

NAMAKWA

DISTRICT MUNICIPALITY



ANNUAL REPORT
2012-2013

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Namakwa District

VISION

Namakwa District Municipality, a centre of excellence!

Mission Statement

- *A government institution legislatively mandated to stimulate economic and social transformation within the jurisdiction of the Namakwa District Municipality*
- *By fostering partnership with relevant institutions to ensure sustainable development*
- *Proactively supporting and capacitating B-municipalities ,*
- *Be a transparent and accountable center of excellence.*



- *Daar is gebruik gemaak van die nuwe Europese skildvorm.*
- *Die goue gedeelte in die skild verwys na die oorwegend dorre gebied wat deur die Distriksmunisipaliteit bedien word. Die twee toegewende klimmende Springbokke in die skildvoet sluit nie alleen net by die administratiewe setel aan nie, maar ook by die groot troppe van hierdie diere wat in die distrik voorgekom het en 'n belangrike bestaansbron was vir die San en Nama.*
- *Die golwende streepbalke verwys na die belangrikheid van water in die gebied en dui ook op die berge in die Hantam area.*
- *Die bittergousblom in die skildhoof is eie aan die streek en dien ook as alternatief vir die son wat as element vir die wapen voorgestel is.*
- *Die diamante dui op die natuurlike aardse bronne en rijk minerale in die streek.*
- *Die skildhouers is twee dwergvalkies wat eie is aan die Hantam area en ook in die vorige Hantam Distriksraad se wapen voorgekom het.*
- *Die kroon wat op die skild rus is in die vorm van stene wat dui op 'n samebouende, samewerkende regering.*
- *Die wapenspreuk " !Igâi!Osib" is 'n Nama vertaling van die woord Welvaart. Die HAT woordeboek beteken is van die woord Welvaart is 'Voorspoed' en 'Gesondheid'. Die lint waarop die wapenspreuk staan is goud met 'n wynrooi agtergrond wat beide dui op die natuurlike bronne binne die streek.*

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Foreword by Executive Mayor – Mr B Vass

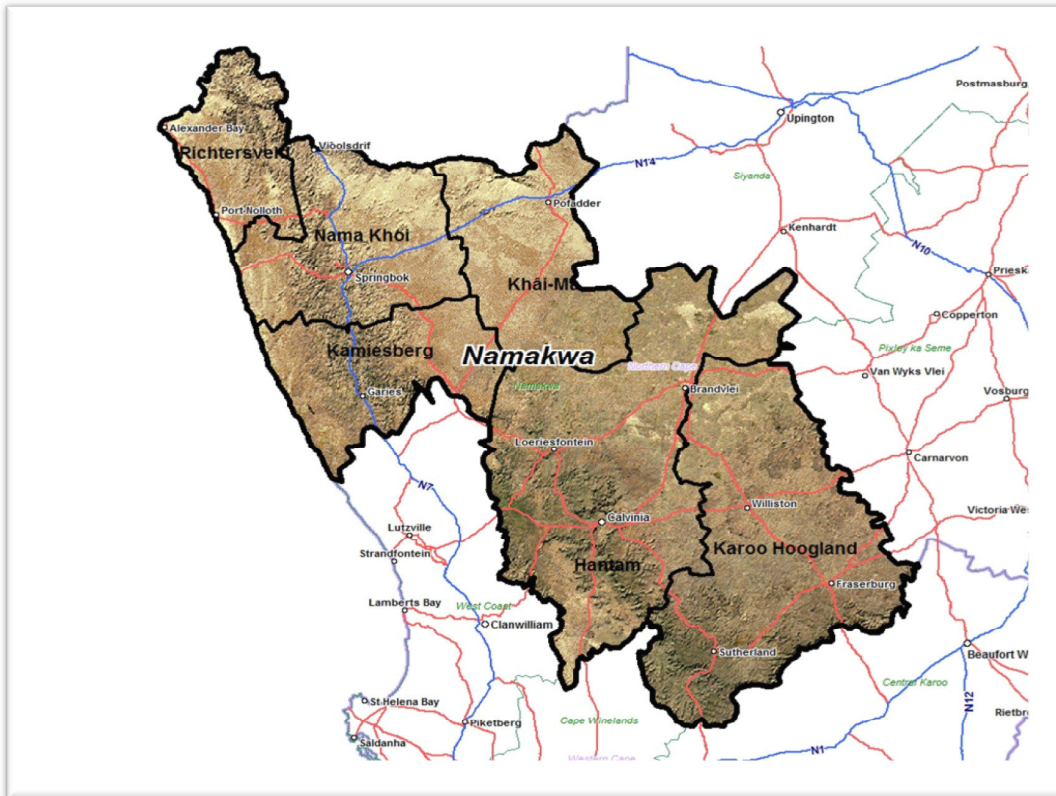
EXECUTIVE SUMMARY

MUNICIPAL MANAGER OVERVIEW

Madeleine Brandt

CHAPTER 1

1.1 Geographical, Population and Environmental Overview



The National Census was conducted in October 2011 but the preliminary results will only be available later in 2012. An analysis was therefore done from mainly external data sources. A detailed analysis will have to be done when specific data become available and should be incorporated in future reviews of this

Geography of Namakwa Namakwa District Municipality is situated in the western part of the Northern Cape and South Africa. The Municipality consists of 6 local municipalities and covers a geographical area of approximately 126 747.43 km². It is bordered by the Siyanda and Pixley ka Seme Districts of the Northern Cape Province to the North-East and East, respectively, and by the Western Cape Province to the South (the West Coast, Boland and Central Karoo District Municipalities). The Atlantic Ocean forms the Western boundary, while the Orange River forms the Northern border with Namibia. Fig.1: The Local Municipalities, with the amended demarcation, within the District:

Socio-Economic Profile of region

The socio-economic profiling baseline data shows that poverty is widespread throughout the district. The Namakwa District Municipality is the largest district geographically in South Africa, but has a small and dispersed population (with a population density of 0.9 people per/km² compared to South Africa's 3.91p/p/km² and the Northern Cape's 2.62p/p/km²). The NDM consist of the following local municipalities:

Richtersveld: Situated in the north, bordering Namibia along the Orange River, with a total population of 14 612 and an area of approximately 9 607 square kilometres, this municipality is home to diamond mines, with Port Nolloth being the largest settlement. The coastal and river resources of the area are underutilised. The Richtersveld World Heritage site, that could become an international tourist attraction, is also situated in the western part of the Municipality

Nama Khoi: This municipality includes inter alia the towns of Springbok, Okiep, Concordia, Nababeep, Bergsig, Fonteintjie, Carolusberg, Vioolsdrift, Rooiwal, Goodhouse, Matjieskloof, Buffelsrivier, Kleinzee, Bulletrap, Rooiwinkel, Henkries and Komaggas and is the "hub" of the Namakwa District, both in terms of economic activity as well as population – with over 54 643 residents. The area covers approximately 17988 square kilometres.

Khai-Ma: This eastern municipality covering approximately 16 627 square kilometres is home to approximately 12 571 people, the main towns being Pofadder and Aggeneys. The population density is less than 1 person per square kilometre.

Kamiesberg: Situated south of Nama Khoi, along the west coast, this area includes Hondeklip Bay, Garies and Kamieskroon as its major settlements. The total population is estimated at over 12 116, the majority of whom are not

economically active. The area is sparsely populated, at less than 1 person per square kilometre over the 14 210 square kilometres.

Hantam: The Hantam Local Municipality has the second largest population of the District, with approximately 21 233 people. It includes the major towns of Calvinia, Niewoudtsville and Loeriesfontein and covers approximately 36 128 square kilometres. The Hantam Municipality is therefore geographically the largest municipality in the District after the latest demarcation and now includes the small settlement, Zwartkop. The population density is also less than 1 person per square kilometre.

Karoo Hoogland: This municipality with a population of just over 10 419, is significant for science and technology, with Sutherland being the location of the South African Large Telescope (SALT) project. Other towns in this municipal area include Williston and Fraserburg. The majority of the population reside within these three towns. The municipality consists of vast rural and undeveloped areas. The total area covers approximately 32 273 square kilometres with a population density of less than 1 person per square kilometre.

Each local municipality has a small population, as the statistics show. The smallest being Karoo Hoogland (just over 10 419) and the largest being Nama Khoi (over 54 643). The total Namakwa population is estimated at over 125 000 people.

The population can be regarded as having a high dependency ratio, with 7.39% of the population over the age of 65 and 25% are under 15 years. The latter youth group will be demanding education, housing and jobs in the near future.

Approximately 5% of the population has no schooling, and just 1.54% of the population have a higher education, resulting in a shortage of highly skilled people – 58% of the economically active population are classified as unskilled. In 2007, 12.82% of the population were unemployed, 45.71% were employed, and 37.34% were not economically active. As a result of the employment situation as

well as quality of jobs (skills levels) 74.96% of the population falls within the poverty level. Notably, this feeds into a reliance on the state, with 36% of the households registered as indigent (100% of Namakwa DMA, 65% of Khai Ma) and 25% of the population receiving social grants (mostly child support, disability and old age).

The majority of the population resides in formal dwelling structures, with 5% of households in informal dwellings and 2.4% in traditional huts. Around 91% of households have access to electricity and 5.1% of households have access to the internet. 32.6% of the population travel by foot and public transport is severely limited (largely due to the geographic distances between settlements).

In terms of health, official figures show that 5.1% of the population has HIV/AIDS, but this is growing rapidly and may be inaccurate due to a lack of accessible testing facilities.

Growth Domestic Product growth in the area has been slow (averaging 2.03% between 2004 and 2007), with the Nama Khoi LM contributing 41.7% of the NDM total GDP. The mining sector is the largest contributor to GDP (52%) and the mining sector is the only sector with a comparative advantage.

A concerning trend is that mining contribution to employment is declining rapidly. As such, alternative sectors need to be prioritised to absorb labour, as well as create additional jobs for the unemployed and youth. Semi-arid biomes make the area suitable for tourism and conservation, as well as renewable energy and stargazing.

CHAPTER 2

2.1 Governance

An effective governance framework, system, policies and structure is crucial to the proper functioning of the Namakwa District Municipality. The quality of governance and transformation is one of the major determining factors in turning the district into a developmental government focussed on improving the quality of life in its area of jurisdiction.

The Namakwa District municipal Council consists of 15 representatives of 3 different political parties. The municipal council must strive within its capacity to achieve the objective set out in section 12 of the constitution. A municipal council must annually review the needs of the community; prioritize those needs developing processes to involve communities in the business of the municipality.

The governance system of the Namakwa District Municipality is a mayoral executive system which comprises of Section 80 committees.

The Namakwa District Municipality has a mandate to:

- Provide a democratic and accountable government for local municipalities
- Ensure the provision of services to communities in a sustainable manner
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organisations in the matters of Local Government
- The district does not account for the provision of bulk electricity and water to Category B municipalities as this falls in the jurisdiction of these municipalities as concluded in the Structures Act.

The Key performance areas that were concentrated on were the following:

| Key Performance Areas | Description |
|--|--|
| Basic Services | The provision of Basic Services through infrastructure and the maintenance thereof. |
| Local Economic Development | The stimulation, strengthening and improvement of the local economy in order to achieve sustainable growth |
| Financial Viability and Financial Management | The promotion and maintenance of a financially viable municipality |
| Municipal Institutional development & Transformation | The facilitation and development of sustainable service delivery through capacity building in the municipality |
| Good Governance and Community Participation | The role of the Council to ensure effective public participation |

Political Structure

The Municipal Council of Namakwa District Municipality consists of fifteen (15) members. Nine (9) represent Municipalities and the rest are direct elected to represent political parties on the basis of proportional representation. The ruling party in the Council is the African National Congress (ANC).



Standing: F van Wyk (Cope), SF Nieuwoudt (DA), W Links (ANC), F Cupido (ANC), J van der Colf (DA), C Warne (DA), S Engelbrecht (Cope), J Swartz (Cope)
Sitting: P van Heerden (ANC), MS Cardinal (ANC), EC Drage-Maritz (ANC), BG Vass (ANC), KR Groenewald (DA), SD Hoskin (ANC), F vd Heever (ANC)

Breakdown of the NDM political structure

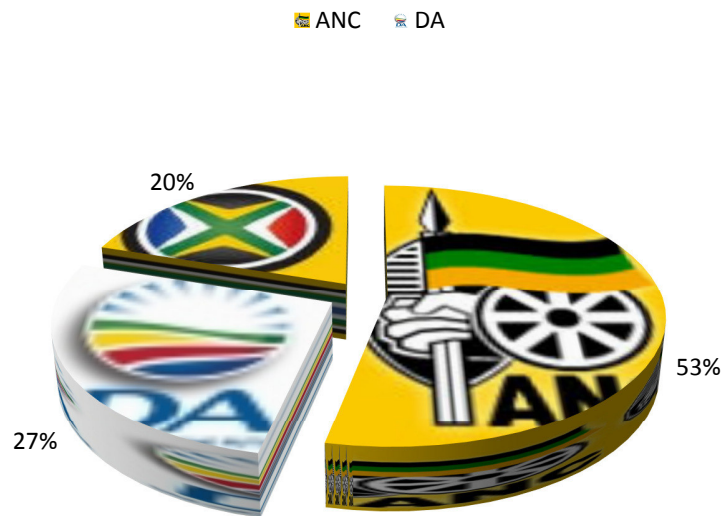
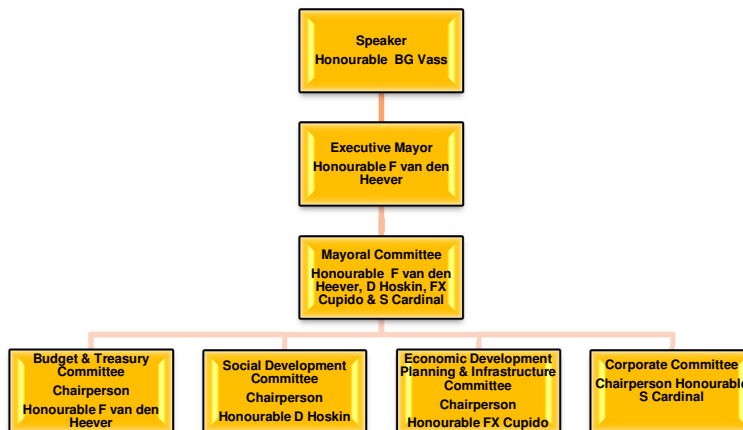


Diagram of Council Committees



Executive Mayor

He performs the duties, including any ceremonial functions, and exercises the powers delegated to him by the municipal council or executive committee.

The Speaker is a councillor elected as chairperson of the municipal council as per legislation and presides over the meetings of council.

Executive Committee (EXCO)

The mayor is the chairman of the Executive Committee. The executive committee is the principle committee of the council and receives reports from other committees of the council.

Council Committees

| Committees | Purpose |
|---|--|
| Executive Mayoral Committee | must forward committee reports together with its recommendations to the council when it cannot dispose of the matter in terms of its delegated powers. |
| Social Development Committee | Evaluate and recommend social development efforts in the district |
| Municipal Public Accounts Committee | Ensure political insight over financial & performance information |
| Budget And Treasury | To deal with all financial services |
| Corporate Services | Council Policies, Human Resource matters, Municipal Health Services |
| Economic Development, Planning and Infrastructure | Economic development planning and development, infrastructure development |

Accountability

| Council & Mayoral Committees | |
|---|-----------|
| Meetings | Frequency |
| Council meetings | 4 |
| Mayoral Committee meetings | 4 |

| Councillor, Committees Allocated & Council Attendance | | | | |
|--|---------------------------------|---------------------------------|---|---|
| Council member | Full time/ part time | Committees allocated | Municipality or Ward Represented | Percentage Council Meetings attendance |
| F Van den Heever | FT | BTO, EXCO | PR | 100% |
| BG Vass | FT | | PR | 100% |
| MS Cardinal | PT | EXCO, Safety, Corporate | Kamiesberg | 90% |
| FX Cupido | PT | Econ Dev, EXCO | Nama Khoi | 90% |
| E Drage-Maritz | PT | Social, BTO | PR | 100% |
| P Van Heerden | PT | Econ Dev, MPAC | Khai Ma | 90% |
| S Hoskin | PT | Social, EXCO | Nama Khoi | 100% |
| K Groenewaldt | PT | Social | Nama Khoi | 70% |
| F van Wyk | PT | Corporate | Nama Khoi | 60% |
| WJ Links | PT | MPAC, Corporate | Richtersveld | 80% |
| J Swartz | PT | BTO | Hantam | 60% |
| SJ Engelbrecht | PT | Econ Dev | PR | 80% |
| J van der Colff | PT | BTO | Karoo Hoogland | 50% |
| SF Nieuwoudt | PT | Econ Dev, Social, MPAC | Hantam | 60% |
| C Warne | PT | Corporate | PR | 80% |

Corporate Governance

| | | | | | | |
|---------------------------------------|--|-----------------------------|--|--|---|--|
| Internal Audit Committees Established | Performance Management System Implemented & Functional | Procurement Policy in place | Financial delegation of Authority i.t.o MFMA | Functional delegation of Authority i.t.o. MFMA | Customer care system in place & functioning | Tracking System for Council Decisions in place |
| yes | yes | yes | Yes | Yes | Yes | yes |

Public Participation

The Council convened 4 council meetings during the year. Advertisements and invitation to the council meetings are done two weeks prior to the meetings. The Namakwa District municipality has no community development workers (CDW) and communication with the public happens through various platforms.

Intergovernmental Relations Forums which promote and facilitate intergovernmental relations, provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes, and provide for matters connected therewith.

The District Intergovernmental Relations Forum is functional in terms of the IGR Framework Act. The forum comprises of the District Municipality, local municipalities and government departments. The forum meets on a scheduled, regular quarterly base to ensure improved alignment between different spheres of government. This structure play a vital role to creates a more meaningful platform of engagement on a better coordinated way.

Integrated Development Plan (IDP) representative Forums

The Integrated Development Planning is a plan for an area that gives an overall framework for 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 the people living in the Namakwa area.

The IDP Representative Forum is the body which is used by Namakwa District Municipality to communicate IDP and budget related issues. Local municipalities, sector departments, NGO'S, CBO'S and private sector form part of the IDP Representative Forum to ensure effective community participation. The IDP is published on the Namakwa District Municipality website.

Namakwa District Municipality News, the quarterly newsletter, formerly known as the IDP Newsletter which is a compilation of government services' and development news in the district by different government departments in the district.

The Quarterly **District Communications Forum** (DCF's) aims at streamlining service delivery efforts to communities throughout the different government spheres and departments.

“Council Meets the people”

The Council Meets the People programme is conducted annually and is intended to ensure involvement of and accountability to the community. Council meetings by the District Council are rotated between local municipalities to enable and ensure that municipalities and communities articulate their problems and needs.

Website

The Namakwa District website and Facebook page provide online and current news and information regarding the institution and district.

A **Communication Policy** has been signed off by the accounting officer and communication staff is in the final stages of drafting a **Communication strategy** for the district municipality.

Our local **community radio stations** are an effective mode of relaying important and emergency messages to the Namakwa community.

| IDP Participation and alignment criteria* | Yes/No |
|---|---------------|
| Does the municipality have impact, outcome, input, output indicators? | Yes |
| Does the IDP have priorities, objectives, KPI's, development strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate in to a score? | Yes |
| Does the budget align directly to the KPI's in the strategic plan? | Yes |
| Do the KPI's to the Section 57 Managers? | Yes |
| Do the KPI's align with the provincial KPI's on the 12 outcomes | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated timeframes? | yes |
| <i>*Section 26 Municipal Systems Act 2000</i> | |

2.2 Administrative Structure

The Administration of the District Municipality consists of 3 Departments that directly reports to the Municipal Manager.

