	20	30	22	8	26.67%
13 - 15	5	15	5	10	66.67%
16 - 18	0	17	0	17	100.00%
Total	35	90	39	51	56.67%

Financial Performance 2012/13: Fire Services					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	52	691	89	123	-462%
Expenditure:					
Fire fighters	10,462	11,449	11,002	10,709	-7%
Repairs and Maintenance	904	1,080	1,180	991	-9%
Other	3,346	3,129	2,828	2,638	-19%
Total Operational Expenditure	14,712	15,658	15,010	14,338	-9%
Net Operational Expenditure	14,659	14,968	14,921	14,215	-5%

Capital Expenditure Year 2012/13: Fire Services					
					R' 000
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3,290	767	517	-536%	
Project A	2,600	360	334	-678%	334
Project B	690	407	183	-276%	183
Project C				0%	
Project D				0%	

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL

The Fire Brigade managed to stay within its allocated budget. As is the case with most other functions, however, this function also suffers due to the current financial situation of the municipality. Vehicles and equipment utilised by this function are old and outdated and some of the vehicles have been utilised for more than 25 years. Furthermore the function is totally understaffed compared to legislative requirements. Although provision was made in the original



Chapter 3

budget to replace some of the vehicles and equipment, funding could not be obtained to incur the capital expenditure.

The current financial position of the municipality has a huge hampering effect on the performance of this function.

3.10 DISASTER MANAGEMENT

INTRODUCTION TO DISASTER MANAGEMENT

Disaster Management is run in the district as per the requirements of the applicable act and framework. The mandatory administrative part of the function, as described in the act, is adhered to as allowed by finances. However, it needs to be noted that Disaster Management is an unfunded mandate, and it is very difficult to fulfil the full function with the limited budget.

Disaster Management does not have its own operational budget and relies on the budget of the fire department, which makes the implementation of special Disaster Management Projects impossible. With the limited financial support, the Municipality has a functional Disaster Management Centre. A Disaster Management Advisory Forum is in place and met as planned. A Disaster Management Plan was updated and presented to council.

The main focuses of the unit are awareness, risk assessment and planned projects, which take place on an ongoing basis. Communities are supported when affected by disasters. The Overberg District did not declare any disaster in the year under discussion, but handled several major incidents.

A co-operation agreement exists between Overberg and the City of Cape Town for evacuation regarding the Koeberg Nuclear Station. A further agreement exists with Cape Agulhas Municipality.

SERVICE STATISTICS DISASTER MANAGEMENT			
DETAIL	2012/2013	2013/2014	
	Actual No.	Estimate No.	Actual No.
Public awareness campaigns	7	4	5
Emergency evacuation plans	4	4	6
Annual revision of District Disaster Management Framework	1	1	1
Annual Revision of District Disaster Management Plan	1	1	
Annual Revision of District Risk Assessment	1	1	



Chapter 3

Disaster Management Objective									
Service Objective	Service Indicator	2011/12		2012/13		Following years			
		Target	Actual	Target	Actual	2013/2014	2014/2015	2015/2016	Target
		Previous Year		Current Year					
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster-, environmental management and waste disposal	Revise the Disaster Management Plan and submit to council for approval by December 2012	100%	0	100%	100%	100%	100%	100%	
Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster-, environmental management and waste disposal	Facilitate the quarterly meeting of the District Disaster Management Advisory forum	4	1	4	3	4	4	4	4



Chapter 3

Employees: Disaster Management					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0.00%
4 – 6	0	1	0	1	100.00%
7 - 9	1	4	1	3	75.00%
10 - 12	0	0	0	0	0.00%
13 - 15	0	0	0	0	0.00%
16 - 18	0	0	0	0	0.00%
Total	1	5	1	4	80.00%

Financial Performance Year 2012/13: Disaster Management					
					R'000
Details	2011/12	2012/13			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue					0%
Expenditure:					
Employees	250	332	341	329	-1%
Repairs and Maintenance					0%
Other			2	4	100%
Total Operational Expenditure	250	332	343	334	1%
Net Operational Expenditure	250	332	343	334	1%

Capital Expenditure 2012/13: Disaster Management					
					R' 000
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				0%	
No capital expenditure was budgeted or spent for this function					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT OVERALL

The Disaster Management section operated within their allocated budget for the year under review.



COMPONENT H: SPORT AND RECREATION

3.11 RESORTS

INTRODUCTION TO RESORTS

The Overberg District Municipality manages 3 resorts, namely Uilenkraalsmond, Die Dam and Dennehof. Die Dam is situated in the south of the Western Cape near Gansbaai, and borders the Indian and Atlantic Oceans to the South. Dennehof Holiday Resort is situated along the banks of the Theewaterskloof dam, near Villiersdorp. Managing these resorts serves to promote tourism development and to optimise the income for the Overberg District Municipality.

The four top priorities of the resorts were to obtain ownership of Uilenkraalsmond and Dennehof, to formalise the Uilenkraalsmond semi-permanent contracts, to conduct a client satisfaction survey and the temporary closing of Dennehof Holiday Resort.

Council was faced with the following challenges in managing the resorts:

The property, on which Uilenkraalsmond and Dennehof resorts are situated, belongs to the National Department of Public Works. The Municipality is in the process of liaising with the Department of Public Works to clarify the management, maintenance and future ownership of the resorts. As a result of the uncertainty of ownership, the entering into new contracts with semi-permanent lessees of Uilenkraalsmond has been outstanding for some time. The municipality is in the process of reviewing the contracts, and has to determine the period for lease. The determination of ownership of the resorts will have an integral impact on the contracts.

A client satisfaction survey has been conducted in Uilenkraalsmond, Die Dam and Dennehof Resorts. The purpose of the survey was to search for opportunities for improvement. There were no funds available to implement capital projects, therefore no maintenance and improvement of infra-structure took place, and it had a negative impact on the clients' participation in the survey.

The staff shortage has been addressed by employing EPWP contract workers, which created job opportunities for unemployed people.

Uilenkraalsmond Neighbourhood Watch is effective and the number of burglaries has been reduced.

Dennehof Holiday Resort has been temporarily closed, due to identified Health and Safety hazards. The situation is in the process of being dealt with.

The occupancy rate at the resorts (except Dennehof- due to its closure) shows an improvement as indicated in the table below.

Accommodation per year occupied				
Resort	Type of accommodation	Quantity	Day's	
			2011/2012	2012/2013
Uilenkraalsmond	Chalets	40	3203	3925
	Camping Sites	110	3068	3155
	Hall	1	17	29
Die Dam	Chalets	2	227	341
	Camping Sites	83	1111	2209
Dennehof	Chalets	40	2473	1230
	Camping Sites	28	541	232
	Hall	1	42	26
	Herberg	1	25	8



Chapter 3

Service Objective / Service Indicator		Resorts Objective									
		2011/12		2012/13		Following years					
Outline Service Targets		Target	Actual	Target	Actual	2013/2014	2014/2015	2015/2016			
		Previous Year		Current Year							
Support economic drivers of the district by promote tourism, LED & support development of a sustainable economy to promote youth development, economic growth, skills, create jobs & eradicate poverty	Compile a Resort Management Policy and submit to council for approval by June 2013	100%	0%	100%	50%	100%					
Support economic drivers of the district by promoting tourism, LED & support development of a sustainable economy to promote youth development, economic growth, skills, create jobs & eradicate poverty	Report quarterly to the portfolio committee on the outcome of customer satisfaction survey at the resort	1	1	2	0						
Support economic drivers of the district by promote tourism, LED & support development of a sustainable economy to promote youth development, economic growth, skills, create jobs & eradicate poverty	Compile a Marketing plan for the resorts and submit to council for approval by 30 June 2013			100%	0%						



Chapter 3

Employees: Resorts					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00%
4 - 6	1	1	1	0	0.00%
7 - 9	3	6	3	3	50.00%
10 - 12	4	4	3	1	25.00%
13 - 15	2	10	2	8	80.00%
16 - 18	14	24	13	11	45.83%
Total	24	45	22	23	51.11%

Financial Performance 2012/13: Resorts					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11,032	14,666	12,066	11,905	-23%
Expenditure:					
Employees	4,712	4,794	4,062	3,981	-20%
Repairs and Maintenance	895	1,135	730	592	-92%
Other	6,541	5,938	5,797	5,616	-6%
Total Operational Expenditure	12,148	11,866	10,589	10,189	-16%
Net Operational Expenditure	1,116	(2,800)	(1,477)	(1,716)	-63%

Capital Expenditure 2012/13: Resorts					
					R' 000
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2,183	575	354	-517%	
Project A	450			-100%	
Project B	480	18		-100%	
Project C	300	50		-100%	
Project D	953	507	354	-169%	354

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL

Although this section managed to stay within its allocated budget and realised a surplus for the year under review, the financial position of the municipality does not allow this section to do proper maintenance and renewal of existing facilities. The infrastructure at the resorts is old and has not been maintained due to financial shortages. Almost no repairs and maintenance are performed at the resorts and this may well lead to serious breakages in the near future.



Chapter 3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES, ETC

The corporate policy offices include executive and council, financial services, human resources, information and communication services, support services, property, legal and risk management.

3.12 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

During the year under review, executive and council strived to address its five year strategic priorities, namely secure financial sustainability; establish managerial and human resource capacity; operational effectiveness and efficiency of resorts; corporate governance audit; optimise stakeholders' management approach; operational effectiveness and efficiency of waste disposal services; business/customer relations plan; and marketing and implementation of mission statement.

The municipality could succeed this year in eliminating the financial deficit, due to a conservative approach to service delivery. Councillors also did not receive an increase in their remuneration for the second consecutive year.

Council still experiences an inconsistency in leadership due to the suspension of the Municipal Manager and vacancies of the Director Community Services and Director Management Services. Both positions were advertised, but not filled. The establishment of human resource capacity is slow, due to the municipality's financial position. The municipality still uses an outside company to fulfil the function of Chief Financial Officer.

One of the holiday resorts (Dennehof) was temporarily closed for to health and safety reasons, but council was successful in improving the effectiveness and efficiency of the other two resorts, by putting financial controls in place.

Regarding the waste disposal services, Council had intensive discussions with Theewaterskloof and Overstrand Municipality, which depend on the service. An action plan was also developed to complete the rehabilitation of cells 1 & 2 and to construct a new cell to become operational by 1 July 2014.

The Audit and Performance Committee performed well, but lost two members during the year. The vacancies will be filled in the next financial year.

Council has reviewed and approved various policies to strengthen the municipality's decision-making and management, for example Language Policy, Communication Strategy and a Promotion of Access Information Act Manual (PAIA). Roles and Responsibilities for Councillors and a System of Delegations were finalised and approved by Council.

The municipality could only manage to hold 3 of the 4 DCF meetings, due to the unavailability of all stakeholders.



Chapter 3

Executive and Council Objective										
Service Objective	Outline Service Targets	2011/12		2012/13		Following years				
		Target	Actual	Target	Actual	2013/2014	2014/2015	2015/2016	Target	
<i>Service Indicator</i>										
Ensure good governance practices by providing a democratic and pro-active accountable government and encouraging community participation in all public participatory matters of the municipality	Hold at least quarterly council meetings	4	11	4	11	4	4	4		
Ensure good governance practices by providing a democratic and pro-active accountable government and encouraging community participation in all public participatory matters of the municipality	Sign performance agreements with all employees down to post level 8	Post Level 6	100%	100%	100%	Post Level 13	All Staff	All Staff		
Ensure good governance practices by providing a democratic and pro-active accountable government and encouraging community participation in all public participatory matters of the municipality	Facilitate the meeting of the District Co-ordinating Forum (DCF)	4	3	4	3	4	4	4		
Ensure good governance practices by providing a democratic and pro-active accountable government and encouraging community participation in all public participatory matters of the municipality	Facilitate the meeting of the Performance & Audit Committee	4	3	4	5	4	4	4		
Ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development in order to achieve objectives as per the Performance Management System.	Approve Top Layer SDBIP within 28 days after approval of the Main Budget	100%	100%	100%	100%	100%	100%	100%		



Chapter 3

Employees: Council					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00%
4 - 6	0	0	0	0	0.00%
7 - 9	0	0	0	0	0.00%
10 - 12	1	1	1	0	0.00%
13 - 15	0	0	0	0	0.00%
16 - 18	0	0	0	0	0.00%
Total	1	1	1	0	0.00%

Employees: Municipal Manager					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	3	1	2	66.66%
4 - 6	3	3	2	1	33.00%
7 - 9	0	1	1	0	0.00%
10 - 12	0	0	0	0	0.00%
13 - 15	0	0	0	0	0.00%
16 - 18	0	0	0	0	0.00%
Total	4	7	4	3	42.86%

Employees: Internal Audit					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00%
4 - 6	1	1	1	0	0.00%
7 - 9	0	3	0	3	100.00%
10 - 12	0	0	0	0	0.00%
13 - 15	0	0	0	0	0.00%
16 - 18	0	0	0	0	0.00%
Total	1	4	1	3	75.00%



Chapter 3

Financial Performance 2012/13: The Executive and Council					
R'000					
Details	2011/12	2012/2013			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	44,999	52,365	50,439	50,523	-4%
Expenditure:					
Employees	4,502	4,187	2,372	2,816	-49%
Repairs and Maintenance	5	9	4		-1689%
Other	7,534	7,140	8,174	7,749	8%
Total Operational Expenditure	12,041	11,336	10,550	10,566	-7%
Net Operational Expenditure	(32,958)	(41,029)	(39,889)	(39,957)	-3%

COMMENTS ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

This function managed to perform its duties within its allocated budget.

3.13 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

The Directorate Financial Services experienced problems during the year under review. A Chief Financial Officer has been seconded from a consultancy firm since April 2012. Furthermore critical vacancies could not be filled due to financial constraints.

Despite the staff shortages and the financial constraints, all reconciliations were up to date, all reports in terms of the MFMA have been submitted, all creditors were paid and the financial statements were submitted to the Office of the Auditor-General on time. The Council could also succeed in eliminating the financial deficit, due to a conservative approach to service delivery and hands-on management of expenditure.

Debt Recovery								
R' 000								
Details of the types of account raised and recovered	2010/11		2011/12			2013/13		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in Year	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Electricity, Water & Sanitation	302	95.24%	358	332	89.97%	588	589	100.11%
Refuse	4,189	99.93%	1,814	1,638	90.29%	33	204	613.70%
Other	9,797	93.00%	10,537	10,189	96.69%	11,149	10,715	96.11%



Chapter 3

Service Objective		Financial Services Objective									
		2011/12		2012/13		Following years					
		Target	Actual	Target	Actual	2013/2014	2014/2015	2015/2016			
<i>Service Indicator</i>		Previous Year		Current Year							
Attain financial viability by executing accounting services according to legislation, MFIP, Action plan on AG Report	Address the audit findings of the previous financial year by June 2013	10%	22.5%	40%	71.95%	65	65	65			
Attain financial viability by executing accounting services according to legislation, MFIP, Action plan on AG Report	Spend the conditional capital grants by end June 2013	100%	100%	100%	100%	100%	100%	100%			
Attain financial viability by executing accounting services according to legislation, MFIP, Action plan on AG Report	Manage the supply chain processes of the municipality so that no successful appeals are achieved	0	1	0	1	0	0	0			
Attain financial viability by executing accounting services according to legislation, MFIP, Action plan on AG Report	Submit draft annually financial statement to the Auditor-General by 31 August 2012	31 August 2011	29 September 2011	31 August 2012	31 August 2012	31 August 2013	31 August 2014	31 August 2015			



Chapter 3

Employees: Financial Services					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	33.33%
4 - 6	2	4	1	3	75.00%
7 - 9	7	10	8	2	20.00%
10 - 12	3	4	3	1	25.00%
13 - 15	0	0	0	0	0.00%
16 - 18	1	1	1	0	0.00%
Total	16	22	15	7	31.82%

Financial Performance Year 2012/13: Financial Services					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4,471	3,405	1,843	5,449	38%
Expenditure:					
Employees	5,626	5,984	5,749	5,731	-4%
Repairs and Maintenance	27	200	30	111	-80%
Other	6,752	2,422	1,630	4,572	47%
Total Operational Expenditure	12,404	8,606	7,409	10,414	17%
Net Operational Expenditure	7,933	5,200	5,566	4,965	-5%

Capital Expenditure Year 2011/12: Financial Services					
					R' 000
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	21	10	137	85%	
Project A	21	10	137	85%	137
Project B				0%	
Project C				0%	
Project D				0%	

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The Financial Services did not manage to stay within its allocated budget. The main reason for this was that no CFO could be appointed. Although the municipality advertised this position twice, no suitable candidate could be sourced. This resulted in the outsourcing of the CFO function for the whole year under review. This service was very expensive and was the sole reason for the budget being overspent. To date this position is still occupied by a consultant



Chapter 3

seconded from the company rendering accounting support to the municipality. This situation could not be avoided, as the total function of the budget and treasury office was performed by Interns.

3.14 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resource division of the Overberg District Municipality presides over the following functions and duties:

- * Labour Relations;
- * Recruitment and Selection;
- * Employment Equity;
- * Training and Development;
- * Occupational Health and Safety;
- * Organisational Structure and Job Evaluation;
- * Human Resource Administration; and
- * Employee Assistance Programme.

The priorities for the past year were to comply with legislation regarding all aspects in an HR office. We attempted to improve the disciplinary hearing processes and provided training for Chairpersons and Initiators. Council adopted a Job Evaluation Policy and the unit started to develop new job descriptions in accordance with the Organisational Structure. Three of the five outstanding policies were reviewed and four new policies developed.

Skills Development focused on Financial Competency Development according to the MFMA Competency Regulation

Interaction and communication with labour/employees were increased through regular LLF meetings and visits by the Human Resources division at all the offices/workplaces.

Through the Employee Assistance Programme, the Human Resources division provides an environment that supports effective and efficient service delivery, by taking employees' personal circumstances into account as far as reasonably possible. It is accepted that problems (social, personal, emotional and work-related) may influence work performance and that the employer (ODM) is obliged to provide assistance to promote employees' general health and well-being. ODM acknowledges that any loss in human resources will result in a loss of productivity and service delivery.

A Service Provider was appointed to conduct an assessment on Health and Safety in the Workplace, to put measures in place and for assistance.



Chapter 3

Human Resources Objective									
Service Objective	Outline Service Targets	2011/12		2012/13		Following years			
		Target	Actual	Target	Actual	2013/2014	2014/2015	2015/2016	
Service Indicator		Previous Year		Current Year					
Ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development in order to achieve objectives as per the Performance Management System.	Assess all HR policies and revise identified policies and submit to council by 30 June 2013	100%	37.5%	100%	60.00%	100%	100%	100%	
Ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development in order to achieve objectives as per the Performance Management System.	Hold monthly Local Labour Forum meetings	10	10	12	11	12	12	12	
Ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development in order to achieve objectives as per the Performance Management System.	Spend at least 1 percent of the budget on the implementation of the WPS plan by end June 2013	1%	0.06%	1%	0.18%	0.30%	0.35%	0.40%	



Chapter 3

Employees: Human Resources					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00%
4 - 6	1	1	1	0	0.00%
7 - 9	3	4	2	2	50.00%
10 - 12	0	0	0	0	0.00%
13 - 15	0	0	0	0	0.00%
16 - 18	0	0	0	0	0.00%
Total	4	5	3	2	40.00%

Financial Performance Year 2012/13: Human Resource Services					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					
Employees	1,158	1,199	1,292	1,231	3%
Repairs and Maintenance		2	2		0%
Other	69	252	251	194	-30%
Total Operational Expenditure	1,228	1,454	1,545	1,425	-2%
Net Operational Expenditure	1,228	1,454	1,545	1,425	-2%

Capital Expenditure Year 2012/13: Human Resource Services					
					R' 000
Capital Projects	2102/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	20			-100%	
Project A	20			-100%	
Project B				0%	
Project C				0%	
Project D				0%	

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCES SERVICES OVERALL

The Human Resources function managed to perform its duties within its allocated budget.



Chapter 3

3.15 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT unit is situated in the Income, Expenditure and IT section, and is staffed by two persons who serve all the offices of the Overberg District Municipality. The unit is responsible for 150 customers.

The top priorities of the unit are the financial system, e-mail and internet access. No data was lost on the financial system and backups are performed daily. The financial program, performance management and the information management system of roads are maintained by outside organisations.

The unit received numerous requests for support and during liaising regarding the requests, technical problems were identified. The unit started with the upgrading of the network to reduce these problems. Other requests could be addressed with in-house training.

Council approved six ICT policies to address risks in the ICT environment.

Services statistics for ICT Services			
Number of support requests			
2011/12		2012/13	
Requests	Support given	Requests	Support given
200	100	306	100

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The costs of this function are allocated within the financial services of the municipality. The unit performed well and managed to fulfil most of the legislative requirements of this function.

3.16 SUPPORT SERVICES, PROPERTY MANAGEMENT, RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO SUPPORT SERVICES, PROPERTY, RISK MANAGEMENT AND PROCUREMENT SERVICES

Support Services

Support Services are responsible for committee services, council support, record management, cleaning services, reception services and contract & property management.

Support was given to all Section 80, 79 Committees, Executive Mayoral Committee and all statutory committees of Council. A previous negative archive audit has been addressed and with the audit this year, there was a significant improvement.

Properties

In the previous year, council decided to do a land audit to identify properties for sale to fund capital projects. Six properties which are not needed for the provision of the minimum level of basic municipal services, were identified. The sale of two properties was finalised. Fire and Municipal Health Services in the Swellendam area have been relocated to the roads department.

Legal

The litigation from a landowner for a fire on his property is still pending. One labour case of the previous year is still pending. Two new labour litigations were made against the municipality, which are pending, and a possible labour litigation may arise in the next financial year.



Chapter 3

Risk

Risk management is a concern as there is no responsible person to drive the function. Although provision is made for a post of Risk Officer on the Organisational Structure in the office of the Municipal Manager, it is unfunded. The municipality received funds from Western Cape: Department of Local Government to do a risk assessment, which will be finalised in the third quarter of 2013/2014 financial year.

Procurement Services – See Financial Services nr. 3.13

Employees: Support Services					
Job Level	2011/12	2012/2013			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00%
4 - 6	1	2	1	1	50.00%
7 - 9	3	4	3	1	25.00%
10 - 12	3	4	3	1	25.00%
13 - 15	0	0	0	0	0.00%
16 - 18	2	4	2	2	50.00%
Total	9	14	9	5	35.71%

Financial Performance 2012/13: Support Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,684	1,741	15	15	-11400%
Expenditure:					
Employees	659	1,025	2,356	2,385	57%
Repairs and Maintenance	88	124	121	113	-10%
Other	3,317	2,977	3,085	2,640	-13%
Total Operational Expenditure	4,064	4,126	5,562	5,138	20%
Net Operational Expenditure	2,381	2,385	5,547	5,122	53%

Capital Expenditure 2012/13 Support Services					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	261	268	3%	
Project A	180	260	256	30%	256
Project B	80	1	12	-582%	12
Project C				0%	
Project D				0%	



Chapter 3

COMMENT ON THE PERFORMANCE OF SUPPORT SERVICES OVERALL

Support Services did not manage to perform its functions within its allocated budget. The main reason for this was because changes were made to the structure of the municipality, which resulted in the costs of certain functions that used to be allocated to Executive and Council, now being allocated to this function. This was addressed in the revised budget approved by Council. The function did manage to stay within its revised allocated budget.



Chapter 3

COMPONENT J: ORGANISATIONAL PERFORMANCE SCORECARD

Ref	National Outcome	Strategic Objective	Municipal IPA	KPI	Unit of Measurement	Support	Annual Target		Sep-12		Dec-12		Mar-13		Jun-13		Overall Performance for Sep 2012 to Jun 2013							
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Corrective Measures	Performance Comment	Target	Actual	Corrective Measures	Performance Comment
T11	A responsive and accountable, effective and efficient local government system	Ensure good governance practices by providing a democratic and proactive accountable government and encouraging community participation in all public participatory matters of the municipality	Good Governance and Community Participation	Hold at least quarterly council meetings	No of meetings per annum		4	4	A 30/07/2012 (Ord) B 22/08/2012 (Special Meeting) 28/09/2012 (Ord)	1	2	23/11/2012 (Ord) 3/12/2012 (Special meeting)	1	3	29/04/2013 27/05/2013 - Council Meeting 19/06/2013 - Special	1	4			4	11			
T12	A responsive and accountable, effective and efficient local government system	Attain financial viability by executing accounting services according to legislation, MFIP, Action plan on AG Report	Financial Viability	Approve adjustment budget by 28 February 2013	Approved Adjustment Budget		100%	100%	A 0%	0%	0%	100%	100%	Adjustment Budget was not approved before 28/02/2013, because it was not cashback. Approved on 25/03/2013. Item A31	0%	0%	Request for extension, Review and made adjustment to budget for submission to Council in March			100%	100%			
T13	A responsive and accountable, effective and efficient local government system	Attain financial viability by executing accounting services according to legislation, MFIP, Action plan on AG Report	Financial Viability	Approve Main budget by 31 May 2013	Approved Main Budget		100%	100%	A 0%	0%	0%	0%	0%	Approved on 27/05/2013. Item A34	100%	100%			100%	100%				
T14	A responsive and accountable, effective and efficient local government system	Secure municipal institutional and developmental by creating a staff structure that would adhere to the principles of employment equity and development in order to achieve objectives as per the Performance Management System.	Municipal Transformation and Institutional Development	Approve Top layer SBGP within 28 days after approval of the Main Budget	Approved Top layer SBGP		100%	100%	A 0%	0%	0%	0%	0%	Major proposal Top Layer SBGP on 24/06/2013	100%	100%			100%	100%				
T15	A responsive and accountable, effective and efficient local government system	Ensure good governance practices by providing a democratic and proactive accountable government and encouraging community participation in all public participatory matters of the municipality	Good Governance and Community Participation	Hold quarterly subcommittee meetings	Number of meetings per annum		16	4	C 22/08/2012	4	2	23/02/2013 Finance and Corporate portfolio meetings has not took place, because not quorum	4	4	11/02/2013	4	4	Councillors must attend portfolio meetings			16	14	Councillors were requested to attend meetings	



Chapter 3

Ref	National Outcome	Strategic Objective	Municipal IPA	RPI	Unit of Measurement	Resilience	Annual		Sep-12			Dec-12			Mar-13			Jun-13			Overall Performance for Sep 2012 to Jun 2013		
							Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual		Performance Comment	Corrective Measures
TL1.1	A responsive and accountable, effective and efficient local government system	Ensure good governance practices by providing a democratic and proactive accountable government and encouraging community participation in all municipal matters of the municipality	Good Governance and Community Participation	Facilitate the meeting of the District Co-ordinating Forum (DCF)	Number of meetings per annum	2	4	1	1	12/09/2012	1	0	0	1	1	15/02/2013	1	1	22/05/2013	1	4	3	Dates for the years meetings must be determine at the first meeting of the financial year
TL1.2	A responsive and accountable, effective and efficient local government system	Ensure good governance practices by providing a democratic and proactive accountable government and encouraging community participation in all municipal matters of the municipality	Good Governance and Community Participation	Facilitate the meeting of the District Co-ordinating Forum (DCF)	Number of meetings per annum	2	4	1	1	17/08/2012	1	1	1	1	1	11/12/2012	1	1	20/5/2013	1	4	3	Dates for the years meetings must be determine at the first meeting of the financial year
TL1.3	A responsive and accountable, effective and efficient local government system	Ensure good governance practices by providing a democratic and proactive accountable government and encouraging community participation in all municipal matters of the municipality	Good Governance and Community Participation	Complete a Communication Strategy and submit to council by end September 2012	Communication Strategy submitted to council	0	100%	100%	100%	Submitted draft Communication Policy to Council on 28/09/2012 Item 5 - Council take into consideration of Strategy.	0%	0%	0%	0%	0%	A61.12/2012 - approved	0%	0%		100%	100%	100%	
TL1.4	A responsive and accountable, effective and efficient local government system	Ensure municipal transformation and institutional development by creating a staff structure that would improve the employment equity and promote skills development in order to achieve objectives as per the Performance Management System.	Municipal Transformation and Institutional Development	Assess all HR policies and identified policies and submit to council by 30 June 2013	Revised policies submitted to council	100%	100%	0%	0%	24/07/2012	0%	0%	0%	0%	0%	6/11/2012 Meet with Auditor General	1	1	14/05/2013	1	4	5	Transfer KPI to 2013/2014 Departmental SDBIP for the revision of the remaining policies
TL1.5	A development-oriented public service and inclusive citizenship	Ensure good governance practices by providing a democratic and proactive accountable government and encouraging community participation in all municipal matters of the municipality	Good Governance and Community Participation	Facilitate the meeting of the Performance & Audit Committee	Number of meetings per annum	3	4	1	2	13/09/2012	1	1	1	1	1	1	1	1	1	1	1	1	