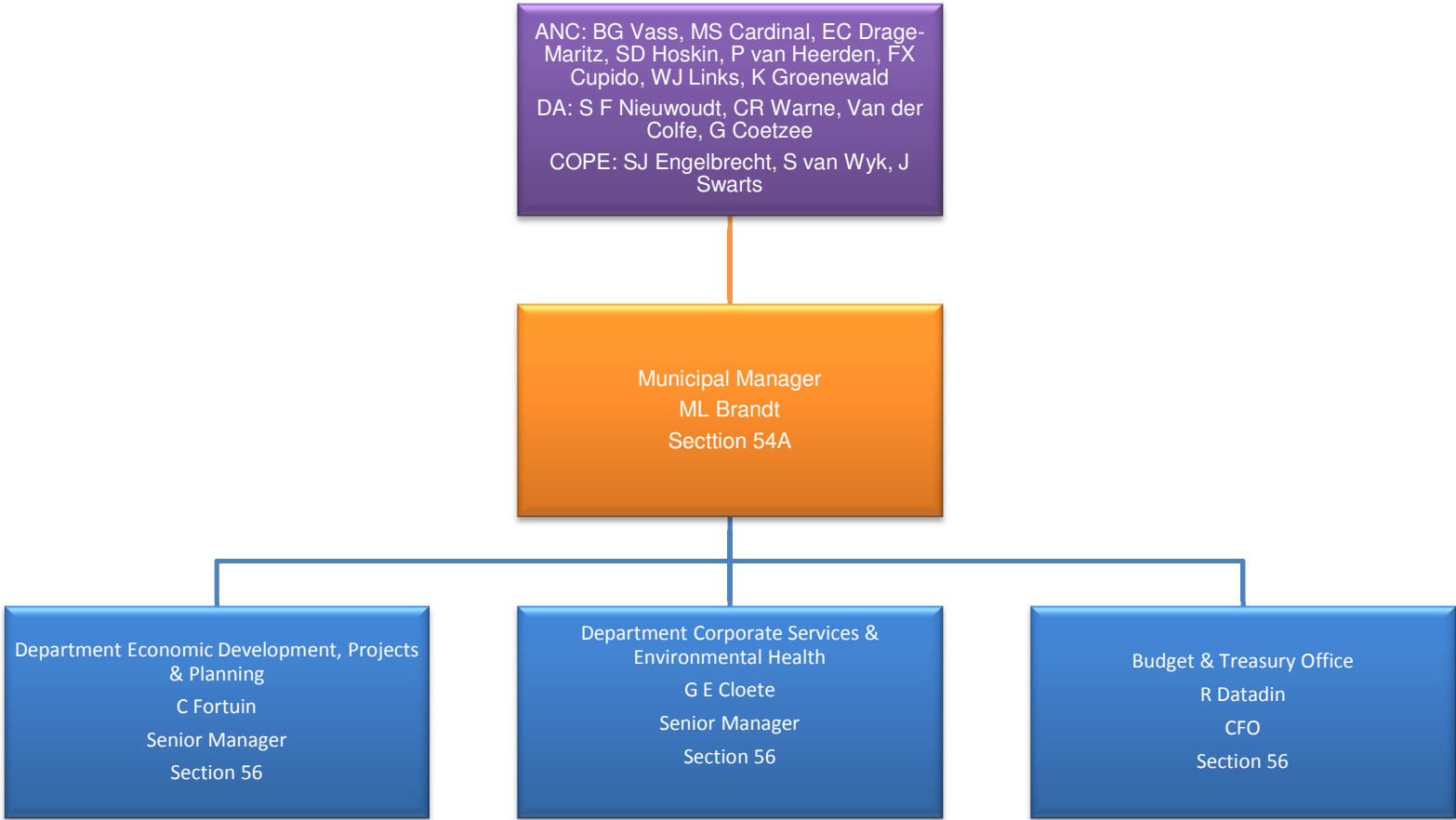
Top Administrative Structure



TIER 3

| DIRECTORATE | MANAGER |
|----------------------|---|
| Finance | Heads Accountant, Mr C Brown |
| Corporate Services | Maintenance- Ms B Bezuidenhout Environmental Health- Mr H Theron |
| Economic Development | Projects- Mr I Smith Working for Water- Coastal- Mr G Brown |

INSTITUTIONAL ORGANOGRAM



CHAPTER 3

1st Draft

3.1 Corporate Services

Introduction

In terms of Section 51 of the Municipal Systems Act a municipality must within its administrative and financial capacity establish and organize its administration in a manner that would enable the municipality to –

g) perform its functions-

i) through operationally effective and appropriate administrative units and mechanisms including departments and other functional or business units; and

ii) when necessary, on an decentralized basis

h) assign clear responsibilities for the management and co-ordination of these administrative units and mechanisms

i) hold the municipal manager accountable for the overall performance of the administration

j) maximize efficiency of communication and decision-making within the administration

k) delegate responsibility to the most effective level within the administration

l) involve staff in management decisions as far as is practicable; and

m) provide an equitable, fair, open and non-discriminatory working environment

In terms of Section 55 the municipal manager is the head of administration and is responsible for the management of the municipality's administration in accordance with legislation and policies.

The Corporate Services Department is responsible for assisting the municipal manager with this duties.

3.1.1 Human Resources

Municipal Personnel

Namakwa District Municipality has an approved organogram which is reviewed on a regular basis through a consultative process at the Local Labour Forum. We have 1 Section 54A position for the Municipal Manager (woman) and 3 permanent Section 56 positions (men) for Chief Financial Officer, Senior Manager Economic Development, Projects & Planning and Senior Manager Corporate Services of which no position is vacant.

All our senior positions are filled. All the vacancies were advertised and some of the posts were re-advertised.

| VACANCY RATE | | | |
|---|----------------------|-----------|--------------|
| DESIGNATIONS | TOTAL APPROVED POSTS | VACANCIES | VACANCY RATE |
| Municipal Manager | 1 | 0 | 0% |
| CFO | 1 | 0 | 0% |
| Senior Manager Economic Development, Tourism and Projects | 1 | 0 | 0% |
| Senior Manager Corporate Services | 1 | 0 | 0% |
| TOTAL | 4 | 0 | 0 |

| | |
|---|--------|
| Total number of black (African, Coloured, Indian) employees | 94 |
| Black employees as a % of total employees | 92.16% |
| Total number of women employees | 51 |
| Women employees as a % of total employees | 50,00% |
| Total number of employees with disabilities | 4 |
| Employees with disabilities as a % of total employees | 3.92% |
| Total employees over the age of 55 | 7 |
| Over 55 employees as a % of total employees | 6.86% |
| Total employees between the ages of 35 and 55 | 68 |
| Employees between 35 and 55 as a % of total employees | 66.67% |
| Total employees under the age of 35 | 26 |
| Employees under 35 as a % of total employees | 25.49% |

Recruitment

| Occupational Levels | Male | | | | Female | | | | Total |
|--|----------|-----------|----------|----------|----------|----------|----------|----------|-----------|
| | A | C | I | W | A | C | I | W | |
| Top management | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Senior management | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Professionally qualified and experienced specialists and mid-management | 1 | 1 | 0 | 0 | 0 | 2 | 0 | 0 | 4 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Semi-skilled and discretionary decision making | 0 | 6 | 0 | 0 | 0 | 2 | 0 | 0 | 8 |
| Unskilled and defined decision making | 0 | 8 | 0 | 0 | 0 | 3 | 0 | 0 | 11 |
| TOTAL PERMANENT | 1 | 18 | 1 | 0 | 0 | 7 | 0 | 0 | 27 |
| Temporary employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GRAND TOTAL | 1 | 18 | 1 | 0 | 0 | 7 | 0 | 0 | 27 |

TERMINATIONS

| Occupational Levels | Male | | | | Female | | | | Total |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | A | C | I | W | A | C | I | W | |
| Top management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior management | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Professionally qualified and experienced specialists and mid-management | 1 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 3 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Semi-skilled and discretionary decision making | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Unskilled and defined decision making | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL PERMANENT | 1 | 1 | 0 | 2 | 0 | 1 | 0 | 0 | 5 |
| Temporary employees | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| GRAND TOTAL | 1 | 3 | 0 | 2 | 0 | 1 | 0 | 0 | 7 |

Managing the Municipal Workforce

In terms of Section 67 of the Municipal Systems Act a municipality are required to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

The Namakwa District Municipality held a policy week whereby all policies were reviewed and new policies were drafted, a workshop held with all stakeholders and approved by Council. The standard operating procedures were drafted separately. The completed standard operating procedures will be implemented once consultation with the unions, SAMWU and IMATU are finalised.

Policies

Council reviewed all its policies and drafted new ones. The Standard Operating Procedures were drafted separately form the policy statement. All stakeholders were involved in the review and drafting process.

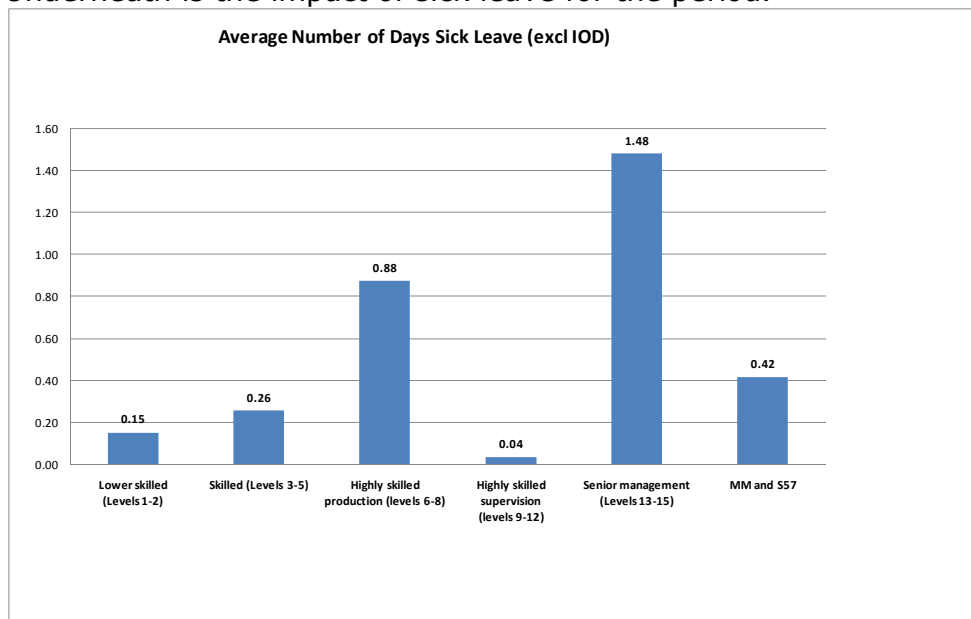
| HR POLICIES AND PLANS | | |
|-----------------------|---|-------------|
| NO | NAME OF POLICY | COMPLETED % |
| 1 | Affirmative Action | 0 |
| 2 | Attraction and Retention | 100 |
| 3 | Code of Conduct for employees | 100 |
| 4 | Delegations, Authorisation & Responsibility | 100 |
| 5 | Disciplinary Code and Procedure | 100 |
| 6 | Essential Services | 0 |
| 7 | Employee Assistance/Wellness | 0 |
| 8 | Employment Equity | 100 |
| 9 | Exit Management | 100 |
| 10 | Grievance Procedures | 100 |
| 11 | HIV/AIDS | 100 |
| 12 | Human Resource and Development | 100 |
| 13 | Information Technology | 80 |
| 14 | Job Evaluation | 100 |
| 15 | Leave | 100 |
| 16 | Occupational Health and Safety | 0 |
| 17 | Official Housing | 100 |
| 18 | Official Journeys | 100 |

| HR POLICIES AND PLANS | | |
|-----------------------|---|-------------|
| NO | NAME OF POLICY | COMPLETED % |
| 19 | Official transport to attend functions | 100 |
| 20 | Official Working Hours and Overtime | 100 |
| 21 | Organizational Rights | 100 |
| 22 | Payroll Deductions | 100 |
| 23 | Performance Management and Development | 75 |
| 24 | Recruitment, Selection and Appointments | 100 |
| 25 | Remuneration Scales and Allowances | 100 |
| 26 | Resettlement | 100 |
| 27 | Sexual Harassment | 100 |
| 28 | Skills Development | 100 |
| 29 | Smoking | 100 |
| 30 | Special Skills | 0 |
| 31 | Work Organisation | 0 |
| 32 | Uniforms and Protective Clothing | 50 |
| 33 | Other | |

Injury on duty & sickness

We had only one injury on duty case where the employee was absent from work for 17 working days.

Underneath is the impact of sick leave for the period.



Disciplinary Processes Against Senior Managers

No incidents of suspension or financial misconduct against senior managers were reported for the financial year.

Performance Management

The Namakwa District Municipality does have an organisational performance management framework in place, which was adopted by Council. Our IDP, SDBIP and budget are linked.

The Municipality is only implementing individual performance management at senior management level. All senior managers have signed performance agreements in place which were signed on 1 July 2012.

The Internal Auditor position is vacant and will be filled in the new financial year. The Audit Committee is in place and they are also appointed as the Performance Audit Committee.

No performance rewards were paid to employees. Council will only implement performance rewards when all the employees participate in the process.

Capacitating the municipal workforce

Namakwa District Municipality develop their human resources capacity in terms of Section 68(1) of the Municipal Systems Act.

Our Workplace Skills Plan and Annual Training Report were submitted to LGSETA on time before June 2013 as regulated. All the senior managers, supply chain and finance personnel, that did not complete the minimum competency training, were enrolled in the SAICA/Deloitte and DBSA/Vulindlela MFMP training.

| Position (select from scroll button) | 1. Higher Education Qualificatio n (Old NQF Levels in line with the Regulations) | Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc. | If No SoR Available (Please select name of Institution from scroll button) |
|---|--|---|---|
| Accounting Officer | NQF Level 6 - B degree or higher | 14 | Development Bank of South Africa (DBSA) |
| Middle Manager | NQF Level 6 | 15 | Deloitte and Touche |

| Position (select from scroll button) | 1. Higher Education Qualificatio n (Old NQF Levels in line with the Regulations) | Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc. | If No SoR Available (Please select name of Institution from scroll button) |
|---|--|---|---|
| | - B degree or higher | | |
| Senior Manager | NQF Level 6 - B degree or higher | 15 | Deloitte and Touche |
| Middle Manager | NQF level 5 - National Diploma | 15 | Deloitte and Touche |
| Middle Manager | NQF Level 6 - B degree or higher | 15 | Deloitte and Touche |
| CFO/CEO | NQF Level 6 - B degree or higher | 14 | Development Bank of South Africa (DBSA) |
| Other Official | NQF level 5 - National Diploma | 11 | Development Bank of South Africa (DBSA) |
| Other Official | NQF level 5 - National Diploma | 11 | Development Bank of South Africa (DBSA) |
| SCM Head | NQF Level 6 - B degree or higher | 14 | Development Bank of South Africa (DBSA) |
| Other Official | Lower than NQF level 5 | 11 | Development Bank of South Africa (DBSA) |
| Other Official | NQF level 5 - National Diploma | 11 | Development Bank of South Africa (DBSA) |
| Senior Manager | NQF Level 6 - B degree or higher | 19 | Continuing Education at University of Pretoria (CE at UP) |
| Other Official | NQF level 5 - National Diploma | 10 | Wits Business School |

The following represents the employees who received training:

| OCCUPATIONAL CATEGORY | FEMALE | | | | MALE | | | | TOTAL | | | | TOTAL | % OF TOTAL EMPLOYEES |
|--|--------|----|---|---|------|---|---|---|-------|----|---|---|-------|----------------------|
| | A | C | I | W | A | C | I | W | A | C | I | W | | |
| 11 - LEGISLATORS | | 3 | | | | 2 | | 1 | 0 | 5 | 0 | 1 | 6 | 42.86% |
| 12 - MANAGERS | | 2 | | | | 2 | 1 | 1 | 0 | 4 | 1 | 1 | 6 | 66.67% |
| 2 - PROFESSIONALS | | | | | 1 | 1 | | | 1 | 1 | 0 | 0 | 2 | 10.53% |
| 3 - TECHNICIANS AND TRADE WORKERS | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 4 - COMMUNITY AND PERSONAL SERVICE WORKERS | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 5 - CLERICAL AND ADMINISTRATIVE WORKERS | | 9 | | | | 2 | | | 0 | 11 | 0 | 0 | 11 | 27.50% |
| 6 - SALES WORKERS | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 7 - MACHINE OPERATORS AND DRIVERS | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 8 - ELEMENTARY WORKERS | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0.00% |
| TOTALS | 0 | 14 | 0 | 0 | 1 | 7 | 1 | 2 | 1 | 21 | 1 | 2 | 25 | 24.51% |

Thirteen employees received training on the Minimum Competency Regulations. Four managers participated in the SAICA/Deloitte program. Council had to pay for the rest using the mandatory grant received from LGSETA.

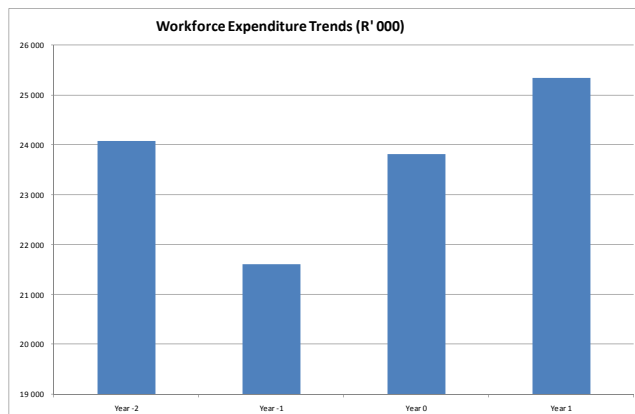
| | | |
|---|----------------------------|---------------------|
| TOTAL ANTICIPATED PAYROLL: | R 34,218,000.00 | |
| TOTAL ACTUAL PAYROLL: | R 30,382,008.00 | |
| VARIANCE IN PAYROLL: | R 3,835,992.00 | |
| TOTAL ANTICIPATED LEVY AMOUNT: | R 342,180.00 | |
| TOTAL ACTUAL LEVY AMOUNT: | R 303,820.08 | |
| VARIANCE IN LEVY AMOUNT: | R 38,359.92 | |
| | EMPLOYED | UNEMPLOYED |
| TOTAL ANTICIPATED TRAINING EXPENDITURE: | R 300,000.00 | R 0.00 |
| TOTAL ACTUAL TRAINING EXPENDITURE: | R 198,402.00 | R 12,000.00 |
| VARIANCE IN TRAINING EXPENDITURE | R 101,598.00 | -R 12,000.00 |

Managing the Workforce Expenditure

Our workforce expenditure is within the norm set by National Treasury. No overspending occurred.

All employees receive the annual cost-of-living increase as well notch increases in July each year. The increase was 6.5% from 1 July 2012 and a further 0.5% in January 2013.

Employee expenditure



3.12 Maintenance and Household Services Division

This division is responsible for the maintenance of Council property and management of its vehicle fleet.

Our mission is to ensure efficient, effective and economic utilization of departmental resources to maximize service delivery.

Roles and responsibilities

We are responsible for rendering the following line functions:

- Administrative support services
- Property management
- Record management, maintenance and archive services
- Reception services
- Messenger and cleaning services
- Switchboard services
- Maintenance of Council Buildings
- Management of Council Fleet

| Employees | | | | |
|-----------------------------------|-----------------------|-----------------------|-------------------|---------------|
| Job Title | Year 2011/2012 | Year 2012/2013 | | |
| | Employee s | Posts | Employee s | Vacant |
| Manager Maintenance and Household | 1 | 1 | 1 | 0 |
| Maintenance and Fleet management | 1 | 1 | 1 | 0 |
| Registration | 2 | 2 | 2 | 0 |
| Household Services | 7 | 6 | 7 | 1 |
| Front Office | 1 | 1 | 1 | 0 |

Archives

Our filing system is a central facility for recordkeeping and officials working in this restricted area ensure effective record management which in turn guarantee the integrity, accessibility and trust of our municipal records.

A General standing disposal authority was implemented for the disposal of ephemeral records and created space for current records. All wooden cupboards in the central registry were replaced with lockable drawer steel cabinets.



Before: wooden racks



After: steel cabinets

Maintenance of Council Properties

Council is in possession of various properties which are utilised as offices and residential purposes and are maintained on a continuous basis.

Two office blocks in Springbok and Calvinia underwent a name change which also involved a degree of renovations of the said buildings. The Renovations created several temporary jobs which were realized through EPWP principles.

In the past financial year our council properties was constantly plagued by burglaries and unforeseen crisis' which had a significant financial impact on our budget.

Accomplishment ending in the year 2013:

1. The maintenance budget was spent in full.
2. All Council properties are occupied.

3. During maintenance/ renovations of council properties, 41 community members have been employed on the EPWP principles. This contributed to a saving in the maintenance budget due to the fact that individuals, upcoming contractors, and disabled persons, were given the job opportunity.



Old name of Namakwa District Building



New name of Namakwa District Building



Before



After name change



Community members busy painting offices in Calvinia



Community members busy painting Calvinia offices

Fleet Management

Council owns 14 vehicles of which only 12 are still in use. An upgraded fleet management system has resulted in a good quality fleet management system. Three vehicles will be disposed in the next financial year and two new ones will be purchased.

3.1.3 Municipal Health Services

Municipal Health Services is a fundamental public health service, which focus and affects the wellbeing of the whole population. It applies preventative health practices to sustain healthy communities and reduce illnesses associated with environmental factors.

The vision of the Municipal Health Services unit at Namakwa District Municipality is to present each and every community within the boundaries of the Namakwa district with a clean, healthy environment free from pollution and with good preventative measures to ensure low mortality, by performing the roles and functions as set out in the Health Act 61 of 2003. It includes the following:

- Water Quality Monitoring
- Food Control
- Waste Management
- Surveillance and Prevention of Communicable Diseases
- Vector Control
- Safe and adequate sanitation
- Environmental Pollution Control

- Disposal of the dead
- Chemical Safety
- Hazardous Substances Control
- Tobacco Control
- Ensure clean air
- Health Care Waste Monitoring.

Municipal Health Services are guided by various legislation and policy frameworks including the Constitution of South Africa; the National Health Act; Food Acts; Hazardous Substances Acts; Tobacco Control Acts; Environmental Acts; all applicable legislations and municipal by-laws.

Notifiable Diseases

The Municipal Health Services unit of Namakwa District municipality was actively involved in the handling and investigation of the following notifiable diseases:

- Meningitis
- Hepatitis

Water monitoring

Drinking water monitoring is conducted monthly by the Environmental Health Practitioners to ensure safe drinking water to all communities in the Namakwa District. Approximately 1200 bacteriological and chemical water samples are taken annually in Namakwa. Environmental Health Practitioners are committed in continuously providing guidance and training to municipal officials responsible for water services. Municipal Water Quality reports are distributed to municipalities and to the Department of Water Affairs. Environmental Health Practitioners are actively involved in Blue and Green drop evaluations of municipalities.

National and Provincial Health Programmes

The Municipal Health Services division of the Namakwa District participate in various National and Provincial programs of Department of Health.

Health and hygiene programmes:

Municipal Health Services division of Namakwa District submit quarterly reports to Department of Health regarding health and hygiene educational events in Namakwa.

Provincials EH Newsletter:

The Municipal Health Services division contribute regularly to the Provincial Environmental Health newsletter in the form of articles regarding local and district environmental health issues, events and programmes.

Hazardous and chemical substances:

EHP's conducted inspection at all premises handling hazardous and chemical substances. These findings as well as cases of chemical poisoning are reported to the Department of Health.

Community Services Program

Namakwa District Municipality took in Environmental Health Practitioners for the past year assisting them in completing their community service year. Candidates completes health and hygiene projects to be presented at an annual provincial ceremony.

Co-Ordinating & Liaising**Municipal Health Services Forums:**

The Namakwa district have two registered forums namely:

- Namakwa Environmental Health – and
- Namakwa Water & Sanitation Forum.

These forums are both chaired by the EHP's of Namakwa, functioning very well, with each their respective contitution and quarterly meetings. All EHP's are members of the Provincial Environmental Health Forum, which are chaired by the Environmental Health Services Unit of Department of Health and are attended bi – annually. Various stakeholders are invited to these forums and it serves as an ideal platform to discuss Municipal Health Services issues.

South- African Institute of Environmental Health Services (SAIEH)

The Municipal Health Services Practitioners are also members of the Northern Cape branch of SAIEH and one member of Namakwa are on the council of the institute.

Health Professions council of South Africa

All Namakwa EHP's are registered and in good standing with the Health Professions Council of South Africa (HPCSA). Annual fees and compliance with the Continuous Professional Development system of this board are compulsory to all members.

Environmental Health Projects in Namakwa

Various Environmental Health projects which focuses on Municipal Health functions were executed in different local municipal areas during the past year.

Witbank Awareness Program: Waste Management, Sanitation, Global Warming, HIV/AIDS & Tuberculosis

The Khai Ma municipal area has major challenges with regards to the abovementioned issues. The focus of the programme was to raise the community's awareness and to involve the relevant stakeholders in order to set targets for better service delivery. It consists of a cleaning and greening session at the school, a waste re-use competition and an information session at the community hall.

Health & Hygiene Programme: Kamiesberg Creches

The creches in the Kamiesberg municipal area were targeted for a Health and Hygiene programme and learners, parents and practitioners were educated in personal hygiene and good household sanitation and waste management.

Nababeep: HIV/AIDS awareness creation and waste clean-up programme

This two-day programme was organized by Municipal Health Services: Namakwa in collaboration with relevant stakeholders. It included an information session with the community, door-to-door awareness raising, a clean-up programme and was concluded by a health walk and event in the community hall.

Garies: School Recycling Project

The Kamiesberg municipal area experience a lot of waste management challenges and as a result, recycling is still insignificantly explored. A recycling programme was initiated at both schools in Garies to address some of the waste challenges and contribute to protecting the environment. This project includes relevant education sessions with learners and staff, a competition for the learners and an official launching event.

Soebatsfontein: Sanitation and Hygiene Awareness Project

This community was identified for a sanitation and hygiene awareness project. It was done by door-to-door sessions.

Witbank: Sanitation and Personal Hygiene Awareness Project

This project was in accordance with the National Sanitation Week and as a result of the community's problems related to household sanitation. Door-to-door education sessions were done to promote household sanitation and personal hygiene.

IDP Projects / KPA

| PROJECT NR | PROJECT | TARGET S | ACTION S TAKEN | TARGETS REACHED |
|-------------------|---|-----------------|-----------------------|--------------------------|
| LH02 | Education on personal health and hygiene in the NDM area. | 400 | 131 | 4558 people were reached |
| LH03 | Educate communities in the prevention and treatment of communicable diseases. | 400 | 124 | 2945 people were reached |
| LH04 | Education on safe sanitation and waste management in the NDM area. | 92 | 94 | 2404 people were reached |

| | | | | |
|-------------|--|-----|-----|--------------------------|
| LH05 | Water quality monitoring at Water Service Authorities in Namakwa. | 148 | 184 | 1474 people were reached |
| SC01 | Education and evaluation in food safety. | 385 | 186 | 1181 people were reached |
| EA01 | Education and awareness on climate change and the effects thereof on society | 65 | 172 | 1979 people were reached |

| Employees: Municipal Health Services | | | | | |
|---|-------------------------------|-----------------------|--------------------------|---------------|--|
| Posts | Year 2011/2012 | Year 2012/2013 | | | |
| | Employee s No. | Posts No. | Employees No. | Vacant | |
| Director Municipal Health Services | 1 | 1 | 1 | 0 | |
| Chief Municipal Health Services | 1 | 1 | 1 | 0 | |
| Manager Municipal Health Services | 0 | 1 | 1 | 0 | |
| Senior EHP's | 1 | 2 | 2 | 0 | |
| EHP's | 6 | 7 | 7 | 0 | |

3.2 Economic Development

The Namakwa District Municipality (NDM) is continuously looking for partnership with local municipalities as well as departments to assist her in changing the lives of the inhabitants of the District. Although great strides has been made over the past few years new areas will have to be identified in order to address poverty, unemployment and low skill levels.

The approved Local Economic Strategy of the Namakwa District is close to its revision (2015) and it will create an ideal platform to align it with the National Development Plan, New Growth Path as well as other economic development documentation.

As part of the job creation initiatives the District identified Coastal development, Mining and Environmental initiatives as its core focus areas. These projects focused on three of the six local municipalities in the District and the impact that it had on the people of the area as well as the economy, was visible.

The fishing communities of Hondeklip Bay (Kamiesberg Municipality) and Port Nolloth (Richterveld Municipality) was positively influenced with employment in excess of 200 people. The Hantam Municipality, through the Working for Water program employs 207 people through 19 independent contractors.

With a population of just below 115 842 people and an unemployment figure of 20.2% it is important that the District identify new projects and partners which can reduce unemployment.

Namakwa Economic Summit

The Namakwa District Municipality held an Economic Summit on the 08 – 09 May. Resolutions were taken and the Department of Economic Development was tasked with ensuring that Summit resolutions are met.

Herewith follows a list of some of the resolutions taken:

- 1) Establishment of a business chamber
- 2) Development of policies that are going to create an enabling environment for business' in the District
- 3) Sharing of the information related to economic development in the District
- 4) Development of a long term vision for the District
- 5) Promotion of Mathematics and Science subjects at schools
- 6) Inclusion of the emerging businesses in the main sectors of the economy

Local Economic Development

The NDM had strategic partnerships with various roleplayers during the past financial year. These strategic partnerships are as follows:

| DEPARTMENT | PROJECT | AMOUNT |
|---|--|----------------|
| Department of Agriculture, Forestry, Fishing (DAFF) | Port Nolloth Fish Processing Facility | R 10 million |
| | Hondeklipbaai and Port Nolloth Harbour Cleaning | R 12 million |
| Department of Environmental Affairs | Working for Water Project | R12 million |
| FET College | <ul style="list-style-type: none">• Anglo American Chairperson's Fund• National Skills Fund• NDM | R 14.6 million |
| | | R 10 million |
| | | R 5 million |
| IDC | Mineral Beneficiation Plant | R 400 000.00 |
| Construction Ceta | Skills Hub | R 7 million |

3.2.1 Coastal Development

Two projects implemented in Port Nolloth and Hondeklipbay that primarily focus' on refurbishing the existing Port Nolloth processing facility to conform to HACCP standards, as well as providing maintenance, cleaning, patrol, safety and access control at Hondeklipbaai and Port Nolloth fishing harbours.

The project experienced a number of problems that impacted negatively on it achieving the set outcomes but a plan is in place to ensure all objectives are met timeously. Team leaders attended supervisory training and all project staff members were sent on non-accredited training that will improve performance.

During this time 36 SMME were used and R1 121 662 spent. A total of 42 523 person days were also created by 206 people.



Fig1 Pictures of processing area



Fig 3: Repairs to Fisherman's hut in Hondeklipbay

3.2.2 Working for Water

The Namakwa District Municipality is an Implementation agent for the Department of Environmental Affairs for its Natural Resource Management Programmes. This programme focuses on the removal of alien trees. This program ultimately reclaims agricultural land and subsequently improves food security in the communities. The NDM has secured a three year contract that expires in 2014.

The Project Implementation Manager passed away suddenly, which impacted negatively on the performance of the project. The Namakwa District Municipality is in the process of recruiting a candidate to ensure that the project continues in the District. It is currently implemented in the Hantam Municipality but opportunities for implementation exist in three other local municipalities namely Karoo-Hoogland, Khai Ma Municipality and Nama Khoi Municipality. Considering the currently employment figures of 207 in the Hantam, the Namakwa District Municipality can provide employment opportunities to a minimum of 500 people should the District succeed in securing contracts in the other areas.

Highlights

- VAI starting to take shape with the purchase of a Chipper.
- Investment in people through training initiatives



Fig : Chipper in action



Fig : Vehicle safety inspection session

Climate Change

Working in partnership with Conservation South Africa (CSA) and the Succulent Karoo Ecosystem Programme (SKEP), the Namakwa District Municipality (NDM) has been leading a long-term process of integrating climate change response and ecosystem-based adaptation into their discourse, policy documents, and planning activities. To date, this process has included developing a Climate Change Vulnerability Assessment for the District that was launched in 2012, including a description of climate change and its impacts, as well as number of goals, into the 2012-2016 Integrated Development Plan (IDP), and integrating climate change and climate response into the District's Disaster Management processes. The NDM co-hosted 2 high-level Partners' Conferences on "Climate change, Vulnerability, and Ecosystem-based adaptation" in Springbok, and worked on the development of a Renewable Energy Spatial Planning Tool which was launched at this workshop and will guide the location of wind and solar facilities in the District.

Within this overall context, the workshop was held with the intention of engaging municipal leaders and municipal development planners towards the key goal of

moving from an information sharing and analysis phase into the definition of flagship projects and action

AIMS

- To understand why climate change needs to be integrated into IDPs and the process to support this and to make municipal mandates in climate change response very clear.
- To ensure all stakeholders understand the potential impacts of climate change on the Municipality and local communities;
- To consider municipal response to climate change and develop a set of climate response objectives for the Municipality (Developing a municipal Climate Change Response Vision and Objectives)
- To identify priority climate response actions and short-list flagship projects for further development
- To detail a way forward towards the visible integration of these climate response objectives and actions into all dimensions of the IDP - Strategic Objectives and Focus Areas; budgets and KPIs
- To launch the NDM Renewable Energy Spatial Planning Tool
- To present the Green Choice Living Farms Reference as a tool for use in the design of commonage management plans in the District.

The NDM renewable energy spatial tool

The spatial tool was identified as a need as part of the municipality's current efforts towards a Green Economy Strategy for the District. The Namakwa District Municipality received several requests for information and project approvals from wind and solar energy developers and sought a spatial tool that could be used to quickly and comprehensively evaluate such applications.

3.2.3 Tourism

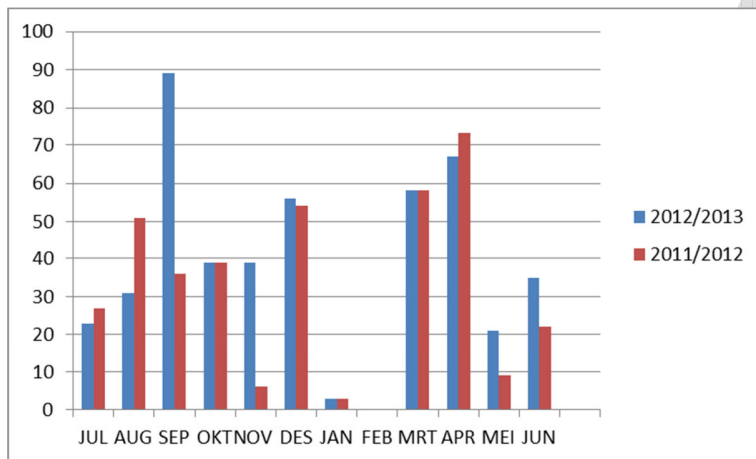
The South African government has recognised the tourism sector's potential to bring about economic growth and employment creation. This collective vision, namely to make South Africa one of the top 20 global tourism destination by 2020, will carry the tourism sector into the future. The strategy is premised on

three themes. These themes are to grow the tourism economy, to enhance visitor experiences, and to strive for sustainability and good governance.

Namakwa 4x4 exploration:

The Namakwa 4x4 exploration route is well known for its roughness, tranquillity and indigenous flower and mammal species.

The tourism section together with the directors of the Namakwa 4x4 Exploration wants to ensure improvement and consistency of the route. The statistics indicates that this attraction is a main creator in stimulating economic growth and development, but its true potential still needs to become fully optimised.



Graph 1: 4x4 visitor's statistics

Karoo Development Conference

A conference under the Theme "**Claiming our Future: People, Space and Place in the Karoo**" was attended by various stakeholders from different sectors namely Tourism (local, provincial and national government), Mining and Ecology, Agriculture and Community Development. The idea is to market the Karoo that consists of the Groot Karoo, Great Karoo, Klein Karoo, Karoo



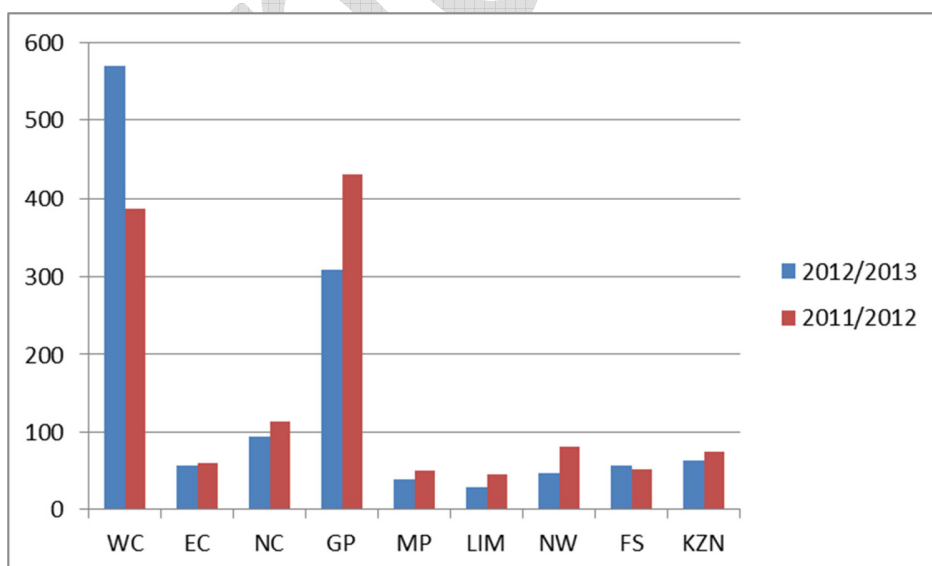
Heartlands, Karoo Midlands, Tanqua Karoo, Succulent Karoo, False Karoo, Nama Karoo as one product like the Australians do with the "Australian Great Outback".

Shows Attended

The Namakwa District Municipality attended various shows in her efforts to promote the region as a preferred tourism destination. This year our team represented the District at the National Indaba Show in Durban and was the winner at Indaba 2013, Northern Cape Tourism Stand Awards.

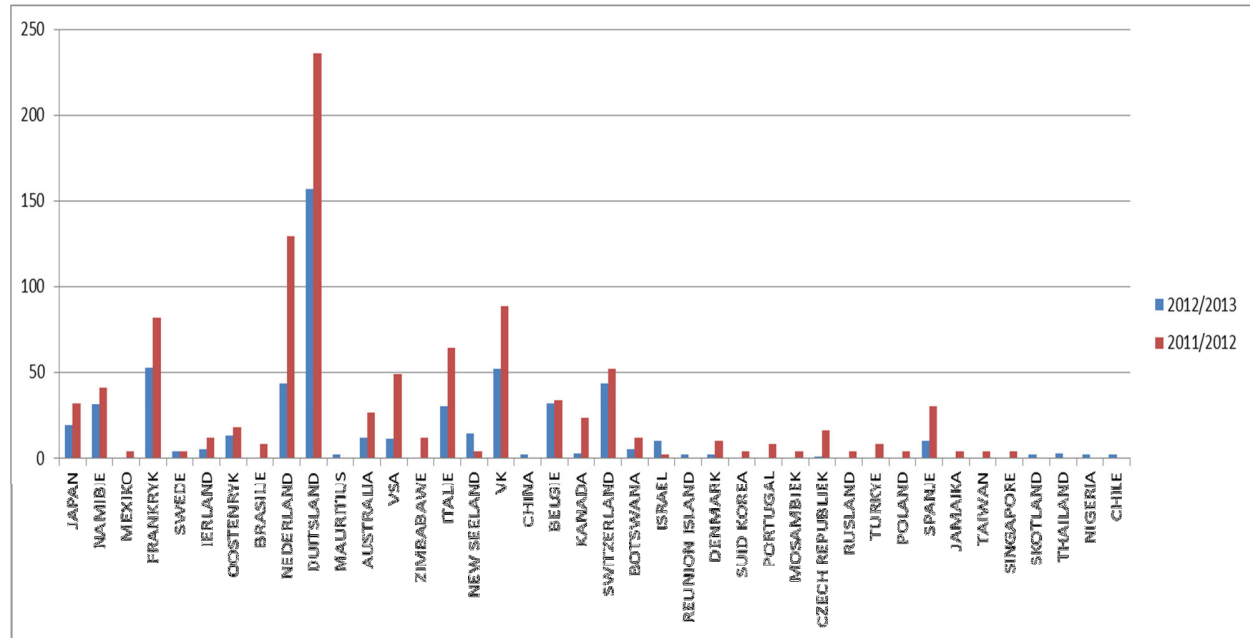


National and International Statistics:



Graph 2: National visitor's statistics

INTERNATIONAL STATISTICS:



Graph 3: International Visitations

Statistical Analysis

Summary of jobs created through EPWP initiatives

| Job creation through Extended Public Works Program (EPWP) projects | | |
|--|----------------------|---|
| Details | EPWP Projects No. | Jobs created through EPWP projects No. |
| 2012 - 2013 | Coastal Projects | 206 |
| 2013 - 2013 | Working for Water | 207 |
| Total | | 413 |

Summary of Training

| Local Economic Development Policy Objectives Taken From IDP | | | | | | | | | |
|---|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Service Objectives | Outline Service Targets | 2012 - 2013 | | Year 1 | | | Year 2 | Year 4 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | Previous Year | | Previous Year | Current Year | | Current Year | Current Year | Following Year |
| <i>Service Indicators</i> | | | | | | | | | |
| Service Objective | | | | | | | | | |
| | Number of people trained (including retrained upskilled) | people trained | people trained | people trained | people trained | people trained | people trained | people trained | people trained |
| Occupational Health and Safety | | 254 | 209 | | | | | | |
| First Aid Training | | 42 | 84 | | | | | | |
| Life Skills | | 254 | 44 | | | | | | |
| Basic Safety Health and Environment Representative | | 12 | 19 | | | | | | |
| Environmental awareness program | | 254 | 141 | | | | | | |
| Basic Supervisory Management - Discipline at work | | 8 | 81 | | | | | | |
| Plant Identification | | 18 | 16 | | | | | | |
| Health and Safety L2 | | 22 | 21 | | | | | | |
| First Aid L3 | | 22 | 22 | | | | | | |
| Fire Fighting | | 60 | 60 | | | | | | |
| Peer Educator | | 66 | 43 | | | | | | |
| Chainsaw | | 24 | 23 | | | | | | |
| Herbicide Applicator | | 33 | 31 | | | | | | |

| Capital Expenditure Year: Economic Development Services | | | | | |
|--|---------------|-------------------|-------------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 1 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Mineral Beneficiation | 400 000 | 0 | 362 000.00 | -10% | |
| Renewable energy spatial tool | 20 000 | 0 | 19 200.00 | -4% | |
| Upgrading of Harbour | 12 000 000 | 0 | 5 848 863.00 | -105% | |
| Upgrading of Fish Factory | 10 000 000 | 0 | 5 982 397.00 | -67% | |

Economic Activity

| Economic Activity by Sector | | | |
|---|-------------|---------------|---------------|
| R '000 | | | |
| Sector | 2011 | Year 0 | Year 1 |
| PA: Agriculture, forestry and fishing [SIC: 1] | 384.27 | | |
| PB: Mining and quarrying [SIC: 2] | 4 410.05 | | |
| SC: Manufacturing [SIC: 3] | 170.72 | | |
| SD: Electricity, gas and water [SIC: 4] | 128.40 | | |
| SE: Construction [SIC: 5] | 249.63 | | |
| TF: Wholesale and retail trade, catering and accommodation [SIC: 6] | 885.05 | | |
| TG: Transport, storage and communication [SIC: 7] | 675.03 | | |
| TH: Finance, insurance, real estate and business services [SIC: 8] | 915.91 | | |
| TI: Community, social and personal services [SIC: 92, 95-6, 99, 0] | 1 077.70 | | |
| TJ: General government [SIC: 91, 94] | 1 140.50 | | |
| | 10 037.26 | | |

Employment by Sector

| Economic Employment by Sector | | | |
|--|------------------------|---------------------------|---------------------------|
| Sector | Year -1 No. | Jobs | |
| | | Year 0 No. | Year 1 No. |
| PA: Agriculture, forestry and fishing | 4101.16 | | |
| PB: Mining and quarrying | 8933.78 | | |
| SC: Manufacturing | 978.94 | | |
| SD: Electricity, gas and water | 136.58 | | |
| SE: Construction | 1322.14 | | |
| TF: Wholesale and retail trade, catering and accommodation | 3888.53 | | |
| TG: Transport, storage and communication | 952.51 | | |
| TH: Finance, insurance, real estate and business services | 3279.72 | | |
| TI: Community, social and personal services | 5834.68 | | |
| TJ: General government | 8806.39 | | |
| Total | 38234.44 | | |

3.2.4 Projects

Service Delivery Performance

Annual Service Delivery Performance Information

In terms of Section 46 of the Municipal Systems Act (Act 32 of 2000) each municipality are required to prepare a performance report for each financial year. This Annual Performance Report must form part of the Annual Report in terms of Chapter 12 of the Municipal Finance Management Act (MFMA).