Chapter 3

Ref	National Outcome	Strategic Objective	Municipal IPA	RPI	Unit of Measurement	Responsible	Sep-12			Dec-12			Mar-13			Jun-13			Overall Performance for Sep 2012 to Jun 2013		
							Actual	Target	Corrective Measures	Actual	Target	Corrective Measures	Actual	Target	Corrective Measures	Actual	Target	Corrective Measures	Actual	Target	Corrective Measures
TL1E	A responsive and accountable, efficient local government system	Main financial accounts by end September 2012 and submit to the Audit committees for approval	Good Governance and Community Participation	Complete a financial audit plan by end September 2012 and submit to the Audit committees for approval	600 Based Audit plan submitted	100	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%
TL1F	A responsive and accountable, efficient local government system	Issue good governance practices by providing a democratic and proactive accountable government and encouraging community participation in all matters of the municipality	Good Governance and Community Participation	Facilitate the heading of the district managers IOP forums meetings conducted per annum.	Number of meetings per annum	0	4	1	1	1	1	1	1	1	15/01/2013	1	1	1	4	4	6
TL1G	Vibrant, equitable and secure communities and food security	Support economic development, LED & support sustainable economy development, economic growth, skills, create jobs & eradicate poverty	Local Economic Development	Complete a district LED report and submit to council for approval by December 2012	LED Strategy to be developed with DEDP who had date not been able to assist. Assistance envisaged in January 2013 only. Strategy therefore not in place by end of September 2012. Meeting scheduled to be held in end June 2013.	0	100%	0%	0%	0%	0%	0%	0%	0%	DED agreed to assist.	0%	0%	0%	100%	100%	0%
TL1H	A responsive and accountable, efficient local government system	Engage good governance practices by providing a democratic and proactive accountable government and encouraging community participation in all matters of the municipality	Good Governance and Community Participation	Review the IOP and submit to council for approval	Reviewed IOP submitted to council	100	100%	0%	0%	0%	0%	0%	0%	0%		0%	0%	0%	100%	100%	100%
TL2D	Decent employment through inclusive economic growth	Support economic drivers of the district by promoting tourism, LED & support development of a sustainable economy to promote youth development, economic growth, skills, create jobs & eradicate poverty	Local Economic Development	Facilitate the meeting of the Regional Stakeholders Forums	Number of meetings per annum	3	2	0	0	0	0	0	0	0	1	0	0	0	1	0	0
TL2I	A responsive and accountable, efficient local government system	Attain financial viability by executing accounting services according to legislation, MFIP, Action plan on AG Report	Financial Viability	Submit draft financial statement to Auditor General AG by 31 August 2012	Draft financial statement submitted to Auditor General AG	100%	100%	100%	0%	0%	0%	0%	0%	0%		0%	0%	0%	100%	100%	100%



Chapter 3

Ref	National Outcome	Strategic Objective	Municipal IPA	RPI	Unit of Measurement	Baseline	Sep-12			Dec-12			Mar-13			Jun-13			Overall Performance for Sep 2012 to Jun 2013				
							Target	Actual	Performance Comment	Target	Actual	Performance Comment	Target	Actual	Performance Comment	Target	Actual	Performance Comment					
TL37	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, environmental management and waste disposal	Basic Services and Infrastructure	Advise on the prevention of communicable diseases, excluding immunisation	Number of inspections per annum	8 per annum	8	0	0	4	4	4 for the semester	0	0	0	4	1	1	1 for semester	8	5	Meeting will be scheduled with Municipal Health officials to discuss the reported cases but also address prevention	
TL38	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, environmental management and waste disposal	Basic Services and Infrastructure	Conduct pest control inspections to monitor vector control	Number of inspections conducted per annum	1500 per annum	1,500	500	532	319	319 for the quarter	250	312	312 for the quarter	250	355	355 for the quarter	355	355	355 for the quarter	1,500	1,518	Adjust target to 1500 per annum according to the revised budget and available resources (staff, administrative compliance)
TL37	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, environmental management and waste disposal	Basic Services and Infrastructure	Conduct Air quality control inspections to environmental pollution	Number of inspections conducted per annum	10 per annum	10	0	0	1	1 for the semester	0	0	0	0	2	2 for semester	2	2	2 for semester	10	3	When the sign was planned the function district included the B municipalities, but plan was only approved as a ODM plan
TL38	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, environmental management and waste disposal	Basic Services and Infrastructure	Conduct inspections at funeral parlors to regulation of the disposal of the dead	Number of inspections conducted per annum	40 per annum	40	0	0	19	19 for the semester	20	19	19 for the semester	20	23	23 for semester	23	23	23 for semester	40	42	Adjust target according to the function district with the approved plan
TL39	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, environmental management and waste disposal	Basic Services and Infrastructure	Conduct inspections at food premises to monitor chemical safety of hazardous substances	Number of inspections conducted per annum	1350 per annum	1,350	375	403	267	267 for the quarter	300	300	300 for the quarter	300	337	337 for the quarter	337	337	337 for the quarter	1,350	1,316	Adjust according to budget and available resources (staff, km administrative compliance)
TL40	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, environmental management and waste disposal	Basic Services and Infrastructure	Complete Air Quality Management Plan for the Overberg District and submit to council for approval by November 2012	Air quality plan adopted by Council	100	100%	0%	0%	100%	Council meeting scheduled for November was postponed to December. Approved plan on 31/12/2012 from AS8	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	Manager Municipal Health must monitor the target vs actual



Chapter 3

Ref	National Outcome	Strategic Objective	Municipal IPA	KPI	Unit of Measurement	Baseline	Sep-12			Dec-12			Mar-13			Jun-13			Overall Performance for Sep-2012 to Jun-2013	
							Target	Actual	Performance Comment	Target	Actual	Performance Comment	Target	Actual	Performance Comment	Target	Actual	Performance Comment		
T14.1	An effective, competitive and responsive economic infrastructure network	Ensure health and safety of communities in Overberg District through provision of basic infrastructure to service and disaster, environmental management and waste disposal	Basic Services and Infrastructure	Submit the annual business plan for provincial roads allocation by the end of March 2013 to the Department of Transport and Public Works	Annual budget plan submitted	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	
T14.2	An effective, competitive and responsive economic infrastructure network	Ensure health and safety of communities in Overberg District through provision of basic service and infrastructure to municipal health, disaster, environmental management and waste disposal	Basic Services and Infrastructure	Spent the roads agency grant per month as approved to the Financial Services level agreement with the Department of Transport and Public Works	% spent of approved road allowance allocation monthly	100%	104.00%	Act. vs Est. Oct - 140% G: R2409495/2918430 -32% R: R340314/2918430 -108% Sept - R: R209171/2918430 -110%	100%	108.00%	Act. vs Est. Jan - 245% R: R323405/23540000 -91% M1 - R: R480395/5518731 - 87%	100%	116.00%	Act. vs Est. Apr - 132% R: R321707/298560 -117% Jun - R: R813094/3234000 -119%	100%	108.00%				
T14.3	An effective, competitive and responsive economic infrastructure network	Ensure health and safety of communities in Overberg District through provision of basic service and infrastructure to municipal health, disaster, environmental management and waste disposal	Basic Services and Infrastructure	Re-gravel Provincial roads as per the registered projects submitted to the Department of Transport and Public Works	Km of roads re-graveled per annum	54	15.6	22.25	11.4	10.85	Weather conditions and re-sal priorities affected program	11.4	9.0	13.6	16.46	54	58.65			
T14.4	An effective, competitive and responsive economic infrastructure network	Ensure health and safety of communities in Overberg District through provision of basic service and infrastructure to municipal health, disaster, environmental management and waste disposal	Basic Services and Infrastructure	Grade provincial roads as per the registered projects submitted to the Department of Transport and Public Works	Km of roads graded per annum	6,000	1,600	1,940.02	1,750	1,904	Perform more than planned	1,250	1,209.17	1,700	1,622.87	5,000	6,676.08			
T14.5	Sustainable human settlements and improved quality of household life	Support economic drivers of the district by promote tourism, LED & support development of a sustainable economy through skills, create jobs & eradicate poverty	Local Economic Development	Review, complete and submit to council by June 2013 the Spatial Development Framework	Spatial Development Framework submitted to Council for approval	New KPI	0%	0%	0%	0%	Extended public participation required by local municipalities and environmental roleplayers	0%	0%	100%	0%	0%	0%	0%	0%	0%



Chapter 3

Ref	National Outcome	Strategic Objective	Municipal IPA	KPI	Unit of Measurement	Reporting	Sep-12			Dec-12			Mar-13			Jun-13			Overall Performance for Sep-2012 to Jun-2013												
							Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures					
T146	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster, environmental management and waste disposal	Basic Services and Infrastructure	Facilitate the meeting of the Overberg Integrated Conservation Group	Number of meetings per annum	15 meetings	1	1	8/08/2012	1	1	24/12/2012	1	1	12/02/2013	1	1	08/02/2013 & 11/06/2013	1	1	08/02/2013 & 11/06/2013	1	1	08/02/2013 & 11/06/2013	1	1	08/02/2013 & 11/06/2013	1	1	08/02/2013 & 11/06/2013	
T147	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster, environmental management and waste disposal	Basic Services and Infrastructure	Develop a 3rd waste cell by June 2013	Developed of 3rd waste cell by June 2013	0	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
T148	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster, environmental management and waste disposal	Basic Services and Infrastructure	Review the compliance of the landfill facilities by end June 2013 and submit report of service provider to council	Review completed and report submitted to council	Annual/Audit conducted	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
T149	Protection and enhancement of environmental assets and natural resources	Ensure health and safety of communities in Overberg District through the provision of basic service and infrastructure to municipal health, disaster, environmental management and waste disposal	Basic Services and Infrastructure	Review and complete Integrated Waste Management Plan by June 2013	Completed Integrated Waste Management Plan	0	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
T150	A skilled and capable workforce to support inclusive growth	Support economic drivers of the district by promote tourism, LED & support development of a sustainable economy through human development, economic growth, skills, create jobs & eradicate poverty	Local Economic Development	Complete a Resort Management Policy and submit to council for approval by June 2013	Policy submitted to Council	0	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%



CHAPTER 3

COMPONENT K: PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS

Performance assessments were done throughout the 2012/2013 financial year on Providers who tendered or quoted on various tenders or quotations, or provided a service or product through other SCM processes (all expenditure above R 30 000).

The following service providers were assessed.

Name of Service Provider	Goods & Services Supply
Waltons	Printing Paper
Amasondo	Rental of vehicles
Avis	Rental of vehicles
Fire Raiders Cape (Pty) Ltd	Replacement of suspension system
FNB	Banking Services
GEOSS	Surface & groundwater monitoring Karwyderskraal Regional Landfill Site
Indwe Risk Services	Short Term Insurance
Overberg Agri	Supply structural fire fighting suits, Fuel
TVM Konstruksie (Edms) Bpk	Repair loadbody for 7m ³ Truck
MTN	Cellphone contracts
Nashua	Rental of printers and copiers
Wectac	Training
Nolene Jones t/a Sunshine	Alien Clearing and Litter Picking
Ikamva Trust	Fuel, Oil
Inyameko Trading 230 CC	Cleaning Agents
Invuyani Safety	Supply structural fire fighting suits
V du Toit	Services at the Ferry
Ernst van der Schyf	Lease of shop, gift shop, garage and flat - Uilenkraalsmond
Overberg Marine and Sport	Replacement of suspension system
Hermanus fire Extinguishers	Service of extinguishers
First Technology	Supply wireless equipment
ProHeat	Repairs and services of boilers and burners
Mubesko Africa	Accounting services for a period of 3 years, Grap financial services
Arina Wilson	Advertisements
Waalkom Petroleum	Supply Diesel
Rola Toyota Bredasdorp	Trade in of one vehicle for the supply & delivery of two new vehicles
Premium Computers	Supply network equipment
High Angle rescue and Access System	Training – Fire Fighters
Ignite Advisory Services	Performance Management
Independent Fire Services	Occupational Health and Safety

Results: No service provider's performance rating was poor, and therefore all service providers rendered a good service to the municipality.



CHAPTER 4

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

The Municipality's organisational development function is as follows:

Municipal Manager Office

- Communication
- Risk Management
- Internal Audit

Directorate Management Services

- Income, Expenditure and IT
- Financial Services, IDP/LED and Tourism
- Supply Chain Management
- Performance Management Services
- Human Resources
- Support Services

Directorate Community Services

- Roads (Agency function)
- Municipal Health
- Environmental Management
- Resorts
- Disaster Management and Fire Services

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS; TURNOVER AND VACANCIES

Employees					
Description	2011/2012	2012/2013			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Roads	166	184	163	21	11.41%
Local Economic Development /IDP	1	2	1	1	50.00%
Human Development	0	0	0	0	0.00%
Environmental Management	3	7	3	4	57.14%
Municipal Health	22	56	22	34	60.71%
Fire Services	35	90	39	51	56.67%
Disaster Management	1	5	1	4	80.00%
Resorts	24	45	22	23	51.11%
Council	1	1	1	0	0.00%
Municipal Management	3	6	3	3	50.00%
Internal Audit	1	4	1	3	75.00%
Performance Management	1	1	1	0	0.00%
Finance	14	22	15	7	31.81%
Human Resources	4	5	3	2	40.00%
IT Services	2	2	2	0	0.00%
Corporate Policy Offices And Other	9	14	9	5	35.71%
Totals	287	444	286	158	35.58%



CHAPTER 4

Vacancy Rate 2012/13			
Designations	Total Approved Posts No.	Vacancies on 30 June 2013 No.	Vacancies %
Municipal Manager	1	0	0.00
Other S57 Managers (excluding Finance Posts)	1	1	100.00%
Other S57 Managers – CFO (Finance posts)	1	1	100.00%
Fire fighters	89	51	57.30%
Senior management: Levels 1-3 (excluding Finance Posts)	7	0	0.00%
Senior management: Levels 3 (Finance posts)	2	0	0.00%
Highly skilled supervision: levels 4-6 (excluding Finance posts)	31	8	25.80%
Highly skilled supervision: levels 4-6 (Finance posts)	3	2	66.66%
Totals	135	63	46.66%

Turn-over Rate			
Details	Total Appointments from beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate
2011/2012	50	19	6.86%
2012/2013	18	16	5.57%

COMMENT ON VACANCIES AND TURNOVER

The two director positions are still vacant. The functions of the CFO were performed by an outsourced company. Positions that were approved and budgeted for were filled. The reason for the turnover rate experienced was the result of death, retirements and resignations.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Local Labour Forum serves as a tool to ensure working relations between the workforce, management and council. The workforce is represented by Trade Union members who serve on various committees. The workforce is also governed by collective agreements.



CHAPTER 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Employment Equity	100%	100%	February 2011
2	HIV/Aids	100%	100%	18 June 2012
3	Information Technology (Computer)	100%	100%	19 June 2013
4	Official Journeys (S & T)	100%	100%	18 June 2012
5	Recruitment, Selection and Appointments	100%	100%	28 September 2012
6	Workplace Skills Plan	100%	100%	29 June 2012
7	Smoking	100%	100%	18 June 2012
8	Uniforms (Dress Code)	100%	100%	18 June 2012
9	Cellphone Policy	100%	100%	19 June 2013
10	Private work (Employee)	100%	100%	6 October 2006
11	Acting Allowance (payment for additional duties)	100%	100%	30 March 2008
12	Study Bursaries	100%	100%	6 October 2006
13	Task (Job Evaluation)	100%	100%	03 December 2012
14	EAP (Employee Assistance Programme)	100%	100%	28 September 2012

COMMENT ON WORKFORCE POLICY DEVELOPMENT

Human Resources policies were developed, which address principles and rules to guide decisions and achieve rational outcomes. Policies assist in both subjective and objective decision making, and also assist senior management with decision making and guide all employees to comply with standards.

For the year under review two new policies were approved, and several reviewed.

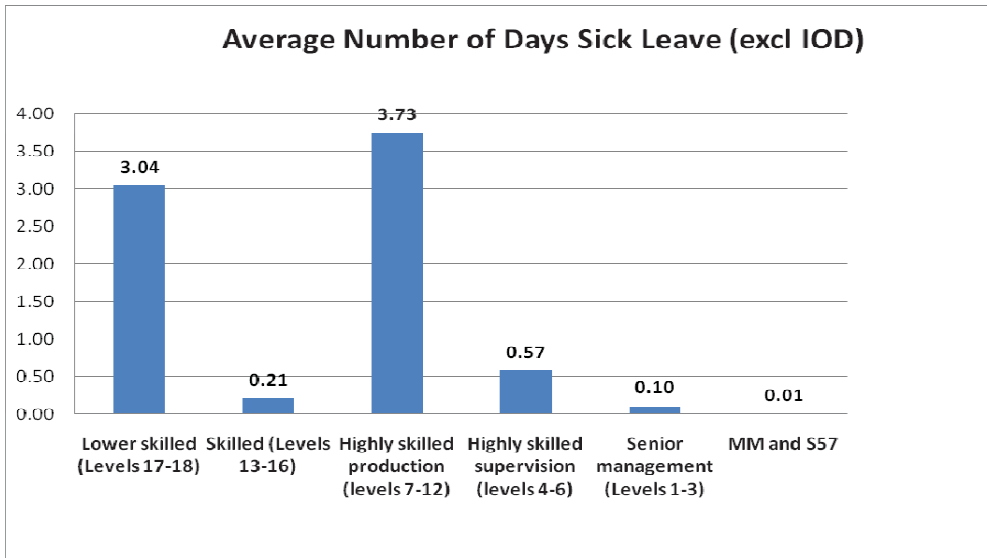
4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	187	25	13.37%	37.4	51
Temporary total disablement					
Permanent disablement					
Fatal					
Total	187	25	13.37%	37.4	51



CHAPTER 4

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employee	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 17-18)	870	35%	87	109	3.04	233
Skilled (Levels 13-16)	60	29%	9	39	0.21	19
Highly skilled production (levels 7-12)	1068	50%	112	105	3.73	603
Highly skilled supervision (levels 4-6)	164	45%	16	23	0.57	171
Senior management (Levels 1-3)	30	0%	5	9	0.10	41
MM and S57	2	0%	1	1	0.01	8
Total	2194	27%	230	286	7.67	1056



COMMENT ON INJURY AND SICK LEAVE

Sick leave taken by employees has service delivery and cost implications. By monitoring record for sick leave and leave for injuries on duty, the employer can detect patterns or trends. Corrective actions were taken when necessary.

The average number of days sick leave compared to the previous year increased on the lower skilled band, due to terminal illnesses.



CHAPTER 4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Municipal Manager	Misconduct	13 May 2013	Pending	Unknown
Fire Fighter	Sexual Harassment	27 March 2013	10 Days suspension without pay	8 July 2013

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
<i>None</i>			

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS

The Municipality has implemented a performance management system for S57 appointees, as required by Section 52 of the Constitution, Chapter 6 of the MSA and the MFMA. This is in accordance with the Municipal Systems Act, 2000 (Act. 32 of 2000), and Local Government Municipal Performance Regulation, 2006, which require municipalities to adopt a performance management system. After the completion of the annual review of the IDP and the approval of the budget, the municipality drafts the SDBIP in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. Performance Agreements were signed the previous year with personnel to level six, and an annual assessment was done in this year. For this year, agreements were signed with all personnel to level eight. There is no performance reward system in place for staff below S57. No performance rewards were paid to any employee.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of the municipality must also comply with the Skills Development Act, 1998 (Act 81 of 1998), and the Skills Development Levies Act, 1999 (Act 20 of 1999).

Municipal Minimum Competency training receives preference above other training planned.



CHAPTER 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix																
Management level	Gender	Employees in post as at 30 June 2013	Number of skilled employees required and actual as at 30 June 2013			Learnerships			Skills programmes & other short courses			Other forms of training			Total	
			No.	Actual 2012	Actual: End of 2013	Target	Actual 2012	Actual: End of 2013	Target	Actual 2012	Actual: End of 2013	Target	Actual 2012	Actual: End of 2013	Target	Actual: End of 2012
MM and s57	Female	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	1	0	0	0	1	1	1	1	1	1	1	1	2	2	1
Councillors, and Managers	Female	8	0	0	0	0	1	1	0	3	3	0	4	4	4	4
	Male	38	0	0	0	4	5	5	10	4	4	14	9	14	9	9
Technicians and Trade Workers	Female	0	0	0	0	1	0	0	1	2	2	2	2	2	2	2
	Male	9	0	0	0	1	0	0	1	8	0	2	8	2	8	0
Professionals and Senior Officials	Female	20	1	1	1	7	5	5	0	6	6	8	12	8	12	12
	Male	22	0	1	1	11	6	6	2	2	3	13	8	13	8	10
Sub total	Female	28	1	1	1	8	6	6	1	11	11	10	18	10	18	18
	Male	70	0	1	1	17	12	12	14	15	7	31	28	31	28	20
Total		98	1	2	2	25	18	18	14	26	18	40	46	40	46	38



CHAPTER 4

Financial Competency Development: Progress Report						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	1	0
<i>Chief financial officer</i>	1	0	1	0	0	0
<i>Senior managers</i>	1	0	1	0	0	0
<i>Any other financial officials</i>	12	0	12	2	0	2
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	1	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	16	0	16	3	1	3

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

A total amount of R390 650 was allocated for Workplace Skills, of which R160 679 was spent in the financial year. The focus was mainly on the MFMA Competency Regulation. Only 2 officials completed the training, while 15 are currently busy with training. Council requested extension on the deadline of 2013.

The ODM reported on its Skills Development Plan to LGSETA on 29/06/2013, and the 2013/2014 plan was submitted to LGSETA. The skills plan for the next year was developed, taking into account the accessibility and affordability of training.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

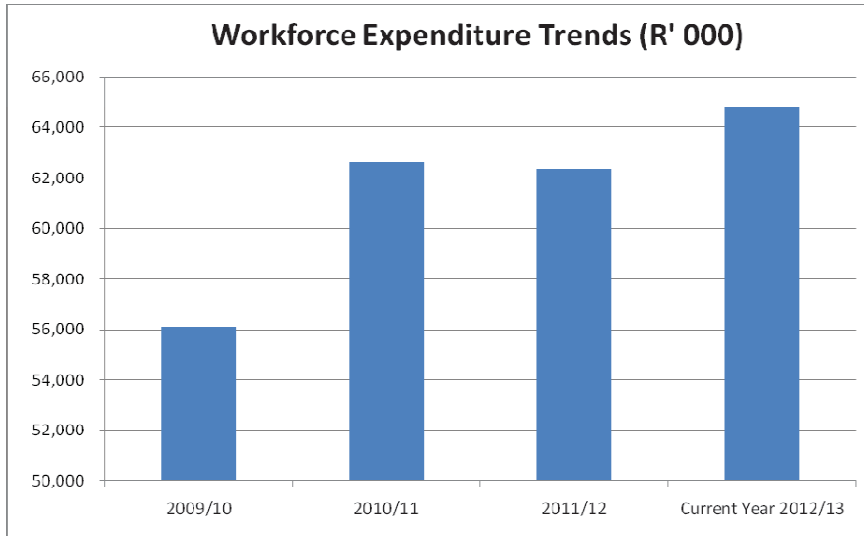
INTRODUCTION TO WORKFORCE EXPENDITURE

The workforce expenditure is controlled by means of an approved staff establishment and a salary budget. The salary structure and increase in workforce expenditure are controlled by Human Resource Policies and Bargaining Council Collective Agreements.



CHAPTER 4

4.6 EMPLOYEE EXPENDITURE



COMMENT ON WORKFORCE EXPENDITURE

The workforce expenditure for the year under review is 47.7% of the total budget, which is 12.7% above the norm of 35%. The reason for the high rate is the limited income of the municipality in relation to core functions. The total percentage of employee-related costs decreased despite salary increases as determined by the Bargaining Council. This was solely due to vacancies not being filled, due to the current financial position of the municipality.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
<i>Lower skilled (Levels 1-2)</i>	<i>Female</i>	0
	<i>Male</i>	1
<i>Skilled (Levels 3-5)</i>	<i>Female</i>	0
	<i>Male</i>	2
<i>Highly skilled production (Levels 6-8)</i>	<i>Female</i>	1
	<i>Male</i>	0
<i>Highly skilled supervision (Levels 9-12)</i>	<i>Female</i>	0
	<i>Male</i>	0
<i>Senior management (Levels 13-16)</i>	<i>Female</i>	0
	<i>Male</i>	0
<i>MM and S 57</i>	<i>Female</i>	0
	<i>Male</i>	0
Total		4

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation			
Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	N/A



CHAPTER 4

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
None	-	-	-	-

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

Three positions were upgraded in the Roads department. As the municipality delivers an agency function, the Provincial Department instructed the municipality to upgrade positions to be in line with similar positions in the province.

Upon the appointment as Skills Development Facilitator after achieving the necessary qualification, the incumbent's salary was upgraded to fit the level of responsibility.

DISCLOSURES OF FINANCIAL INTERESTS

Financial disclosures were made by the Municipal Manager, Acting CFO, Acting Director Community Services and Council. See **Appendix G** for disclosures made by officials and councillors concerning their financial interests.



INTRODUCTION

Although the municipality's financial position improved significantly during the year under review, it is still in a precarious position. The cash flow situation of the municipality improved, but the overall situation is still not satisfactory. The liquidity ratios as displayed in this chapter clearly indicate that the financial position is still very poor.

The ratios in fact indicate that there is still serious doubt regarding the going concern assumption of the municipality. Furthermore, the municipality is almost entirely dependent on government grants. No significant source of own revenue has been developed for district municipalities. The equitable share allocated to the municipality is insufficient to perform the core functions of the municipality at an acceptable level.

The Municipal Health and Fire Brigade functions are totally understaffed according to legislative requirements. Furthermore the vehicles and equipment of the Fire Brigade are old and outdated, and this resulted in several occasions during the year under review where emergency situations could not be addressed within prescribed time frames. This may well in future lead to claims against the municipality, with serious financial implications. Another huge area of concern is the resorts, where the infrastructure has been neglected due to a shortage of funds to perform a proper asset management programme. This may also lead to serious financial implications for the municipality.

Despite all the negative indicators and possible problems that might occur, it is still encouraging to be able to report that the municipality managed to meet all its commitments during the year under review, as well as to eradicate the cash flow shortfall that arose at the end of the previous financial year.

This chapter comprises four components:

Component A: Statement of Financial Performance

Component B: Spending Against Capital Budget

Component C: Cash Flow Management and Investment

Component D: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The Annual Financial Statements of the municipality were drafted according to GRAP as prescribed in the relevant legislation. All new GRAP standards applicable have been implemented and some GRAP standards have been adopted early. A complete list of all implemented and adopted GRAP standards is included in the municipality's accounting policy attached below.

Although the statements have been prepared on a going concern assumption, the municipality's financial position and results raise serious doubt whether this assumption is still applicable to the municipality. It is a known fact that no municipality in the past had to close down because of financial constraints, but all ratios calculated clearly indicate that the financial sustainability of this municipality is at serious risk.

The main reason for the precarious financial position of the municipality is that there no significant own revenue source has been developed or approved for district municipalities. The municipality is almost solely dependent on government grants. Unfortunately these grants did not keep up with the inflation rate, while certain components increased in excess of the mentioned rate, e.g. the fuel price as well as salary increases.

Unfortunately the financial position forced the municipality to cut back on essential expenditure such as repairs and maintenance. The condition of almost all municipal assets is deteriorating and no money is available to perform proper repairs and maintenance on assets. The best example of this is the fire brigade vehicles and infrastructure at the resorts.