Namakwa District Municipality uses a Performance Management System as required by legislation. This system is a computerised electronic system which is a management, implementation and monitoring tool. It becomes a useful tool in the constant development of performance management in the District Municipality. Senior Managers and PMS administrative staff in the municipality become more and more acquainted with the implementation and the value of performance management.

Current Status

Performance Management in the District Municipality has grown over the past years but must grow even more for performance management must result eventually in more concrete achievements in service delivery.

The following can be highlighted:

Key Performance Indicators (KPI's) still tends to be not specific, measurable and achievable.

- Measurements tend to be more quantitative rather than qualitative.
- Planning in terms of annual targets needs to be reviewed and better formulated.
- Performance management score and soft skills concepts are not well defined which resulted in subjective measurements rather than objective measurements.
- Individual PMS is in its initial phase of development and needs to be cascaded down the Organisational structure.
- The co-sourcing of the Internal Audit Function must be concluded.
- The Draft Individual PMS need to be reviewed and approved by Council.
- SDBIP Planning 2012/2013 to be amended to ensure proper planning and linkages between the IDP, SDBIP and the budget.
- The District Municipality need assistance with more objective and outcome/impact based measurements.
- The SDBIP Planning 2012/2013 must be amended to become even more reliable and applicable to the objectives and strategies of the District Municipality.
- The consultation process with stakeholders to be concluded to ensure overall buy-in of the Individual Performance implementation.
- The establishment Audit Committee to be more involve in performance management.
- The assistance to B-Municipalities in terms of PMS is currently none existent.

Infrastructure Services

Technical Support

Namakwa District Municipality aims to support lower capacity municipalities to establish project management capacity in all local municipalities. The District Municipality established a district shared function Project Management Unit (PMU) of which all category B-Municipalities within the District form part of the unit. The PMU staff component consists of a Project Manager, 2 technicians, Project Management Official and 1 IT/Data Capturer. The PMU renders support in terms of the following:

- Coordination of the project identification processes between municipalities
- Coordination of the project feasibility process.
- Establishment and approval of contract with contractors and consultants
- Project management , including ensuring that projects meet planning objectives,
- Technical support to projects under construction.
- Management of MIG Management Information System (MIG-MIS) for registration of projects, facilitates the capture of backlog information, monitoring and preparation of all necessary reports.

Financial Support

The Namakwa District Municipality (NDM) annually allocates own funding to category B-Municipalities for capital projects. An amount of R 5 621 160.00 was allocated to B-Municipalities during the financial year 2012/2013

| MUNICIPALITY | AMOUNT ALLOCATED | AMOUNT SPEND |
|-----------------------------|-------------------------|---------------------|
| Hantam Municipality | 1 570 000.00 | 939 642.38 |
| Kamiesberg Municipality | 1 583 769.00 | 1 581 427.39 |
| Karoo-Hoogland Municipality | 300 000.00 | 300 000.00 |
| Khai-Ma Municipality | 1 163 813.00 | 628 356.83 |
| Nama Khoi Municipality | 60 000.00 | 0.00 |
| Richtersveld Municipality | 943 578.00 | 520 955.58 |
| TOTAL | 5 621 160.00 | 3 970 382.18 |

Requirement for the allocation of funds was the submission of business plans to the NDM. Business plans approved by NDM include projects below:

| MUNICIPALITY | PROJECT NAME |
|---------------------|---|
| Richtersveld | Upgrading of High Mast Lighting (Sizamile) |
| | Upgrading of Water Network and Pump station |
| | Treatment of VIP toilets |
| | Installation of 10 suction tanks for low cost houses |
| | Electrification of 27 houses |
| | Service Delivery in Richtersveld |
| | Painting of 27 houses |
| Khâi-Ma | Upgrading of offices and installation of paving |
| | Pofadder: Rehabilitation and closure of landfill sites |
| | Pofadder, Pella, Onseepkans-Upgrading of gravel roads |
| | Pofadder-Fencing of landfill site and oxidation ponds |
| Nama Khoi | Bergsig/Vaalwater Centre (Phase 2) |
| | Anglican Church: Fence |
| Kamiesberg | Fencing of Landfill site |
| | Fencing of Landfill site |
| | Fencing of sports facilities |
| | Water connections to 88 erven |
| | Construction of low cost houses |
| | Upgrading of hotel |
| | Fleet reparation and maintenance |
| | Kharkams urgent water works |
| Hantam | Upgrading of Hagen Street-Calvinia |
| | Loeriesfontein-Upgrading of tennis court and play grounds |
| | Construction of new netball court |
| | Construction of new speed humps |
| | 4 low cost houses |
| | Swartkop Service Delivery |
| | Loeriesfontein boreholes |
| Karoo-Hoogland | Upgrading of streets-Williston, Fraserburg & Sutherland |

Water Provision

Water quality monitoring has been done by NDM in five local municipalities through the Environmental Health Practitioners.

Water supply breakdowns are directly reported to local municipalities and where required the NDM provide adhoc assistance (see project details under Kamiesberg Municipality).

Sanitation

Swartkop is an informal settlement with no infrastructure development. The community is dependent on underground/ borehole water and proper ablution facilities lacks. Six (6) VIP toilets were identified for installation and was made part of the business plan submitted to NDM.

Housing

Housing sector plans have been development for all six local municipalities as part of the preparation process. An amount of R 161 620.55 was spent on the compilation of these.

Currently each B-Municipality in the District is implements their own housing projects. Past housing projects in the District are:

- 100 low cost houses in Loeriesfontein
- 120 low cost houses in Klipfontein
- 384 low cost houses in Khai-Ma
- 10 low cost houses in Sanddrift and 7 emergency houses in Sizamile.
- 3 houses (Nama Khoi)- 16 Days of Activism cases (individual subsidies)
- 50 low cost houses in Matjieskloof
- 26 low cost houses in Komaggas
- 50 low cost houses in Okiep
- 9 low cost houses in Buffelsrivier

Free Basic Services And Indigent Support

Free basic services in Swartkop were transferred to Hantam Municipality as a result of the municipal re-demarcation

Road Transport

Roads

The Road function has been transferred back to Provincial Government meaning the District Municipality is no longer responsible for maintaining and upgrading of roads. Maintenance, upgrading and repairing of municipal roads are still the responsibility of the respective local municipalities. The District Municipality facilitates and partly funded the upgrading of internal and access roads like Kroonsig Road and Mooisig Road.

Transport

The District Municipality has no Integrated Transport Plan (ITP) in place. The District Municipality supports the Transport Planning Internship Program and accommodated a transport planning intern for one year at district level.

PLANNED PROJECTS (IN ORDER OF PRIORITY)

| Project Name (as on business plan) | Project Location | IDP no. | MIG no. (ref or reg.) | Possible Funder/s | Estimated budget | Estimated Duration (weeks) | Priority List for financial years (Commitments/future projects) | | | Consultant | Feasibility study | Business Plan | Actual Expenditure | Challenge/ comments |
|---------------------------------------|------------------|---------|--------------------------|-------------------|------------------|-------------------------------|--|--------|--------|--|--|--|--|------------------------|
| | | | | | | | 12/13 | 13/14 | 14/15 | | | | | |
| REMEMBER TO INCLUDE ESCALATION | | | | | | | | | | a) Feasibility Study b) EIA c) Business Plan | a) Investigation b) Draft c) Completed d) Submitted | a) Investigation b) Preliminary Design c) Technical Report d) MIG 1 e) Submitted | a) Feasibility Study b) EIA c) Business Plan | |
| HANTAM MIUNICIPALITY | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | Erven |
| | | | | | | | | | | | | | | Sourcing of Quotations |
| KAROO HOOGLAND MUNICIPALITY | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | R 0.00 | R 0.00 | R 0.00 | | | | | |

3.2.5 Planning And Development

Performance Management

The following are crucial issues that needs to be addressed and are major challenges facing performance management in B-municipalities in Namakwa District Municipality's jurisdiction:

- Limited human resources which have a direct influence on the performance of the municipalities.
- No permanent PMS Coordinators at local level to ensure sustainable implementation and management of PMS.
- Insufficient functioning of PMS and IDP Steering Committees on local level due to limited human resources.
- Lack of capacity

The idea of Namakwa District Municipality is to move towards a uniform electronic system for the whole district. Three municipalities (including the District Municipality) have already implemented the exact same electronic system. The idea is to extent this system to the other municipalities in order to ensure an integrated system which will enhanced better, improve coordination and information sharing. This system includes both Organizational and Individual PMS in an integrated way.

Spatial Considerations

A spatial development Framework (SDF) was compiled during 2012 by a service provider appointed by the Department Rural development and Land reform. All the municipalities except Nama Khoi, have SDF's and in certain instances these SDF's will have to be aligned with the district SDF. Nama Khoi municipality is in the process of compiling their SDF

3.3 Disaster Management

Activities during 2012/13

- Contingency plans for the festive season's was compiled.
- Contingency plans for the winter season was compiled.
- Contingency plans was drafted for local municipalities on different incidents like floods, storms, aircraft crashes, droughts, dam failures, fires, HAZMAT incidents, sea rescue and sea oil spillage.
- Disaster Management workshop was conducted for the Namakwa District, 21 delegates attended the workshop.
- Fire Awareness was done for the South African National Parks, Biodiversity and Social Projects in Kamieskroon. There was 101 people trained in fire fighting and awareness about the different kinds of fires was raise.
- Weber training was done in conjunction with EMS and Angus Fire and West Coast District Municipalities Rescue unit. 26 People were trained.
- Disaster Management Training in conjunction with North West University- one day course and 17 people were trained.
- Fire training was done for the local municipalities, 36 people were trained in Fire fighting and the use of skid units.





Monitoring of Prevention and Mitigation Initiatives

(a) Namakwa District Municipality

- Simulation Exercises was held in Calvinia, Springbok, Steinkopf, SAPS, EMS, Traffic and Fire Services, disaster management took part.



- Advisory forum meetings was held with all relevant stakeholders.
- Meetings was held regarding illegal diamond mining activities in the Namakwa Region and a Forum was established to look into this matter. We started to compile a manual for this type of rescue situations in the Namakwa Region.

Disasters occurred during 2012/13 in the province.

- No disasters occurred during 2012/13. Only incidents took place in the Namakwa Region, heavy vehicle and car accidents, 299 reported. Heavy snowfall in Sutherland where 24 people was rescued by the police, that stuck on the roads.

- Heavy rains and windstorms caused damage to several houses.
 - Nama Khoi area 11 houses ,
 - Richtersveld Municipality 2 houses and
 - Hantam Municipality was also two houses.

These people were given plastic sheets to cover the damage roofs. Then there were also structural fires in the region, 21 that was reported.

Classification, magnitude and severity of disasters

No classified disasters for 2012/13

Effects of disasters

No serious effects on communities.

Control Room Statistics (Calvinia/Springbok) phone calls handled.

| | |
|------------------------------|--------|
| Enquiries SAPS | 2 319 |
| Enquiries EMS | 14 606 |
| Enquiries Municipal Services | 470 |
| Accidents | 299 |
| Enquiries Tourism | 416 |

MUNICIPAL PERFORMANCE SCORECARD (01 JULY 2012 – 30 JUNE 2013)

| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
|---|---|----------------|------|---------------------------|------|----------|----|---|---------------------------|-----------------------|
| | | Number | % | Number | % | Number | % | | | |
| DEPARTMENT: BUDGET AND TREASURY OFFICE | | | | | | | | | | |
| Maintain assets | Yearly reconciled asset register | 1 | - | 1 | - | 0 | - | Recording of purchases is been done on a monthly basis. | | |
| Creditors payment administration | Creditors older than 30 days as a percentage of total turnover (budgeted opex & capex | - | 5% | - | 5% | - | 0% | All creditors are paid in full. In cases of disputes it will be follow-up immediately before payments are done/ | | |
| VAT reconciliations | Timely submission of monthly VAT returns | 12 | - | 12 | - | 0 | - | Reports are submitted on time. | | |
| Bank Reconciliations complete | Number of bank reconciliations completed | 12 | - | 12 | - | 0 | - | Monthly reconciliations completed by Accountant and reviewed by the CFO. | | |
| Budget Reports | Monthly variance reports to departments | 12 | - | 12 | - | 0 | - | Monthly variance reports tabled to BTO. | | |
| Continuous monitoring of departmental expenditure against budgets | Expenditure variance % | - | >10% | - | >10% | - | 0% | No overspending on budget | | |
| Cash received (direct deposits) administration | Rand value of direct deposits not receipted as a % of total direct deposits | - | <10% | - | <10% | - | 0% | Direct deposits not above | | |
| Investment Register | Maintain investment register | 12 | - | 12 | - | 0 | - | Investment register updated on monthly basis | | |

| Timeously approval of annual budget as per required timeframe of MFMA | Approved budget | 1 | - | 1 | - | 0 | - | Final budget was approved by Council on 24 May 2013 | | |
|--|--|---|---|---------------------------|---|----------|---|---|---------------------------|-----------------------|
| Target Reached = 0% | | Positive Variance/Over-Performance = + % | | | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| Preparation and approval of Adjustment Budget | Adjusted budget | 1 | - | 1 | - | 0 | - | Adjustment budget approved by Council on 17 January 2013. | | |
| Timeously approval of annual budget as per required timeframe of MFMA | Submission of budget to National and Provincial Treasury | 1 | - | 1 | - | 0 | - | Approved budget was submitted to National and Provincial Treasury | | |
| Submission of the financial section of the annual report as prescribed in the MFMA | Financial section of the Annual Report submitted | 1 | - | 1 | - | 0 | - | The Financial Section of the Annual Report was submitted to Council on 17 January 2013 and was approved by Council on 20 March 2013 | | |
| MFMA monthly reports to Council, National and Provincial Treasury | Number of monthly S71 reports submitted | 12 | - | 12 | - | 0 | - | Monthly reports was submitted to BTO for approval | | |
| MFMA | Number of quarterly | 4 | - | 4 | - | 0 | - | Quarterly verification | | |

| quarterly reports to National and Provincial Treasury | reports submitted | | | | | | | reports are submitted to National and Provincial Treasury | | |
|--|---|----------------|------|---------------------------|-----|----------|------|---|--|--|
| Attend financial committee meetings | Number of meetings attended | 12 | - | 12 | - | 0 | - | Monthly BTO meetings are attended by the CFO. | | |
| Timeously preparation of Annual Financial Statements to the Auditor-General | Completed Annual Financial Statements | 1 | - | 1 | - | 0 | - | AFS submitted on 31 August 2013 | | |
| Variance/Target Reached = 0% Negative/Under-Performance = - % | | | | | | | | | | |
| Positive Variance/Over-Performance = + % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| Role in Supply Chain Management | % of scheduled tender committee meetings not attended within 2 days after evaluation of tender | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings | | |
| National Key Indicators | Financial Viability as expressed by ratios: COST COVERAGE | 3:1 | - | n/a | - | n/a | - | | | |
| National Key Indicators | The percentage of a municipality's capital budget actually spend on capital projects identified for a particular financial year in terms of the | - | 100% | - | 82% | - | -18% | | Planned projects like Bergsig/Vaalwater Community Hall not fully completed | Revised planned projects for next financial year |

| | municipality's IDP | | | | | | | | | |
|--|--|----------------------|------|---------------------------|------|----------|-----|---|--|--|
| National Key Indicators | Financial viability as expressed as ratios: DEBT COVERAGE | 1:1 | - | n/a | - | - | n/a | NDM has no long term loan repayments | | |
| Conduct departmental meetings | Number of scheduled meetings | 4 | - | 3 | - | -1 | - | | No meeting was held in quarter 1 due to the external audit process | Meeting dates must from part of the municipal year planner |
| Effective Performance Measurement | Number of quarterly SDBIP performance measurement sessions completed | 4 | - | 4 | - | 0 | - | Performance measurement session was done on a quarterly basis | | |
| Training of personnel | % of personnel completed at least 1 training course | - | 100% | - | 100% | - | 0% | All financial staff attended MFMP training | | |
| Ensure implementation of the supply chain management regulations and approved policy | Quotation evaluation reports submitted to Municipal Manager | 12 | - | 12 | - | 0 | - | Quotation evaluation reports was compiled and submitted to the Municipal Manager on a monthly basis | | |
| Variance/Target Reached = 0% Negative/Under-Performance = - % | | | | | | | | | | |
| Positive Variance/Over-Performance = + % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| i.t.o. procuring good and services | Quarterly report on the implementation of supply chain management (deviations) | As and when required | - | 1 | - | 0 | - | Deviations for year reported to Council on 20 June 2013 | | |
| | Reports on contracts awarded above R100k | 12 | - | 12 | - | 0 | - | Monthly reports are submitted to BTO | | |

| | Tender evaluation reports to the Municipal Manager | As and when required | - | 9 | - | 0 | - | | | |
|---|--|----------------------|---|---|---|----------|---|--|--------------------------|-----------------------|
| DEPARTMENT: CORPORATE SERVICES | | | | | | | | | | |
| SECTION: ENVIRONMENTAL HEALTH | | | | | | | | | | |
| To educate and assist communities in promotion of personal health and hygiene in 65 communities through 400 actions to ensure a healthy lifestyle in the Namakwa Region by June 2013 (LH02) | Number of people reached on health and hygiene | 400 | - | 4558 | - | +4158 | - | Additional campaigns was held on HIV/Aids in Onseepkans and Pofadder as well as the Harbour and Fishing Campaigns in Port Nolloth and Hondeklipbay | | |
| | Number of communities reached where education and programmes were conducted on health and hygiene | 65 | - | 334 | - | +269 | - | | | |
| 100% out informal 385 informal food vendors, school feeding schemes, accommodation establishments and households to comply with | Number of informal food vendors, school feeding schemes, accommodation establishments and households | 385 | - | 1181 | - | +796 | - | | | |
| Variance/Target Reached = 0% | | | | Positive Variance/Over-Performance = + % | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviation | Remedial action taken |
| | | Number | % | Number | % | Numb | % | | | |

| | | | | | | er | | | s | |
|---|--|-----|------|-----|------|-----|----|---|---|--|
| minimum health standard by June 2013 | | | | | | | | | | |
| Minimise the spread of diseases through the education and case studies of 100% reported cases received from DOH by June 2013 (LH03) | % of reported cases from DOH attended to | - | 100% | - | 100% | - | 0% | | | |
| To educate and assist staff at health facilities in Namakwa and communities in safe handling and disposal of medical and solid waste (LH04) | Number of awareness campaigns implemented for 2012/2013 financial year | 92 | - | 94 | - | +2 | - | | | |
| Increase the quality of water to communities by 100% (LG05) | Number of programmes implemented | 148 | - | 207 | | +59 | - | Hantam was included in the initial planning, but are currently performing their own water management programmes | | |

| | Number of Water Services Authorities monitored per month (performing of samples and educations conducted) | 6 | - | 5 | - | -1 | - | | Hantam was included in the initial planning, but are currently performing their own water management programmes | |
|---|---|----------------------|---|---------------------------|---|----------|---|--|---|--|
| Variance/Target Reached = 0% Negative/Under-Performance = - % | | | | | | | | | | |
| Positive Variance/Over-Performance = + % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| | Number of reported incidents (failure) investigated/followed up | As and when required | - | 44 | - | 0 | - | As and when failures occurred follow-ups was done and finalised. | | |
| To educate and assist communities in changing behaviours and attitudes through 65 education actions in the Namakwa region by June 2013 (EA01) | Number of actions/programmes | 65 | - | 35 | | -30 | - | | Lack of clarification on this matter as well as limited knowledge by Environmental Health Practitioners to launch big/huge programmes | Training of Environmental Health Practitioners |

| | | | | | | | | | | |
|--|---|-----------------------|----------|----------------------------------|----------|-----------------|----------|--|----------------------------------|------------------------------|
| Conduct departmental meetings | Number of department meetings held | 4 | - | 5 | - | +1 | - | | | |
| Ensure that all council resolutions assigned to our department are executed/received attention after such decision is forwarded by the Municipal Manager | Monthly updates on the progress of Council resolutions | 12 | - | n/a | - | n/a | - | No council resolutions was assigned or applicable to the section | | |
| Continuous monitoring of departmental expenditure against budgets | Expenditure variance | - | >10% | - | >10% | - | 0% | No overspending on budget | | |
| Role in Supply Chain Management | % of scheduled tender committee meetings | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after | | |
| Variance/Target Reached = 0% Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| | not attended within 2 days after closing date of tender | | | | | | | closing date of tender as and when required | | |
| | % of scheduled tender committee meetings not attended within 2 days after | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after evaluation of tender as and when required | | |

| | | | | | | | | | | |
|---|---|---|------|---|-------|---|--------|--|---|---|
| | evaluation of tender | | | | | | | | | |
| Training of personnel | % of personnel completing at least 1 training course | - | 100% | - | 100% | - | 0% | All staff attended EMIS training and Inserve training | | |
| SECTION: HUMAN RESOURCE | | | | | | | | | | |
| Compile and submit Employment Equity in terms of Legislation to Department of Labour | Number of completed EE report | 1 | - | 1 | - | 0 | - | EE report was submitted to Department of Labour | | |
| IDP-CAP3. Skills Development for Namakwa District Municipality | Not more than 5% variance on project status vs project completed | - | 95% | - | 72.9% | - | -22.1% | | Procurement process of computer training was not responsive | Re-advertise in next financial year |
| IDP-CAP4. Implementation of iPMS | Not more than 5% variance on project status vs project completed | - | 95% | - | 0% | - | -95% | | Policy and consultation process with stakeholders not yet completed | Process to be completed in 2013/2014 financial year |
| Staff/info meetings with Springbok and Calvinia | Number of staff meetings held | 4 | - | 4 | - | 0 | - | Staff meetings was held on a quarterly basis | | |
| Submission of Skills Development Plan (WSP) and annual training | Report of Skills Development and Annual Training Report submitted | 2 | - | 2 | - | 0 | - | The Skills Development and Annual Training Reports was submitted | | |
| Variance/Target Reached = 0% Negative/Under-Performance = - % Positive Variance/Over-Performance = + % | | | | | | | | | | |

| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
|--|---|----------------|------|---------------------------|------|----------|----|--|--|--|
| | | Number | % | Number | % | Number | % | | | |
| report (ATR) | | | | | | | | | | |
| Revival of Batho Pele within the Municipality | Number of Patho Bele initiatives conducted (including wellness and team building) | 10 | - | 7 | - | -3 | - | | Competing dates of other commitments | Proper monthly planning must be in place and must stick to planning |
| Recruitment and selection of vacant positions that has been budgeted for after approval has been granted for advertising | Number of long lists not compiled within 3 days after closing date | 0 | - | 0 | - | 0 | - | All long lists was compiled within 3 days after closing dates of posts | | |
| | Number of approved posts not advertised within 7 days after approval has been granted | 0 | - | 1 | - | -1 | - | Posts was advertised within 7 days after, but no evidence could be provided | No proper record keeping of approval of posts | Records in terms of approval signature and date will be kept in future |
| | % of all new appointments completed an induction programme within one month after appointment | - | 100% | - | 100% | - | 0% | All new appointments received induction programme within one month after appointment | | |
| Implementation of planned training in WSP | Number of procurement exercise facilitated to assist in training initiatives | 8 | - | 5 | - | -3 | 0 | | Shortage of staff as the Senior Manager was seconded to Khai-Ma Municipality as Acting Municipal | Assign new functions to HR official |

| | | | | | | | | | Manager | |
|--|--|----------------|------|---------------------------|------|---|-------|---|---|--|
| Assist with the effective management of Labour relations issues (disciplinary cases, grievances, disputes, | Number of grievances recorded attended to as and when required | 2 | - | 2 | - | 0 | - | Two grievances (Environmental Health and Projects) was recorded and concluded | | |
| | Number of LLF meetings facilitated | 10 | - | 8 | - | -2 | - | | Unavailability of LLF members due to the resignation of the Executive Mayor | The replacement of the Executive Mayor as a LLF member |
| | % of formal disciplinary requests processes facilitated | - | 100% | - | 100% | - | 0% | Disciplinary cases were attended to. | | |
| | % of formal disputes attended to | - | 100% | - | 0% | - | -100% | | 1 dispute (housing), but not yet finalised | To be finalised in next financial year |
| Variance/Target Reached = 0% | | | | | | Positive Variance/Over-Performance = + % | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| Implementation of Individual Performance Management System | % of employees performance plans captured on iPMS | - | 100% | - | 100% | - | 0% | | | |
| Continuous monitoring of departmental expenditure against budgets | Expenditure variance | - | >10% | - | >10% | - | 0% | No overspending on budget | | |
| Ensure that all | Monthly updates on | 12 | - | 12 | - | 0 | - | Monthly updates are | | |

| | | | | | | | | | | |
|--|--|---|----|---|----|----|-----|--|--|--|
| council resolutions assigned to our department are executed/received attention after such decision is forwarded by the Municipal Manager | the progress of Council resolutions | | | | | | | submitted by the Senior Manager on the progress of Council resolutions | | |
| Effective Performance Management | Number of SDBIP performance evaluations conducted | 4 | - | 4 | - | 0 | - | SDBIP evaluations was done on a quarterly basis | | |
| Role in Supply Chain Management | % of scheduled tender committee meetings not attended within 2 days after closing date of tender | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after closing date of tender as and when required | | |
| | % of scheduled tender committee meetings not attended within 2 days after evaluation of tender | - | 0% | - | 1% | - | -1% | Senior Manager did not attended 1 tender evaluation meeting | Competing dates which resulted in Senior Manager was out of office | More proper planning |
| Conduct departmental meetings | Number of department meetings held | 4 | - | 3 | - | -1 | - | No departmental meeting was held in the last quarter | Unit meetings was held, but the competing dates of the Senior | Departmental Meeting will be included in the |
| Variance/Target Reached = 0% Negative/Under-Performance = - % | | Positive Variance/Over-Performance = + % | | | | | | | | |

| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
|---|--|----------------|------|---------------------------|-------|----------|--------|--|---|--------------------------------------|
| | | Number | % | Number | % | Number | % | | | |
| | | | | | | | | | Manager clashes with other commitments | Municipal Year Planner |
| Compilation and submission of monthly report to portfolio committee | Number of reports submitted to portfolio committee on time | 4 | - | 4 | - | 0 | - | Monthly reports were submitted by the Senior Manager to Council Support Services. | | |
| Assistance to B-Municipalities | Number of formal B-Municipalities assistance requests initiated as and when required | 4 | - | 4 | - | 0 | - | Facilitated 4 disciplinary hearings at Kamiesberg Municipality and 1 disciplinary hearing at Karoo-Hoogland Municipality | | |
| National Key Indicators | The number of people employment equity target groups employed in the three highest level of management in compliance with a municipality's approved employment equity plan | - | 82% | - | 96.2% | - | +14.2% | | | |
| | The % of a municipality budget actually spend on implementation its Workplace Skills Plan | - | 100% | - | 72.9% | - | -27.1% | | Procurement process of computer training was not responsive | Re-advertise in next financial year. |
| Training of | % of personnel | - | 100% | - | 100% | - | 0% | 3 staff members | | |

| personnel | completing at least 1 training course | | | | | | | received training (ODEDP), 1 staff member received MFMP and 1 staff member received Labour Law training | | |
|---|--|----------------|------|---------------------------|------|----------|----|---|---------------------------|-----------------------|
| Revision of Employment Equity Plan | Council approved EE plan | 1 | - | 1 | - | 0 | - | EE plan was approved by Council | | |
| SECTION: MAINTENANCE AND HOUSEHOLD SERVICES | | | | | | | | | | |
| Role in Supply Chain | % of scheduled tender committee meetings | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after | | |
| Variance/Target Reached = 0% Negative/Under-Performance = - % Positive Variance/Over-Performance = + % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| Management | not attended within 2 days after closing date of tender | | | | | | | closing date of tender as and when required | | |
| | % of scheduled tender committee meetings not attended within 2 days after evaluation of tender | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after evaluation of tender as and when required | | |
| Continuous monitoring of departmental expenditure against budgets | Expenditure variance | - | >10% | - | >10% | - | 0% | No overspending on budget | | |
| Front-office support | Conduct Client Satisfaction Survey (CSS) | 1 | - | 1 | - | 0 | - | Visitors book in place | | |
| Ensure that all correspondence | Number of correspondence | 0 | - | 0 | - | 0 | - | All correspondence are indexed with 24 hours | | |

| | | | | | | | | | | |
|---|--|---|------|---|------|---|----|---|--|--|
| e to registry are attended to | received by registry not indexed within 24 hours | | | | | | | | | |
| Compile, update and maintain contract register and other relevant registers | % of contracts expired that has been renewed | - | 100% | - | 100% | - | 0% | Updated contract register are submitted to the Senior Manager | | |
| Application for Disposal Authority for all closed files and act according to guidelines as prescribed | Annual application to Province | 1 | - | 1 | - | 0 | - | Annually application applied and completed | | |
| Training of personnel | % of personnel completing at least 1 training course | - | 100% | - | 100% | - | 0% | All staff members received at least 1 training course | | |

Variance/Target Reached = 0% **Positive Variance/Over-Performance = + %**
Negative/Under-Performance = - %

| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
|----------------------------------|---|----------------|---|---------------------------|---|----------|---|---|---------------------------|-----------------------|
| | | Number | % | Number | % | Number | % | | | |
| Maintenance and Fleet Management | Compilation of Maintenance plan for all municipal buildings | 1 | - | 1 | - | 0 | - | Maintenance plan is completed and in place | | |
| | Monthly review on fleet evaluation reports | 10 | - | 10 | - | 0 | - | Monthly reports submitted to the Senior Manager which are tabled to the Council Committee Meeting | | |

DEPARTMENT: ECONOMIC DEVELOPMENT, PLANNING AND PROJECTS
SECTION: LOCAL ECONOMIC DEVELOPMENT

| B-Municipalities with a LED forum before end of June 2013 (LG04) | Number of established LED forum | 6 | - | 0 | - | -6 | - | No local LED forum was established. The plenary meetings was conducted with officials of Kamiesberg and Richtersveld Municipalities | Absence of LED official impacted negative in achieving the set target and the progress depending on the cooperation from B-Municipalities | Appointment of LED official at District level and training for local LED officials to ensure the establishment of local LED forums |
|---|--|---|----------------------------------|-----------------|-------------------------------|-----------------------|-----------------|---|---|--|
| IDP-CAP8 Infrastructure Development (Upgrading of Harbours, Fish Factory) | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 63.57% | - | -31.43% | | Progress depending on Richtersveld Municipality | Projects to be directly implemented by NDM. |
| Manage 4 x 4 route (IN06) | Number of reports compiled | 12 | - | 12 | - | 0 | - | Monthly reports are submitted to the Senior Manager | | |
| Conduct consumer satisfaction surveys of shows (IN06) | Number of Consumer Satisfaction Surveys (CSS) initiated | 1 | - | 0 | - | -1 | 0 | Only template developed, but CSS outstanding | Due to current working culture | Working culture to change |
| IDP-CAP6 Coastal Development (Upgrading of Harbours, Fish Factory) | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 46.78% | - | -48.22% | | Project started late. | Project to be rollover. |
| Variance/Target Reached = 0% | | Positive Variance/Over-Performance = + % | | | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | Actual Annual Performance | Variance | Reason for performance | Reason (s) for | Remedial | | | |

| | | Number | % | Number | % | Number | % | status | deviations | action taken |
|---|--|--------|-----|--------|--------|--------|--------|---|---|---|
| IDP-CAP12 LED Institutional Development | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 96.26% | - | +1.26% | | | |
| Attend various shows | Number of shows attended | 6 | - | 6 | - | 0 | - | | | |
| IDP-CAP9 Renewable Development | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 96.26% | - | +1.26% | | | |
| IDP-CAP10 Manufacturing Development | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 96.26% | - | +1.26% | | | |
| Draft a Renewable Energy Strategy and policy before end of June 2013 (IN07) | Renewable Energy strategy and policy | 1 | - | 1 | - | 0 | - | Completed | | |
| IDP-CAP 19 Revision of DGDS | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 96.26% | - | +1.26% | | | |
| Upgrade Port Nolloth Fish Processing Facility before June 2013 | Number of status reports compiled | 4 | - | 4 | - | 0 | - | Quarterly status reports compiled and tabled to council committee meeting | | |
| Develop a District Tourism Strategy before end of June 2013 (IN06) | District Tourism Strategy before end of June 2013 | 1 | - | 0 | - | -1 | - | | Progress depending on the completion of the Provincial Tourism Plan | Project to be rollover depending on the progress of the |

| | | | | | | | | | which are still in process. | Provincial Tourism Plan |
|---|---|----------------------|---|---------------------------|---|----------|---|-------------------------------|--|--------------------------------------|
| Variance/Target Reached = 0% Negative/Under-Performance = - % | | | | | | | | | | |
| Positive Variance/Over -Performance = + % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| Complete the development of a business plan for erecting Mineral Beneficiation Plant before June 2013 | Number of business plans completed | 1 | - | 1 | - | 0 | - | Completed | | |
| Marketing and branding of N7 Corridor before June 2013 | Number of meetings invites received attended | As and when required | - | n/a | - | n/a | - | No invites received | | |
| Promoting Abalone Ranching on the West Coast (IN01) | Progress report on initiatives commenced by Provincial DeDAT, which the municipality is responsible for | 4 | - | 1 | - | -3 | - | | Only meetings were held with implementers, DeDAT and DEA as per request. | Follow-up with relevant stakeholders |
| Cleaning, greening and managing access to harbours on | Number of reports compiled | 12 | - | 9 | - | -3 | - | | Absence of LED official impacted negatively in achieving | Appointment of LED official and |

| the coastal towns in 2012/13 | | | | | | | | | the set target | training to LED official |
|---|---|---|---|---------------------------|---|----------|---|---|--|--|
| Assist 1 cooperative to market its produce before June 2013 (IN02) | Number of cooperatives assisted | 1 | - | 0 | - | -1 | - | | Absence of LED official and capacity constraints impacted negatively in achieving the set target | Appointment of LED official and training to LED official |
| Report statistical on visitations in the region | Number of reports compiled | 12 | - | 12 | - | 0 | - | Monthly reports are submitted to the Senior Manager | | |
| LED Institutional Development: Quarterly report on LED implementation | Number of reports on LED implementation submitted | 4 | - | 4 | - | 0 | - | Quarterly reports submitted to Council | | |
| Variance/Target Reached = 0% | | Positive Variance/Over-Performance = + % | | | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| | Number of District LED forum meetings held | 2 | - | 2 | - | 0 | - | | | |
| The establishment of the entity in the District | Conduct Impact Assessment | 1 | - | 0 | - | -1 | 0 | | No dedicated official assigned to perform this function. | Appointment of legal official |
| The implementation of the | Employment of 36069 person's days by June 2013 | 36069 | - | 19139 | - | -16930 | - | | The passing away of the Implementat | Appointment of Implemen |

| | | | | | | | | | | |
|---|--|-----------------------|----------------------------------|-----------------|-------------------------------|-----------------------|-----------------|---------------------------|---|--|
| contract with DWAF (WC) before June 2013 (Reporting on jobs created, SMME's) | | | | | | | | | ion Manager resulted in a loss in production | tation Manager |
| The eradication of 60% prosopis (10 000ha) between Calvinia, Nieuwoudtville and Loeriesfontein with 17 independent contractors before 2014 (EA02) | % of amount of 12 million spend on poverty alleviation by June 2013. | - | 100% | - | 56.93% | - | -43.07- | | The passing away of the Implementation Manager resulted in a loss in production | Appointment of Implementation Manager |
| Conduct departmental meetings | Number of scheduled meetings held | 4 | - | 3 | - | -1 | - | | Competing dates, but unit meetings was held | Departmental meetings must be including in the departmental planning |
| Continuous monitoring of departmental expenditure against budgets | Expenditure variance | - | >10% | - | >10% | - | 0% | No overspending on budget | | |
| Variance/Target Reached = 0% Negative/Under-Performance = - % | | | | | | | | | | |
| Positive Variance/Over-Performance = + % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | Actual Annual Performance | Variance | Reason for performance | Reason (s) for | Remedial | | | |

| | | Number | % | Number | % | Number | % | status | deviations | action taken |
|---|--|--------|------|--------|------|--------|----|--|--------------|--------------|
| Ensure that all council resolutions assigned to our department are executed/ received attention after such decision is forwarded by the Municipal Manager | Monthly updates on the progress of Council resolutions | 12 | - | n/a | - | n/a | - | No council resolutions applicable to the department | | |
| Effective Performance Management | Number of SDBIP performance evaluations conducted | 4 | - | 4 | - | 0 | - | SDBIP evaluations was done on a quarterly basis | | |
| Role in Supply Chain Management | % of scheduled tender committee meetings not attended within 2 days after closing date of tender | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after closing date of tender as and when required | | |
| | % of scheduled tender committee meetings not attended within 2 days after evaluation of tender | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after evaluation of tender as | | |
| Training of personnel | % of personnel completing at least 1 training course | - | 100% | - | 100% | - | 0% | | | |
| Quarterly report on the status and impact of compliance in the District | Monitoring and updating of progress on SLP status of approved SLPs | 1 | - | 1 | - | 0 | - | Updated SLP status list compiled. | | |
| | Quarterly | 4 | - | 0 | - | -4 | - | | No dedicated | To assign |

| (SW02) | assessment of contributions to SLP within the district | | | | | | | | official to execute the function of SLPs | SLP function to newly appointed LED practitioner |
|--|--|----------------|---|---------------------------|---|----------|---|-------------------------------|---|--|
| Variance/Target Reached = 0% Negative/Under-Performance = - % | | | | | | | | | | |
| Positive Variance/Over-Performance = + % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| Quarterly posting and updating of information on website (SW02) | Quarterly update of municipal website on assessments conducted | 4 | - | 0 | - | -4 | - | | No dedicated official to execute the function of SLPs | To assign SLP function to newly appointed LED practitioner |
| Coordinate project implementation and monitoring (BE01) | Number of scheduled meetings | 4 | - | 0 | - | -4 | - | | No dedicated official to execute the function of SLPs | To assign SLP function to newly appointed LED practitioner |
| Facilitate the District SLP forum (BE01) | Number of meetings facilitated | 4 | - | 0 | - | -4 | - | | No dedicated official to execute the function of SLPs | To assign SLP function to newly appointed LED practitioner |
| Attend Provincial SLP | Number of Provincial SLP forum meetings | 4 | - | 0 | - | -4 | - | | No dedicated | To assign SLP |

| | | | | | | | | | | |
|------------------------|--|---|---|---|---|----|---|--|---|--|
| forum | attended as per formal invitations | | | | | | | | official to execute the function of SLPs | function to newly appointed LED practitioner |
| Manage Projects (BE01) | Monitoring and updating of progress on SLP status of approved SLPs | 4 | - | 0 | - | -4 | - | | No dedicated official to execute the function of SLPs | To assign SLP function to newly appointed LED practitioner |

SECTION: PROJECTS

| | | | | | | | | | | |
|--|--|-----|---|-----|---|-----|---|--|---|--|
| New Council Chambers- Appointment of architect, project team, approval of working documents and appointment of contractor before June 2013 | Appointment of architect, project team, approval of working documents and appointment of contractor before June 2013 (Pending on approval from Treasury) | n/a | - | n/a | - | n/a | - | | Na approval granted by National Treasury for this project | |
|--|--|-----|---|-----|---|-----|---|--|---|--|