Statements of Revenue Collection Performance by vote and by source are included in **Appendix H**.



CHAPTER 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary							R' 000
Description	2011/12	Current Year: 2012/13			Year 2012/13 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Financial Performance							
Service charges	2,172	1,424	509	621	-56.4%	22.1%	
Investment revenue	338	300	500	485	61.5%	-3.1%	
Transfers recognised - operational	84,943	81,959	92,582	88,328	7.8%	-4.6%	
Other own revenue	16,259	25,490	19,806	20,142	-21.0%	1.7%	
Total Revenue (excluding capital transfers and contributions)	103,711	109,173	113,397	109,576	0.4%	-3.4%	
Employee costs	50,864	52,103	50,747	52,276	0.3%	3.0%	
Remuneration of councillors	4,205	4,580	4,105	3,979	-13.1%	-3.1%	
Depreciation & asset impairment	2,704	2,650	2,728	2,437	-8.1%	-10.7%	
Finance charges	1,131	1,546	1,451	1,392	-9.9%	-4.0%	
Materials and bulk purchases					0.0%	0.0%	
Transfers and grants	12				0.0%	0.0%	
Other expenditure	51,686	46,336	55,112	47,531	2.6%	-13.8%	
Total Expenditure	110,603	107,216	114,144	107,616	0.4%	-5.7%	
Surplus/(Deficit)	(6,891)	1,958	(747)	1,960	0.1%	362.4%	
Transfers recognised - capital					0.0%	0.0%	
Contributions recognised - capital & contributed assets					0.0%	0.0%	
	(6,891)	1,958	(747)	1,960	0.1%	362.4%	
Surplus/(Deficit) after capital transfers & contributions							
Share of surplus/(deficit) of associate							
Surplus/(Deficit) for the year	(6,891)	1,958	(747)	1,960	0.1%	362.4%	
Capital expenditure & funds sources							
Capital expenditure	328	14,938	1,794	1,445	-90.3%	-19.4%	
Transfers recognised - capital					0.0%	0.0%	
Public contributions & donations					0.0%	0.0%	
Borrowing		8,500	940	822	-90.3%	-12.6%	
Internally generated funds	328	6,438	854	623	-90.3%	-27.0%	
Total sources of capital funds	328	14,938	1,794	1,445	-90.3%	-19.4%	
Financial position							
Total current assets	5,737	3,440	6,505	17,208	400.2%	164.6%	
Total non current assets	38,217	62,434	37,283	36,222	-42.0%	-2.8%	
Total current liabilities	14,074	19,945	11,121	20,417	2.4%	83.6%	
Total non current liabilities	57,810	88,347	61,344	60,322	-31.7%	-1.7%	
Community wealth/Equity	(27,930)	(42,417)	(28,677)	(27,309)	-35.6%	-4.8%	
Cash flows							
Net cash from (used) operating	(1,517)	1,358	3,663	14,484	966.32%	295.46%	
Net cash from (used) investing	(328)	(8,500)	(559)	617	-107.26%	-210.38%	
Net cash from (used) financing	(1,553)	7,152	(625)	(646)	-109.03%	3.25%	
Cash/cash equivalents at the year end	(1,968)	(5,379)	510	14,456	-368.75%	2734.08%	
Cash backing/surplus reconciliation							
Cash and investments available	(1,638)	(5,379)	841	14,456	-368.8%	1619.1%	
Application of cash and investments	(1,032)	3,704	(1,267)	10,951	195.6%	-964.7%	
Balance - surplus (shortfall)	(606)	(9,083)	2,107	3,504	-138.6%	66.3%	
Asset management							
Asset register summary (WDV)	36,176	59,566	35,298	40,570	-31.9%	14.9%	
Depreciation & asset impairment	2,704	2,650	2,728	2,447	-7.7%	-10.3%	
Renewal of Existing Assets		4,933	87	1,445	-70.7%	1564.6%	
Repairs and Maintenance	15,866	15,685	21,974	20,041	27.8%	-8.8%	



CHAPTER 5

5.2 GRANTS

Grant Performance						
Description	R' 000					
	Year 2011/12	Year 2012/13			Year 1 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	45,325	46,176	46,176	45,897	99.40%	99.40%
Equitable share	9,758	11,036	11,036	11,036	100.00%	100.00%
Municipal Systems Improvement	1,327	1,000	1,000	964	96.39%	96.39%
Levy replacement	31,934	32,890	32,890	32,890	100.00%	100.00%
Finance Management Grant	2,242	1,250	1,250	1,008	80.61%	80.61%
Municipal Infrastructure Grant	64					
Provincial Government:	39,018	34,783	49,769	42,423	121.97%	85.24%
Health subsidy	103	120	120	103	85.74%	85.74%
Finance Management Grant	150					
SETA	40	220	220	110	50.15%	50.15%
Bulk Waste Water Infrastructure	306					
Fire Brigade Subsidy						
Global Funds						
Alcohol Abuse	2					
EPWP	158		1,000	1,024		102.37%
Roads subsidy	38,859	34,443	48,429	41,186	119.58%	85.05%
Total Operating Transfers and Grants	84,343	80,959	95,945	88,321	109.09%	92.05%

COMMENT ON OPERATING TRANSFERS AND GRANTS

The municipality is almost entirely dependent on government grants. During the year under review government grants represented 80.60% of total revenue. If the proceeds of the selling of municipal assets and the actuarial gains realised during the year are subtracted from the total revenue, the percentage increases to 81.06%. This is a very unfavourable situation and unfortunately nothing can be done at this stage to improve this situation.

Several encounters with high-level roleplayers on increasing the equitable share for the municipality came to no avail. The component replacing the RSC levies is still based on the past three years in which RSC levies were levied. Furthermore this component increased by 3% per annum over the past couple of years.

If the grant allocations to the municipality do not increase, or alternatively if an own revenue source is not developed, this municipality will struggle to meet its commitments within the near future.

Appendix I indicates conditional grants received.

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year 0	Actual Grant Year 1	Year 1 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
Risk Management		300		30-Jun-2014		Risk assessment
Karwyderskraal		250		30-Jun-2014		Determining tariffs
Foreign Governments/Development Aid Agencies - None						
Private Sector / Organisations - None						

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES

The municipality received two additional conditional grants for a risk assessment and the calculation of tariffs for the Karwyderskraal regional landfill site. These grants will be utilised during the 2013/14 financial year.



CHAPTER 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

No significant new or renewal of asset projects were done during the year under review.

Asset Management 2012/2013										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Audited Outcome	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
CAPITAL EXPENDITURE										
Total New Assets	1	3,697	520	328	10,005	1,383	1,345	16,042	542	450
<i>Infrastructure - Other</i>		268	8	7	8,500	-	-	12,500	-	-
<i>Infrastructure</i>		318	8	7	8,500	-	-	12,500	-	-
<i>Community</i>		-	-	-	-	-	-	20	-	100
<i>Other assets</i>	6	3,379	408	305	1,005	1,383	1,345	3,522	542	350
<i>Intangibles</i>		-	103	17	500	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	4,933	87	39	1,650	1,600	1,750
<i>Infrastructure - Road transport</i>		-	-	-	80	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	670	-	-	50	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	6	-	-	-
<i>Infrastructure</i>		-	-	-	750	-	6	50	-	-
<i>Community</i>		-	-	-	1,283	50	34	100	100	250
<i>Other assets</i>	6	-	-	-	2,900	37	-	1,500	1,500	1,500
Total Capital Expenditure	4									
<i>Infrastructure - Road transport</i>		-	-	-	80	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		50	-	-	670	-	-	50	-	-
<i>Infrastructure - Other</i>		268	8	7	8,500	-	6	12,500	-	-
<i>Infrastructure</i>		318	8	7	9,250	-	6	12,550	-	-
<i>Community</i>		-	-	-	1,283	50	34	120	100	350
<i>Other assets</i>		3,379	408	305	3,905	1,420	1,345	5,022	2,042	1,850
<i>Intangibles</i>		-	103	17	500	-	61	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	3,697	520	328	14,938	1,470	1,445	17,692	2,142	2,200
ASSET REGISTER SUMMARY - PPE (WDV)										
<i>Infrastructure - Road transport</i>	5	1,364	1,205	1,034	906	925	876	717	558	399
<i>Infrastructure - Electricity</i>		752	708	148	313	135	135	122	108	95
<i>Infrastructure - Water</i>		4,684	4,495	1,664	2,103	1,593	1,515	1,443	1,372	1,300
<i>Infrastructure - Sanitation</i>		3,824	3,677	6,609	6,545	6,337	6,403	6,157	5,861	5,566
<i>Infrastructure - Other</i>		6,166	5,880	5,571	21,895	5,155	5,285	17,369	16,953	16,537
<i>Infrastructure</i>		16,790	15,967	15,027	31,762	14,144	14,215	25,809	24,853	23,897
<i>Community</i>		1,343	1,326	1,309	2,880	1,383	1,326	1,429	1,512	1,845
<i>Other assets</i>		26,107	25,413	19,496	24,040	19,474	24,687	28,228	28,736	29,018
<i>Intangibles</i>		386	389	344	884	297	343	249	201	154
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	44,627	43,095	36,176	59,566	35,298	40,570	55,715	55,302	54,914
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		3,023	2,690	2,704	2,650	2,728	2,447	2,558	2,612	2,645
Repairs and Maintenance by Asset Class	3	16,305	15,909	15,866	15,685	21,974	20,041	16,061	17,193	18,112
<i>Infrastructure - Road transport</i>		10,200	10,701	10,305	9,822	17,478	18,218	10,402	11,066	11,621
<i>Infrastructure - Other</i>		56	9	1	5	4	4	5	7	7
<i>Infrastructure</i>		10,256	10,710	10,306	9,827	17,482	18,222	10,407	11,072	11,628
<i>Community</i>		504	432	312	468	291	291	287	319	341
<i>Other assets</i>	6, 7	5,544	4,767	5,248	5,390	4,201	1,528	5,367	5,802	6,142
TOTAL EXPENDITURE OTHER ITEMS		19,328	18,600	18,571	18,335	24,702	22,488	18,620	19,805	20,757
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	33.0%	5.9%	2.7%	9.3%	74.7%	79.5%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	186.1%	3.2%	1.6%	64.5%	61.3%	66.2%
<i>R&M as a % of PPE</i>		36.9%	37.3%	44.3%	31.3%	62.8%	58.4%	32.4%	35.0%	37.1%
<i>Renewal and R&M as a % of PPE</i>		37.0%	37.0%	44.0%	35.0%	62.0%	49.0%	32.0%	34.0%	36.0%



CHAPTER 5

COMMENT ON ASSET MANAGEMENT

The asset management of the municipality is poor and no significant improvement can be foreseen within the near future. Serious financial constraints forced the municipality to cut back on expenditure for repairs and maintenance. This resulted in the condition of the municipality's assets deteriorating at an alarming rate.

Especially the fire brigade vehicles and equipment are old and outdated and this may well lead to serious problems within the near future. Another huge concern is the infrastructure assets at the resorts. During the year under review, the Dennehof resort had to be closed down due to a health and safety investigation that indicated that the electricity network may be life threatening.

Although percentages indicate that repairs and maintenance expenditure are within the acceptable norm, this is not the case. The expenditure on the roads, which is done as an agency function on behalf of the provincial legislature, represents 90.9% of the total expenditure on repairs and maintenance. If the roads expenditure is deducted, the repairs and maintenance represent only 2.75% of the total expenditure of the municipality. This is way below any acceptable norm.

Repair and Maintenance Expenditure: 2012/2013				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	15,680	23,397	20,041	-27.81%

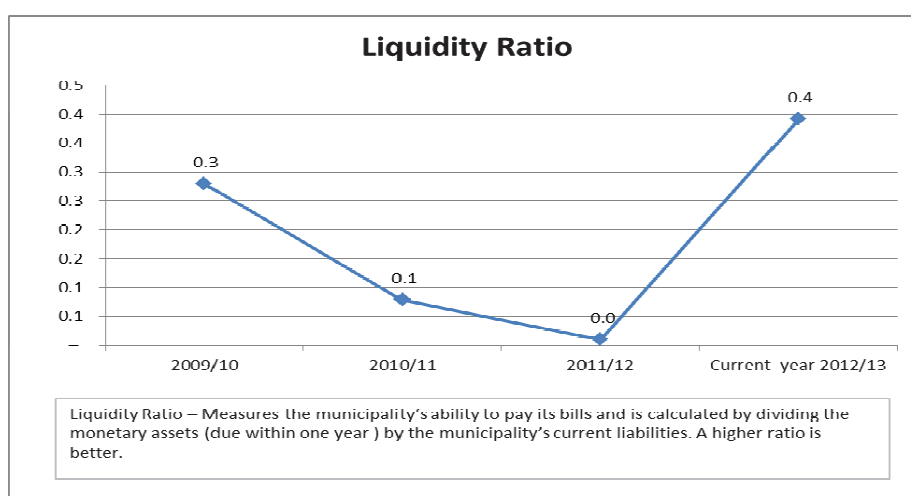
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

Repairs and maintenance are totally neglected at the municipality. Although it represents a huge percentage (18.63%) of total expenditure incurred during the year under review, 90.9% of this expenditure is in connection with roads, which function is performed on an agency basis on behalf of the provincial legislature.

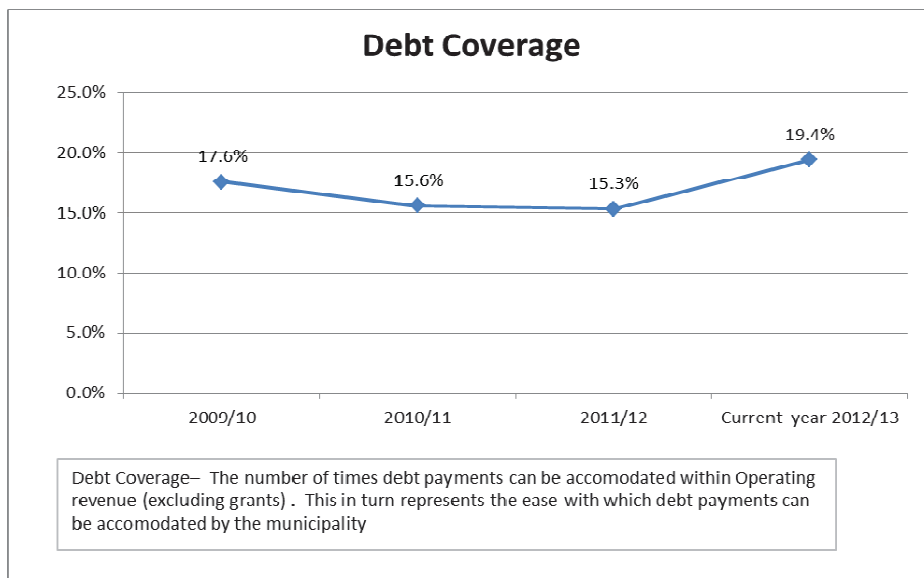
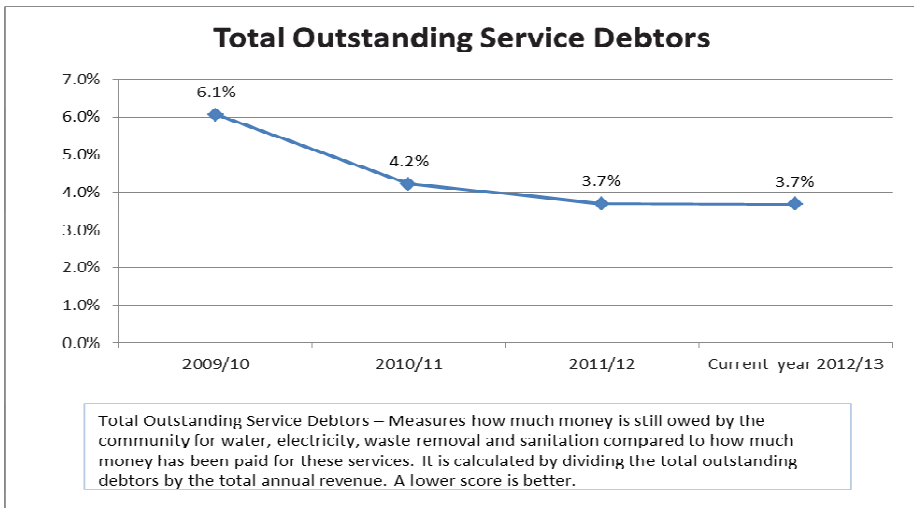
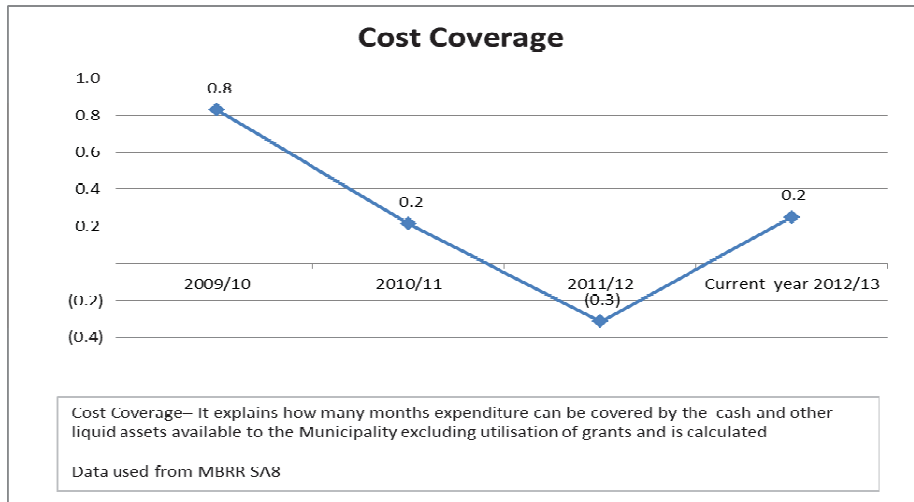
If the roads function is deducted from the total expenditure for the year, the total amount spent on repairs and maintenance on the municipality's assets is R1 822 729, or 2.75% of the municipality's expenditure. Furthermore this represents only 2.87% of the total value of the municipality's assets and only 4.29% of the carrying value of the municipality's assets.

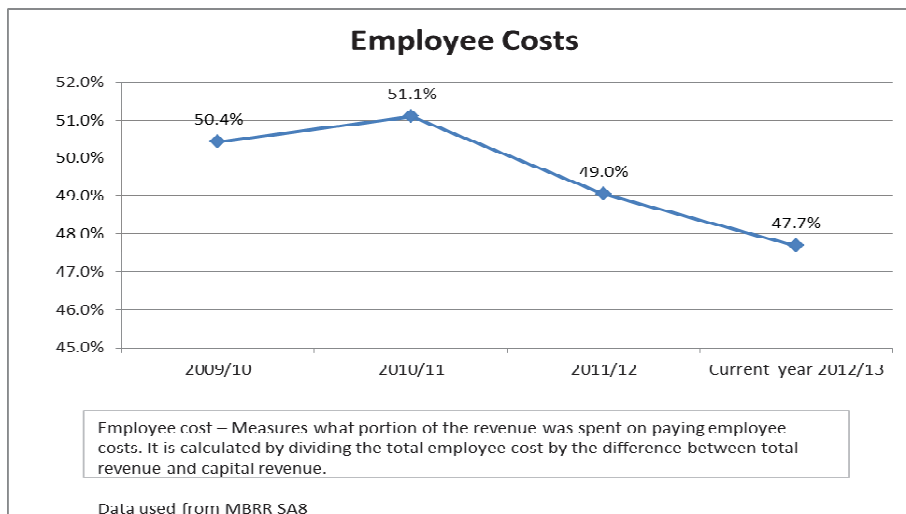
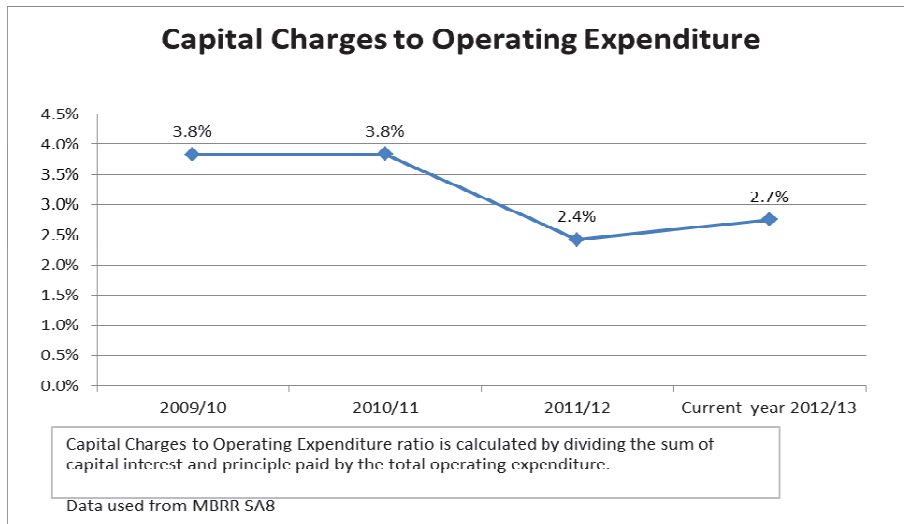
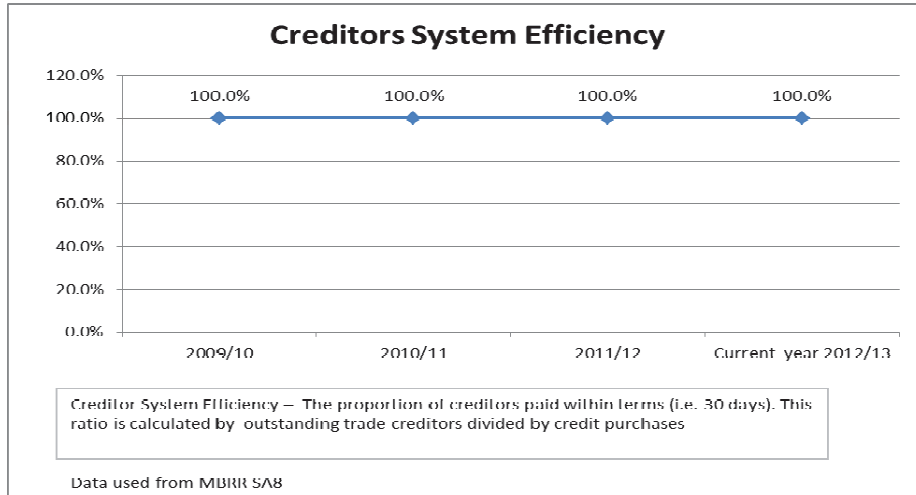
This had a serious negative impact on the condition of the municipality's assets during the year under review.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

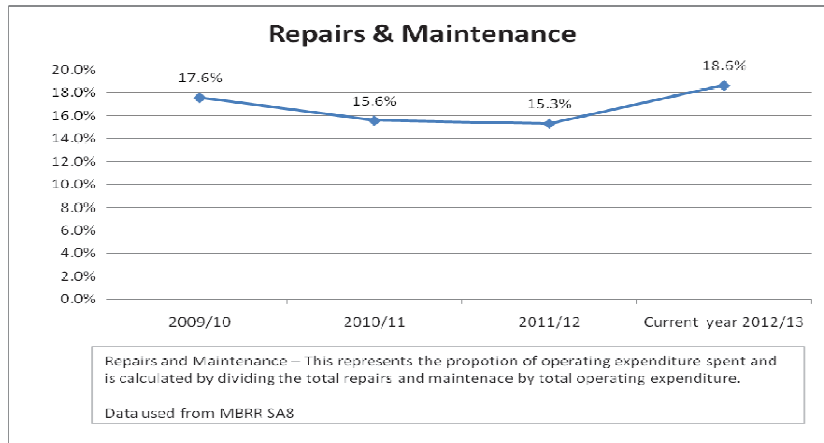


CHAPTER 5





CHAPTER 5



COMMENT ON FINANCIAL RATIOS

The financial ratios of this municipality clearly indicate that the municipality does have serious financial constraints. All ratios are way below the accepted norm and although there was some improvement since the previous financial year, it still raises serious doubt about the financial sustainability of this municipality.

During the previous year’s audit, the auditors forced the municipality to include a note to the financial statements that there is doubt over the going concern assumption of the municipality. Although the definition of a going concern indicates that an institution that is not regarded as a going concern is expected to close within twelve months from the balance sheet date, the ratios indicate that should this have been a private institution responsible for its own revenue, it would have been forced to close down long ago.

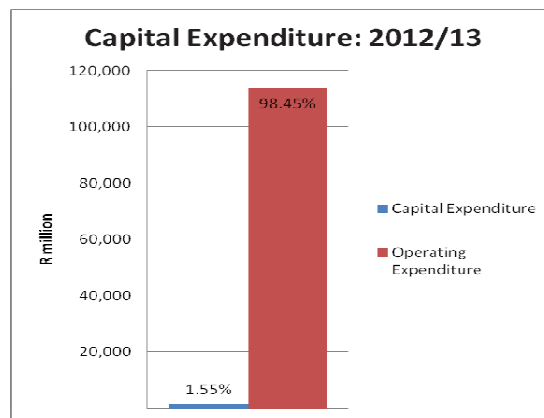
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Upon the approval of the original budget during May 2013, Council envisaged significant proceeds on the selling of properties. These proceeds would be used to fund essential capital expenditure. Unfortunately all the assets did not sell and those sold did not realise the anticipated revenue. The adjustment budget had to be adjusted downwards significantly. Furthermore the expansion of the Karwyderskraal regional landfill site was provided for during the year under review. Unfortunately no external funding could be obtained for this project and it had to be postponed.

Appendix J refers to capital expenditure and **Appendix K** to capital programme by project.

5.5 CAPITAL EXPENDITURE



CHAPTER 5

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources Year 2011/12 to Year 2012/13							R' 000
Details	Year 2011/12	Year 2012/13					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
External loans		8,500	940	822	9.7%	87.4%	
Public contributions and donations							
Grants and subsidies							
Other	312	6,438	854	623	9.7%	73.0%	
Total	312	14,938	1,794	1,445	9.7%	80.6%	
<i>Percentage of finance</i>							
External loans	0.0%	56.9%	52.4%	56.9%			
Public contributions and donations	0.0%						
Grants and subsidies	0.0%						
Other	100.0%	43.1%	47.6%	43.1%			
Capital expenditure							
Water and sanitation							
Electricity							
Housing							
Roads and storm water							
Other	312	14,938	1,794	1,445			
Total	312	14,938	1,794	1,445			
<i>Percentage of expenditure</i>							
Water and sanitation	0.0%	0.0%	0.0%	0.0%			
Electricity	0.0%	0.0%	0.0%	0.0%			
Housing	0.0%	0.0%	0.0%	0.0%			
Roads and storm water	0.0%	0.0%	0.0%	0.0%			
Other	100.0%	100.0%	100.0%	100.0%			

COMMENT ON SOURCES OF FUNDING

Two main sources of funding were budgeted for during the year under review. The Karwyderskraal regional landfill site would have been funded from an external loan, while the other expenditure would be funded from the selling of Council's assets. Unfortunately none of the two realised and the budget had to be adjusted downwards. The final results indicate that external loans have been raised, but it is in connection of rental vehicles that are treated as financial leases.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

No significant capital projects were performed during the year under review.

COMMENT ON CAPITAL PROJECTS

No significant capital projects were performed during the year under review.



INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Not applicable.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow became a serious issue for this municipality during the past few financial years. The situation deteriorated rapidly until it reached the situation where an overdraft had to be raised at the end of the 2011/12 financial year to meet the commitments of the municipality.

During the year under review, a concerted effort was implemented to turn this situation around. When one looks at the cash flow results displayed below, it is very clear that the municipality has indeed succeeded in turning this situation around. All unspent government grants that have to be cashed backed are indeed cash backed at the end of the financial year under review, which was not the case at the end of the previous financial year.

Although the financial position has improved significantly, it is still not satisfactory, and the municipality will have to maintain strong financial management and discipline.