Variance/Target Reached = 0% **Positive Variance/Over-Performance = + %**
Negative/Under-Performance = - %

| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
|---|------------------------------|----------------|---|---------------------------|---|----------|---|-------------------------------|------------------------------|------------------------|
| | | Number | % | Number | % | Number | % | | | |
| Assistance to B- Municipalities, PMU meetings | Number of meetings conducted | 4 | - | 3 | - | -1 | - | | No dedicated official (admin | Vacancy must be filled |

| | | | | | | | | | | |
|---|--|--------------------------------------|---|-----|---|-----|---|---|--|--------------------------------|
| to monitor progress and support | | | | | | | | | clerk) | |
| | MIG-Number of business plans completed for identified projects | n/a | - | n/a | - | n/a | - | Municipalities lack in reporting to NDM and no requested received from municipalities to compile business plans | | |
| | Number of municipalities assisted with compilation and submission of MIG reports | 4 | - | 4 | - | 0 | - | | | |
| | Number of municipalities assisted with 2 criteria for blue drop status (1. Water safety planning, 2. Drinking water quality) | 6 | - | 4 | - | -2 | - | | Resignation of 2 technicians resulting in capacity constraints | Need to relook at the PMU unit |
| | Number of municipalities with Quality Monitoring and compliance for green drop status | 6 | - | 2 | - | -4 | | | Resignation of 2 technicians resulting in capacity constraints | Need to relook at the PMU unit |
| | MIG-Number of PMU Reporting templates (Kamiesberg & Khai-Ma Municipalities) updated | 4 | - | 2 | - | -2 | | | Resignation of 2 technicians resulting in capacity constraints | Need to relook at the PMU unit |
| Visits to municipalities, task team meetings, EPWP forum meetings, PMU meetings | Number of planned visits/meetings – municipalities | 1 visit per quarter per municipality | - | n/a | - | n/a | | No task teams were established and need to relook at the approach. | | |
| | Number of meetings as per invitation attended –EPWP | 4 | - | 4 | - | 0 | - | | | |

| Variance/Target Reached = 0% | | | | Positive Variance/Over-Performance = + % | | | | Negative/Under-Performance = - % | | | |
|---|--|----------------|----|--|----|----------|----|--|---------------------------|---|--|
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken | |
| | | Number | % | Number | % | Number | % | | | | |
| Continuous monitoring of departmental expenditure against budgets | Expenditure variance | >10% | - | >10% | - | 0% | - | No overspending on budget | | | |
| Role in Supply Chain Management | % of scheduled tender committee meetings not attended within 2 days after closing date of tender | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after closing date of tender as and when required | | | |
| | % of scheduled tender committee meetings not attended within 2 days after evaluation of tender | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after evaluation of tender as and when required | | | |
| The completion of Phase 2 of paving of Head Office and creating of 5 jobs by September 2012(LG06) | Number of jobs created | 5 | - | 0 | - | -5 | - | Project was put on hold and only received approval to continue on 18/09/2012. Jobs was created but did not provided official job | | No payment will be done if jobs created status are not part of payment claim. | |

| | | | | | | | | | creation status | |
|---|--|----------------|------|---------------------------|------|----------|------|--|---------------------------|---|
| | % of completion of paving – pending approval | - | 100% | - | 100% | - | 0% | | | |
| Training of personnel | % of personnel completing at least 1 training course | - | 100% | - | 100% | - | 0% | | | |
| IDP-CAP20 Upgrading of NDM Council Chambers | Not more than 5% variance on project status vs project expenditure | - | 95% | - | n/a | - | n/a | No approval from National Treasury for this project | | |
| IDP-CAP21 Anglican Church-Springbok-Fenching | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 0 | - | -95% | Negotiations with contractor which delay the process | | Project will be roll-over |
| Variance/Target Reached = 0% Negative/Under-Performance = - % | | | | | | | | | | |
| Positive Variance/Over-Performance = + % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| The creation of 30 job opportunities for 4 months in each B-Municipality | Number of jobs created | 720 | - | 767 | - | +47 | - | | | |
| The completion of phase 2 (Bergsig/Vaalwater) of the Community Hall and certain of 20 job created | % completion of the Community Hall | - | 100% | - | 30% | - | -70% | Project started late due to the outstanding signed MOU with Nama Khoi Municipality | | Project will be completed by September /October 2013. |

| | Number of jobs created | 20 | - | 5 | - | -15 | - | | Project started late due to the outstanding signed MOU with Nama Khoi Municipality | During the construction phase more jobs will be created. |
|---|--|----------------|-----|---------------------------|--------|---|---------|-------------------------------|---|--|
| IDP-CAP 5 Upgrading of FET College | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 100% | - | +5% | | | |
| IDP-CAP14 Housing Accreditation | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 16.16% | - | -78.84% | | Still awaiting on level 1 accreditation | Engage with relevant stakeholders on application submitted |
| SECTION: PLANNING | | | | | | | | | | |
| Role in Supply Chain Management | % of scheduled tender committee meetings not attended within 2 days after closing date of tender | - | 0% | - | 0% | - | 0% | | 100% attendance of tender committee meetings after closing date of tender as and when required, but the responsible person was seconded as Acting Municipal Manager to Karoo-Hoogland Municipality for the last quarter | |
| Variance/Target Reached = 0% | | | | | | Positive Variance/Over-Performance = + % | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |

| | | | | | | | | | | |
|---|--|----------------------|----|-----|----|------|----|---|--|-----------------------------|
| | % of scheduled tender committee meetings not attended within 2 days after evaluation of tender | - | 0% | - | 0% | - | 0% | 100% attendance of tender committee meetings after evaluation of tender as and when required, but the responsible person was seconded as Acting Municipal Manager to Karoo-Hoogland Municipality for the last quarter | | |
| Assistance and advice to B-Municipalities i.t.o their IDPs | Number of formal requests received initiated with 5 working days | As and when required | - | n/a | - | n/a | - | No formal requests received and the responsible person was seconded as Acting Municipal Manager to Karoo-Hoogland Municipality for the last quarter | | |
| Submission of MSIG Expenditure Reports | Submission of monthly MSIG reports before the 10 th of each month | 12 | - | 12 | - | 0 | - | | | |
| Assistance and advice to B-Municipalities i.t.o. their SDFs | Number of formal requests received initiated with 5 working days | As and when required | - | 1 | - | 0 | - | Assist Nama Khoi Municipality with application for funds to Department of Rural Development | | |
| Completion of Spatial Development Framework before December 2012 | Completed Spatial Development Framework | 1 | - | 1 | - | 0 | - | The SDF compiled and approved by Council on 28 November 2012. | | |
| Purchase of at least 10 existing erven in Zwartkop (Aug 2012) and | Number of erven purchase – to satisfy the needs | 100 | - | 0 | - | -100 | - | | In process to discuss with executor and deacease | Process will continue after |

| | | | | | | | | | state the purchase of the erven on which a borehole | |
|---|---|---|---|---------------------------|---|----------|---|-------------------------------|--|--|
| Variance/Target Reached = 0% | | Positive Variance/Over-Performance = + % | | | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| subdivision of 100 erven with approval by CoGHSTA before June 2013 – to satisfy | | | | | | | | | situation. The responsible person was seconded as Acting Municipal Manager to Karoo-Hoogland Municipality for the last quarter | completion of secondment of responsible person |
| | Number of erven subdivided - to satisfy the needs | 10 | - | 0 | - | -10 | - | | Depending of the outcome of the discussions with the executor and disease state | Process will continue after completion of secondment of responsible person |
| DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER | | | | | | | | | | |

SECTION: COMMUNICATION

| | | | | | | | | | | |
|--|--|----|-----|----|--------|---|-------|---|--|--|
| Identification of 12 vehicles and identified equipment before June 2013 (LG06) | Number of vehicles and equipment transformed to corporate image | 12 | - | 12 | - | 0 | - | All vehicles transformed to corporate image | | |
| Renaming of 2 buildings in Springbok and Calvinia by September 2012 (LG06) | Number of buildings renamed | 2 | - | 2 | - | 0 | - | Council approved renaming of 2 buildings | | |
| IDP-CAP12 Corporate Image | Not more than 5% variance on project status vs project expenditure | - | 95% | - | 97.24% | - | +2.24 | An amount of R 97 235.97 was spend on corporate image | | |
| Approval of Statutory documents | Submission of Final Annual Report | 1 | - | 1 | - | 0 | - | Annual Report was tabled to Council on 17 January 2013 and was approved by Council on 20 March 2013 | | |

Variance/Target Reached = 0% **Positive Variance/Over-Performance = + %**
Negative/Under-Performance = - %

| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
|---|---|----------------|---|---------------------------|---|----------|---|-------------------------------|---|--|
| | | Number | % | Number | % | Number | % | | | |
| Organising of District Communication Forum meetings | Number of District Communication Forum meetings conducted | 4 | - | 3 | - | -1 | 0 | | Competing dates in quarter 4 due to other commitments such as the attendance of the Burger Winter | Meeting for quarter 4 will take place on 11 July 2013. |

| | | | | | | | | | | |
|--|--|---|------|---|-----|----|------|---|--|---|
| | | | | | | | | | School | |
| Regular External Communication | Number of external municipal newsletter compiled | 3 | - | 2 | - | -1 | 0 | | Competing dates in quarter 4 due to other commitments such as the attendance of the Burger Winter School | The compilation of the newsletter must be done by both communication officers |
| Prepare of year planner | Compilation of 2012/13 year planner | 1 | - | 1 | - | 0 | - | Completed | | |
| SECTION: COUNCIL SUPPORT SERVICES | | | | | | | | | | |
| Timely compilation and distribution of agenda and minutes for all Council meetings within 7 days prior to the meetings | % of on time distributions | - | 100% | - | 75% | - | -25% | | Late submission of documents for Council meetings | Resolution taken that all documents for Council meetings must be submitted to the Council Unit 7 days before the council meetings |
| Compilation of Terms of Reference for Port folio Committees | Number of Terms of Reference edited | 6 | - | 6 | - | 0 | - | Terms of Reference was approved by Council on 07 March 2013 | | |
| Scheduled | Number of Political | 4 | - | 2 | - | -2 | - | | Political IGR | New |

| Political IGR meetings with full preparations | IGR meetings prepared | | | | | | | | meetings did not take place as planned due to resignation of the Executive Mayor | Political IGR meetings will be included in the new year planner |
|--|---|---|---|---------------------------|---|----------|---|---|--|---|
| Scheduled council committee meetings with full preparations | Number of meetings prepared | 26 | - | 26 | - | 0 | - | | | |
| Variance/Target Reached = 0% | | Positive Variance/Over-Performance = + % | | | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| All Council resolutions assigned to the departments are executed or received attention | Quarterly update of status on council resolutions | 4 | - | 4 | - | 0 | - | Updated Council Resolution Register is in place | | |
| Scheduled Council meetings with full preparations | Number of meetings prepared | 5 | - | 9 | - | +4 | - | | | |
| Compilation of Standard Operation Procedures (SoPs) for | Number of Standard Operating Procedures compiled | 6 | - | 0 | - | -6 | - | | No Standard Operating Procedures (SoP's) was compiled | Need to transfer the indicator to |

| Portfolio Committee | | | | | | | | | | Department of Corporate Services |
|---|--|----------------|------|---------------------------|------|----------|-----|---|---------------------------|----------------------------------|
| The compilation and the capturing of Council Resolutions Register and submission thereof to the Municipal Manager | Updated Council Resolution register | 1 | - | 1 | - | 0 | - | Updated Council Resolution Register is in place | | |
| SECTION: DISASTER MANAGEMENT | | | | | | | | | | |
| Continuous monitoring of departmental expenditure against budgets | Expenditure variance | - | >10% | - | >10% | 0 | - | No overspending on budget | | |
| Conduct departmental meetings | Number of scheduled meetings held | 4 | - | 6 | - | +2 | - | | | |
| Variance/Target Reached = 0% Positive Variance/Over-Performance = + % Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| IDP-CAP15 Awareness Campaign on possible disaster risks. | Not more than 5% variance on project status vs project expenditure | - | 95% | - | n/a | - | n/a | No conditional grant was received | | |
| IDP-CAP16 Upgrading of Fire Fighting Services | Not more than 5% variance on project status vs project expenditure | - | 95% | - | n/a | - | n/a | No conditional grant was received | | |

| IDP-CAP17 Upgrading of Radio Communicatio n Network | Not more than 5% variance on project status vs project expenditure | - | 95% | - | n/a | - | n/a | No conditional grant was received | | |
|--|--|---|-----|------------------------------|-----|----------|-----|--------------------------------------|--|---|
| To implement 7 programmes/ exercises before June 2013 (FS01) | Number of programmes/exercis es implemented before June 2013 | 7 | - | 8 | - | +1 | - | | | |
| Establish and upgrade radio communicatio n network before June 2013 (FS03) | Project completed in 2011/2012 financial year | n/a | - | n/a | - | n/a | - | | | |
| Establishment of a Disaster Risk Advisory Forum | Number of meetings held by the Disaster Risk Advisory Forum | 2 | - | 1 | - | -1 | - | | Competing dates with the Provincial Advisory forum meeting | New dates will be included in the year planner 2013/14 |
| Procurement of fire fighting equipment before September 2013. Training and awareness programs before June 2013 (FS02) | Number of disaster management awareness campaigns implemented for 2012/2013 | 7 | - | 8 | - | +1 | - | | | |
| Variance/Target Reached = 0% | | Positive Variance/Over-Performance = + % | | | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performanc e Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviation s | Remedi al action taken |
| | | Number | % | Number | % | Numb | % | | | |

| SECTION: INTERNAL AUDIT UNIT | | | | | | | | | | |
|---|---|---|------|---|----|----|-------|---|--|--|
| Ensure that the audit committee meets into the relevant legislation | Number of audit committee meetings held | 4 | - | 4 | - | 0 | - | | | |
| Internal Audit Charter review | Approved Internal Audit Charter | 1 | - | 1 | - | 0 | - | Internal Audit Charter approved on audit committee meeting held on 14 March 2013. | | |
| Compile an Annual Risk Based Audit Plan and 3 year strategic plan | Annual Risk Based Audit Plan | 1 | - | 0 | - | -1 | - | No Annual Risk Based Audit Plan is in place | Non-functionality of Service Provider appointed for internal audit function. | Appointment of an Internal Auditor as the Head of the Internal Audit Unit. |
| Review of performance information (organisational) | Performance Assessment Report | 1 | - | 1 | - | 0 | - | | | |
| Implementation of Internal Audit Plan | % compliance with IA plan | - | 100% | - | 0% | - | -100% | Only draft Audit Plan is in place | Shortcomings i.t.o. capacity constraints was identified | Approval of Internal Audit Plan and on the job training for audit interns |
| Number of municipalities assisted by the District | Number of municipalities assisted | 3 | - | 1 | - | -2 | - | Only Kamiesberg was assisted by the internal Unit in terms of MIG spending. | Non-functionality of Service Provider | Appointment of an Internal Auditor |

| stipulated in Chapter 6 of the Municipal Systems Act | | | | | | | | | | |
|---|---|---|---|---------------------------|---|----------|---|--|-----------------------------------|-----------------------|
| SDBIP Reports | Quarterly reports submitted to Council | 4 | - | 4 | - | 0 | - | | | |
| To facilitate and structured public participation during the Review Process | Number of District IDP Rep Forum meetings facilitated | 2 | - | 2 | - | 0 | - | | | |
| Ensure that all council resolutions assigned to our department are executed/ received attention after such decision is forwarded by the Municipal Manager | Monthly updates on the progress on Council resolutions | 12 | - | 12 | - | 0 | - | An updated council resolution register is in place | | |
| Variance/Target Reached = 0% | | Positive Variance/Over-Performance = + % | | | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| Management team meeting and steering committee meetings | Number of Steering Committee meetings (IDP, PMS, SDBIP & ICT) | 4 | - | 4 | - | 0 | - | | | |
| | Number of scheduled Management | 12 | - | 6 | - | -6 | - | | Due to other competing dates such | Year planner to be |

| | | | | | | | | | | |
|--|---|---|---|-----|---|-----|---|---|--|---|
| | Meetings held | | | | | | | | as compulsory MFMP training for managers. | rescheduled to ensure 3 monthly meetings is held. |
| Review and technical editing of all Council policies | Administrative policies review | 1 | - | 1 | - | 0 | - | All reviewed administrative policies are approved by Council | | |
| Effective Performance Management | Number of SDBIP performance evaluations conducted | 4 | - | 4 | - | 0 | - | SDBIP evaluations was done on a quarterly basis | | |
| Facilitation of District Intergovernmental Relations (IGR) Forum meetings | Number of District IGR forum meeting facilitated | | | | | | | | | |
| Facilitation of District Intergovernmental Relations (IGR) Forum resolutions | Delegation of District Intergovernmental resolutions to departments | 4 | - | 2 | - | -2 | - | | Political IGR meetings take not place as planned due to competing dates and the resignation of the Executive Mayor in quarter 4. | All technical outcomes will be incorporated in the next report to the Political IGR |
| | Completion of District Intergovernmental Relations Forum indicating responsible | 4 | - | n/a | - | n/a | - | No resolutions assigned to the NDM Departments at the technical IGR meetings held | | |

| | departments within 3 4working days to Departments | | | | | | | | | |
|--|---|---|------|---------------------------|------|----------|----|--|--|-------------------------|
| Established municipal organisation in compliance with | % of critical posts filled | - | 100% | - | 100% | - | 0% | All critical posts are filled | | |
| Variance/Target Reached = 0% | | Positive Variance/Over-Performance = + % | | | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |
| Performance Indicator | Measure | Annual Targets | | Actual Annual Performance | | Variance | | Reason for performance status | Reason (s) for deviations | Remedial action taken |
| | | Number | % | Number | % | Number | % | | | |
| legislation through the development, review and maintenance of service delivery mechanisms | | | | | | | | | | |
| Accreditation for NDM before June 2013 (IQ02) | Establishment of Housing Unit | 1 | - | 0 | - | -1 | - | The housing unit is not yet established. | Application was submitted to CoGHSTA and still waiting on feedback | Follow-up with CoGHST A |

SECTION: SPECIAL PROGRAMMES

| | | | | | | | | | | |
|--|--|----------------------|---|-----|---|-----|---|---|--|--|
| A fully functional District Aids Council through regular meetings and the continuous implementation of Council approved HIV/AIDS programmes in the District (LG01) | Number of scheduled meetings attended | As and when required | - | n/a | - | n/a | - | No instructions received from the HIV/Aids Council to convene meetings | | |
| A fully functional District Health Council | Number of scheduled meetings attended | As and when required | - | n/a | - | n/a | - | No instructions received from the District Health Council to convene meetings | | |
| Execution of Special Programmes | Number of Special Programmes implemented | 15 | - | 15 | - | 0 | - | | | |
| | Number of any other adhoc programmes/ activities facilitated | As and when required | - | - | - | +1 | - | | | |
| Variance/Target Reached = 0% | | | Positive Variance/Over-Performance = + % | | | | | | | |
| Negative/Under-Performance = - % | | | | | | | | | | |

CHAPTER 5

2nd Draft

5.1 Audit Committee Report

REPORT OF THE AUDIT COMMITTEE ON THE DRAFT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Report Of The Audit Committee

Honourable Speaker, Mayor and the Councilors, the Audit Committee (AC) takes the liberty of thanking you for this opportunity to present the Audit Committee Report for the period ended June 2013.

Purpose

The Audit Committee serves as an independent advisory body which advises the District Municipal Council, the political office-bearers, the Accounting Officer and the management staff of the District Municipality on matters relating to:

- Internal financial control and the internal audit function
- Risk management
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting and information
- Performance management and evaluation
- Effective governance
- Compliance with the Municipal Finance Management Act 56 of 2003, the Division of Revenue Act and any other applicable legislation
- Performance evaluation and
- Any issues referred to the Audit Committee by the Municipality.

In addition, the Audit Committee reviews the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with the Municipal Finance Management Act 56 of 2003, the annual Division of Revenue Act and any other applicable legislation.

The Committee further is required to respond to the council on issues raised by the Auditor-General in the audit report and initiates and oversees such investigations into the financial affairs of the municipality as the council may request. We have pleasure in presenting our report for the year ended 30 June 2013.

Terms Of Reference

The Audit Committee has adopted appropriate formal terms of reference that have been approved by the council and mayoral committee, and has executed its duties during the past financial year in accordance with these terms of reference and the relevant legislative requirements.

Composition

The Audit Committee comprises of three independent members that should meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

Members Of The Audit Committee

| Name of member | Number of meetings attended | Number of Ad -Hoc meeting attended |
|-----------------------|------------------------------------|---|
| Mr F Frazenburg | 4 | 4 |
| Mr SG Fortuin | 4 | 1 |
| Ms M Basson | 4 | 0 |

The dates of the four meetings were:

- 21 August 2012
- 10 January 2013
- 14 March 2013
- 31 May 2013

The Municipal Manager, the Chief Financial Officer, Heads of Departments- Local Economic Development, Corporate Services and representatives from the external and internal auditors may attend the Committee meetings by invitation

only. The internal and external auditors have unrestricted access to the Audit Committee.

Audit Committee Responsibilities

The Committee reports that it has complied, as far as possible, with its responsibilities set out in its council approved terms of reference and the relevant legislative requirements. The Committee adopted an Audit Committee Charter which set out the fundamental roles and responsibilities of the Committee. The Charter is aligned with the requirements of sec 166 of Municipal Finance Management Act (MFMA). The Committee has regulated its affairs in compliance with the Charter.

Review Of The Audited Annual Financial Statements (Afs) June 2012

The Audit Committee has:

- Inspected and confirm that the AFS have been signed by the Accounting Officer (AO) on 31 August 2013.
- Concluded that the going concern premise is appropriate in preparing the annual financial statements.
- Inspected the action plan as at June 2012 – report of the Auditor General. The Committee is satisfied that matters that were raised in the June 2012 action plan was adequately addressed in terms of who is responsible for each specific remedial action. Substantial progress has been made on the action plan based on the concerns of the Auditors General's report.

Efficiency And Effectiveness Of Internal Controls

- There are 4 interns appointed in the Internal Audit Unit.
- Business Innovations Group (BIG) was appointed as co – source service provider to set up a proper Internal Audit Unit and to simultaneously transfer skills to the Internal Audit Interns.
- It is our submission that BIG did not operate effectively and efficiently, and we advise the termination of the agreement between NDM and BIG.
- We have been advised that an Internal Audit Executive will be appointed by the 1st of September 2013.

- This will bring stability and guidance within the Internal Audit Unit of NDM.

Review Of The Unaudited Draft Annual Financial Statements June 2013:

The Committee reports that the draft Annual Financial Statements for the period under review were presented to the Committee on the 15th of August 2013 by the Municipal Manager, Executive Mayor and the Chairperson of the Mayoral Committee. The Committee is mandated by MFMA to review the Annual Financial Statements and provide technical input to the financial statements before they are submitted to the Office of the Auditor General.

We want to draw attention to the following incomplete items on the Draft AFS for June 2013:

| Page and note number on Draft AFS | Outstanding Item | Reason for outstanding status as provided by CFO |
|--|---|---|
| Page 45, Note 2 | Other receivables from non – exchange transactions: Taxes - Rates | Waiting for information form Asset Clerk who is currently on training |
| Page 45, Note 2 | Reconciliation of Provision for bad debts | CFO still has to perform an assessment of each debtors item |
| Page 56, Note 15.3 | Contributions paid i.r.o Pension, Retirement and Provident Funds | Waiting for information form Salary Clerk who is currently on training |
| Page 62, Note 20 | Other Income – Revenue from exchange transactions | CFO indicated that the data is available, but it must still be disclosed. |
| Page 62, Note 21 | Employee related costs | CFO indicated that the data is available, but it must still be disclosed. |
| Page 68, Note 36.1 | Unauthorized expenditure | CFO indicated that the data is available, but it must still be disclosed. |
| Page 69, Note 37 | Additional disclosures ito MFMA | CFO indicated that the data is available, but it must still be disclosed. |
| Page 70 to 72, Note 42 | Financial Risk Management | CFO must still disclose the formulas information |
| Page 74 to 77, Note 43 | Budgeted Comparisons | CFO does not have all the relevant information ito the |

| Page and note number on Draft AFS | Outstanding Item | Reason for outstanding status as provided by CFO |
|--|--|--|
| | | actuals and will only complete the information as soon as all journals have been processed. |
| Page 79, Appendix A | Schedule of External Loans | CFO indicates that the information in this document will change as soon as the finance lease adjustment has been done. |
| Pages 82 to 85, Appendix C to E (2) | Segmental analysis of property, plant and equipment; Segmental statement of financial performance ; Revenue and Expenditure; Acquisition of Property, Plant and Equipment & Intangible Assets | CFO indicated that the data is available, but it must still be disclosed. |

After consideration of the Draft AFS of June 2013, we also want to note the following:

Debtors and Creditors

- We noted that the liability accounts for PAYE and UIF are zero as at 30 June 2013, which is commendable.
- The amount receivable in terms of VAT is for the June 2013 period and the outstanding creditors are those who will pay their accounts by the end of July 2013.
- Above mentioned is also commendable in terms of the Finance operations of the District Municipality.

Fixed Asset Register (FAR)

- Other assets are carrying a negative value of R385 225 and this will be rectified in the final AFS.

Performance Management System:

- We had a performance audit committee meeting on the 21st of June 2013 where we discussed the Performance Management of Quarter 3.
- We were unable to review Quarter 1 and 2, as we were not appointed during that period.
- We received the Draft Annual Performance Report for Quarter 4 on the 15th of August 2013, and it will be reviewed during September 2013.
- We presented a report in terms of Quarter 3 and found that some of the KPA's of the District Municipality had a few KPA's whose status was "NOT FULLY EFFECTIVE". In addition to that, we found that there were a few KPA's that performed "ABOVE EXPECTATION".
- We want to encourage the Municipality to improve all KPA's to the level of "FULLY EFFECTIVE" status.

Financial And Legal Compliance:

The Committee reports that we were informed of a break in at the Municipality, where two of the Municipality's laptops were stolen. Remedial actions were taken and an alarm system has been installed throughout the offices of the Municipality. No other incidents were reported for the 2013 Financial Year.

Risk Management:

The Committee notes that risks in terms of Disaster Management Plan and Information Technology have not been adequately addressed. We want to urge management to address the said areas as a matter of utmost urgency.

Quality Of Management Reports:

As per the standing agenda points, we are satisfied that management reporting has been adequately and properly addressed.

Conclusion:

The abovementioned articulations is meant to serve as tools to enable Council to move closer to a clean Audit report, to be easily monitored by both the Audit

Committee and the Executive Committee and that the existence of the documents / registers will allow the Auditor General to perform an alternative audit to verify any finding or result.

Appreciation

The knowledgeable contributions and cooperation by the committee members, Municipal Manger, Chief Financial Officer and the Internal Audit Interns are appreciated. The Committee also appreciates attendance of its meetings by the Executive Mayor, councilors, and members of senior management.

Signed at Springbok on this _____ day of August in the year 2013.

Mr F Frazenburg
Chairperson: Audit Committe

5.2 Auditor General's Report

2nd Draft

**REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL
LEGISLATURE AND THE COUNCIL ON NAMAKWA DISTRICT MUNICIPALITY
REPORT ON THE FINANCIAL STATEMENTS**

Introduction

1. I have audited the financial statements of the Namakwa District Municipality set out on pages XX to XX, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the statement of comparison of budget and actual amounts and the cash flow statement 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 the 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 qualified audit opinion.

Basis for qualified opinion

Aggregation of immaterial uncorrected misstatements

6. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position and the statement of financial performance:
- Expenditure reflected as R30 989 530 is understated by R78 387
 - Value-added tax (VAT) receivable reflected as R76 403 is overstated by R78 387
 - Revenue reflected as R6 695 477 is overstated by R86 390
 - Trade and other payables reflected as R11 336 867 is understated by R86 390

In addition, I was unable to obtain sufficient appropriate audit evidence and I was unable to confirm the following elements by alternative means.

- Receivables of R200 419 as included in the disclosed balance of R1 673 675
- Property, plant and equipment of R124 028 as included in the disclosed balance of R8 051 664

As a result, I was unable to determine whether any further adjustments to these elements were necessary.

Qualified opinion

7. In my opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Namakwa 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

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

Restatement of corresponding figures

9. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an error discovered during 30 June 2013 in the financial statements of Namakwa District Municipality at, and for the year ended, 30 June 2012.

Material underspending of the conditional grant

10. As disclosed in note 18 to the financial statements, the municipality has materially underspent the budget on the Civil defence subsidy and the Fire equipment grant to the amounts of R691 112 and R913 410. As a consequence, the municipality has not achieved its objectives for Civil defence subsidy and the Fire equipment grant.

Material impairments

11. As disclosed in note 2 to the financial statements, material losses to the amount of R1 450 592 (2012: R2 094 235) were incurred as a result of an increase in the provision for impairment relating to the recoverability of debtors.

Additional matters

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

Material inconsistencies in other information included in the annual report

13. I have not obtained the other information included in the annual report. Consequently I have not been able to identify whether the other information to be included in the annual report contains any material inconsistencies to the information in the financial statements.

Unaudited supplementary schedules

14. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

15. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages XX to XX of the annual report.
16. 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 development 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 Framework for managing programme performance information*.

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

17. The material findings are as follows:

Usefulness of information

18. The *National Treasury Framework for managing programme performance information (FMPPi)* requires that performance targets be measurable. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the measurability of information presented with respect to Economic Development, Planning and Projects. This was due to limitations placed on the scope of my work due the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the programme and the institution's records not permitting the application of alternative audit procedures.

Reliability of information

19. The *National Treasury Framework for managing programme performance information (FMPPi)* requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to Economic

Development, Planning and Projects. This was due to limitations placed on the scope of my work due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the programme and the institution's records not permitting the application of alternative audit procedures.

Compliance with laws and regulations

20. I performed procedures to obtain evidence that the municipality has 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:

Strategic planning and performance management

21. The municipality did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls as required by section 62(1)(c)(i) of the MFMA.
22. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).
23. The performance audit committee did not meet at least twice during the financial year, as required by Municipal planning and performance management regulation 14(3)(a).
24. The internal audit did not audit the results of performance measurements, as required by section 45(1)(a) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and Municipal planning and performance management regulation 14(1)(a).
25. The internal audit unit did not assess the functionality of the performance management system, as required by Municipal planning and performance management regulation 14(1)(b)(i).
26. The internal audit unit did not assess the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by Municipal planning and performance management regulation 14(1)(b)(iii).
27. The internal audit unit did not audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the performance audit committee, as required by Municipal planning and performance management regulation 14(1)(c).

Annual financial statements, performance and annual reports

28. 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 of unspent conditional grants and receipts, contingent liabilities and commitments identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
29. The 2011/12 annual report was not made public immediately after the annual report was tabled in the council, as required by section 127(5)(a) of the MFMA.

30. The council's oversight report on the 2011/12 annual report was not made public within seven days of its adoption, as required by section 129(3) of the MFMA.
31. The annual report for the year under review does not include particulars of any corrective action taken or to be taken in response to issues raised in the prior year audit report nor any recommendations from the audit committee, as required by MFMA 121(3)(g) and MFMA 121(3)(j).

Audit committees

32. The audit committee did not advise the council on matters relating to internal financial control and internal audits, risk management, accounting policies and effective governance as required by section 166(2)(a) of the MFMA.
33. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
34. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.

Internal audit

35. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:
 - it did not report to the audit committee on the implementation of the internal audit plan.
 - it did not advise the accounting officer and report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.
36. The internal audit unit did not advise the accounting officer and/or report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

Procurement and contract management

37. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Supply Chain Management (SCM) regulation 17(a) & (c).
38. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2).
39. A list of accredited prospective providers was not in place for procuring goods and services through quotations as required by SCM regulation 14(1)(a).

Human resource management and compensation

40. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff in contravention of MSA section 67(d).
41. An acting CFO was appointed for a period of more than three months, in contravention of section 54A(2A) and 56(1)(c) of the MSA.

42. Finance officials at middle management did not have the higher education qualification as required by reg 8 and 9 of the Municipal Regulations on Minimum Competency Levels.

Expenditure management

43. Reasonable steps were not taken to prevent unauthorised expenditure and irregular expenditure, as required by section 62(1)(d) of the MFMA.

Conditional grants

44. The municipality did not submit the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(5) of the DoRA.
45. Unspent conditional grant funds not committed to identifiable projects and not approved by the National Treasury for retention were not surrendered to National Revenue Fund, as required by section 21(1) of the DoRA.

Revenue management

46. An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 64(2)(e) of the MFMA.

Asset management

47. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Liability management

48. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

Internal control

49. I considered internal control relevant to my audit of the financial statements, annual 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 basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

50. The municipality did not continuously exercise oversight responsibility regarding financial and performance reporting and related internal controls due to the accounting officer not directing and reviewing the development and performance of the system of internal control.
51. The implementation of action plans was not adequately monitored and implemented to address internal control deficiencies. Management also did not assign responsibility and accountability for control activities due to the lack of effective mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities. Consequently, corrective measures i.e. disciplinary actions were also not taken by leadership to address negative behaviour.

Financial and performance management

52. The municipality did not always comply with applicable laws and regulations. In most instances, there were no formal processes in place to monitor compliance with legislation, which resulted in the number of reported non-compliance issues. There was also a lack of consequences for poor performance or where laws and regulations were not complied with.
53. The municipality did not implement proper record keeping to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting mainly due to the fact that responsible personnel did not perform control activities in a timely manner as defined by policies and procedures due to a lack of consequences.
54. The municipality did not prepare accurate and complete financial and performance reports that were supported and evidenced by reliable information because the information systems did not produce information that was timely, current, accurate, complete, accessible, protected and verifiable, and retained. Information was also not reviewed to assess its relevance in supporting the internal control components. We have also identified a lack of capacity, especially in the finance unit.

Governance

55. Ongoing monitoring and supervision were not undertaken to enable an assessment of the effectiveness of internal control over financial and performance reporting due to the fact that the internal audit unit was not adequately resourced and functioning.
56. The audit committee could not adequately promote accountability and service delivery by evaluating and monitoring responses to risks and providing oversight of the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations due to the ineffective functioning of the internal audit unit.

Auditor-General
Kimberley

30 November 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

5.3 Municipal Public Accounts Committee Report

2nd Draft

5.4 Audited Financial Statement

2nd Draft

Annual Financial Statements

for

Namakwa District Municipality

for the year ended 30 June: **2013**

Province:

Northern Cape

AFS rounding:

R (i.e. only cents)

Contact Information:

| | |
|--|--|
| Name of Municipal Manager: | Madeleinne Lesley Brandt |
| Name of Chief Financial Officer: | Rajiv Datadin |
| Contact telephone number: | (027) 712 8000 |
| Contact e-mail address: | rajivd@namakwa-dm.gov.za |
| Name of contact at provincial treasury: | |
| Contact telephone number: | Ambrocious Andries |
| Contact e-mail address: | (027) 712 1681 |
| Name of relevant Auditor: | Auditor-General |
| Contact telephone number: | (012) 426 8000 |
| Contact e-mail address: | |
| Name of contact at National Treasury: | Irene Mathatho |
| Contact telephone number: | irene.mathatho@treasury.gov.za |
| Contact e-mail address: | 012 315 5079 |

Namakwa District Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information

Members of the Council

| | |
|-------------------|--|
| BG Vass | Mayor (Elected - 01/08/2013) |
| FE Van Den Heever | Previous Mayor (Resigned - 29/05/2013) |
| MS Cardinal | Speaker (Elected - 01/08/2013) |
| P van Heerden | Member of the Executive Committee (Appointed - 01/08/2013) |
| SD Hoskin | Member of the Executive Committee |
| FX Cupido | Member of the Executive Committee |
| EC Drage-Maritz | Member |
| SF Nieuwoudt | Member |
| CR Warne | Member |
| J Swarts | Member |
| P van Heerden | Member |
| KR Groenewald | Member |
| S van Wyk | Member |
| J van der Colff | Member |
| WJ Links | Member |
| SJ Engelbrecht | Member |

Municipal Manager

Madeleinne Lesley Brandt

Chief Financial Officer

Rajiv Datadin

Grading of Local Authority

The Namakwa District Municipality includes the municipal areas of Khai-Ma Municipality, Nama Khoi Municipality, Richtersveld Municipality, Kamiesberg Municipality, Hantam Municipality and Karoo Hoogland Municipality.

Auditors

Auditor-General

Bankers

Absa Bank

Namakwa District Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information (continued)

| | |
|---------------------------|--|
| Registered Office: | Namakwa District Municipality Building |
| Physical address: | Van Riebeeck Street Springbok 8240 |
| Postal address: | Private Bag X20 SPRINGBOK 8240 |
| Telephone number: | (027) 712 8000 |
| Fax number: | (027) 712 8040 |
| E-mail address: | info@namakwa-dm.gov.za |

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 Systems Amendment Act (Act no 7 of 2011)
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
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

Namakwa District Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 92, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager: **Madeleine Lesley Brandt**

31 August 2013

Namakwa District Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

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Namakwa District Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 1 | 59 254 271 | 61 996 376 |
| Receivables from non-exchange transactions | 2 | 1 673 675 | 1 868 570 |
| Other current financial assets | 3 | - | 63 463 |
| Inventories | 4 | - | - |
| VAT receivable | 10 | 76 403 | 303 814 |
| Non-current assets | | | |
| Investments | 5 | 1 146 | 1 146 |
| Property, plant and equipment | 6 | 8 051 664 | 8 050 542 |
| Intangible assets | 7 | 1 223 466 | 1 475 916 |
| Investment property carried at cost | 8 | 208 307 | 365 215 |
| Total assets | | 70 488 933 | 74 125 043 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 9 | 11 336 867 | 8 536 785 |
| Current employee benefits | 11 | 3 040 845 | 2 955 969 |
| Current portion of unspent conditional grants and receipts | 12 | 3 530 631 | 4 349 634 |
| Current portion of finance lease liability | 13 | 85 631 | 53 007 |
| Non-current liabilities | | | |
| Non-current finance lease liability | 13 | 146 078 | 102 771 |
| Non-current employee benefits | 14 | 17 958 383 | 15 768 138 |
| Total liabilities | | 36 098 433 | 31 766 303 |
| Net assets | | 34 390 500 | 42 358 740 |
| NET ASSETS | | | |
| Reserves | | 939 256 | 1 772 977 |
| Accumulated surplus / (deficit) | | 33 451 244 | 40 585 764 |
| Total net assets | | 34 390 500 | 42 358 740 |

Namakwa District Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------|--------------------|--------------------|
| Revenue | | | |
| Revenue from Non-exchange Transactions | | 37 309 876 | 39 773 967 |
| Transfer Revenue | | | |
| Government grants and subsidies | 18 | 37 269 056 | 39 671 308 |
| Other Revenue | | | |
| Actuarial Gains | 19 | 40 820 | 102 659 |
| Revenue from Exchange Transactions | | 6 695 477 | 5 947 058 |
| Rental of facilities and equipment | 15 | 571 610 | 898 819 |
| Interest earned - external investments | 16 | 3 065 503 | 3 068 673 |
| Interest earned - outstanding receivables | 17 | 61 165 | 247 544 |
| Other income | 19 | 2 997 198 | 1 732 023 |
| Total revenue | | 44 005 353 | 45 721 025 |
| Expenses | | | |
| Employee related costs | 20 | 18 466 654 | 17 202 697 |
| Remuneration of councillors | 21 | 2 280 503 | 2 265 384 |
| Debt impairment | 2 | 1 450 592 | 2 094 235 |
| Depreciation and amortisation expense | 22 | 1 864 708 | 1 841 988 |
| Repairs and maintenance | | 780 106 | 489 928 |
| Finance costs | 23 | 1 202 144 | 1 348 032 |
| Contracted services | 24 | 68 808 | - |
| Grants and subsidies paid | 25 | 4 369 532 | 2 800 685 |
| General expenses | 26 | 21 253 640 | 20 413 002 |
| Total expenses | | 51 736 687 | 48 455 952 |
| Gain / (loss) on sale of assets | 27 | (234 737) | (179 197) |
| (Impairment loss) / Reversal of impairment loss | 28 | (2 169) | (108 544) |
| Surplus / (deficit) for the period | | (7 968 241) | (3 022 668) |

Namakwa District Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2013

| | Contingency Fund | Maintenance fund | Capital Replacement Reserve | Total: Reserves | Accumulated Surplus/(Deficit) | Total: Net Assets |
|---|---------------------|---------------------|-----------------------------------|------------------|----------------------------------|-------------------|
| Note | | | R | R | R | R |
| Balance at 30 June 2011 | - | - | 710 770 | 710 770 | 43 856 811 | 44 567 581 |
| Changes in accounting policy | - | - | - | - | - | - |
| Correction of prior period error - Note 29.3 | 791 594 | 22 233 | - | 813 827 | - | 813 827 |
| Restated balance | 791 594 | 22 233 | 710 770 | 1 524 597 | 43 856 811 | 45 381 408 |
| Surplus / (deficit) on revaluation of property of property, plant and equipment | - | - | - | - | - | - |
| Property, Plant and Equipment purchased | - | - | (523 812) | (523 812) | 523 812 | - |
| Transfer to CRR | - | - | 772 192 | 772 192 | (772 192) | - |
| Surplus / (deficit) for the period | - | - | - | - | (3 022 668) | (3 022 668) |
| Balance at 30 June 2012 | 791 594 | 22 233 | 959 150 | 1 772 977 | 40 585 764 | 42 358 740 |
| Surplus / (deficit) on revaluation of property of property, plant and equipment | - | - | - | - | - | - |
| Property, Plant and Equipment purchased | - | - | (833 721) | (833 721) | 833 721 | - |
| Transfer to CRR | - | - | - | - | - | - |
| Surplus / (deficit) for the period | - | - | - | - | (7 968 241) | (7 968 241) |
| Balance at 30 June 2013 | 791 594 | 22 233 | 125 429 | 939 256 | 33 451 244 | 34 390 500 |