CHAPTER 5

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2011/12	Current Year: Year 2012/13		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	17,771	20,490	18,685	18,556
Government - operating	79,931	81,959	92,575	97,398
Government - capital				
Interest	341	302	504	489
Dividends	3			
Payments				
Suppliers and employees	(99,059)	(99,847)	(106,649)	(101,652)
Finance charges	(492)	(1,546)	(1,451)	(306)
Transfers and Grants	(12)			
NET CASH FROM/(USED) OPERATING ACTIVITIES	(1,517)	1,358	3,663	14,484
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE		6,438	1,235	1,704
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				358
Payments				
Capital assets	(328)	(14,938)	(1,794)	(1,445)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(328)	(8,500)	(559)	617
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing		8,500	940	
Increase (decrease) in consumer deposits	(2)	2		(2)
Payments				
Repayment of borrowing	(1,550)	(1,350)	(1,565)	(643)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,553)	7,152	(625)	(646)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,398)	11	2,478	14,456
NET INCREASE/ (DECREASE) IN CASH HELD	(3,398)	11	2,478	14,456
Cash/cash equivalents at the year begin:	1,430	(5,389)	(1,968)	(1,968)
Cash/cash equivalents at the year end:	(1,968)	(5,379)	510	12,487

COMMENT ON CASH FLOW OUTCOMES

The cash flow position of the municipality has improved significantly, but strong financial management and discipline will have to be maintained to ensure the future financial sustainability of the municipality.



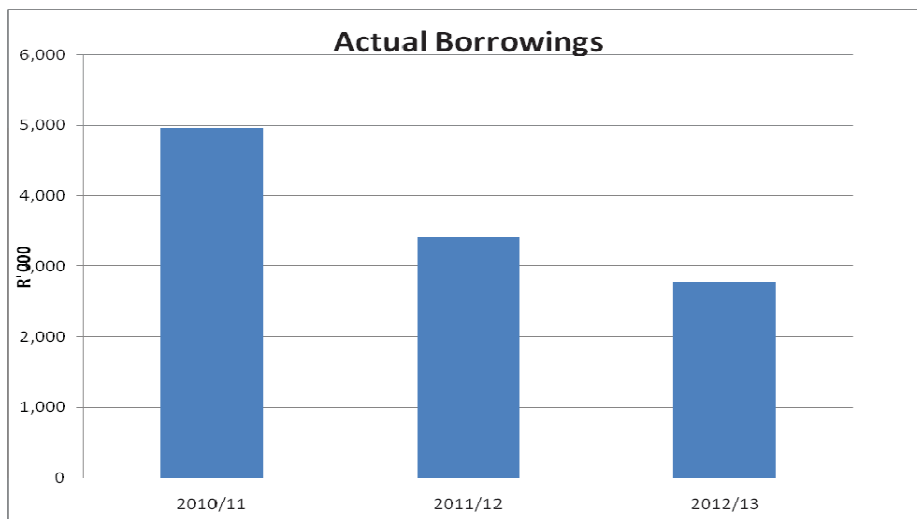
CHAPTER 5

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

No new external loans were raised during the year under review. New vehicles were rented however. These rentals are treated as financial leases in terms of GRAP 13. Financial leases that expired during the year under review were treated as fully paid, while long term liabilities were raised for the new financial leases entered into during the current year.

Actual Borrowings Year -2011/12 to Year 2012/13			
	R' 000		
Instrument	2010/11	2011/12	2012/13
Municipality			
Long-Term Loans (annuity/reducing balance)	3,220	2,618	1,958
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	1747	793	809
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	4,961	3,411	2,768



CHAPTER 5

Municipal and Entity Investments			
Investment* type	2010/11	2011/12	2012/13
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other	228	331	
Municipality sub-total	228	331	
Consolidated total:	228	331	

COMMENT ON BORROWING AND INVESTMENTS

No new long-term debt was raised during the year, except for new financial leases entered into during the year. The financial leases are for rented vehicles that are treated as financial leases in terms of GRAP 13.

The only investments the municipality had at the end of the previous financial year, were shares held in Overberg Agri and Pioneer Foods. All the shares were sold during the year under review. The current financial position of the municipality did not allow the municipality to make any investments during the current financial year.

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The municipality has no Public Private Partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

SCM policy and unit are in place, as well as a checklist implemented to comply with SCM regulations. The unit consists of seven posts, including one vacancy. Two officials reached the prescribed minimum competency levels as required by legislation.

No councillor form part of the bid process. All officials dealing with Supply Chain Management signed a declaration of interest and a code of ethics.



CHAPTER 5

During the 2010/11 audit, 21 findings were raised in connection with SCM. During the 2011/12 audit, the findings on SCM were reduced to 5. Although the auditors raised some findings on the operation of SCM, it was mostly in connection with the first half of the year. It is very obvious that there was huge improvement in the operation of this section during the year under review.

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognised **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The municipality has fully implemented GRAP and has been audited as such. Problems experienced during the previous audit, especially in connection with assets, were mostly resolved during the year under review.



CHAPTER 6

CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDING

INTRODUCTION

In terms of Section 188 (1)(b) of the Constitution of the Republic of South Africa 1996, Act no 108 of 1996, the functions of the Auditor-General includes auditing and reporting on the accounts, financial statements and financial management of all municipalities. Section 45 of the Local Government: Municipal Systems Act 2000, Act no 32 of 2000, indicates that the results of performance management must be audited annually by the Auditor-General.

The Auditor-General conducted the audit of this municipality. The financial statements were submitted to them within the prescribed timeframes as determined by Section 126 (1)(a) of the Local Government: Municipal Finance Management Act 2003, Act no 56 of 2003. The audit was conducted and completed on time and an unqualified opinion with other matters specified was issued.

The Auditor-General expressed his satisfaction with the continued improvement in the results of the municipality. The audit was conducted in a professional way and good co-operation between the Office of the Auditor-General and the staff members of the municipality existed throughout the audit.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2011/12

6.1 AUDITOR-GENERAL REPORT 2011/12 AUDIT REPORT

Auditor-General Report on Financial Performance Year 2011/2012	
Audit Report Status:	Unqualified with other matters specified
Non-Compliance Issues	Remedial Action Taken
Non-compliance with MFMA section 52(d)	Management will monitor compliance with legislation to ensure reports are submitted to relevant stakeholders and spheres of government on time.
The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.	Material misstatements and disclosure items were corrected in the AFS.
The audit committee did not advise council, accounting officer and the management staff on matters relating to the adequacy, reliability and accuracy of financial reporting and information as required by section 166(2)(a)(iv)	The audit committee consisted of only two members from May 2013, two new members have been appointed in October 2013.
The audit committee did not review the AFS to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and the effectiveness and its overall level of compliance with the MFMA and DORA, as required by section 166(2)(b)	The audit committee consisted of only two members from May 2013, two new members have been appointed in October 2013.
The Audit committee did not comply with section 14(a)(iii) of the municipal planning and performance regulations.	The audit committee consisted of only two members from May 2013, two new members have been appointed in October 2013.
Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by the Municipal Supply Chain Management Act, 2005, regulation 17(a) and (c)	Management will ensure that sufficient policies and procedures be drafted and communicated to SCM staff so that there is a clear understanding of laws and regulations to be complied with.
Quotations were obtained from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the Supply Chain Management policy in contravention of the municipal Supply Chain Management Regulation 2005, regulations 16(b) and 17(b)	Management will ensure that sufficient policies and procedures be drafted and communicated to SCM staff so that there is a clear understanding of laws and regulations to be complied with.

Continued on next page



CHAPTER 6

Continued from previous page

Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurements Policy Framework Act 2000 (Act no 5 of 2005) and its regulations	Management will ensure that sufficient policies and procedures be drafted and communicated to SCM staff so that there is a clear understanding of laws and regulations to be complied with.
Quotations were not awarded to providers whose tax matters had not been declared by the South African Revenue service to be in order, as required by the Municipal supply chain regulation, 2005 , regulation 43	Management will ensure that sufficient policies and procedures be drafted and communicated to SCM staff so that there is a clear understanding of laws and regulations to be compiled with.
Quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by the Municipal Supply Chain Management Regulations, 2005, regulation 13(c)	Management will ensure that sufficient policies and procedures be drafted and communicated to SCM staff so that there is a clear understanding of laws and regulations to be complied with.
The municipality did not submit a report on compliance with the prescribed competency levels to the national treasury and relevant provincial treasury as required by the municipal regulation on minimum competency levels 2007 regulation 14(2)(a)	Management will monitor compliance with legislation to ensure reports are submitted to relevant stakeholders and spheres of government.
The accounting officer did not take effective steps to prevent unauthorised expenditure and irregular expenditure as required by section 62(1)(d) of the MFMA	Management will monitor compliance with legislation and ensure that unauthorised and irregular expenditure are prevented and reported on in a case where it occurs.
Unspent conditional grant funds not committed to identifiable projects and not approved by the national treasury for retention were not surrendered to the National Revenue Fund, as required by section 20(1) of the Division of Revenue Act	Management will monitor compliance with legislation to ensure reports are submitted to relevant stakeholders and spheres of government and that unspent conditional grants are committed to identifiable projects and approved by NT.
An adequate management, accounting and information system that accounts for assets was not in place, as required by section 63(2)(a)	Management will take steps to institute proper controls over asset management and institute and communicate an asset management policy for moveable assets as well to ensure that all assets of the municipality are properly maintained and accurately accounted for.
An effective system of internal control for assets including properly maintained asset register was not in place as required by section 63(2)(c)	Management will take steps to institute proper controls over asset management and institute and communicate an asset management policy for moveable assets as well to ensure that all assets of the municipality are properly maintained and accurately accounted for.
Unspent conditional grant funds not committed to identifiable projects and not approved by the national treasury for retention were not surrendered to the National Revenue Fund, as required by section 20(1) of the Division of Revenue Act	Management will monitor compliance with legislation to ensure reports are submitted to relevant stakeholders and spheres of government and that unspent conditional grants are committed to identifiable projects and approved by NT.
An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a)	Management will take steps to institute proper controls over asset management and institute and communicate an asset management policy for moveable assets as well to ensure that all assets of the municipality are properly maintained and accurately accounted for.
An effective system of internal control for assets including properly maintained asset register was not in place as required by section 63(2)(c)	Management will take steps to institute proper controls over asset management and institute and communicate an asset management policy for moveable assets as well to ensure that all assets of the municipality are properly maintained and accurately accounted for.

Continued on next page



CHAPTER 6

Continued from previous page

Internal control deficiencies	Remedial Action Taken
<p>Leadership has not instituted proper asset management procedures as a result of a lack of resources, specifically the appointment of a full-time asset manager with the requisite knowledge to ensure that the municipality complies with SA standards of GRAP in accounting for property, plant and equipment. Leadership appointed consultants to account the work of the consultants. As a result, assets identified to not be in a good working condition were not considered for impairment, assets-held-for-sale were not correctly disclosed as a separate line item in the statement of financial position and the impairment of a resort was classified as a disposal.</p>	<p>The FAR of the municipality has been rectified. Unfortunately the municipality was still not able to appoint an asset manager due to financial constraints.</p>
<p>The municipality is experiencing challenges to attract new skills due the current financial difficulty and for this reason was also not able to ensure that sufficient succession planning is in place.</p>	<p>Financial constraints still have a hampering effect on the appointment of sufficiently skilled personnel.</p>
<p>A deed search identified land not included in the municipality's fixed asset register. This was as a result of the municipality not implementing sufficient steps to identify and record all fixed asset items in the fixed asset register in a timely manner thereby confirming its completeness as support for the financial statements submitted on 31 August. As a result land owned by the municipality was not completely disclosed in the financial statements.</p>	<p>Has been rectified.</p>
<p>Leadership has not taken appropriate steps to ensure that all the required disclosure regarding significant uncertainties relating to the going concern assumption is appropriately considered, evaluated and disclosed in the financial statements, as required by GRAP 1: Presentation of financial statements.</p>	<p>Has been rectified.</p>
<p>Leadership did not ensure that processes were in place for the municipality to identify and comply with the requirements of the Municipal regulations on Minimum Competency Levels, 2007 and as a result the municipality did not submit the consolidated report information on minimum competency levels to the National Treasury and to the relevant provincial treasury by 30 January and 30 July.</p>	<p>Will in future comply with legislative prescriptions.</p>
<p>Oversight responsibilities by leadership with regard to reporting on the state of the municipality's budget as required by the MFMA, was not exercised completely for the year, due to leadership implementing the action plan to address previous audit findings in January 2012 only which resulted in the quarterly reporting by the mayor being performed for the last two quarters only.</p>	<p>Has been rectified.</p>
<p>Leadership did not ensure that sufficient procedures were drafted and communicated to supply chain management (SCM) officials due to the late finalisation of the municipality's action plan at the beginning of 2012. As a result leadership did not investigate awards made prior to the implementation of the action plan to identify instances of non-compliance, resulting in repeat SCM findings.</p>	<p>Sufficient procedures have since been implemented.</p>

Continued on next page



CHAPTER 6

Continued from previous page

<p>The action plan designed by management to address previously reported audit findings in the areas of asset management and financial reporting was not implemented in a timely manner resulting in the financial statements submitted for audit containing a number of material misstatements for the disclosure relating to property, plant and equipment, contingent liabilities, the going concern assumption, provision for the rehabilitation of the landfill site, revenue from agency services, budget disclosure and supply chain management deviations. Management furthermore did not review the financial statements prepared by the consultants for completeness and accuracy in compliance with the GRAP reporting framework.</p>	<p>Has been rectified. The results obtained in the 2012/13 year are a clear indication of the improvement due to the implemented action plan.</p>
<p>Management has not designed or implemented proper record keeping controls to ensure reported performance against predetermined objectives is complete and can be confirmed to supporting information. This was due to lack of standard operating procedures for the recording of actual performance achieved, proper record management controls for information supporting performance not implemented as well as insufficient reviews performed by management.</p>	<p>Staff had a training session with an official of the Auditor-General to ensure that suitable supporting documentation will be available during the next audit.</p>
<p>Management utilised the funds received for grants for purposes other than intended due to financial constraints experienced by the municipality and did not recognise the importance of strictly complying with the conditions attached to the grants and the related non-compliance.</p>	<p>Has been rectified. All unspent government grants are currently backed by cash.</p>
<p>Bid specifications for more complex items included in the annual tender are not specific to facilitate a comparison of bid information submitted by suppliers used in the calculation of points to make awards. This was due to inadequate attention to describing in sufficient detail in the annual tender the information required for such bids.</p>	<p>Has been rectified. Allocation of points and setting of specifications have been adjusted to ensure compliance with prescribed legislation.</p>
<p>Emphasis of matters</p>	<p>Remedial Action taken</p>
<p>With reference to note 44 to the financial statements, the municipality is involved in labour disputes with officials whose employment has been terminated. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.</p>	<p>Waiting for labour disputes to be resolved.</p>
<p>As disclosed in note 30 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 2012 in the financial statements of the Overberg District Municipality (ODM) at, and for the year ended, 30 June 2011.</p>	<p>Restatement done in original submitted statements to rectify discrepancies of the previous year.</p>
<p>The statement of financial performance indicates that the ODM incurred a net loss of R6 891 156 during the year ended 30 June 2012 and, as of that date, the municipality's current liabilities exceeded its total assets by R27 930 473. These conditions, along with other matters as set forth in the note 46, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.</p>	<p>Noted, cannot be rectified due to financial constraints. Will investigate the possibility of changing the land and buildings from the cost module to the valuation module to improve the ratio between assets and liabilities.</p>
<p>As disclosed in note 26 to the financial statements, material losses to the amount of R2 471 364 were incurred as a result of an impairment of property, plant and equipment.</p>	<p>This was mainly due to the writing off of redundant assets and the impairment of the Buffeljachtsbaai resort.</p>

Continued on next page



CHAPTER 6

Continued from previous page

As disclosed in note 36.2 and 36.3 of the financial statements, the municipality has materially underspent its operating and capital budget by R6 575 969 and R8 773 750, respectively. As a consequence, the municipality has not completed all its planned projects, mainly in respect of the expansion of the landfill site.	The project for the landfill site could not be implemented due to the inability to obtain external funding. The main reason for the underspending of the operational budget was the transfer of the roads agency fee from grant funding to own revenue, thus excluding it from roads expenditure. Furthermore the cash flow position of the municipality was the exclusive reason for savings on the budgeted amounts.
---	--

Auditor-General report on service delivery performance 2011/12	
Audit Report Status:	Unqualified with other matters specified
Non-Compliance Issues	Remedial Action Taken
<p>Validity: The National Treasury Framework for managing programme performance information requires that processes and systems which produce the indicator should be verifiable. A total of 24% of the actual reported performance relevant to the selected objectives was not valid when compared to the source information and/or evidence provided.</p> <p>This was due to a lack of standard operating procedures for the recording of actual achievements and record keeping as well as insufficient reviews performed by senior management.</p>	Standard operation procures will be developed for objectives.
<p>Completeness: The National Treasury Framework for managing programme performance information requires that documentation addressing the system and processes for identifying, collecting, collating, verifying and storing information be properly maintained. Source information for 36% of the actual performance, for the selected objectives, was not completely recorded. This was due to lack of a proper document management system with regard to actual performance achievements as no schedule listings of reported performance were available to enable management and the auditors to agree supporting documentation to the reported performance.</p>	Will ensure that proper document management systems and schedule listings be put in place.
<p>Achievement of planned targets: not material: Of the total number of 70 targets planned for the year, 37 targets were not achieved during the year under review. This represents 53% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process and a lack of human resource capacity at the municipality.</p>	Human resource capacity will be taken into account when setting targets in future.

COMPONENT B: AUDITOR-GENERAL OPINION 2012/13

6.2 AUDITOR-GENERAL REPORT 2012/13 AUDIT REPORT

Auditor-General Report on Financial Performance Year 2012/2013	
Audit Report Status*:	Unqualified with other matters specified
Non-Compliance Issues	Remedial Action Taken
<p>Audit committee: The audit committee was not constituted in the manner required by section 166(4)(a) of the MFMA, as the audit committee did not consist of at least three members for the whole period under review. One of the members resigned in April 2012 and a further member resigned in May 2013, with the result that the audit committee consisted of only two members and not three as required.</p>	Rectified, new members appointed during October 2013.

Continued on next page



CHAPTER 6

Continued from previous page

<p>Conditional grants:</p> <ol style="list-style-type: none"> 1. The municipality did not evaluate its performance in respect of programmes funded by the Municipal Systems Improvement Grant within two months after the end of the financial year, as required by section 12(5) of DoRA. 2. The municipality did not in all instances submit, within 10 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Government Gazette No. 35399. 	<p>Will in future comply with prescripts.</p> <p>Will in future comply with prescripts.</p>
<p>Internal control deficiencies</p>	<p>Remedial Action Taken</p>
<p>Leadership:</p> <ol style="list-style-type: none"> 1. The accounting officer did not have a compliance monitoring tool to ensure that all laws and regulations pertaining to the municipality were complied with and this resulted in DoRA reports not being submitted as required. 2. Leadership did not fill vacancies in a timely manner to ensure that the committee consists of at least three persons thus resulting in non compliance with section 166 of the MFMA. 	<p>Will in future comply with prescripts.</p> <p>New members have been appointed during October 2013.</p>
<p>Financial and performance management:</p> <p>Management did not ensure that reported information against predetermined objectives was supported by schedules or listings to enable management and the auditors to agree and reconcile reported targets, thereby confirming the completeness of reported performance against predetermined objectives</p>	<p>Staff had a training session with an official of the Auditor-General to ensure that suitable supporting documentation will be available during the next audit.</p>
<p>Emphasis of matters</p>	<p>Remedial Action taken</p>
<p>Significant uncertainties:</p> <ol style="list-style-type: none"> 1. As disclosed in note 43 to the financial statements, the municipality is involved in labour disputes with officials whose employment was terminated. 2. As disclosed in note 43 to the financial statements, the trade union, IMATU, contested the implementation of a wage curve agreement in the labour court and the court ruled in favour of IMATU. The employers' organisation, SALGA, resolved to take the ruling of the labour court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements. 	<p>Waiting for labour disputes to be resolved.</p> <p>Waiting for outcome from the Labour Court.</p>
<p>Restatement of corresponding figures:</p> <p>As disclosed in note 30 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2012-13 in the financial statements of the Overberg District Municipality at, and for the year ended, 30 June 2012.</p>	<p>Restatement done in original submitted statements to rectify discrepancies of the previous year.</p>

Continued on next page



CHAPTER 6

Continued from previous page

<p>Funding of operations/ financial sustainability/ going concern</p> <p>The statement of financial performance indicates that the Overberg District Municipality incurred a net profit of R1 959 913 during the year ended 30 June 2013 and, as at that date, the municipality's total liabilities exceeded its total assets by R21 316 585. These conditions, along with other matters as set forth in note 45 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.</p>	<p>Noted, cannot be rectified due to financial constraints. Will investigate the possibility of changing the land and buildings from the cost module to the valuation module to improve the ratio between assets and liabilities.</p>
<p>Material underspending of the budget</p> <p>As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially underspent its operating budget by R6564 053. This was mainly due to cost-cutting efforts to improve the financial sustainability of the district municipality. The service delivery by the district municipality was however not impacted.</p>	<p>Main reason for under spending was the transfer of the roads agency fee from grants to own revenue and therefore not including it as expenditure under the roads function.</p> <p>The financial and cash flow position of the municipality was the exclusive reason for all other savings on the budget.</p>

Auditor-General report on service delivery performance 2011/12	
Audit Report Status:	Qualified
Non-Compliance Issues	Remedial Action Taken
<p>Reliability of information</p> <ol style="list-style-type: none"> Significantly important targets with respect to Strategic objective – Sustainable Basic Services and Strategic objective – Environmental Protection are: <ul style="list-style-type: none"> materially misstated and not reliable when compared to the source information and/or evidence provided. This was due to the lack of monitoring of the completeness of source documentation in support of actual achievements. 	<p>Staff had a training session with an official of the Auditor-General to ensure that suitable supporting documentation will be available during the next audit.</p>
<p>Achievement of planned targets – not material</p> <p>Of the total number of 55 targets planned for the year, 23 targets were not fully achieved during the year under review. This represents 42% of total planned targets that were not achieved during the year under review.</p>	<p>Targets will be determined in line with available funds to ensure that realistically reachable targets are set in future.</p>

AUDITOR-GENERAL REPORT ON THE FINANCIAL STATEMENTS 2012/13

See **Appendix L** for the Auditor-General Report.

COMMENTS ON AUDITOR-GENERAL'S OPINION 2012/13

The municipality succeeded in maintaining an unqualified audit report. A huge improvement from the previous year's opinion can be noticed. The most obvious evidence of improvement is the reduction in the number of audit findings raised. The goal for the year under review was to obtain an unqualified report and limit the number of audit findings to 40. The final result for the year was a total of 39 unsolved audit findings.

The next step for the municipality will be to improve from the current opinion to a clean audit report. This is a national strategy that is aimed to have clean audit reports for all municipalities for the financial year ended 30 June 2014. There is however some issues that cannot be rectified at this stage, due to financial constraints of the municipality hampering the development and implementation of measures to address these issues. The main issue in this regard is the appointment of a risk manager. All other audit findings raised for the year under review can be addressed, and the municipality may well be in a position to improve its audit opinion to a clean audit within the near future.



CHAPTER 6

COMMENTS ON MFMA SECTION 71 REPOSIBILITIES

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Appendix M states the declaration of returns not made in due time.



GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor-General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Include at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. These include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a



GLOSSARY

	Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>



APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

<i>Councillors, Committees Allocated and Council Attendance</i>					
<i>Council Members</i>	<i>Full Time / Part Time</i>	<i>Committees Allocated</i>	<i>Party Represented</i>	<i>Percentage Council Meetings Attendance %</i>	<i>Percentage Apologies for non-attendance %</i>
	<i>FT/PT</i>				
Patricia Athyosi	<i>PT</i>	<i>None</i>	<i>ANC</i>	<i>80</i>	<i>20</i>
Johan Niewoudt	<i>PT</i>	<i>Portfolio Corporate & IGR Services</i>	<i>DA</i>	<i>70</i>	<i>30</i>
Dudley Coetzee	<i>PT</i>	<i>Portfolio Community Services and Portfolio Financial Services</i>	<i>DA</i>	<i>100</i>	<i>N/A</i>
Phillipus May	<i>PT</i>	<i>Portfolio Financial Services</i>	<i>ANC</i>	<i>100</i>	<i>N/A</i>
Ntombizine Sapepa	<i>PT</i>	<i>Portfolio Corporate & IGR Services</i>	<i>ANC</i>	<i>100</i>	<i>N/A</i>
Anton Coetsee	<i>PT</i>	<i>Portfolio Community Services</i>	<i>DA</i>	<i>50</i>	<i>50</i>
Isaac Sileku	<i>PT</i>	<i>Mayco and Portfolio LED & Tourism,</i>	<i>DA</i>	<i>100</i>	<i>N/A</i>
Kiro Tiemie	<i>PT</i>	<i>Mayco and Portfolio Corporate Services</i>	<i>DA</i>	<i>100</i>	<i>N/A</i>
Marie Hector	<i>PT</i>	<i>Portfolio LED & Tourism</i>	<i>DA</i>	<i>100</i>	<i>N/A</i>
Charles November	<i>PT</i>	<i>Portfolio LED & Tourism</i>	<i>ANC</i>	<i>60</i>	<i>40</i>
Unathi Sipunzi	<i>PT</i>	<i>Portfolio Corporate & IGR Services</i>	<i>ANC</i>	<i>90</i>	<i>10</i>
Manie Damon	<i>PT</i>	<i>Portfolio Community Services</i>	<i>ANC</i>	<i>80</i>	<i>20</i>
Samuel Tebele	<i>PT</i>	<i>Portfolio Financial Services</i>	<i>ANC</i>	<i>100</i>	<i>N/A</i>
Jan Gelderblom	<i>PT</i>	<i>Portfolio Community Services</i>	<i>ANC</i>	<i>80</i>	<i>20</i>
Lincoln de Bruyn	<i>FT</i>	<i>Mayor</i>	<i>DA</i>	<i>90</i>	<i>10</i>
Andries Franken	<i>FT</i>	<i>Mayco and Portfolio Community Services</i>	<i>DA</i>	<i>100</i>	<i>N/A</i>
Daan Oosthuizen	<i>PT</i>	<i>Mayco and Portfolio Financial Services</i>	<i>DA</i>	<i>95</i>	<i>5</i>
Daniel Du Toit	<i>FT</i>	<i>Mayco and Speaker</i>	<i>DA</i>	<i>100</i>	<i>0</i>
Johan Kriel	<i>PT</i>	<i>Portfolio LED & Tourism</i>	<i>DA</i>	<i>100</i>	<i>0</i>
Deanna Ruiters	<i>PT</i>	<i>Portfolio LED & Tourism</i>	<i>ANC</i>	<i>70</i>	<i>30</i>
Jasper du Toit Loubser	<i>PT</i>	<i>Mayco and Portfolio Corporate Services & IGR</i>	<i>DA</i>	<i>95</i>	<i>5</i>



APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Section 80 Committee	The Section 80 Committees assist the Executive Mayor and Executive Mayoral Committee in respect of Community Services, Financial Services ,Corporate & IGR Services and Local Economic Development a& Tourism, This Committees has no statutory powers and reports to the Executive Mayoral Committee.
Audit & Performance Committee	In terms of section 166 of the MFMA.
Municipal Public Accounts Committee (MPAC)	In assisting the council with its oversight function, a Municipal Public Accounts and Oversight Committee was established in terms of section 79 of the Municipal Structures Act, no 117 of 1998. Section 129(4)(b) of the MFMA. The MPAC also serves as the Oversight Committee of the Annual Report.
Training Committee	In terms of Skills Development Act 97 of 1998.
Employment Equity	In terms of the Employment Equity Act. To promote equal opportunities and fair treatment to all in the workplace.
Local Labour Forum	In terms of Section 55 of 1998.
Section 32 Committee	It is an ad hoc committee, appointed by Council, to investigate unauthorised, irregular or fruitless and wasteful expenditure.
Alleged breaches	It is a special committee established by Council to assist in the discipline of Councillors.
Combined Steering Committee	The Combined Steering Committee serves the purpose of a Budget Steering Committee, which was established in terms of the Budget and Reporting Regulation, and to monitor the Municipal Financial Improvement Plan.



APPENDICES

APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	<i>Sr Internal Auditor - Mr. W P Coetzee</i>
	<i>Risk & Fraud Officer - Vacant</i>
	<i>Communication Officer - Mrs. T Nefdt</i>
Directorate: Management Services	<i>Manager: Expenditure, Income & IT - Mr. J H Snyman</i>
	<i>Manager: Financial Services - Vacant</i>
	<i>Manager: SCM – Mr. D Lambrechts</i>
	<i>Manager: IDP/LED – Mrs. V Zeemann</i>
	<i>Chief Admin Officer - Vacant</i>
	<i>Sr Human Resource Officer - Miss G Spangenberg</i>
Directorate: Community Services	<i>Performance Management Officer - Mrs. M Dunn</i>
	<i>Manager: Resorts - Mrs. S Petersen</i>
	<i>Manager: Municipal Health - Mr. W A du Toit</i>
	<i>Manager: Environmental Management - Mr. F Kotze</i>
	<i>Manager: Protection Services - Mr. R Geldenhuys</i>
	<i>Manager: Roads - Mr. A van Eeden</i>



OVERBERG DISTRICT MUNICIPALITY: ANNUAL OVERSIGHT REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

INTRODUCTION

The Audit Committee presents its report for the year ended 30 June 2013 in terms of its responsibilities and duties set out in the relevant legislation and its Terms of Reference.

The Committee also serves as the Performance Audit Committee in terms of the *Municipal Planning and Performance Management Regulations, 2001*.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consisted of the following independent, external members:

Name of member	No. of meetings attended
A Pienaar (Chairman)	5 meetings
B Van Staaden (Resigned May 2013)	3 meetings
H V Liebenberg	5 meetings

As stated in the 2011/2012 report, the fourth member of the Committee, Mr E Parry, resigned as a member because he moved from the area. The Council decided not to replace him, presumably due to a shortage of funds. At its meeting held on 14 May 2013 the Committee expressed its concern over its membership, and the risk that its membership could be reduced to two if one of the current members should resign. It recommended to the Council that a fourth member be appointed.

During the same month Mr van Staaden resigned from the Committee due to other professional commitments, leaving the Committee with only two members. In terms of section 166(4)(a) of the *Municipal Finance Management Act, 2003* (Act No. 56 of 2003) (MFMA) and the abovementioned regulations, an audit committee and a performance audit committee must consist of at least three members. The membership of the Audit Committee therefore did not comply with the relevant legislation. The remaining two members nevertheless decided to continue with the work of the Committee, since the suspension of the activities of the Committee due to non-compliance with the minimum membership requirement was not regarded as being in the best interest of the Council.

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities arising from sections 166 (2) and 121(4) (g) of the MFMA and the Performance Management Regulations respectively.

The following is a list of the matters that were attended to by the Audit Committee



APPENDICES

during the year:

- Review and adoption of Audit Committee Terms of Reference.
- Review of Internal Audit Charter.
- Approval of Risk Based Internal Audit Plan for 2012/13.
- Dealing with the action plan to remedy the shortcomings listed in the report of the Auditor General for 2010/11.
- Considering internal audit reports on matters such as transport claims, compliance with the MFMA, Asset Management, Expenditure and Creditors, Salary Office, Corporate Services, Performance Information and Management, Debtors, Risk Management and Fraud Prevention, Occupational Health and Safety, Properties and Development, DoRA, Supply Chain Management, Fire and Disaster Management and Year-end Stock Counts.
- Dealing with the Audit Findings Tracking Schedule.

The Chairperson of the Audit Committee attended meetings on 13 September 2012, 20 November 2012 and 14 February 2013 for the discussion of matters that included the Strategic Audit Plan and Budget, key controls, and OPCAR.

The Audit Committee also reports that it has regulated its affairs in compliance with the Audit Committee Charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

In accordance with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance regarding the effectiveness of internal controls. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that the system of internal control was not in all respects adequate and effective for the year under review. Several deficiencies in the system of internal control and/or deviations were reported by the internal auditors. In certain instances, the matters reported previously had not been fully and satisfactorily addressed.

PERFORMANCE MANAGEMENT

As the Council's Performance Audit Committee, the Committee executed its responsibilities in terms of the approved Terms of Reference. Quarterly reports, conducted by the Internal Audit Unit on performance information and predetermined objectives were reviewed and the necessary recommendations were made to management in order to enhance the adequacy and effectiveness of the internal control environment. While there is still much room for improvement concerning performance information, progress has been made towards the provision of performance information. Progress with the relevant recommendations made to management on general controls is still monitored closely on a quarterly basis. (See further reference to performance management under the section dealing with the report of the Auditor-General hereunder).

FINANCIAL STATEMENTS

The financial statements for the financial year 2012/2013 were presented to and reviewed by the Audit Committee on 27 August 2013. The statements are deemed to



APPENDICES

be in compliance with statutory requirements and accounting standards.

Earlier in the year the Audit Committee was deeply concerned over the financial position of the Municipality, so much so that a letter was addressed to the Executive Mayor with a recommendation that, in order to set the steps described in the relevant acts for the financial survival process in motion, the Council as soon as possible formally notify the MEC for local government and the MEC for finance in terms of section 135(3)(b) of the MFMA that it anticipated problems in meeting its financial commitments. However, due to measures imposed by the Council and management, the financial position of the Municipality shows signs of improvement according to the following indicators in the financial statements:

- In the Balance Sheet the amount of cash and cash equivalents as at 30 June 2013 was R12 487 228, whereas it amounted to an alarming net overdraft of R1 968 337 at the end of the previous financial year. The first-mentioned amount includes the grant for road works amounting to approximately R8 million, but the balance of more than R4 million is a major improvement in the cash-flow situation of the Council.
- There was a significant decrease in the amount of consumer debtors due to stringent steps to recover outstanding rentals at Uilkraalmond Resort.
- The Council's long-term liabilities were reduced due to the fact that no new loans were taken up.
- The amount of Payables from Exchange Transactions decreased by more than R600 000.
- In its report for 2011/2012 the Audit Committee noted with concern that the required provision for the future rehabilitation of the Karwyderskraal landfill site was not cash funded. The provision in the financial statements for the rehabilitation of Karwyderskraal amounts to more than R7 million and the remaining cells of the site cannot be put into beneficial use before the rehabilitation of the first two cells has been carried out. The Committee has, however, taken note of recent developments in the negotiations with the consumer B-municipalities whereby the rehabilitation cost will be discounted in the liabilities of the said municipalities for the use of the site. If these negotiations are successfully concluded, it will relieve the Council of this liability.
- Regarding the unfavourable balance sheet, the Committee has been informed that this would significantly improve when the value of the Council's properties are adjusted to reflect municipal valuation figures.

DECLARATION OF INTEREST

Members of the Committee are also members of the audit committee of either Theewaterskloof or Overstrand, the municipalities with whom negotiations are under way for the use of Karwyderskraal as landfill site. The members are not involved in nor can they influence the outcome of the negotiations, but in the event of the members' involvement with the B-municipalities being perceived as an interest, such involvement is hereby recorded.

GOING CONCERN

In spite of the abovementioned improvements, the Committee is still of the opinion that the financial position of the Municipality poses a risk for the level of service delivery and its operation as a fully operational organisation. Because of the shortage of funds, which is exacerbated by the refusal of State Treasury to review the formula for the calculation of the equitable share payments to district



APPENDICES

municipalities, the Council was not able to make provision in its 2013/2014 budget for the following:

- The filling of key personnel vacancies, including that of Director: Community Services;
- The replacement of old plant and equipment;
- The proper maintenance of plant and equipment;
- Adequately staffing the fire prevention and health services;
- The establishment of risk management, fraud prevention and occupational safety units;
- Post-retirement benefits.

All the above-mentioned shortcomings in the budget individually and collectively constitute serious risks that should be addressed as matters of urgency. The Committee repeatedly recommended that these matters be addressed, but although management agreed with the need for improvements, the Committee's recommendations could not be implemented due to the shortage of funds.

In the Contingent Liability section of the financial statements, the cost of the labour dispute with the Municipal Manager, which will amount to at least R100 000 and possibly more than a million rand, has not been included. Furthermore, no provision has been made for the payment of an increase in the salaries of councillors retrospective from 2012 that will amount to approximately R425 000. (Adjustments have since been made after the auditing of the financial statements by the Auditor-General).

The following paragraph in the 2012/2013 financial statements is cause for serious concern on the part of the Committee and the Council is urged to take note thereof:

“The financial results, however, may indicate that the going concern assumption of this Municipality may be in serious doubt. The amounts promulgated in the DORA have serious impact on the level of service that this municipality can render and it may well raise doubt about the future financial sustainability of this municipality and may cause serious health and other risks regarding service delivery to the communities within the jurisdiction of this municipality.”

REPORT OF THE AUDITOR-GENERAL

In terms of section 166(2)(c) of the MFMA it is the duty of the Audit Committee to respond to the Council on any issues raised by the Auditor-General (A-G) in the audit report for the financial year 2012/2013. The Committee attended a presentation of the report by a representative of the A-G and after studying the report now responds as follows:

- **Funding of operations/ financial sustainability/ going concern**
The statement by the A-G that the figures in the financial statements ". . . indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern", confirms the Committee's reservations under the heading **GOING CONCERN** above. Unless the equitable share formula is adjusted to favour the Council, it will become increasingly difficult to decide with which services to continue and which to neglect.
- **Material underspending of the budget**



APPENDICES

The Audit Committee is impressed with the cost-cutting efforts that contributed to favourable income and expenditure figures for the year. With reference to the A-G's comment that "service delivery by the district municipality was however not impacted", we must reiterate our concern about future service delivery and the municipality's inability to fund essential activities as set out under **GOING CONCERN** above.

- **Predetermined objectives**
The Audit Committee shares the A-G's concerns regarding the weaknesses in the performance management programme. The Committee intends to become much more involved in the entire system from an auditing point of view and plans to make it possible for the Council to use the system as a tool to not only comply with the relevant laws and regulations, but to significantly improve the overall performance of the municipality.
- **Compliance with laws and regulations: Audit Committee**
The Committee noted the comment regarding the submission of two performance audit reports per year. As stated above, the auditing of performance management will in future be a priority of the committee and the submission of two reports per year will form part of the committee's commitment in this regard..
- **Clean audit**
Comparing the latest audit report with the one received two years ago, the Committee wishes to congratulate the Council and staff of the municipality on the marked improvements achieved.
- **Follow-up**
The Audit Committee will monitor the steps taken by the municipality to deal with shortcomings identified by the A-G.
- **Cooperation**
The Committee appreciates the open lines of cooperation between the Committee and the staff of the A-G.

THANKS

The knowledgeable contributions and cooperation by the committee members and the internal audit staff are appreciated. The Committee also appreciates the attendance of its meetings by the Executive Mayor, councillors, the Municipal Manager and other members of senior management.



CHAIRMAN

3 December 2013



APPENDICES

APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT AND PERFORMANCE COMMITTEE 2012/2013

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2012/2013	Recommendations adopted (enter Yes) If not adopted (provide explanation)
24 th July 2012	Municipal Manager to negotiate with National Department of Public Works to finalise the outstanding transactions of sale, and obtained commission to sublet the portions of Uilenkraalsmond.	Yes
6 th November 2012	Council should consider disposing of the Karwyderskraal dumpsite and transferring it to one of the municipalities within the Overberg Region.	No, application for loan with DBSA was in process to develop cell, and discussions with TWK and Overstrand Municipality to go into a Service level agreement regarding Karwyderskraal.
26 th February 2013	Comments of the Municipal Manager where there is underperformance on the SDBIP be included in the Scorecard as a separate column.	Yes
26 th February 2013	The Municipal Manager and performance manager meet on a regular basis and discuss where there is underperformance on the SDBIP.	Yes
26 th February 2013	That names of officials not be included in the reports, but only the position	No, internal audit reports are private and confidential. Only relevant parties receive the report.
26 th February 2013	That internal auditors response enrolls the comments of senior management	Yes
26 th February 2013	That detail of sampling and period of the audit be included in the Audit Report.	Yes, not always applicable in all reports.
26 th February 2013	That all ad-hoc assignments as requested to the Internal Auditor be submitted to the chairperson of the Audit-and Performance committee	Yes
26 th February 2013	That corrective measures be put in place that accumulated debts not happen again in the future	Yes
26 th February 2013	Supply chain management to arrange meeting with the AG and request the checklist they use for the audit on the SCM	Yes



APPENDICES

APPENDIX F – LONG-TERM CONTRACTS

Name of service provider	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project manager
Enviroserve	Operation and maintenance of the Karwyderskraal regional landfill site	01/03/2012	30/06/2015	F Kotze
Amasondo	Rental of vehicles	01/04/2013	31/03/2016	J van Wyk
Avis	Rental vehicles	10/12/2009	9/12/2012	D Lambrechts
PDNA	Consulting services – Overberg Coastal Management Programme	2013	2016	F Kotze
Mubesko Africa	Accounting Services	21/2/2013	20/02/2016	CFO
Ignite	Performance Management System	01/07/2013	30/06/2014	M Dunn
Bytes	Financial System	01/07/2013	30/06/2013	J Snyman



APPENDICES

APPENDIX G – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests 2012/2013		
Position	Name	Description of Financial interests (Nil / Or details)
(Executive) Mayor	Lincoln de Bruyn	Property, GEPF
Deputy Mayor	Jasper Du Toit Loubser	Property, Livestock, Trustee, Shares and Pension
Member of MayCo	Andries Franken	Property, Livestock, Trustee
Member of MayCo	Kiro Tiemie	Shareholder (Building Construction),
Member of MayCo	Isaac Sileku	Shareholder (Events Company)
Speaker	Daniël du Toit	Property, Trustee
Clr	Patricia Atyhosi	Pension
Ald	Johan Nieuwoudt	Property, Pension
Clr	Dudley Coetzee	Property, Pension
Clr	Phillipus May	Property, Shareholder (Fishing Company), Pension
Clr	Ntombizine Sapepa	None
Clr	Anton Coetsee	Attorney Business, Property, Pension, Subsidy
Clr	Marie Hector	None
Ald	Charles November	Property, Pension, Subsidy
Clr	Unathi Sipunzi	None
Clr	Daan Oostuizen	Property, Pension, Shares
Ald	Anthony Appel	None
Clr	Simphiwe Tebele	Shareholder (Trading Company), Director of a Company
Clr	Jan Gelderblom	Shareholder (Events company), Property
Clr	Johan Kriel	None
Clr	Deanna Ruiters	None
Municipal Manager	M P du Plessis	Vehicle roadworthy test station & Property
Chief Financial Officer (Acting)	J J Burger	Property, Remunerated work
Director Community Services (Acting)	W A du Toit	Properties



APPENDICES

APPENDIX H - REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX H (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							R' 000
Vote Description	2011/2012	Current Year: 2012/2013			2012/2013 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Municipal Manager	1,262	7,219	4,286	4,491	62.2%	104.8%	
Management Services	49,892	50,777	48,012	51,495	101.4%	107.3%	
Community and Technical Services	52,118	51,177	61,070	53,589	104.7%	87.8%	
Total Revenue by Vote	103,273	109,173	113,367	109,576	100.4%	96.7%	

APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	2011/2012	2012/2013			2012/2013 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Service Charges - refuse revenue	1,814	1,026	35	33	-2984.90%	-3.79%	
Service Charges - other	358	398	474	588	32.27%	19.35%	
Rentals of facilities and equipment	10,516	14,189	11,404	11,145	-27.32%	-2.32%	
Interest earned - external investments	338	300	500	485	38.10%	-3.17%	
Interest earned - outstanding debtors	3	2	4	4	43.84%	1.98%	
Licences and permits	10	10	32	45	77.80%	28.95%	
Agency services	2,986	4,139	3,626	3,873	-6.86%	6.39%	
Transfers recognised - operational	84,943	81,959	95,952	88,328	7.21%	-8.63%	
Other revenue	2,305	712	4,083	4,459	84.04%	8.44%	
Gains on disposal of PPE		6,438	658	616	-944.63%	-6.76%	
Total Revenue (excluding capital transfers and contributions)	103,273	109,173	116,767	109,576	0.37%	-6.56%	



APPENDICES

APPENDIX I - CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<i>Other Specify:</i>				%	%	
Financial Management Grant	1 250	1 250	1 250	100%	100%	Interns and financial management programme
Municipal Systems Improvement Grant	1 000	1 000	1 000	100%	100%	Operational purposes
SETA Training Fund	220	220	223	101%	101%	Training
EPWP Grant	1 000	1 000	1 000	100%	100%	Job creation
FMSG Revenue and Expenditure			250			Calculation of tariffs for Karwyderskraal regional landfill site
FMSG Risk Management			300			Risk assessment
Total	3 470	3470	4 023	116%	116%	



APPENDICES

APPENDIX J - CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX J (I): CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme							
Description	R '000						
	2011/12	2012/13			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2013/14	2014/15	2015/16
Capital expenditure by Asset Class							
Infrastructure - Total	7	8,500	-	-	12,500	-	-
Infrastructure: Road transport - Total	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-	-	-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-	-	-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	7	8,500	-	-	12,500	-	-
<i>Waste Management</i>		8,500			12,500		
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>	7						
Community - Total	-	-	-	-	20	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities					20		
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

Table continued next page



APPENDICES

Table continued from previous page

Capital Expenditure - New Assets Programme							
Description	R '000						
	2011/2012	2012/2013			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-	-	-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-	-	-	-	-	-
Housing development							
Other							
Other assets	305	1,005	1,391	1,345	3,522	542	350
General vehicles		330	1,200	1,078	390		
Specialised vehicles							
Plant & equipment	115	390	141	139	60	250	250
Computers - hardware/equipment	72	59	10	89	63	114	100
Furniture and other office equipment	32	224	40	39	3,010	178	
Abattoirs							
Markets							
Civic Land and Buildings	16	3					
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other	70						
Agricultural assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Intangibles	17	500	-	61	-	-	-
Computers - software & programming	17	500		61			
Other (<i>list sub-class</i>)							
Total Capital Expenditure on new assets	328	10,005	1,391	1,406	16,042	542	350
Specialised vehicles	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							



APPENDICES

APPENDIX J (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMMES

Capital Expenditure - Upgrade/Renewal Programme							
Description	2011/2012	2012/2013		Planned Capital expenditure			R '000
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	750	74	6	50	-	-
Infrastructure: Road transport -Total	-	80	50	-	-	-	-
<i>Roads, Pavements & Bridges</i>		80	50				
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-	-	-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	670	24	6	50	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>		670	24	6	50		
Infrastructure: Other - Total	-	-	-	-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community	-	1,583	96	34	100	100	350
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities		1,283	71		100	100	350
Fire, safety & emergency		300	25	34			
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-	-	-	-	-	-
Buildings							
Other							

Table continued next page



APPENDICES

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme							
Description	2011/2012	2012/2013		Planned Capital expenditure			R '000
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-	-	-	-	-	-
Housing development							
Other							
Other assets	-	2,600	234	-	1,500	1,500	1,500
General vehicles							
Specialised vehicles		2,600	234		1,500	1,500	1,500
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Intangibles	-	-	-	-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	-	4,933	403	39	1,650	1,600	1,850
Specialised vehicles	-	2,600	234	-	1,500	1,500	1,500
Refuse							
Fire		2,600	234		1,500	1,500	1,500
Conservancy							
Ambulances							



APPENDICES

APPENDIX K – CAPITAL PROGRAMME BY PROJECT 2012/13

Capital Programme by Project: 2012/2013					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Sanitation/Sewerage					
Upgrade purifications works	670	24	6	-76%	-99%
Refuse removal					
Karwyderskraal 3rd cell	8,500				-100%
Computer Equipment	12				-100%
Furniture & Office Equipment	5				-100%
Sports, Arts & Culture					
Recreational Facilities	1,283	101	26	-74%	-98%
Roads, Pavements & Bridges	80	50		-100%	-100%
General Vehicles	150	400	321	-20%	114%
Computer Equipment			1		
Environment					
Furniture & Office Equipment	137	1	1	0%	-99%
Intangible Assets	500				-100%
Civic Land & Buildings	3				-100%
General Vehicles		180	167	-7%	
Safety and Security					
Specialised Vehicles	2,600	234		-100%	-100%
Plant & Equipment	390	149	136	-9%	-65%
Civic Land & Buildings	300	25	34	37%	-89%
General Vehicles		360	334	-7%	
Computer Equipment			1		
Furniture & Office Equipment			12		
ICT and Other					
General Vehicles	180	260	256	-1%	42%
Computer Equipment	47	10	87	767%	85%
Furniture & Office Equipment	82	1	1	-25%	-99%
Plant & Equipment			1		
Intangible Assets			61		



**REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL
PARLIAMENT AND THE COUNCIL ON THE OVERBERG DISTRICT MUNICIPALITY**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Overberg District Municipality set out on pages 3 to 62, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. 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.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



APPENDICES

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Overberg District Municipality as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Significant uncertainties

8. As disclosed in note 43 to the financial statements, the municipality is involved in labour disputes with officials whose employment was terminated.
9. As disclosed in note 43 to the financial statements, the trade union, IMATU, contested the implementation of a wage curve agreement in the labour court and the court ruled in favour of IMATU. The employers' organisation, SALGA, resolved to take the ruling of the labour court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

10. As disclosed in note 30 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2012-13 in the financial statements of the Overberg District Municipality at, and for the year ended, 30 June 2012.

Funding of operations/ financial sustainability/ going concern

11. The statement of financial performance indicates that the Overberg District Municipality incurred a net profit of R1 959 913 during the year ended 30 June 2013 and, as at that date, the municipality's total liabilities exceeded its total assets by R21 316 585. These conditions, along with other matters as set forth in note 45 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Material underspending of the budget

12. As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially underspent its operating budget by R6 564 053. This was mainly due to cost-cutting efforts to improve the financial sustainability of the district municipality. The service delivery by the district municipality was however not impacted.

Additional matter

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

Material inconsistencies in other information included in the annual report

14. No material inconsistencies were identified between the draft annual report of the Overberg District Municipality submitted for review and the financial statements. The final printer's proof of the annual report will be reviewed and any material inconsistencies then identified



APPENDICES

will be communicated to management. Should these inconsistencies not be corrected it may result in the matter being included in the audit report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the performance report as set out on pages 20 to 77 of the annual report.
17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned strategic objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's framework for managing programme performance information.

The reliability of the information in respect of the selected strategic objective is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

18. The material findings are as follows:

Reliability of information

19. Significantly important targets with respect to Strategic objective – Sustainable Basic Services and Strategic objective – Environmental Protection are:
- materially misstated and
 - not reliable when compared to the source information and/or evidence provided.
20. This was due to the lack of monitoring of the completeness of source documentation in support of actual achievements.

Additional matter

21. I draw attention to the matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

22. Of the total number of 55 targets planned for the year, 23 targets were not fully achieved during the year under review. This represents 42% of total planned targets that were not achieved during the year under review.
23. This was mainly due to a lack of proper monthly monitoring of performance and the setting of realistic achievable targets by the district municipality.



APPENDICES

Compliance with laws and regulations

24. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Audit committee

25. The audit committee was not constituted in the manner required by section 166(4)(a) of the MFMA, as the audit committee did not consist of at least three members for the whole period under review. One of the members resigned in April 2012 and a further member resigned in May 2013, with the result that the audit committee consisted of only two members and not three as required.

Conditional grants

26. The municipality did not evaluate its performance in respect of programmes funded by the Municipal Systems Improvement Grant within two months after the end of the financial year, as required by section 12(5) of DoRA.
27. The municipality did not in all instances submit, within 10 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Government Gazette No. 35399.

Internal control

27. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the performance report and the findings on compliance with laws and regulations included in this report.

Leadership

28. The accounting officer did not have a compliance monitoring tool to ensure that all laws and regulations pertaining to the municipality were complied with and this resulted in DoRA reports not being submitted as required.
29. Leadership did not fill vacancies in a timely manner to ensure that the committee consists of at least three persons thus resulting in non compliance with section 166 of the MFMA.

Financial and performance management

30. Management did not ensure that reported information against predetermined objectives was supported by schedules or listings to enable management and the auditors to agree and reconcile reported targets, thereby confirming the completeness of reported performance against predetermined objectives.



APPENDICES

OTHER REPORTS

Investigations

31. At year end a disciplinary investigation was in progress regarding allegations of misconduct involving the municipal manager. A settlement was reached on 13 November 2013 whereby the municipal manager will be paid out a part of his remaining contract.

Auditor-General

Cape Town

29 November 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

*Paragraph 16 refers to the
performance report. Pg 20-77 (23-
77 revised version)*



APPENDICES

APPENDIX M – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

MFMA Section 71 Returns Not Made During Year 2012/2013 According to Reporting Requirements	
Return	Reason Return has not been properly made on due date
August 2012	Experienced problems with saving the document in PDF in order to submit it electronically. Report was submitted on 17 September 2012.
March 2013	Report was submitted on due time to Provincial and National Treasury, but not to the Mayor. Report was submitted on 18 April 2013.



APPENDICES

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements – Volume II of annual report



OVERBERG

DISTRICT MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2013

OVERBERG DISTRICT MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Cash Flow Statement	5
Statement of comparison of budget and actual amounts - Statement of financial position	6 - 7
Statement of comparison of budget and actual amounts - Statement of financial performance	8 - 9
Statement of comparison of budget and actual amounts - Cash flow statement	10 - 11
Statement of Changes In Net Assets	12
Accounting Policies	13 - 43
Notes to the Financial Statements	44 - 70
APPENDICES - Unaudited	
A Schedule of External Loans	71
B Segmental Statement of Financial Performance - Municipal Votes	72
C Segmental Statement of Financial Performance - GFS Votes	73
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	74

OVERBERG DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Overberg Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Overberg Municipality includes the following areas:

*Cape Agulhas
Overstrand
Swellendam
Theewaterskloof*

MUNICIPAL MANAGER (ACTING)

D P BERETTI

CHIEF FINANCIAL OFFICER (ACTING)

J J Burger

REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

First National Bank

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALGBC Leave Regulations

OVERBERG DISTRICT MUNICIPALITY

MEMBERS OF THE OVERBERG DISTRICT MUNICIPALITY

COUNCILLORS

Theewaterskloof	<i>CD November</i>
Overstrand	<i>NM Sapepa</i>
Cape Agulhas	<i>PN Atyhosi</i>
Overstrand	<i>PJ May</i>
Theewaterskloof	<i>UT Sipunzi</i>
Overstrand	<i>DP Coetzee</i>
Theewaterskloof	<i>IM Sileku</i>
Cape Agulhas	<i>JG Nieuwoudt</i>
Theewaterskloof	<i>KJ Tiemie</i>
Theewaterskloof	<i>ML Hector</i>
Overstrand	<i>A Coetsee</i>
Swellendam	<i>J Du Toit Loubser</i>
Proportional (Passed away during June)	<i>M Damon</i>
Proportional	<i>S Tebele</i>
Proportional	<i>J Gelderblom</i>
Proportional	<i>L De Bruyn</i>
Proportional	<i>A Franken</i>
Proportional	<i>D Oosthuizen</i>
Proportional	<i>D Du Toit</i>
Proportional	<i>J Kriel</i>
Proportional	<i>DC Ruiters</i>

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2013, which are set out on pages 1 to 73 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied upon.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2013 and am satisfied that the Municipality can continue its operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



D P BERETTI

Municipal Manager (Acting)

31.8.2013

Date

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R
NET ASSETS AND LIABILITIES			
Net Assets		(21 316 585)	(23 276 498)
Accumulated Deficit		(21 316 585)	(23 276 498)
Non-Current Liabilities		60 322 253	57 810 371
Long-term Liabilities	2	1 876 157	1 980 446
Employee benefits	3	51 235 312	49 185 635
Non-Current Provisions	4	7 210 784	6 644 290
Current Liabilities		20 417 087	16 012 571
Consumer Deposits	5	17 590	20 080
Current Employee benefits	6	7 335 489	6 836 922
Payables from exchange transactions	7	1 221 210	1 854 364
Unspent Conditional Government Grants and Receipts	8	10 951 310	2 111 705
Taxes	9.1	-	1 649 543
Cash and Cash Equivalents	18	-	2 109 488
Current Portion of Long-term Liabilities	2	891 489	1 430 469
Total Net Assets and Liabilities		59 422 755	50 546 444
ASSETS			
Non-Current Assets		42 214 543	44 836 559
Property, Plant and Equipment	10	40 227 342	42 450 515
Intangible Assets	11	342 978	344 300
Capitalised Restoration Cost	12	1 644 223	1 710 913
Non-Current Investments	13	-	330 832
Current Assets		17 208 212	5 709 885
Inventory	14	924 616	997 967
Non-current Assets held for sale	10	1 773 986	2 213 618
Receivables from exchange transactions	15	439 560	683 444
Receivables from non-exchange transactions	16	1 448 158	1 632 172
Unpaid Conditional Government Grants and Receipts	8	-	41 532
Taxes	9.3	134 665	-
Cash and Cash Equivalents	18	12 487 228	141 151
Total Assets		59 422 755	50 546 444

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		47 883 477	46 102 180	(35 455 231)	81 557 411
Transfer Revenue		47 141 626	46 102 180	(35 455 231)	81 557 411
Government Grants and Subsidies	19	47 141 626	46 084 387	(35 455 231)	81 539 618
Public Contributions and Donations		-	17 793	-	17 793
Other Revenue		741 851	-	-	-
Actuarial Gains	3	741 851	-	-	-
Revenue from Exchange Transactions		61 692 912	53 766 832	35 016 458	18 750 374
Government Grants and Subsidies	19	41 186 443	35 455 231	35 455 231	-
Service Charges	20	621 345	2 171 796	-	2 171 796
Rental of Facilities and Equipment		11 144 665	10 515 890	(21 397)	10 537 287
Interest Earned - external investments		484 647	337 611	-	337 611
Interest Earned - outstanding debtors		3 918	3 365	-	3 365
Licences and Permits		45 040	9 940	-	9 940
Agency Services		3 873 146	2 986 187	(417 376)	3 403 563
Other Income	21	3 675 127	2 109 246	-	2 109 246
Dividends received		-	2 995	-	2 995
Dividends in specie		-	174 571	-	174 571
Fair Value Gains		42 288	-	-	-
Gain on disposal of Property, Plant and Equipment	10	616 292	-	-	-
Total Revenue		109 576 389	99 869 012	(438 773)	100 307 785
EXPENDITURE					
Employee related costs	22	52 276 396	50 870 271	6 055	50 864 217
Remuneration of Councillors	23	3 979 297	4 204 577	-	4 204 577
Debt Impairment	24	-	652 743	-	652 743
Depreciation and Amortisation	25	2 436 873	2 704 309	42 217	2 662 092
Impairments	26	9 992	2 329 189	(142 175)	2 471 364
Repairs and Maintenance		20 040 801	15 866 173	-	15 866 173
Actuarial losses	3	-	3 451 166	-	3 451 166
Fair Value losses		15 310	71 899	-	71 899
Finance Charges	27	1 392 464	1 130 850	-	1 130 850
Contracted services		255 754	773 524	-	773 524
Grants and Subsidies	28	-	12 250	-	12 250
Operating Grant Expenditure		2 031 226	3 558 125	-	3 558 125
General Expenses	29	24 537 151	21 500 700	20 738	21 479 962
Loss on disposal of Property, Plant and Equipment		641 213	-	-	-
Total Expenditure		107 616 477	107 125 776	(73 165)	107 198 941
NET SURPLUS/(DEFICIT) FOR THE YEAR		1 959 913	(7 256 764)	(365 608)	(6 891 156)

OVERBERG DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 JUNE 2013 R	30 JUNE 2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		18 556 089	17 771 356
Government - operating		97 397 982	79 931 077
Interest		488 565	340 976
Dividends		-	2 995
Payments			
Suppliers and employees		(101 652 019)	(99 058 873)
Finance charges	27	(306 133)	(492 019)
Transfers and Grants		-	(12 250)
Cash generated by operations	32	14 484 483	(1 516 738)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	10	(1 384 260)	(311 771)
Proceeds on Disposal of Fixed Assets		1 704 337	-
Purchase of Intangible Assets		(61 045)	(16 662)
Proceeds on Disposal of Non-Current Investments		357 810	-
Net Cash from Investing Activities		616 842	(328 434)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(643 269)	(1 550 486)
Increase(Decrease) in Consumer Deposits		(2 490)	(2 490)
Net Cash from Financing Activities		(645 759)	(1 552 976)
NET INCREASE IN CASH AND CASH EQUIVALENTS		14 455 565	(3 398 147)
Cash and Cash Equivalents at the beginning of the year		(1 968 338)	1 429 810
Cash and Cash Equivalents at the end of the year	18	12 487 228	(1 968 338)
NET INCREASE IN CASH AND CASH EQUIVALENTS		14 455 565	(3 398 147)

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R Actual	2013 R Final Budget	2013 R Variance	Explanations for material variances
ASSETS				
Current assets				
Cash	12 487 228	2 998 552	9 488 675	Variance due to advance for the roads function for July and August 2013 received during June 2013
Consumer debtors	439 560	2 495 817	(2 056 257)	Consumer debtors reduced due to payment by principle for roads function of shortfall for 2011/12
Other Receivables	3 356 808	2 360 117	996 692	Increase due to reduction in payment levels by consumers
Inventory	924 616	1 138 542	(213 927)	Inventory balance reduced due to manage expenditure levels
Total current assets	<u>17 208 212</u>	<u>8 993 029</u>	<u>8 215 183</u>	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	330 832	(330 832)	Shares sold during the year
Property, plant and equipment	40 227 342	36 655 641	3 571 701	Capital expenditure reduced due to sale of properties to finance expenditure not realising
Intangible Assets	342 978	296 680	46 298	Capital expenditure reduced due to sale of properties to finance expenditure not realising
Total non current assets	<u>40 570 320</u>	<u>37 283 153</u>	<u>3 287 166</u>	
TOTAL ASSETS	<u>57 778 532</u>	<u>46 276 182</u>	<u>11 502 350</u>	
LIABILITIES				
Current liabilities				
Bank overdraft	-	2 488 491	(2 488 491)	Bank overdraft eradicated due to improved financial position
Borrowing	891 489	1 015 843	(124 354)	Amount reduced due to financial leases being cheaper than originally anticipated
Consumer deposits	17 590	20 080	(2 490)	Number of consumers reduced due to partial closure of the Dennehof Resort
Trade and other payables	12 172 520	3 248 115	8 924 404	Variance due to advance for the roads function for July and August 2013 received during June 2013
Provisions and Employee Benefits	7 335 489	6 836 922	498 567	Adjustments due to actuarial calculations
Total current liabilities	<u>20 417 087</u>	<u>13 609 451</u>	<u>6 807 636</u>	
Non current liabilities				
Borrowing	1 876 157	1 769 619	106 538	Borrowing increased due to leased vehicles being more expansive than anticipated
Provisions and Employee Benefits	58 446 096	59 574 425	(1 128 329)	Adjustments due to actuarial calculations
Total non current liabilities	<u>60 322 253</u>	<u>61 344 044</u>	<u>(1 021 791)</u>	
TOTAL LIABILITIES	<u>80 739 340</u>	<u>74 953 495</u>	<u>5 785 845</u>	
NET ASSETS	<u>(22 960 808)</u>	<u>(28 677 313)</u>	<u>5 716 505</u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	(21 316 585)	(28 677 313)	7 360 728	Deficit reduced due to improved financial position of the municipality
TOTAL COMMUNITY WEALTH/EQUITY	<u>(21 316 585)</u>	<u>(28 677 313)</u>	<u>7 360 728</u>	

**OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R	
	Approved Budget	Adjustments	Final Budget	Explanations for material adjustments
ASSETS				
Current assets				
Cash	-	2 998 552	2 998 552	Budget has been adjusted to make provision for improvement in the municipality's financial position
Consumer debtors	1 923 202	572 615	2 495 817	Debtors have been increased due to reduction in payment levels
Other Receivables	550 000	1 810 117	2 360 117	Adjustment due to reduction in payment levels
Inventory	967 234	171 308	1 138 542	Inventory has been increased due to rise of prices of inventory items
Total current assets	3 440 437	5 552 592	8 993 029	
Non current assets				
Investments	-	330 832	330 832	Provision was made for shares in Overberg Agri and Pioneer Foods
Property, plant and equipment	61 549 767	(24 894 126)	36 655 641	PPE has been reduced due to expansion at Karwyderskraal postponed and properties for funding of other capital items not being sold
Intangible Assets	884 272	(587 591)	296 680	Expected amount decreased due to properties for funding expenditure not being sold
Total non current assets	62 434 039	(25 150 885)	37 283 153	
TOTAL ASSETS	65 874 476	(19 598 294)	46 276 182	
LIABILITIES				
Current liabilities				
Bank overdraft	5 378 780	(2 890 290)	2 488 491	Final amount decreased to make provision for improved financial position
Borrowing	1 050 000	(34 157)	1 015 843	Adjusted to realistically anticipated amount
Consumer deposits	24 827	(4 747)	20 080	Adjusted to realistically anticipated amount
Trade and other payables	6 126 311	(2 878 196)	3 248 115	Adjusted due to improved financial management of creditors
Provisions and Employee Benefits	7 364 629	(527 707)	6 836 922	Adjusted to realistically anticipated amount
Total current liabilities	19 944 548	(6 335 096)	13 609 451	
Non current liabilities				
Borrowing	9 510 915	(7 741 296)	1 769 619	Adjusted due to expansion of Karwyderskraal landfill site being postponed
Provisions and Employee Benefits	78 836 233	(19 261 808)	59 574 425	Adjusted due to provision for rehabilitation of landfill site being changed to provision for used space only
Total non current liabilities	88 347 148	(27 003 104)	61 344 044	
TOTAL LIABILITIES	108 291 695	(33 338 200)	74 953 495	
NET ASSETS	(42 417 220)	13 739 907	(28 677 313)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	(42 417 220)	13 739 907	(28 677 313)	Adjusted due to changes in provision for rehabilitation of landfill site
TOTAL COMMUNITY WEALTH/EQUITY	(42 417 220)	13 739 907	(28 677 313)	

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R	2013 R	2013 R	
	Actual	Final Budget	Variance	Explanations for material variances
REVENUE BY SOURCE				
Service charges	621 345	508 800	112 545	Permanent residents at resorts being charged for services
Rental of facilities and equipment	11 144 665	11 403 550	(258 885)	Reduced due to weaker economic climate and less usage of the resorts
Interest earned - external investments	484 647	500 000	(15 353)	Decrease due to limited cash flow resources available
Interest earned - outstanding debtors	3 918	3 840	78	Outstanding debtors increased due to reduced payment levels
Actuarial Gains	741 851	-	741 851	Adjustments due to actuarial calculations
Licences and permits	45 040	32 000	13 040	Increase due to permits being issued by Municipal Health
Agency services	3 873 146	3 625 580	247 566	Increase due to additional grants received for roads function
Government Grants and Subsidies - Operating	88 188 280	92 582 110	(4 393 830)	Decrease due to agency fees transferred to agency services
Other revenue	3 717 415	4 083 100	(365 685)	Reduced due to weaker economic climate and less usage of the resorts
Gains on disposal of PPE	616 292	657 950	(41 658)	Not material
Total Operating Revenue	109 436 599	113 396 930	(3 960 331)	
EXPENDITURE BY TYPE				
Employee related costs	52 276 396	50 747 300	1 529 096	Increase due to suspension of MM and acting allowances paid
Remuneration of councillors	3 979 297	4 105 100	(125 803)	Reduced due to MEC for Local Government not approving salary increase
Depreciation & asset impairment	2 436 873	2 727 970	(291 097)	Decreased due to properties for funding of assets not sold
Finance charges	1 392 464	1 451 190	(58 726)	Reduced due to leased assets being cheaper than anticipated
Impairments	9 992	-	9 992	Redundant assets being written off
Contracted services	255 754	281 950	(26 196)	Reduced due to Karwyderskraal landfill site still being closed
Other expenditure	46 624 488	54 830 260	(8 205 772)	improve financial position
Loss on disposal of PPE	641 213	-	641 213	Assets sold for less than their carrying value
Total Operating Expenditure	107 616 477	114 143 770	(6 527 293)	
Operating Surplus/(Deficit) for the year	1 820 123	(746 840)	2 566 963	
Government Grants and Subsidies - Capital	139 790	-	139 790	Assets bought from FMG and MSIG
Net Surplus/(Deficit) for the year	1 959 913	(746 840)	2 706 753	

**OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**

ADJUSTMENTS TO APPROVED BUDGET

	2013 R Approved Budget	2013 R Adjustments	2013 R Final Budget	2013 R Final Virements	2013 R Final Year End Budget	Reasons for material adjustments
REVENUE BY SOURCE						
Service charges	1 424 300	(915 500)	508 800	-	508 800	Reduced due to Karwyderskraal landfill site still being closed
Rental of facilities and equipment	14 189 150	(2 785 600)	11 403 550	-	11 403 550	Reduced due to weaker economic climate and less usage of the resorts
Interest earned - external investments	300 000	200 000	500 000	-	500 000	Increased due to improved cash flow position of the municipality
Interest earned - outstanding debtors	2 200	1 640	3 840	-	3 840	Outstanding debtors increased due to reduced payment levels
Dividends received	44 000	(44 000)	-	-	-	Shares have been sold during July 2012
Licences and permits	10 000	22 000	32 000	-	32 000	Increase due to permits being issued by Municipal Health
Agency services	4 138 880	(513 300)	3 625 580	-	3 625 580	Reduced due to calculation of VAT on amount allocated to municipality
Government Grants and Subsidies - Operating	81 959 000	10 623 110	92 582 110	3 370 000	95 952 110	Increase due to additional allocation to municipality for the roads function
Other revenue	667 854	3 415 246	4 083 100	-	4 083 100	Main increase due to the reversal of provision for debt impairment
Gains on disposal of PPE	6 438 000	(5 780 050)	657 950	-	657 950	Sale of properties did not realise during the year
Total Operating Revenue	109 173 384	4 223 546	113 396 930	3 370 000	116 766 930	
EXPENDITURE BY TYPE						
Employee related costs	52 102 620	(1 355 320)	50 747 300	1 053 000	51 800 300	Reduced due to vacant positions not filled during the year
Remuneration of councillors	4 580 314	(475 214)	4 105 100	-	4 105 100	Reduced due to MEC for Local Government not approving salary increase
Debt impairment	565 439	(565 439)	-	-	-	Reduced due to outstanding amount for roads function received
Depreciation & asset impairment	2 650 499	77 471	2 727 970	-	2 727 970	Increased due to provision for leased assets
Finance charges	1 545 950	(94 760)	1 451 190	-	1 451 190	Decreased due to properties for funding of assets not sold
Contracted services	800 000	(518 050)	281 950	-	281 950	Reduced due to Karwyderskraal landfill site still being closed
Other expenditure	44 970 943	9 859 317	54 830 260	2 317 000	57 147 260	Increased due to additional grants received for the roads function
Total Operating Expenditure	107 215 765	6 928 005	114 143 770	3 370 000	117 513 770	
Operating Surplus/(Deficit) for the year	1 957 619	(2 704 459)	(746 840)	-	(746 840)	
Net Surplus/(Deficit) for the year	1 957 619	(2 704 459)	(746 840)	-	(746 840)	

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R Actual	2013 R Final Budget	2013 R Variance	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	18 556 089	18 684 660	(128 571)	Not material
Government - operating	97 397 982	92 574 610	4 823 372	Additional allocations received for the roads function
Interest	488 565	503 840	(15 275)	Not material
Payments				
Suppliers and Employees	(101 652 019)	(106 649 215)	4 997 196	Reduced due to cut down on expenditure levels
Finance charges	(306 133)	(1 451 190)	1 145 057	Finance leases only raised during last quarter of the year
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>14 484 483</u>	<u>3 662 705</u>	<u>10 821 778</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	1 704 337	1 234 937	469 400	Actual proceeds more than originally anticipated
Proceeds on Disposal of Non-Current Investments	357 810	-	357 810	Shares of Overberg Agri as well as Pioneer Foods sold during the year
Payments				
Purchase of Intangible Assets	(61 045)	-	(61 045)	Purchased from FMG and MSIG as part of upgrading of financial network
Capital assets	(1 384 260)	(1 793 790)	409 530	Selling of properties for financing of capital expenditure did not realise
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>616 842</u>	<u>(558 853)</u>	<u>1 175 695</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	940 000	(940 000)	Budgeted amount for financial leases and not for actual external funds raised
Increase/(decrease) in consumer deposits	(2 490)	-	(2 490)	Dennehof only partially closed and not completely closed as anticipated
Payments				
Repayment of borrowing	(643 269)	(1 565 453)	922 183	Finance leases only raised during last quarter of the year
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>(645 759)</u>	<u>(625 453)</u>	<u>(20 307)</u>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>14 455 565</u>	<u>2 478 399</u>	<u>11 977 166</u>	
NET INCREASE/(DECREASE) IN CASH HELD				
Cash and Cash Equivalents at the beginning of the year	(1 968 338)	(1 968 338)	0	Due to improved financial position of municipality
Cash and Cash Equivalents at the end of the year	12 487 228	510 062	11 977 166	Due to improved financial position of municipality and advance on roads function for July and August 2013

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R	
	Approved Budget	Adjustments	Final Budget	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	20 489 623	(1 804 963)	18 684 660	No revenue collected at Karwyderskraal landfill site
Government - operating	81 959 000	10 615 610	92 574 610	
Interest	302 200	201 640	503 840	
Dividends	-	-	-	Increased allocation for performing the roads function
Payments				
Suppliers and Employees	(99 846 508)	(6 802 707)	(106 649 215)	Increased due to improved cash flow position of the municipality
Finance charges	(1 545 950)	94 760	(1 451 190)	Additional allocation received for the roads function also increases expenditure
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>1 358 365</u>	<u>2 304 340</u>	<u>3 662 705</u>	Adjusted due to less financial leases being raised
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	6 438 000	(5 203 063)	1 234 937	Only one of the buildings earmarked to be sold did sell during the year
Payments				
Capital assets	(14 938 000)	13 144 210	(1 793 790)	Reduced due to expansion of Karwyderskraal landfill site being postponed
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>(8 500 000)</u>	<u>7 941 147</u>	<u>(558 853)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	8 500 000	(7 560 000)	940 000	External loan for Karwyderskraal landfill site never raised All consumers paying deposits were expected to be moved with the closure of Dennehof Resort
Increase/(decrease) in consumer deposits	2 257	(2 257)	-	
Payments				
Repayment of borrowing	(1 350 000)	(215 453)	(1 565 453)	Provision made for repayment of external funding for financial leases
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>7 152 257</u>	<u>(7 777 710)</u>	<u>(625 453)</u>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>10 622</u>	<u>2 467 777</u>	<u>2 478 399</u>	
NET INCREASE/(DECREASE) IN CASH HELD				
Cash and Cash Equivalents at the beginning of the year	(5 389 403)	3 421 065	(1 968 338)	Provided for improved financial position of municipality
Cash and Cash Equivalents at the end of the year	(5 378 781)	5 888 843	510 062	Provided for improved financial position of municipality

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 JULY 2011	(21 039 317)	(21 039 317)
Correction of error - Refer to note 30.08	5 019 584	5 019 584
Restated balance on 1 JULY 2011	(16 019 733)	(16 019 733)
Net Deficit for the year	(7 256 764)	(7 256 764)
Balance at 30 JUNE 2012	(23 276 498)	(23 276 498)
Net Surplus for the year	1 959 913	1 959 913
Balance at 30 JUNE 2013	(21 316 585)	(21 316 585)

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8,10 and 11 of GRAP 3 (Revised – February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

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

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the annual financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as three separate additional financial statements, namely the Statement of comparison of budget and actual amounts for the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.8. 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:

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 7 (Revised – Mar 2012)	<p>Investments in Associate</p> <p>This Standard prescribes the accounting treatment for investments in joint ventures where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	1 April 2013
GRAP 8 (Revised – Nov 2010)	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p>	Unknown

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

<p>GRAP 20 (Original – June 2011)</p>	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that an Economic Entity's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<p>Unknown</p>
<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	<p>Unknown</p>
<p>GRAP 106 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	<p>Unknown</p>
<p>GRAP 107 (Original – Nov 2010)</p>	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	<p>Unknown</p>
<p>IGRAP 11</p>	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Economic Entity does not have any SPE's at this stage.</p>	<p>Unknown</p>

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

IGRAP 12	Jointly Controlled Entities non-monetary contributions The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	Unknown
-----------------	--	----------------

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

1.8. RESERVES

1.8.1 Employee Benefits Reserve

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus/(deficit).

1.9. LEASES

1.9.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.9.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.12. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

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

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

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be de-recognised..

1.14. EMPLOYEE BENEFITS

(a) *Post-Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(c) Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(e) Staff Bonuses Accrued

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

(f) Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. Currently no employee of the municipality is entitled to a performance bonus.

(g) Pension and retirement fund obligations

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

(h) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The amount of borrowing costs that the Municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. 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. . Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be 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 entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

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

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.15.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.15.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	50-100
Electricity	20-30	Other vehicles	20
Water	20-30	Office equipment	6-25
Sewerage	30	Furniture and fittings	7-30
Housing	100	Watercraft	25

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		Bins and containers	25-50
<u>Community</u>		Specialised plant and	
Buildings	50-100	Equipment	5-35
Recreational Facilities	30-100	Other plant and	
Security	-5-20	Equipment	5-35
Halls	100	Landfill sites	15-120
Libraries	100		
Parks and gardens	30-100	Emergency equipment	5-35
Other assets	5-35	Computer equipment	5-15
<u>Finance lease assets</u>			
Office equipment	5		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.15.5 De-recognition

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

1.15.6 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2010.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.

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

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	10
Computer Software Licenses	10

1.16.4 De-recognition

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.16.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2010.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2 Subsequent Measurement – Fair Value Model

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

1.17.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.17.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.18. NON-CURRENT ASSETS HELD FOR SALE

1.18.1 Initial Recognition

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

1.18.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

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

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Economic Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Economic Entity operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.19.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Economic Entity operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower,

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.20. INVENTORIES

1.20.1 Initial Recognition

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

1.20.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

The basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

1.21.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.21.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.2 *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.21.2.3 *Cash and Cash Equivalents*

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.21.2.4 *Non-Current Investments*

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21.3 De-recognition of Financial Instruments

1.21.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2 Financial Liabilities

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

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.21.4 Offsetting of Financial Instruments

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

1.22. REVENUE

1.22.1 Revenue from Non-Exchange Transactions

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

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

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.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, is a subsequent event.

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

- The Economic Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Economic Entity 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 Economic Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Economic Entity has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Economic Entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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 recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

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

Revenue from the sale of goods is recognised when:

- Substantially all the risks and rewards in those goods are passed to the consumer; and
- The municipality seizes managerial involvement and control of the goods; and
- The amount of the revenue can be measured reliably; and
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred can be measured reliably.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

1.23. RELATED PARTIES

The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Economic Entity:

- (a) A person or a close member of that person’s family is related to the Economic Entity if that person:
- has control or joint control over the Economic Entity.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Economic Entity.
 - is a member of the management of the Economic Entity or its controlling entity.
- (b) An entity is related to the Economic Entity if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Economic Entity or an entity related to the Economic Entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Economic Entity. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Economic Entity, including:

- (a) all members of the governing body of the Economic Entity;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity; and
- (d) the senior management team of the Economic Entity, including the chief executive officer or permanent head of the Economic Entity, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Economic Entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Economic Entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Economic Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Economic Entity for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Economic Entity.

The Economic entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm’s length and not on normal commercial terms are disclosed.

1.24. UNAUTHORISED EXPENDITURE

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

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality’s Supply Chain Management Policy. Irregular expenditure excludes

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

The Economic entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.28.1 *Post-retirement medical obligations, Long service awards and Ex gratia gratuities*

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.28.2 *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.28.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.28.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.28.5 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.28.6 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.28.7 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (borrowing rate) linked to prime was used to calculate the effect of time value of money.

1.28.8 Provision for Task Implementation

The provision at 30 June for Task Implementation represents the Economic Entity's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.28.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.28.10 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council. Currently no employee of the municipality is entitled to receive a performance bonus.

1.28.11 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.29. TAXATION

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Economic entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Economic entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Economic entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Economic entity to realise the net deferred tax assets recorded at the reporting date could be impacted.

1.30. TAXATION

1.30.1 Current tax assets and liabilities

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

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

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.30.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.30.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.31. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.32. CAPITAL COMMITMENTS

Capital commitments disclosed in the annual financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Economic Entity discloses the nature and an estimate of the financial effect.

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
2 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	1 958 300	2 618 380
Capitalised Lease Liability - At amortised cost	809 345	792 534
	2 767 645	3 410 915
Current Portion transferred to Current Liabilities	891 489	1 430 469
Annuity Loans - At amortised cost	723 069	660 080
Capitalised Lease Liability - At amortised cost	168 419	770 389
Total Long-term Liabilities - At amortised cost using the effective interest rate method	1 876 157	1 980 446

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	890 438	890 438
Payable within two to five years	1 204 273	1 877 838
Payable after five years	325 309	542 181
	2 420 019	3 310 457
Less: Future finance obligations	461 719	692 077
Present value of annuity obligations	1 958 300	2 618 380

Annuity loans at amortised cost is calculated at 13.22% interest rate, with a maturity date of 30 June 2015. The loan is unsecured .

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	200 022	836 448
Payable within two to five years	663 875	22 466
Payable after five years	-	-
	863 898	858 914
Less: Future finance obligations	54 553	66 380
Present value of lease obligations	809 345	792 534

Leases are secured by property, plant and equipment - Note 10

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
3	EMPLOYEE BENEFITS		
	Post Retirement Benefits - Refer to Note 3.1	47 522 303	45 670 123
	Long Service Awards - Refer to Note 3.2	3 713 009	3 515 512
	Total Non-current Employee Benefit Liabilities	51 235 312	49 185 635
	 <u>Post Retirement Benefits</u>		
	Balance 1 July	48 166 771	42 471 302
	Current service cost	1 484 626	1 227 026
	Interest Cost	3 490 883	3 494 648
	Expenditure for the year	(2 352 755)	(2 283 236)
	Actuarial Loss / (Gain)	(615 546)	3 257 031
	Total post retirement benefits 30 June	50 173 979	48 166 771
	Less: Transfer of Current Portion - Note 6	(2 651 676)	(2 496 648)
	Balance 30 June	47 522 303	45 670 123
	 <u>Long Service Awards</u>		
	Balance 1 July	3 886 091	3 417 827
	Current service cost	423 602	403 963
	Interest Cost	238 093	246 612
	Expenditure for the year	(305 415)	(376 447)
	Actuarial Loss / (Gain)	(126 304)	194 136
	Total long service 30 June	4 116 067	3 886 091
	Less: Transfer of Current Portion - Note 6	(403 058)	(370 579)
	Balance 30 June	3 713 009	3 515 512
	 <u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	52 052 862	45 889 129
	Contribution for the year	1 908 228	1 630 989
	Interest cost	3 728 976	3 741 260
	Expenditure for the year	(2 658 170)	(2 659 682)
	Actuarial Loss / (Gain)	(741 851)	3 451 166
	Total employee benefits 30 June	54 290 046	52 052 862
	Less: Transfer of Current Portion - Note 6	(3 054 734)	(2 867 227)
	Balance 30 June	51 235 312	49 185 635
3.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	107	112
	Continuation members (e.g. Retirees, widows, orphans)	89	92
	Total Members	196	204
		2013	2012
		R	R
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	14 448 503	13 165 926
	Continuation members	35 725 476	35 000 845
	Total Liability	50 173 979	48 166 771

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
Total Liability	42 471 302	34 892 256	33 204 939

Experience adjustments were calculated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss	491 000	(7 000)	2 966 000
Assets: Gain / (loss)	-	-	-

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
 LA Health;
 Samwumed; and
 Keyhealth.

Key actuarial assumptions used:

i) Rate of interest

	2013	2012
Discount rate	8.21%	7.44%
Health Care Cost Inflation Rate	7.42%	6.80%
Net Effective Discount Rate	0.74%	0.60%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	47 522 303	45 670 123
Net liability/(asset)	47 522 303	45 670 123

The fund is wholly unfunded.

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

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	48 166 771	42 471 302
Total expenses	2 622 754	2 438 439
Current service cost	1 484 626	1 227 026
Interest Cost	3 490 883	3 494 648
Benefits Paid	(2 352 755)	(2 283 236)
Actuarial losses	(615 546)	3 257 031
Present value of fund obligation at the end of the year	50 173 979	48 166 771
Less: Transfer of Current Portion - Note 6	(2 651 676)	(2 496 648)
Balance 30 June	47 522 303	45 670 123

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	14.449	35.725	50.174	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	17.704	39.449	57.153	14%
Health care inflation	-1%	11.888	32.506	44.394	-12%
Post-retirement mortality	-1 year	14.952	37.234	52.186	4%
Average retirement age	-1 year	15.654	35.725	51.379	2%
Withdrawal Rate	-50%	15.755	35.725	51.480	3%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		1 114 200	4 012 300	5 126 500	
Health care inflation	1%	1 375 900	4 585 200	5 961 100	16%
Health care inflation	-1%	910 400	3 537 800	4 448 200	-13%
Post-retirement mortality	-1 year	1 151 900	4 177 500	5 329 400	4%
Average retirement age	-1 year	1 226 100	4 111 300	5 337 400	4%
Withdrawal Rate	-50%	1 256 000	4 119 500	5 375 500	5%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

	2013	2012
	283	290

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7.24%	6.43%
General Salary Inflation (long-term)	6.78%	5.97%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.44%	0.43%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

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

	2013 R	2012 R
Present value of fund obligations	3 713 009	3 515 512
Net liability	3 713 009	3 515 512

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
Total Liability	2 966 682	2 455 178	2 408 787

Experience adjustments were calculated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss	(46 194)	9 744	254 596
Assets: Gain / (loss)	-	-	-

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Reconciliation of present value of fund obligation:	2013	2012
	R	R
Present value of fund obligation at the beginning of the year	3 886 091	3 417 827
Total expenses	356 280	274 128
Current service cost	423 602	403 963
Interest Cost	238 093	246 612
Benefits Paid	(305 415)	(376 447)
Actuarial losses	(126 304)	194 136
Present value of fund obligation at the end of the year	4 116 067	3 886 091
Less: Transfer of Current Portion - Note 6	(403 058)	(370 579)
Balance 30 June	3 713 009	3 515 512

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		4.116	
General salary inflation	1.00%	4.389	7%
General salary inflation	-1.00%	3.869	-6%
Average retirement age	-2	3.452	-16%
Average retirement age	2	4.728	15%
Withdrawal rates	-50.00%	4.725	15%

3.3 Retirement funds

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

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

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

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 23.06% by Council. The latest available actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%). Actuarial valuations also determined that there was a shortfall in the investment return for the financial year ended 30 June 2012.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The latest available actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.9% (30 June 2011 - 100.3%).

DEFINED CONTRIBUTION FUNDS

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

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
4	NON-CURRENT PROVISIONS	R	R
	Provision for Rehabilitation of Landfill-sites	<u>7 210 784</u>	<u>6 644 290</u>
	<u>Landfill Sites</u>		
	Balance 1 July	6 644 290	6 007 826
	Unwinding of discounted interest	<u>566 494</u>	<u>636 464</u>
	Balance 30 June	<u>7 210 784</u>	<u>6 644 290</u>

The municipality has an obligation to rehabilitate the following landfill sites at the end of the expected useful life of the asset. Details of the sites are as follows:

		2013	2012
		R	R
	<u>Estimated decommission date</u>		
	<u>Location</u>		<u>Cost of rehabilitation at the end of the useful life</u>
	Karwyderskraal	2042	
	Provision for Rehabilitation of Landfill-sites	<u>7 210 784</u>	<u>6 644 290</u>
	Total Non-current Provisions	<u>7 210 784</u>	<u>6 644 290</u>

5	CONSUMER DEPOSITS		
	Electricity	<u>17 590</u>	<u>20 080</u>
	Total Consumer Deposits	<u>17 590</u>	<u>20 080</u>

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

6	CURRENT EMPLOYEE BENEFITS		
	Current Portion of Post Retirement Benefits - Note 3	2 651 676	2 496 648
	Current Portion of Long-Service Provisions - Note 3	403 058	370 579
	Staff Leave	2 987 959	2 770 862
	Bonuses	<u>1 292 796</u>	<u>1 198 833</u>
	Total Current Employee Benefits	<u>7 335 489</u>	<u>6 836 922</u>

The movement in current employee benefits are reconciled as follows:

	<u>Staff Leave</u>		
	Balance at beginning of year	2 770 862	2 821 452
	Contribution to current portion	414 541	686 138
	Expenditure incurred	<u>(197 443)</u>	<u>(736 728)</u>
	Balance at end of year	<u>2 987 959</u>	<u>2 770 862</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

	<u>Bonuses</u>		
	Balance at beginning of year	1 198 833	1 348 872
	Contribution to current portion	2 826 698	2 363 316
	Expenditure incurred	<u>(2 732 736)</u>	<u>(2 513 354)</u>
	Balance at end of year	<u>1 292 796</u>	<u>1 198 833</u>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
7	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	608 883	1 320 662
	Balance Previously Reported		1 073 346
	Correction of error - Refer to note 30.01		247 317
	Payments received in advance	468 021	413 630
	Sundry Deposits	41 270	53 746
	Suspense Accounts	103 036	66 325
	Total Trade Payables	1 221 210	1 854 364

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include hall, builders and housing Deposits.

The municipality did not default on any of their payables.

Pension fund shortages

Balance at beginning of year	-	2 199 415
Contribution to current portion	-	(2 199 415)
Balance at end of year	-	-

It was reported that the established investment return of the fund for the past financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The municipality received a demand for payment of the said amount plus interest as from 15 February 2010. Accordingly, the comparative figures were restated with the interest portion accruing in the 2009/2010 financial year.

8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	10 951 310	2 111 705
National Government Grants	-	-
Provincial Government Grants	10 951 310	2 111 705
Less: Unpaid Grants	-	41 532
Total Conditional Grants and Receipts	10 951 310	2 070 173

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

9 TAXES

9.1 VAT PAYABLE

VAT Payable	136 742	1 934 375
Balance Previously Reported		168 483
Correction of error - Refer to note 30.02		1 765 892
Total Vat payable	136 742	1 934 375

9.2 VAT RECEIVABLE

VAT Receivable	271 407	284 832
Balance Previously Reported	-	282 245
Correction of error - Refer to note 30.02	-	2 587
Total VAT receivable	271 407	284 832

9.3 NET VAT RECEIVABLE/(PAYABLE)

	134 665	1 649 543
--	----------------	------------------

VAT is receivable/payable on the cash basis.

OVERBERG DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2012	11 188 573	15 026 660	1 309 032	1 201 664	13 724 585	42 450 515
Cost	12 645 853	24 392 732	1 473 492	3 883 077	21 030 646	63 425 800
Original Cost	12 645 853	24 392 732	1 473 492	3 883 077	21 030 646	63 425 800
Accumulated Depreciation on 1 JULY 2012	(1 457 280)	(9 366 071)	(164 460)	(2 681 413)	(7 306 061)	(20 975 285)
Original Accumulated Depreciation	(1 457 280)	(9 366 071)	(164 460)	(2 681 413)	(7 306 061)	(20 975 285)
Acquisitions	-	5 667	33 620	821 872	523 101	1 384 260
Transfers from/(to) Non-current Assets Held for Sale - Note 10	(317 833)	-	-	-	(62 128)	(379 961)
Cost	(333 000)	-	-	-	(120 727)	(453 727)
Accumulated Depreciation	15 167	-	-	-	58 599	73 766
Depreciation	(77 039)	(817 090)	(16 861)	(630 423)	(776 396)	(2 317 809)
Carrying value of disposals/transfers/impairments	-	-	-	(431 440)	(478 223)	(909 663)
Cost	-	-	-	(1 163 569)	(597 519)	(1 761 088)
Accumulated Depreciation	-	-	-	732 129	119 296	851 424
Carrying value at 30 JUNE 2013	10 793 701	14 215 237	1 325 792	961 674	12 930 939	40 227 342
Cost	12 312 853	24 398 399	1 507 112	3 541 380	20 835 501	62 595 244
Accumulated Depreciation	(1 519 152)	(10 183 162)	(181 320)	(2 579 707)	(7 904 562)	(22 367 903)

30 JUNE 2012

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community assets R	Lease assets R	Other assets R	Total R
Carrying value at 1 JULY 2011	13 452 618	15 966 797	1 325 908	2 243 139	14 257 360	47 245 822
Cost	14 963 222	24 612 747	1 473 492	4 055 654	25 492 787	70 597 903
Original Cost	8 749 722	24 612 747	1 473 492	4 055 654	24 937 706	63 829 322
Correction of error - Note 33.1	-	-	-	-	2 727	2 727
Corrections due to VAT audit by SARS	-	-	-	-	142 175	142 175
Disposed assets re-instated	6 213 500	-	-	-	410 180	6 623 680
Assets Identified for the first time	-	-	-	-	-	-
Accumulated Depreciation	(1 510 603)	(8 645 951)	(147 584)	(2 030 549)	(8 901 659)	(21 236 347)
Original Accumulated Depreciation	(1 363 563)	(8 645 951)	(147 584)	(2 239 531)	(8 727 223)	(21 123 852)
Corrections due to VAT audit by SARS	-	-	-	-	(235)	(235)
Disposed assets re-instated	-	-	-	-	(50 185)	(50 185)
Assets Identified for the first time	(147 040)	-	-	-	(135 093)	(282 133)
Changes in useful life	-	-	-	208 982	11 076	220 058
Acquisitions	15 750	7 254	-	-	288 767	311 771
Transfers from/(to) Non-current Assets Held for Sale - Note 14	(2 004 938)	-	-	-	(208 404)	(2 213 342)
Cost	(2 101 875)	-	-	-	(322 584)	(2 424 459)
Accumulated Depreciation	96 937	-	-	-	114 180	211 117
Depreciation	(103 667)	(826 242)	(16 875)	(748 721)	(884 917)	(2 580 423)
Impairment losses	(171 191)	(121 148)	-	(74 720)	(2 061 988)	(2 429 047)
Cost	(231 244)	(227 270)	-	(172 577)	(4 428 324)	(5 059 415)
Accumulated Depreciation	60 053	106 122	-	97 857	2 366 336	2 630 368
Carrying value at 30 JUNE 2012	11 188 573	15 026 660	1 309 032	1 201 664	13 724 585	42 450 515
Cost	12 645 853	24 392 732	1 473 492	3 883 077	21 030 646	63 425 800
Accumulated Depreciation	(1 457 280)	(9 366 071)	(164 460)	(2 681 413)	(7 306 061)	(20 975 285)

Reconciliation of non-current assets transferred to assets held for sale	Land and Buildings R	Infrastructure R	Community assets R	Lease assets R	Other assets R	Total R
Transferred during 2011/12:						
As per AFS as at 30 June 2012	2 004 938	-	-	-	208 404	2 213 342
Cost	2 101 875	-	-	-	322 584	2 424 459
<u>Less:</u> Accumulated depreciation	(96 937)	-	-	-	(114 180)	(211 117)
Correction of error due to VAT Audit by SARS					276	276
Restated value as at 30 June 2012	2 004 938	-	-	-	208 681	2 213 619
Transferred during 2012/13:	317 833	-	-	-	62 128	379 961
Cost	333 000	-	-	-	120 727	453 727
<u>Less:</u> Accumulated depreciation	(15 167)	-	-	-	(58 599)	(73 766)
Total value of non-current assets transferred to assets held for sale	2 322 771	-	-	-	270 809	2 593 580
Cost	(610 913)	-	-	-	(208 681)	(819 594)
Accumulated depreciation	(635 200)	-	-	-	(322 860)	(958 060)
	24 287	-	-	-	114 180	138 467
Total value of non-current assets held for sale as at 30 June 2013	1 711 858	-	-	-	62 128	1 773 986

Reconciliation of gains on disposal of PPE						
Carrying value of non-current assets held for sale during 2012/13	(610 913)	-	-	-	(208 681)	(819 594)
Proceeds on sale of non-current assets held for sale	1 403 509				65 482	1 468 991
Advertising costs and costs of value on properties	(27 805)				(5 299)	(33 105)
Gains on disposal of non-current assets held for sale	764 790	-	-	-	(148 498)	616 292

Land and buildings

Council resolved to sell buildings to various buyers based on the tender process since they are no longer used by Council. These funds were needed to fund capital expenditure for service delivery purposes. The actual sale and transfer of the buildings is expected to take place within 12 months from 30 June 2013.

Other assets

Other assets relate to equipment that are no longer generating any future economic benefits for the municipality. Though the Council has not yet approved these assets for sale, there's a high probability that Council will approve them for sale and that sale is highly probable within 12 months from 30 June 2013 since the items are small and do not carry high values.

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
11	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	344 300	389 136
	Cost	727 475	710 813
	Accumulated Amortisation	(383 175)	(321 676)
	Additions	61 045	16 662
	Amortisation	(62 367)	(61 499)
	Net Carrying amount at 30 June	342 978	344 300
	Cost	788 520	727 475
	Accumulated Amortisation	(445 542)	(383 175)
	The following material intangible assets are included in the carrying value above		
		Carrying Value	
	<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>2013 R</u>
		<u>2012 R</u>	
	Microsoft Office and Windows software	5	342 978
			344 300
	No intangible asset were assessed having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities		
	There are no contractual commitments for the acquisition of intangible assets.		
12	CAPITALISED RESTORATION COST		
	Net Carrying amount at 1 July	1 710 913	1 810 260
	Cost	2 402 151	2 402 151
	Accumulated Depreciation	(595 479)	(538 448)
	Accumulated Impairments	(95 760)	(53 443)
	Depreciation	(56 697)	(57 030)
	Impairment	(9 992)	(42 317)
	Net Carrying amount at 30 June	1 644 223	1 710 913
	Cost	2 402 151	2 402 151
	Accumulated Depreciation	(652 176)	(595 479)
	Accumulated Impairments	(105 752)	(95 760)
	Capitalised restoration costs relates to the rehabilitation of landfill sites which forms part of Land & Building as part of Property, Plant & Equipment		
13	NON-CURRENT INVESTMENTS		
	Unlisted and listed Investment	-	330 832
	Total Non-Current Investments	-	330 832
	Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.		
	Investments comprise of the following.		
	2852 Shares in Pioneer Foods @ R59 per share	-	168 268
	2852 Shares in Overberg Agri @ R57 per share	-	162 564
		-	330 832
14	INVENTORY		
	Maintenance Materials - At cost	924 616	997 967
	Balance Previously Reported	-	1 138 542
	Correction of error - Refer to note 30.03	-	(140 575)
	Printing & Stationary	28 763	45 413
	Fuel & Oil	744 820	748 865
	Spare Parts	32 247	37 797
	Grader Blades	65 744	103 420
	Cleaning Materials	21 125	20 406
	Other	31 915	42 067
	Total Inventory	924 616	997 967

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
15 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	62 379	55 354
Water	11 555	9 991
Refuse	11 373	182 223
Housing rental	337 067	304 183
Sewerage	867	6 447
Creditors paid in advance	351 342	395 598
Provincial health function	9 063	33 107
Provincial roads function	-	3 950 185
Accrued Interest	-	2 995
Total Receivables from Exchange Transactions	783 645	4 940 083
Less: Allowance for Doubtful Debts	(344 085)	(4 256 639)
Total Net Receivables from Exchange Transactions	439 560	683 444

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	16 669	17 070
31 - 60 Days	9 429	12 138
61 - 90 Days	2 453	4 005
+ 90 Days	33 828	22 141
Total	62 379	55 354

(Water): Ageing

Current (0 - 30 days)	2 939	2 577
31 - 60 Days	1 798	1 683
61 - 90 Days	563	730
+ 90 Days	6 254	5 001
Total	11 555	9 991

(Refuse): Ageing

Current (0 - 30 days)	2 246	2 400
31 - 60 Days	1 618	1 618
61 - 90 Days	530	1 080
+ 90 Days	6 979	177 124
Total	11 373	182 223

(Sewerage): Ageing

Current (0 - 30 days)	460	630
31 - 60 Days	241	630
61 - 90 Days	166	630
+ 90 Days	-	4 557
Total	867	6 447

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<u>(Housing rental): Ageing</u>		
Current (0 - 30 days)	30 035	33 690
31 - 60 Days	20 164	15 867
61 - 90 Days	9 000	13 793
+ 90 Days	277 867	240 834
Total	337 067	304 183
<u>Creditors paid in advance</u>		
Current (0 - 30 days)	351 342	395 598
	351 342	395 598
<u>Provincial health function</u>		
Current (0 - 30 days)	9 063	33 107
	9 063	33 107
<u>Provincial roads function</u>		
Current (0 - 30 days)		3 950 185
	-	3 950 185
<u>(Accrued Interest): Ageing</u>		
Current (0 - 30 days)		2 995
	-	2 995
<u>(Total): Ageing</u>		
Current (0 - 30 days)	412 754	4 438 252
31 - 60 Days	33 251	31 936
61 - 90 Days	12 712	20 238
+ 90 Days	324 929	449 657
Total	783 645	4 940 083
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	4 256 639	3 300 956
Contribution to provision/(Reversal of provision)	(3 879 554)	1 005 617
Bad Debts Written Off	(33 000)	(49 934)
Balance at end of year	344 085	4 256 639

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

16 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other Receivables	2 323 146	1 856 809
Electricity Deposits - Provincial clinics	3 874	3 874
Legal fees	34 035	35 134
Sundry Debtors	1 835 247	1 608 966
Balance Previously Reported	-	1 630 362
Correction of error - Refer to note 30.04	-	(21 397)
Suspense Debtors	449 990	208 836
Balance previously reported	-	1 770
Correction of error - Refer to note 30.04	-	193 966
Correction of error - Refer to note 30.04	-	13 100
Total Receivables from Non-Exchange Transactions	2 323 146	1 856 809
Less: Allowance for Doubtful Debts	(874 987)	(224 637)
Total Net Receivables from Non-Exchange Transactions	1 448 158	1 632 172

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	224 637	590 662
Contribution to provision/(Reversal of provision)	753 019	(352 873)
Bad Debts Written Off	(102 669)	(13 152)
Balance at end of year	874 987	224 637

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

17 OPERATING LEASE ARRANGEMENTS

17.1 The Municipality as Lessee (Liability)

Balance on 1 July	-	4 433
Movement during the year	-	(4 433)
Balance on 30 June	-	-

18 CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	-	136 951
Bank Accounts	12 483 278	-
Cash Floats	3 950	4 200
Total Cash and Cash Equivalents - Assets	12 487 228	141 151

Liabilities

Bank Accounts	-	2 109 488
Total Cash and Cash Equivalents - Liabilities	-	2 109 488

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

Cash book balance at beginning of year	-	1 425 810
Cash book balance at end of year	12 483 278	-

ABSA - Account Number 178000062

Bank statement balance at beginning of year	656 214	199 834
Bank statement balance at end of year	213 944	656 214

FNB - Account Number 62270787412

Bank statement balance at beginning of year	(2 740 429)	1 216 696
Bank statement balance at end of year	12 356 430	(2 740 429)

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Call Investments Deposits	-	136 951
	-	136 951

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
19	GOVERNMENT GRANTS AND SUBSIDIES		
	Unconditional Grants	43 926 000	41 692 000
	Equitable Share	43 926 000	41 692 000
	Conditional Grants	44 402 070	39 847 618
	Grants and donations	3 112 733	4 288 920
	Subsidies	41 289 337	35 558 698
	Total Government Grants and Subsidies	88 328 070	81 539 618
	<u>Disclosed as:</u>		
	Revenue from non-exchange transactions	47 141 626	46 084 387
	Revenue from exchange transactions (Road Subsidies)	41 186 443	35 455 231
	Total Government Grants and Subsidies	88 328 070	81 539 618
	The municipality does not expect any significant changes to the level of grants.		
19.1	Equitable share		
	Opening balance	-	-
	Grants received	43 926 000	41 692 000
	Conditions met	(43 926 000)	(41 692 000)
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
19.2	Health and Road Subsidy		
	Opening balance	-	-
	Grants received	49 449 341	35 558 698
	Conditions met	(41 289 337)	(35 558 698)
	Conditions still to be met	8 160 004	-
	Health subsidies was used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality. The road subsidy is utilised to upgrade the provincial road network in the municipal area.		
19.3	Local Government Financial Management Grant (FMG)		
	Opening balance	(32 422)	959 846
	Grants received	1 250 000	1 250 000
	Conditions met	(1 217 578)	(2 242 268)
	Conditions still to be recovered	-	(32 422)
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
19.4	Municipal Systems Improvement Grant		
	Opening balance	(9 110)	527 537
	Grants received	1 000 000	790 000
	Conditions met	(990 890)	(1 326 647)
	Conditions still to be recovered	-	(9 110)
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
19.5	Municipal Infrastructure Grant (MIG)		
	Opening balance	-	64 244
	Conditions met	-	(64 244)
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	-	-

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
19.6 Bulk Waste Water Infrastructure Grant		
Opening balance	-	305 800
Grants received	-	-
Conditions met	-	(305 800)
Grant expenditure to be recovered	-	-
	<u>-</u>	<u>-</u>
19.7 Other Grants		
Opening balance	1 762 443	1 762 443
Grants received	1 772 641	640 379
Interest received	48 224	58 844
Conditions met	(1 141 265)	(349 961)
Conditions still to be met	<u>2 442 044</u>	<u>2 111 705</u>
Various grants were received from other spheres of government.		
19.8 Total Grants		
Opening balance	2 070 173	3 619 870
Grants received	97 397 982	79 931 077
Interest received	48 224	58 844
Conditions met	(88 565 070)	(81 539 618)
Conditions still to be met/(Grant expenditure to be recovered)	<u>10 951 310</u>	<u>2 070 173</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	10 951 310	2 111 705
Unpaid Conditional Government Grants and Receipts	-	(41 532)
	<u>10 951 310</u>	<u>2 070 173</u>
20 SERVICE CHARGES		
Refuse removal	33 259	1 813 867
Water, Electricity and Sewerage	588 086	357 928
	621 345	2 171 796
Less: Rebates	-	-
Total Service Charges	<u>621 345</u>	<u>2 171 796</u>
21 OTHER INCOME		
Sundry income	3 675 127	2 109 246
Total Other Income	<u>3 675 127</u>	<u>2 109 246</u>

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) and fees for items not included under service charges (camping, fire brigade and impounding fees)

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22	EMPLOYEE RELATED COSTS	2013 R	2012 R
	Salaries and Wages	40 417 381	39 018 235
	Bargaining Council Levy	21 313	15 301
	Bonus	2 826 698	2 065 672
	Contributions for UIF, pensions and medical aids	9 009 323	8 538 995
	Group Life Insurance	807 374	746 199
	Housing Subsidy	192 289	212 809
	Leave Reserve Fund	414 541	444 121
	Long service awards	661 695	564 234
	Overtime	1 009 612	1 765 126
	Post Employment Health	4 975 509	4 721 674
	Skills development levy	437 422	426 836
	Balance Previously Reported	-	420 781
	Correction of error - Refer to note 30.05	-	6 055
	Travel, motor car, telephone, assistance and other allowances	3 686 761	3 522 593
	Workmen's Compensation Contributions	386 974	318 977
		64 846 891	62 360 771
	Less: Employee Costs allocated elsewhere	(12 570 495)	(11 490 500)
	Total Employee Related Costs	52 276 396	50 870 271

KEY MANAGEMENT PERSONNEL

Municipal Manager and all other Directors are appointed on fixed term contracts.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr MP Du Plessis

Annual Remuneration	845 700	264 000
Housing Subsidy	1 907	2 326
Travelling , car and other allowances	34 455	11 057
Contributions to UIF, Medical, Pension Funds and Bargaining Council	195 424	59 321
Total	1 077 486	336 704

Remuneration of the Director Financial Services - Mr RF Butler

Annual Remuneration	-	678 427
Back Pay	-	8 000
Acting allowance as Municipal Manager	-	83 096
Travelling , car and other allowances	-	57 368
Leave Paid	-	347 197
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	185 647
Total	-	1 359 735

Remuneration of the Manager Municipal Health - Mr WA Du Toit

Annual Remuneration	309 114	286 746
Back Pay	-	2 766
Acting allowance as Director Community Services and Municipal Manager	135 038	76 140
Annual Bonus	25 824	24 126
Travelling , car and other allowances	176 874	159 266
Contributions to UIF, Medical, Pension Funds and Bargaining Council	96 107	88 581
	742 957	637 624

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Remuneration of the Director Community Services - Mr GW Hermanus		
Annual Remuneration	-	529 706
Back Pay	-	8 000
Travelling , car and other allowances	-	43 576
Leave Paid	-	29 302
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	132 684
Total	-	743 269
<hr/>		
23 REMUNERATION OF COUNCILLORS		
Administrator	-	-
Mayor	632 094	606 438
Deputy Mayor	347 265	332 611
Speaker	544 619	544 413
Mayoral Committee Members	1 356 090	1 588 692
Councillors	1 099 228	1 132 423
Total Councillors' Remuneration	3 979 297	4 204 577
<hr/>		
In-kind Benefits		
The Executive Mayor and all the committee members are full-time. The Mayor are provided with secretarial support and an office at the cost of the Council.		
24 DEBT IMPAIRMENT		
Receivables from exchange transactions - Note 15	(753 019)	1 005 617
Receivables from non-exchange transactions - Note 16	753 019	(352 873)
Total Contribution to Debt Impairment	-	652 743
<hr/>		
25 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	2 317 809	2 585 780
Balance Previously Reported		2 543 562
Correction of error - Refer to note 30.06		5 357
Correction of error - Refer to note 30.06		36 861
Landfill Site	56 697	57 030
Intangible Assets	62 367	61 499
	2 436 873	2 704 309
<hr/>		
26 IMPAIRMENTS		
Landfill Site	9 992	42 317
Property, Plant and Equipment	-	2 286 872
	9 992	2 329 189
<hr/>		

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
27	FINANCE CHARGES		
	Long-term Liabilities	240 073	288 544
	Bank overdraft	-	2 366
	Finance leases	66 059	203 475
	Tip Site	566 494	636 464
	SARS audit	519 837	-
	Total finance charges	1 392 464	1 130 850
28	GRANTS AND SUBSIDIES		
	Grants made	-	12 250
	Total Grants and Subsidies	-	12 250
29	GENERAL EXPENSES		
	Audit Fees	1 712 487	1 779 109
	Bank Charges	64 437	54 472
	Blades	343 866	334 810
	Burning Fuel	321 612	269 609
	Cleaning materials	68 464	75 450
	Equipment rental	1 050 749	1 155 678
	Fuel Cost	8 139 182	7 227 266
	Balance Previously Reported	-	7 210 733
	Correction of error - Refer to note 30.07	-	16 533
	Insurance	457 944	323 550
	Legal Cost	71 236	416 878
	Membership Fees	429 730	320 056
	Balance Previously Reported	-	315 851
	Correction of error - Refer to note 30.07	-	4 205
	Municipal services	4 131 838	3 614 628
	Oil	153 895	151 289
	Printing and stationery	180 075	204 995
	Professional Fees	2 270 851	12 461
	Safety clothes	302 723	257 851
	Security services	4 181	3 329
	Shelters & protection programmes	-	750
	Standby Chopper	533 315	1 040 906
	Telephone	1 451 477	1 556 443
	Training	160 679	76 898
	Travel and subsistence	288 262	224 842
	Tyres	858 806	1 118 243
	Youth development	-	1 599
	Other	1 541 342	1 279 590
	General Expenses	24 537 151	21 500 700

**2012
R**

30 CORRECTION OF ERROR IN TERMS OF GRAP 3

The municipality utilised the Transitional Provisions in Directive 4, issued by the Accounting Standards Board, in prior years. Information for the measurement of the applicable items for which the Transitional Provisions were utilised was since obtained and now restated retrospectively. In addition certain errors were detected which relates to prior years and were also restated retrospectively. The effects of these restatements are listed below.

30.01 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	1 607 047
Correction of SDL due to an additional levy on 30 June 2011 - Refer to note 7	20 274
Correction of SDL due to an additional levy on 30 June 2012 - Refer to note 7	6 055
Correction of PAYE incorrectly coded as pension fund contributions - Refer to note 7	193 966
Correction of Creditor not paid on 30 June 2011 - Refer to note 7	18 480
Correction of Creditor not paid on 30 June 2011 - Refer to note 10	1 750
Correction of VAT on Creditor not paid on 30 June 2011 - Refer to note 7	2 587
Correction of SALGA Membership fee on 30 June 2012 - Refer to note 7	4 205
	1 854 364

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2012 R
30.02 TAXES		
	Balance previously reported	113 761
	Correction of VAT Payable treated incorrectly on Roads agency fee on 30 June 2011 - Refer to note 9.1	(1 345 512)
	Correction of VAT Payable on Assets - Invalid Capital Input Tax Claims on 30 June 2011 - Refer to note 9.1	(3 003)
	Correction of VAT Payable treated incorrectly on Roads agency fee on 30 June 2012 - Refer to note 9.1	(417 376)
	Correction of VAT Receivable on Creditor Invoice not paid on 30 June 2011 - Refer to note 9.2	2 587
		<u><u>(1 649 543)</u></u>
30.03 INVENTORY		
	Balance previously reported	1 138 542
	Correction of Fuel Costs not issued on 30 June 2011 - Refer to note 14	(124 042)
	Correction of Fuel Costs not issued on 30 June 2012 - Refer to note 14	(16 533)
		<u><u>997 967</u></u>
30.04 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Balance previously reported	1 671 140
	Correction of Rental of facilities incorrectly accrued - Refer to note 16	(21 397)
	Correction of PAYE not recovered from officials - Refer to note 16 and 30.01	193 966
	Correction of Transportation of furniture to be recovered - Refer to note 16	13 100
		<u><u>1 856 809</u></u>
30.05 EMPLOYEE RELATED COSTS		
	Balance previously reported	50 864 217
	Correction of SDL due to an additional levy - Refer to note 22	6 055
		<u><u>50 870 271</u></u>
30.06 PROPERTY, PLANT AND EQUIPMENT		
	Balance previously reported	35 831 289
	Correction of VAT on Assets - Invalid Capital Input Tax Claims on 30 June 2011 - Refer to note 30.02	3 003
	Correction of Assets - Transferred to Assets Held for Sale on 30 June 2011 - Refer to note 10	(276)
	Correction of Assets - First time recognition on 30 June 2011 - Refer to note 10	6 623 680
	Correction of Depreciation - Assets first time recognised on 30 June 2011 - Refer to note 10	(332 553)
	Correction of Assets - Change in use full lives on 30 June 2011 - Refer to note 10	9 579
	Correction of Depreciation - Change in use full lives of assets on 30 June 2011 - Refer to note 10	215 836
	Correction of Assets - Previously impaired but still in use on 30 June 2012 - Refer to note 10	142 175
	Correction of Depreciation - Assets first time recognised on 30 June 2012 - Refer to note 10	(36 861)
	Correction of Assets - Change in use full lives on 30 June 2012 - Refer to note 10	(5 357)
		<u><u>42 450 515</u></u>
30.07 GENERAL EXPENSES		
	Balance previously reported	21 479 962
	Correction of Fuel Costs not issued - Refer to note 29	16 533
	Correction of SALGA Membership fee - Refer to note 29	4 205
		<u><u>21 500 700</u></u>
30.08 ACCUMULATED DEFICIT		
	Balance previously reported	(21 039 317)
	Correction of Employee Related Costs on 30 June 2011 - Refer to note 30.01	(20 274)
	Correction of Repairs and Maintenance on 30 June 2011 - Refer to note 30.01	(18 480)
	Correction of Agency Services on 30 June 2011 - Refer to note 30.02	(1 345 512)
	Correction of Fuel Costs on 30 June 2011 - Refer to note 30.03	(124 042)
	Correction of Transportation Costs on 30 June 2011 - Refer to note 30.04	13 100
	Correction of Assets - First time recognised on 30 June 2011 - Refer to note 10	6 621 930
	Correction of Depreciation - Assets first time recognised on 30 June 2011 - Refer to note 10	(332 553)
	Correction of Assets - Change in useful lives on 30 June 2011 - Refer to note 10	9 579
	Correction of Depreciation - Change in useful lives of assets on 30 June 2011 - Refer to note 10	215 836
		<u><u>(16 019 733)</u></u>

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

31 STATEMENT OF FINANCIAL PERFORMANCE

Balance previously reported	(6 891 156)
Correction of Revenue from Non-Exchange Transactions (Subsidies Roads Function) on 30 June 2012 - Refer to note 19	(35 455 231)
Correction of Revenue from Exchange Transactions (Subsidies Roads Function) on 30 June 2012 - Refer to note 19	35 455 231
Correction of Depreciation - Assets first time recognised on 30 June 2012 - Refer to note 30.06	(36 861)
Correction of Agency Services on 30 June 2012 - Refer to note 30.02	(417 376)
Correction of Rental of Facilities and Equipment on 30 June 2012 - Refer to note 30.04	(21 397)
Correction of Employee Related Costs on 30 June 2012 - Refer to note 30.05	(6 055)
Correction of Fuel Costs on 30 June 2012 - Refer to note 30.07	(16 533)
Correction of SALGA Membership fee on 30 June 2012 - Refer to note 30.07	(4 205)
Correction of Assets - Previously impaired but still in use on 30 June 2012 - Refer to note 30.06	142 175
Correction of Assets - Change in useful lives on 30 June 2012 - Refer to note 30.06	(5 357)
Total	(7 256 764)

	2013	2012
	R	R
32 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	1 959 913	(7 256 764)
Adjustments for:		
Depreciation	2 374 506	2 642 810
Amortisation of Intangible Assets	62 367	61 499
Loss on disposal of property, plant and equipment	641 213	-
Gain on disposal of property, plant and equipment	(616 292)	-
Debt Impairment	-	652 743
Bad debts written off	(135 669)	(63 086)
Contribution to bonuses	93 963	(150 038)
Contribution to staff leave	217 098	(50 590)
Contribution from/to employee benefits	5 637 204	5 372 249
Unwinding of Interest on Provision for Tip Sites	566 494	636 464
Non-current Employee benefits - expenditure incurred	(2 658 170)	(2 659 682)
Actuarial Losses / (Gains)	(741 851)	3 451 166
Fair Value losses	15 310	71 899
Impairment written off	9 992	2 329 189
Grants Received	97 446 206	79 989 921
Grants Expenditure	(88 565 070)	(81 539 618)
Operating lease expenses accrued	-	(4 433)
Fair Value gains	(42 288)	-
Dividends in specie	-	(174 571)
Operating Surplus/(Deficit) before changes in working capital	16 264 926	3 309 158
Changes in working capital	(1 780 442)	(4 825 896)
Increase/(Decrease) in Trade and Other Payables	(633 154)	(4 359 331)
Increase/(Decrease) in Taxes	(1 784 208)	796 394
(Increase)/Decrease in Inventory	73 352	(261 174)
(Increase)/Decrease in Trade and other receivables	563 567	(1 001 785)
Cash generated/(absorbed) by operations	14 484 483	(1 516 738)

33 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 18	-	136 951
Cash Floats - Note 18	3 950	4 200
Bank - Note 18	12 483 278	-
Bank overdraft - Note	-	(2 109 488)
Total cash and cash equivalents	12 487 228	(1 968 338)

34 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 33	12 487 228	(1 968 338)
Investments - Note 13	-	330 832
Less:	12 487 228	(1 637 506)
	10 951 310	3 761 248
Unspent Committed Conditional Grants - Note 8	10 951 310	2 111 705
VAT - Note 9	-	1 649 543
Resources available for working capital requirements	1 535 918	(5 398 754)

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
35	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 2	2 767 645	3 410 915
	Used to finance property, plant and equipment - at cost	<u>(2 767 645)</u>	<u>(3 410 915)</u>
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	<u>-</u>	<u>-</u>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	7 368 470	15 119 463
Unauthorised expenditure current year - capital	139 820	22 109
Unauthorised expenditure current year - operating	-	5 375 806
Unauthorised expenditure current year - Conditional grants utilised for operating expenditure	-	1 970 554
Written off by council	<u>(7 368 470)</u>	<u>(15 119 463)</u>
Unauthorised expenditure awaiting authorisation	<u>139 820</u>	<u>7 368 470</u>

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (Unauthorised)
Unauthorised expenditure current year - operating				
Executive & Council	10 565 551	10 666 890	(101 339)	-
Budget & Treasury	-	-	-	-
Corporate Services	6 562 876	6 990 660	(427 784)	-
Financial Services	10 414 090	10 808 640	(394 550)	-
Planning & Development	1 147 520	1 222 640	(75 120)	-
Health	102 894	120 000	(17 106)	-
Community & Social Services	879 272	960 210	(80 938)	-
Housing	-	-	-	-
Public Safety	14 671 485	15 352 820	(681 335)	-
Sport & Recreation	10 189 064	10 589 320	(400 256)	-
Environmental Protection	9 822 413	10 141 940	(319 527)	-
Waste Management	1 897 177	1 982 040	(84 863)	-
Waste Water Management	-	-	-	-
Road Transport	41 364 134	45 308 610	(3 944 476)	-
	<u>107 616 477</u>	<u>114 143 770</u>	<u>(6 527 293)</u>	<u>-</u>
Unauthorised expenditure current year - capital				
Executive & Council	-	-	-	-
Budget & Treasury	-	-	-	-
Corporate Services	257 956	260 760	(2 804)	-
Financial Services	149 820	10 000	139 820	139 820
Planning & Development	-	-	-	-
Health	-	-	-	-
Community & Social Services	-	-	-	-
Housing	-	-	-	-
Public Safety	528 403	767 130	(238 727)	-
Sport & Recreation	452 279	574 800	(122 521)	-
Environmental Protection	174 298	181 100	(6 802)	-
Waste Management	-	-	-	-
Waste Water Management	-	-	-	-
Road Transport	-	-	-	-
	<u>1 562 756</u>	<u>1 793 790</u>	<u>(231 034)</u>	<u>139 820</u>

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

36.2 Fruitless and wasteful expenditure

	2013 R	2012 R
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	1 921 156	1 921 156
Fruitless and wasteful expenditure current year	-	-
Written off by council	(1 728 056)	-
Transfer to receivables for recovery	(193 100)	-
	-	-
Fruitless and wasteful expenditure awaiting further action	-	1 921 156

Incident	Disciplinary steps/criminal proceedings	
<i>After the Election on 5 March 2006 a new Council was elected. The Council decided to end the contract of the Municipal Manager that was valid until November 2007. Cost paid to the Municipal Manager.</i>	<i>None - Council yet to decide.</i>	
<i>Labour dispute - Me W Meyer vs ODM.</i>		1 637 104
<i>Compensation to be paid to Me W Meyer.</i>	<i>Monies to be recovered from Mr G W Hermanus</i>	180 000
<i>Suspension of Mr G W Hermanus.</i>	<i>Monies to be recovered from Me M Gillion.</i>	17 872
<i>W Smuts - Settlement for prematurely ending his employment contract after a disciplinary process</i>	<i>None - Council yet to decide.</i>	73 080
<i>W Pekeur - Reimbursement for removal costs, due to the wrongdoing of an acting Municipal Manager.</i>	<i>None - Council yet to decide.</i>	13 100
		-
		1 921 156

36.3 Irregular expenditure

Reconciliation of irregular expenditure:		
Opening balance	14 302 138	10 409 046
Irregular expenditure current year	-	3 893 092
Written off by council	(10 650 293)	-
To be recovered	(57 000)	-
Written off by council	(658 449)	-
	2 936 396	14 302 138
Irregular expenditure awaiting further action	14 302 138	14 302 138
Irregular expenditure awaiting condonement by National Treasury	14 302 138	14 302 138

Incident	Disciplinary steps/criminal proceedings	
<i>Invoice dated prior to order date</i>	<i>None</i>	2 389
<i>Valid tax clearance certificates not obtained for procurements exceeding R 30 000</i>	<i>None</i>	433 573
<i>Nashua - All supply chain management regulations not followed in the procurement of the contract.</i>	<i>None</i>	2 214 492
<i>Evaluation and adjudication criteria applied not consistent with original bid</i>	<i>None</i>	1 082 724
<i>Three quotations not obtained</i>	<i>None</i>	152 586
<i>Invoice amount and order amount differ</i>	<i>None</i>	7 328
		-
		3 893 092

36.4 Other Non-Compliance

- The municipality did not comply with section 65 (2) (e) of the MFMA. All reasonable steps to ensure, that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure, was not taken.
- The municipality did not adhere to the provisions of section 165(2)(b) of the MFMA that requires an adequately resourced internal audit unit that executes its plan in an effective and timely manner.
- The municipality entered into transactions with suppliers that were not listed on the municipality's list of prospective suppliers as required by regulation 17 of the Municipal Supply Chain Management Regulations, 2005.
- The municipality did not comply with regulation 13(c) of the Municipal Supply Chain Management Regulations, 2005. In some cases, goods and services with a transaction value exceeding R10 000 were procured through quotations without any evidence in the form of a declaration of interest (OMD4).
- The municipality did not comply with section 63 (2) (a) and (c) of the MFMA. The municipality did not take all reasonable steps to ensure that the municipality maintains a management, accounting system for the assets of the municipality.

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
37.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Opening balance	4 205	-
Council subscriptions	429 730	320 056
Amount paid - current year	(433 935)	(315 851)
Balance unpaid (included in creditors)	-	4 205
37.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year audit fee	1 712 487	1 779 109
External Audit - Auditor-General	1 712 487	1 779 109
Amount paid - current year	(1 712 487)	(1 779 109)
Balance unpaid (included in creditors)	-	-
37.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	(65 092)	(368 907)
Amounts received - current year	648 151	1 031 595
Amounts claimed - current year	(720 834)	(727 780)
Closing balance - Receivable	(137 776)	(65 092)
Vat in suspense due to cash basis of accounting		
Input VAT	-	-
Output VAT	3 111	1 714 635
Receivable	(134 665)	1 649 543
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
37.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	6 676 650	7 214 735
Amount paid - current year	(6 676 650)	(7 214 735)
Balance unpaid (included in creditors)	-	-
37.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	13 530 421	12 820 429
Amount paid - current year	(13 530 421)	(12 820 429)
Balance unpaid (included in creditors)	-	-
37.7 Quotations awarded - Supply Chain Management		
Deviations from the Supply Chain Management Regulations were identified on the following categories:		
Deviations per type		
- 3 Quotes not obtained	1 884 202	670 347
- Invoice amount and order amount differ	-	-
- Other	-	-
- Splitting of orders	-	-
	1 884 202	670 347
Deviations per financial category		
- Between R 0 and R 2 000	1 563	-
- Between R 2 000 and R 10 000	305 169	155 679
- Between R 10 000 and R 30 000	379 778	90 465
- Between R 30 000 and R 200 000	560 342	214 208
- Above R 200 000	637 350	209 996
	1 884 202	670 347

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

38

FINANCIAL RISK MANAGEMENT

2013
R

2012
R

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

2013
R

2012
R

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% (2012 - 0.5%) Increase in interest rates	12 524	(58 485)
0.5% (2012 - 0.5%) Decrease in interest rates	(12 524)	58 485

(d) Credit Risk

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

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

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The entity only deposits cash with major banks with high quality credit standing. The banks utilised by the municipality are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables are individually evaluated annually at Balance Sheet date for impairment.

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	439 560	683 444
Receivables from non-exchange transactions	1 448 158	1 632 172
Cash and Cash Equivalents	12 487 228	141 151
Non-Current Investments	-	330 832
	14 374 946	2 829 131

(e) Liquidity Risk

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

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Long Term liabilities	1 090 460	1 868 148	325 309	-
Capital repayments	891 489	1 579 403	296 754	-
Interest	198 971	288 745	28 555	-
Provisions Landfill Sites	-	-	-	76 814 797
Capital repayments	-	-	-	7 210 784
Interest	-	-	-	69 604 013
Payables from exchange transactions	1 221 210	-	-	-
Unspent conditional government grants and receipts	10 951 310	-	-	-
Cash and Cash Equivalents	-	-	-	-
	13 262 980	1 868 148	325 309	76 814 797
	13 262 980	1 868 148	325 309	76 814 797
2012				
Long Term liabilities	1 726 886	1 900 304	542 181	-
Capital repayments	1 430 469	1 507 489	472 957	-
Interest	296 417	392 815	69 224	-
Provisions Landfill Sites	-	-	-	88 154 302
Capital repayments	-	-	-	6 644 290
Interest	-	-	-	81 510 012
Payables from exchange transactions	1 854 364	-	-	-
Unspent conditional government grants and receipts	2 111 705	-	-	-
Cash and Cash Equivalents	2 109 488	-	-	-
	7 802 443	1 900 304	542 181	88 154 302
	7 802 443	1 900 304	542 181	88 154 302

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

39	FINANCIAL INSTRUMENTS	2013	2012
		R	R
	Financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
39.1	<u>Financial Assets</u>		
	<u>Classification</u>		
	Investments		
	Unlisted and listed Investments	-	330 832
	Receivables		
	Receivables from exchange transactions	88 218	287 846
	Receivables from non-exchange transactions	1 448 158	1 632 172
	Short-term Investment Deposits		
	Call Deposits	-	136 951
	Bank Balances and Cash		
	Bank Balances	12 483 278	-
	Cash Floats and Advances	3 950	4 200
		14 023 604	2 392 001
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	14 023 604	2 392 001
	At amortised cost	14 023 604	2 392 001
39.2	<u>Financial Liability</u>		
	<u>Classification</u>		
	Long-term Liabilities		
	Annuity Loans	1 235 231	1 958 300
	Capitalised Lease Liability	640 926	22 146
	Non-Current Provisions - Landfill Sites	7 210 784	6 644 290
	Payables from exchange transactions		
	Trade Creditors	608 883	1 320 662
	Sundry Deposits	41 270	53 746
	Other	103 036	66 325
	Other Payables		
	Government Subsidies and Grants	10 951 310	2 111 705
	Current Portion of Long-term Liabilities		
	Annuity Loans	723 069	660 080
	Capitalised Lease Liability	168 419	770 389
	Bank Balances and Cash		
	Bank Balances	-	2 109 488
		21 682 928	15 717 131
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	21 682 928	15 717 131
40	EVENTS AFTER THE REPORTING DATE		
	The municipality has no events after reporting date during the financial year ended 2012/2013.		
41	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
42	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		

OVERBERG DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
43	CONTINGENT LIABILITY		
	<p>Pending claim relating to a labour dispute with an employee The possible claim that was disclosed in the previous financial year was resolved during November 2013. The claim was rejected by the CCMA and no further claims will arise from this issue.</p> <p>During the current financial year a new labour litigation was made against the municipality. No indication of the outcome or a possible amount of the claim is available.</p> <p>During the financial year under review a disciplinary hearing against the Municipal Manager resulted in a settlement agreement between the Municipal Manager and the Council that was signed by both parties during November 2013.</p>	<u><u>369 364</u></u>	
	<p>On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system.</p> <p>Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. To date this Labour Court of Appeal case has not been finalised. This municipality did not implement the original wage curve agreement and also did not implement the TASK evaluations.</p> <p>As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/ payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation.</p> <p>The litigation from a landowner for a fire on his property is still pending.</p> <p>The remuneration increase for Councillors was rejected by the provincial MEC for local government. The Councillors are still negotiating with the MEC to get their increase approved. If the consent of the MEC could be obtained back pay for the 2012/13 financial year will be paid.</p>	<u><u>425 750</u></u>	
44	RELATED PARTIES		
	<p>Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.</p> <p>The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.</p>		
44.1	Related Party Loans		
	<p>Since 1 July 2004 loans to councillors and senior management employees are not permitted.</p>		
44.2	Compensation of key management personnel		
	<p>The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.</p>		
44.3	Other related party transactions		
	<p>The following purchases were made during the year where Councillors or staff have an interest:</p> <p><i>None</i></p>		
45	GOING CONCERN ASSUMPTION		
	<p>The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date. The financial statements for this municipality has been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following after the reporting date.</p> <p>The financial results however may indicate that the going concern assumption of this municipality may be in serious doubt. The amounts promulgated in the DORA have a serious impact on the level of services that this municipality can render and it may well raise doubt about the future financial sustainability of this municipality and may cause serious health and other risks regarding service delivery to the communities within the jurisdiction of this municipality.</p>		

**APPENDIX A
OVERBERG DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2012	Correction	Balance at 30 JUNE 2012 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS									
INCA	9.30%		31/12/2014	1 471 986	-	1 471 986		549 020	922 966
INCA	9.45%		31/12/2019	1 146 395	-	1 146 395		111 061	1 035 334
Total Annuity Loans				2 618 380	-	2 618 380	-	660 080	1 958 300
LEASE LIABILITY									
Vehicles and Equipment				792 534	-	792 534	821 872	805 062	809 345
Total Lease Liabilities				792 534	-	792 534	821 872	805 062	809 345
TOTAL EXTERNAL LOANS				3 410 915	-	3 410 915	821 872	1 465 142	2 767 645

APPENDIX B
OVERBERG DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
MUNICIPAL VOTES CLASSIFICATION

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
994 549	(5 486 062)	(4 491 513)	Council Expenditure	4 491 439	(5 935 524)	(1 444 086)
267 729	(2 551 222)	(2 283 493)	Executive Services	-	(1 189 338)	(1 189 338)
-	(12 250)	(12 250)	Donations	-	-	-
-	-	-	Management Support	-	(863 767)	(863 767)
-	(1 509 425)	(1 509 425)	Record Management	-	(833 611)	(833 611)
1 669 834	(3 501 910)	(1 832 076)	Administration	-	(3 361 629)	(3 361 629)
-	(437 159)	(437 159)	Audit	-	(501 923)	(501 923)
-	(1 227 537)	(1 227 537)	Human Resources	-	(1 425 262)	(1 425 262)
-	(1 608 580)	(1 608 580)	Supply Chain Management	-	(1 792 648)	(1 792 648)
-	(3 033 641)	(3 033 641)	Finance Inc Exp & It	-	(3 272 982)	(3 272 982)
-	-	-	Performance Management	-	(439 717)	(439 717)
13 947	(599 233)	(585 286)	Buildings	15 142	(472 501)	(457 359)
2 229 072	(5 524 754)	(3 295 681)	Financial Services	4 441 607	(4 500 241)	(58 634)
-	(2 112 767)	(2 112 767)	Planning Services	-	(1 106 649)	(1 106 649)
43 586 972	(1 894 972)	41 692 000	Grants Ex Nat Government	46 023 929	(2 097 929)	43 926 000
150 000	(150 000)	-	Grants Ex Prov Government	7 226	(7 226)	-
2 242 268	(2 237 345)	4 923	Fin Man Grant	1 007 578	(848 218)	159 360
52 102	(14 465 855)	(14 413 753)	Fire Brigade	122 857	(14 337 590)	(14 214 733)
-	(249 935)	(249 935)	Disaster Management	-	(333 894)	(333 894)
30 757	(8 985 458)	(8 954 701)	Municipal Health	67 874	(9 822 327)	(9 754 453)
6 113	(566 577)	(560 464)	Human Development	-	-	-
8 881	(431)	8 451	Velapi Hostel	11 259	(86)	11 172
-	(245 666)	(245 666)	ABI Fire Fighting	-	-	-
-	(146 269)	(146 269)	Environmental Management	-	(879 272)	(879 272)
-	(169 392)	(169 392)	Engineering Services	-	(40 871)	(40 871)
1 790 156	(2 466 512)	(676 357)	Karwyderskraal	15 784	(1 897 177)	(1 881 393)
-	(1 222 750)	(1 222 750)	Buffeljachtsbaai	-	(1 235)	(1 235)
2 394 102	(3 262 964)	(868 862)	Dennehof	1 569 226	(2 559 623)	(990 397)
1 756 694	(1 551 325)	205 370	Die Dam	2 125 204	(1 402 905)	722 298
6 844 033	(6 111 441)	732 592	Uilenkraalsmond	8 170 610	(6 225 302)	1 945 308
37 455	-	37 455	Outspans & Public Places	39 627	-	39 627
103 467	(103 467)	-	Comprehensive Health	102 894	(102 894)	-
39 094 442	(39 094 442)	-	Roads - Main & Divisional	41 364 134	(41 364 134)	-
103 272 575	(110 529 339)	(7 256 764)	Sub Total	109 576 389	(107 616 477)	1 959 913
-	-	-		-	-	-
103 272 575	(110 529 339)	(7 256 764)	Total	109 576 389	(107 616 477)	1 959 913

APPENDIX C
OVERBERG DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
44 999 250	(12 041 090)	32 958 160	Executive & Council	50 522 593	(10 565 551)	39 957 043
1 683 781	(5 328 680)	(3 644 899)	Corporate Services	15 142	(6 562 876)	(6 547 734)
4 471 340	(12 404 318)	(7 932 978)	Financial Services	5 449 186	(10 414 090)	(4 964 904)
-	(2 282 159)	(2 282 159)	Planning & Development	-	(1 147 520)	(1 147 520)
103 467	(103 467)	-	Health	102 894	(102 894)	-
6 113	(712 846)	(706 733)	Community & Social Services	-	(879 272)	(879 272)
52 102	(14 961 456)	(14 909 354)	Public Safety	122 857	(14 671 485)	(14 548 628)
11 032 284	(12 148 479)	(1 116 195)	Sport & Recreation	11 904 666	(10 189 064)	1 715 602
39 638	(8 985 889)	(8 946 251)	Environmental Protection	79 133	(9 822 413)	(9 743 280)
1 790 156	(2 466 512)	(676 357)	Waste Management	15 784	(1 897 177)	(1 881 393)
39 094 442	(39 094 442)	-	Road Transport	41 364 134	(41 364 134)	-
103 272 575	(110 529 339)	(7 256 764)	Total	109 576 389	(107 616 477)	1 959 913

APPENDIX D
OVERBERG DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 JUNE 2012	Correction of error	Balance 1 JULY 2012	Grants Received	Interest Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Deductions from National Treasury	Balance 30 JUNE 2013
	R	R	R	R	R	R	R	R	R
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS									
National Government Grants									
Equitable Share	-	-	-	43 926 000		43 926 000			-
Local Government Financial Management Grant	(32 422)	-	(32 422)	1 250 000		867 789	139 790	210 000	-
Municipal Systems Improvement Grant	(9 110)	-	(9 110)	1 000 000		963 890		27 000	-
Total National Government Grants	(41 532)	-	(41 532)	46 176 000	-	45 757 678	139 790	237 000	-
Provincial Government Grants									
Napier Tourism Office	1 438	-	1 438		47				1 486
Local Economic Development	20 976	-	20 976		689				21 665
Non - motorised Transport	7 122	-	7 122		234				7 356
Coastal Management Programme	876 181	-	876 181		28 881	7 226			897 836
SETA Training Fund	622 159	-	622 159	222 641		110 339			734 461
Tourism Routes	60 573	-	60 573		1 989				62 562
Human Rights Programme	99 786	-	99 786		3 277				103 062
Kogelberg Biosphere	25 585	-	25 585		840				26 425
Breede River Spatial Development Framework	14 074	-	14 074		462				14 536
Tourism Workshops	20 095	-	20 095		660				20 755
Tourism Projects	113 537	-	113 537		3 728				117 265
Housing Training	220 775	-	220 775		7 250				228 025
CDW Funds	5 124	-	5 124		168				5 292
Alcohol Abuse	579	-	579						579
Karwyderskraal	-	-	-	250 000					250 000
EPWP Grant	23 700	-	23 700	1 000 000		1 023 700			-
Health and Road Subsidy	-	-	-	49 449 341		41 289 337			8 160 004
Risk Management	-	-	-	300 000					300 000
Total Provincial Government Grants	2 111 705	-	2 111 705	51 221 982	48 224	42 430 602	-	-	10 951 310
Total	2 070 173	-	2 070 173	97 397 982	48 224	88 188 280	139 790	237 000	10 951 310