Namakwa District Municipality

CASH FLOW STATEMENT

as at 30 June 2013

| | Note | 2013 | 2012 |
|---|-------------|--------------------|--------------------|
| | | R | R |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | 41 994 116 | 37 333 274 |
| Taxation - Prpoert Rates | | 39 833 | 139 136 |
| Sales of goods and services | | - | - |
| Grants | | 36 450 053 | 33 185 714 |
| Interest received | | 3 065 503 | 3 316 216 |
| Other receipts | | 2 438 726 | 692 208 |
| Payments | | 43 118 773 | 37 901 742 |
| Employee costs | | 19 643 634 | 19 883 284 |
| Suppliers | | 23 444 593 | 17 987 580 |
| Interest paid | | 30 547 | 30 877 |
| Other payments | | | |
| Net cash flows from operating activities | 30 | (1 124 658) | (568 468) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | | (1 673 790) | (365 061) |
| Purchase of Intangible Assets | | (19 588) | (296 469) |
| Proceeds from sale of investments | | - | - |
| Purchase of foreign currency securities | | | |
| Net cash flows from investing activities | | (1 693 378) | (661 530) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Loans raised | | 138 322 | 12 130 |
| Repayment of borrowings | | (62 391) | (34 539) |
| Proceeds from finance lease liability | | | |
| Repayment of finance lease liability | | | |
| Net cash flows from financing activities | | 75 931 | (22 409) |
| Net increase / (decrease) in net cash and cash equivalents | | (2 742 105) | (1 252 406) |
| Net cash and cash equivalents at beginning of period | | 61 996 377 | 63 248 783 |
| Net cash and cash equivalents at end of period | 31 | 59 254 271 | 61 996 377 |

Namakwa District Municipality
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION
for the year ended 30 June 2013

| Notes | Original Budget | Budget Adjustments | Final Adjustment Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Actual Outcome as % of Final Budget |
|--|-----------------|----------------------------------|-------------------------|--------------------------|----------------------------------|-------------------|-------------------|-------------------------------------|
| | | (i.t.o. s28 and s31 of the MFMA) | | (i.t.o. s31 of the MFMA) | (i.t.o. Council approved by-law) | | 2013 | |
| | R | R | R | R | R | R | R | % |
| ASSETS | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash | 43.2.1 | 2 563 911 | (2 414 665) | 149 246 | - | 149 246 | 3 133 596 | 1999.62% |
| Call Investment Deposits | 43.2.1 | 39 352 450 | 798 374 | 40 150 824 | - | 40 150 824 | 56 120 675 | 39.77% |
| Consumer Debtors | | - | - | - | - | - | - | - |
| Other Debtors | | 1 000 000 | 850 000 | 1 850 000 | - | 1 850 000 | 1 750 078 | -5.40% |
| Current Portion of long-term receivables | | - | - | - | - | - | - | - |
| Inventory | | 700 000 | (700 000) | - | - | - | - | - |
| Total Current Assets | 44.2.1 | 43 616 361 | (1 466 291) | 42 150 070 | - | 42 150 070 | 61 004 349 | 144.73% |
| Non-Current Assets | | | | | | | | |
| Long-term receivables | | - | - | - | - | - | - | - |
| Investments | | 1 146 | - | 1 146 | - | 1 146 | 1 146 | - |
| Investment Property | | - | - | - | - | - | - | - |
| Investment in Associates | | - | - | - | - | - | - | - |
| Property, Plant and Equipment | 43.2.2 | 9 448 129 | (152 500) | 9 295 629 | - | 9 295 629 | 8 259 971 | -11.14% |
| Agricultural Assets | | - | - | - | - | - | - | - |
| Biological Assets | | - | - | - | - | - | - | - |
| Intangible Assets | | 1 417 008 | (237 561) | 1 179 447 | - | 1 179 447 | 1 223 466 | 3.73% |
| Other Non-Current Assets | | - | - | - | - | - | - | - |
| Total Non-Current Assets | 44.2.2 | 10 866 283 | (390 061) | 10 476 222 | - | 10 476 222 | 9 484 583 | -9.47% |
| TOTAL ASSETS | | 54 482 644 | (1 856 352) | 52 626 292 | - | 52 626 292 | 70 488 933 | 33.94% |
| LIABILITIES | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Bank Overdraft | | - | - | - | - | - | - | - |
| Borrowing | 43.2.4 | - | - | - | - | - | 85 631 | 100.00% |
| Consumer Deposits | | - | - | - | - | - | - | - |
| Trade and Other Payables | 43.2.3 | 4 684 079 | (3 053 546) | 1 630 533 | - | 1 630 533 | 14 867 497 | 811.82% |
| Provisions | 43.2.3 | 2 680 000 | - | 2 680 000 | - | 2 680 000 | 3 040 845 | 13.46% |
| Total Current Liabilities | 44.2.3 | 7 364 079 | (3 053 546) | 4 310 533 | - | 4 310 533 | 17 993 973 | 317.44% |
| Non-Current Liabilities | | | | | | | | |
| Borrowing | 43.2.4 | - | - | - | - | - | 146 078 | 100.00% |
| Provisions | 43.2.4 | 17 823 041 | (6 780 204) | 11 042 837 | - | 11 042 837 | 17 958 383 | 62.62% |
| Total Non-Current Liabilities | 44.2.4 | 17 823 041 | (6 780 204) | 11 042 837 | - | 11 042 837 | 18 104 460 | 63.95% |
| TOTAL LIABILITIES | | 25 187 120 | (9 833 750) | 15 353 370 | - | 15 353 370 | 36 098 433 | 135.12% |
| NET ASSETS | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 24 924 524 | 7 977 398 | 32 901 922 | - | 32 901 922 | 33 451 244 | 1.67% |
| Reserves | 43.2.5 | 4 371 000 | - | 4 371 000 | - | 4 371 000 | 939 256 | -78.51% |
| Minorities' Interests | | - | - | - | - | - | - | 0.00% |
| TOTAL NET ASSETS | 44.2.5 | 29 295 524 | 7 977 398 | 37 272 922 | - | 37 272 922 | 34 390 500 | -7.73% |

Namakwa District Municipality
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2013

| Notes | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final Adjustment Budget | Shifting of Funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved by-law) | Final Budget | Actual Outcome 2013 | Actual Outcome as % of Final Budget | |
|--|-----------------|--|-------------------------|---|--|--------------|------------------------|-------------------------------------|----------------|
| | R | R | R | R | R | R | R | % | |
| REVENUE | | | | | | | | | |
| Property Rates | - | - | - | - | - | - | - | - | |
| Property Rates - Penalties & Collection Charges | - | - | - | - | - | - | - | - | |
| Service Charges - Electricity Revenue | - | - | - | - | - | - | - | - | |
| Service Charges - Water Revenue | - | - | - | - | - | - | - | - | |
| Service Charges - Sanitation Revenue | - | - | - | - | - | - | - | - | |
| Service Charges - Refuse Revenue | - | - | - | - | - | - | - | - | |
| Service Charges - Other Revenue | - | - | - | - | - | - | - | - | |
| Rental of Facilities and Equipment | 825 000 | - | 825 000 | - | - | 825 000 | 571 610 | -30.71% | |
| Interest Earned - External Investments | 1 000 000 | 220 000 | 1 220 000 | - | - | 1 220 000 | 3 065 503 | 151.27% | |
| Interest Earned - Outstanding Debtors | 100 000 | - | 100 000 | - | - | 100 000 | 61 165 | -38.83% | |
| Dividends Received | - | - | - | - | - | - | - | - | |
| Fines | - | - | - | - | - | - | - | - | |
| Licences and Permits | - | - | - | - | - | - | - | - | |
| Agency Services | 17 910 280 | (132 167) | 17 778 113 | - | - | 17 778 113 | 8 485 436 | -52.27% | |
| Transfers Recognised - Operational | 53 854 216 | 7 802 519 | 61 656 735 | - | - | 61 656 735 | 48 606 612 | -21.17% | |
| Other Revenue | 815 000 | 750 000 | 1 565 000 | - | - | 1 565 000 | 3 009 747 | 92.32% | |
| Gains on Disposal of PPE | - | - | - | - | - | - | - | - | |
| Total Revenue (excluding capital transfers and contributions) | 44.2.6 | 74 504 497 | 8 640 352 | 83 144 849 | - | - | 83 144 849 | 63 800 073 | -23.27% |
| EXPENDITURE | | | | | | | | | |
| Employee Related Costs | 31 917 614 | 3 624 216 | 35 541 830 | - | - | 35 541 830 | 26 256 202 | -26.13% | |
| Remuneration of Councillors | 2 373 982 | 17 261 | 2 391 243 | - | - | 2 391 243 | 2 280 503 | -4.63% | |
| Debt Impairment | - | - | - | - | - | - | 1 450 592 | 100.00% | |
| Depreciation and Asset Impairment | 2 174 100 | (65 000) | 2 109 100 | - | - | 2 109 100 | 1 864 708 | -11.59% | |
| Finance Charges | - | - | - | - | - | - | 30 547 | 100.00% | |
| Bulk Purchases | - | - | - | - | - | - | - | - | |
| Other Materials | - | - | - | - | - | - | - | - | |
| Contracted Services | 605 790 | 1 154 210 | 1 760 000 | - | - | 1 760 000 | 68 808 | -96.09% | |
| Transfers and Grants | 6 868 397 | 170 263 | 7 038 660 | - | - | 7 038 660 | 4 369 532 | -37.92% | |
| Other Expenditure | 39 869 445 | 3 703 208 | 43 572 653 | - | - | 43 572 653 | 35 212 684 | -19.19% | |
| Loss on Disposal of PPE | - | - | - | - | - | - | 234 737 | 100.00% | |
| Total Expenditure | 44.2.7 | 83 809 328 | 8 604 158 | 92 413 486 | - | - | 92 413 486 | 71 768 313 | -22.34% |

| | | | | | | | | |
|--|-------------|----------|-------------|---|---|-------------|-------------|----------|
| Surplus/(Deficit) | (9 304 831) | 36 194 | (9 268 637) | - | - | (9 268 637) | (7 968 242) | -14.03% |
| Transfers Recognised - Capital | 536 000 | (30 000) | 506 000 | - | - | 506 000 | - | -100.00% |
| Contributions Recognised - Capital | - | - | - | - | - | - | - | - |
| Contributed Assets | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after Capital Transfers & Contributions | (8 768 831) | 6 194 | (8 762 637) | - | - | (8 762 637) | (7 968 242) | -9.07% |
| Taxation | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after Taxation | (8 768 831) | 6 194 | (8 762 637) | - | - | (8 762 637) | (7 968 242) | -9.07% |
| Attributable to Minorities | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) Attributable to Municipality | (8 768 831) | 6 194 | (8 762 637) | - | - | (8 762 637) | (7 968 242) | -9.07% |
| Share of Surplus/(Deficit) of Associate | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | (8 768 831) | 6 194 | (8 762 637) | - | - | (8 762 637) | (7 968 242) | -9.07% |

Namakwa District Municipality
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT
for the year ended 30 June 2013

| Notes | Original Budget | Budget Adjustments | Final Adjustment Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Actual Outcome as % of Final Budget | |
|--|-----------------|----------------------------------|-------------------------|--------------------------|----------------------------------|--------------|----------------|-------------------------------------|---------|
| | | (i.t.o. s28 and s31 of the MFMA) | | (i.t.o. s31 of the MFMA) | (i.t.o. Council approved by-law) | | 2013 | | |
| | R | R | R | R | R | R | R | % | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Ratepayers and other | 43.2.8 | 19 550 280 | 617 833 | 20 168 113 | | 20 168 113 | 2 478 559 | -87.71% | |
| Government - Operating | 43.2.8 | 50 981 992 | 8 295 407 | 59 277 399 | | 59 277 399 | 36 336 032 | -38.70% | |
| Government - Capital | 43.2.8 | 536 000 | (30 000) | 506 000 | | 506 000 | 114 021 | -77.47% | |
| Interest | 43.2.8 | 1 100 000 | 220 000 | 1 320 000 | | 1 320 000 | 3 065 503 | 132.24% | |
| Dividends | | - | - | - | - | - | - | - | |
| Payments | | | | | | | | | |
| Suppliers and Employees | 43.2.8 | (66 587 000) | (10 767 000) | (77 354 000) | | (77 354 000) | (38 718 695) | -49.95% | |
| Finance Charges | 43.2.8 | - | - | - | - | - | (30 547) | -100.00% | |
| Transfers and Grants | 43.2.8 | (6 868 397) | (170 263) | (7 038 660) | | (7 038 660) | (4 369 532) | -37.92% | |
| Net Cash from/(used) Operating Activities | 44.2.8 | (1 287 125) | (1 834 023) | (3 121 148) | - | - | (3 121 148) | (1 124 658) | -63.97% |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | | - | - | - | - | - | - | - | |
| Decrease/(Increase) in Non-Current Debtors | | - | - | - | - | - | - | - | |
| Decrease/(Increase) in Other Non-Current Receivables | | - | - | - | - | - | - | - | |
| Decrease/(Increase) in Non-Current Investments | | - | - | - | - | - | - | - | |
| Payments | | | | | | | | | |
| Capital Assets | 43.2.9 | (1 495 150) | 217 500 | (1 277 650) | - | - | (1 277 650) | (1 693 378) | 32.54% |
| Net Cash from/(used) Investing Activities | 44.2.9 | (1 495 150) | 217 500 | (1 277 650) | - | - | (1 277 650) | (1 693 378) | 32.54% |

CASH FLOW FROM FINANCING ACTIVITIES

Receipts

| | | | | | | | | | |
|--|----------------|---|---|---|---|---|---|---------|---------|
| Short Term Loans | - | - | - | - | - | - | - | - | |
| Borrowing long term/refinancing | 43.2.10 | - | - | - | - | - | - | 138 322 | 100.00% |
| Increase/(Decrease) in Consumer Deposits | | - | - | - | - | - | - | - | - |

Payments

| | | | | | | | | | |
|------------------------|----------------|---|---|---|---|---|---|----------|---------|
| Repayment of Borrowing | 43.2.10 | - | - | - | - | - | - | (62 391) | 100.00% |
|------------------------|----------------|---|---|---|---|---|---|----------|---------|

Net Cash from/(used) Financing Activities

| | | | | | | | | | |
|----------------|---|---|---|---|---|---|---|--------|---------|
| 44.2.10 | - | - | - | - | - | - | - | 75 931 | 100.00% |
|----------------|---|---|---|---|---|---|---|--------|---------|

NET INCREASE/(DECREASE) IN CASH HELD

| | | | | | | | | |
|--|-------------|-------------|-------------|---|---|-------------|-------------|---------|
| Cash and Cash Equivalents at the year begin: | (2 782 275) | (1 616 523) | (4 398 798) | - | - | (4 398 798) | (2 742 105) | -37.66% |
| Cash and Cash Equivalents at the year end: | 44 698 741 | - | 44 698 741 | - | - | 44 698 741 | 61 996 377 | 38.70% |
| | 41 916 466 | (1 616 523) | 40 299 943 | - | - | 40 299 943 | 59 254 271 | 47.03% |

NAMAKWA 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 Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board 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) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The standards are summarised as follows:

| REFERENCE | TOPIC |
|--------------------------|--|
| GRAP Framework | Framework for the preparation and presentation of financial statements |
| GRAP 2 (Revised) | Cash Flow Statements |
| GRAP 4 (Revised) | The Effects of changes in Foreign Exchange Rates |
| GRAP 5 | Borrowing Costs |
| GRAP 6 | Consolidated and Separate Financial Statements |
| GRAP 7 | Investments in Associates |
| GRAP 8 | Interests in Joint Ventures |
| GRAP 10 (Revised) | Financial Reporting in Hyperinflationary Economics |
| GRAP 11 (Revised) | Construction Contracts |
| GRAP 14 (Revised) | Events after the reporting date |
| GRAP 19 (Revised) | Provisions, Contingent Liabilities and Contingent Assets |
| GRAP 21 | Impairment of non-cash-generating assets |
| GRAP 23 | Revenue from Non-exchange Transactions |

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

| | |
|---------------------------|--|
| GRAP 24 | Presentation of Budget Information in Financial Statements |
| GRAP 26 | Impairment of cash-generating assets |
| GRAP 100 (Revised) | Non-current Assets Held for Sale and Discontinued Operations |
| GRAP 103 | Heritage Assets |
| GRAP 104 | Financial Instruments |
| IGRAP 1 | Applying the probability test on initial recognition of exchange revenue |
| IGRAP 2 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| IGRAP 3 | Determining whether an Arrangement Contains a Lease |
| IGRAP 4 | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| IGRAP 5 | Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies |
| IGRAP 6 | Loyalty Programmes |
| IGRAP 7 | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| IGRAP 8 | Agreements for the Construction of Assets from Exchange Transactions |
| IGRAP 9 | Distribution of Non-cash Assets to Owners |
| IGRAP 10 | Assets Received from Customers |
| IGRAP 13 | Operating Leases – Incentives |
| IGRAP 14 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| IGRAP 15 | Revenue – Barter Transactions Involving Advertising Services |
| IPSAS 20 | Related Party Disclosure |
| IFRS 4 | Insurance Contracts |
| IFRS 6 | Exploration for and Evaluation of Mineral Resources |
| IFRIC 12 | Service Concession Arrangements |
| Directive 5 | Determining the GRAP Reporting Framework |
| Directive 7 | The Application of Deemed Cost on the Adoption of Standards of GRAP |
| ASB guide 1 | Guideline on Accounting for Public Private Partnerships |

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

| REFERENCE | TOPIC | 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 |

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

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. No foreign exchange transactions are included in the statements.

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

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 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. 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.

1.6. 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 separate additional financial statements, namely Statements of comparison of budget and actual amounts.

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 material differences between the final budget amounts and actual amounts are included the notes to the financial statements.

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.

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

1.7. 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:

| REFERENCE | TOPIC | EFFECTIVE DATE |
|----------------------------------|--|----------------|
| GRAP 6 (Revised – Nov 2010) | <p><u>Consolidated and Separate Financial Statements</u></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><u>Investments in Associate</u></p> <p>This Standard prescribes the accounting treatment for investments in associates 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 have any interest in associates.</p> | 1 April 2013 |
| GRAP 8 (Revised – Nov 2010) | <p><u>Interest in Joint Ventures</u></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><u>Segment Reporting</u></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>Information to a large extent is already included in the appendixes to the financial statements which do not form part of the audited financial statements.</p> | Unknown |
| GRAP 20 (Original – Jun 2011) | <p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality'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 Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p> | Unknown |

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

| | | |
|--|--|----------------|
| <p>GRAP 105 (Original – Nov 2010)</p> | <p><u>Transfer of Functions Between Entities Under Common Control</u></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 such transactions or events are expected in the foreseeable future.</p> | <p>Unknown</p> |
| <p>GRAP 106 (Original – Nov 2010)</p> | <p><u>Transfer of Functions Between Entities Not Under Common Control</u></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 such transactions or events are expected in the foreseeable future.</p> | <p>Unknown</p> |
| <p>GRAP 107 (Original – Nov 2010)</p> | <p><u>Mergers</u></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 such transactions or events are expected in the foreseeable future.</p> | <p>Unknown</p> |
| <p>IGRAP 11</p> | <p><u>Consolidation - Special Purpose Entities (SPE)</u></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 Municipality does not have any SPE's at this stage.</p> | <p>Unknown</p> |
| <p>IGRAP 12</p> | <p><u>Jointly Controlled Entities non-monetary contributions</u></p> <p>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).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p> | <p>Unknown</p> |

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

1.8. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

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

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The funds in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

1.9.2. Revaluation Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.10. LEASES

1.10.1. 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. Transfer of ownership is not required to be recognised as a finance lease. 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,

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

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 derecognition 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 accrued 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.

1.10.2. 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 derecognition 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 rentals are 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 leases asset is diminished.

1.11. BORROWING COST

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. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

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

1.12. 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 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.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in 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 public.

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

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

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of 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 pre-tax 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).

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

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

A contingent liability is:

- a) 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; or
- b) a present obligation that arises from past events but is not recognised because:
 - i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

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 probable.

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.
- (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. This means:

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

- Provisions for one-off events are measured at the most likely outcome;
- Provisions for large populations of events are measured at a probability-weighted expected value; and
- Both measurements are discounted (where the effect is material) using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

1.15. 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

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

Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) 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.

Accumulated 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.

(d) Staff Bonuses

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.

(e) 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.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. 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

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

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.

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 measure 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.

1.16.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and 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.

1.16.3. 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 annual depreciation rates are based on the following estimated useful lives:

| | Years | | Years |
|------------------------------|--------------|---------------------|--------------|
| <u>Infrastructure</u> | | <u>Other</u> | |
| Roads and Paving | 10-30 | Buildings | 30-50 |
| Pedestrian Malls | 20 | Specialist vehicles | 5 –10 |

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

| | | | |
|------------------------------------|-------|---------------------------------|-------|
| Electricity | 20-30 | Other vehicles | 5-7 |
| Water | 15-20 | Office equipment | 3-7 |
| Sewerage | 15-20 | Furniture and fittings | 5-10 |
| Housing | 30 | Watercraft | 15 |
| | | Bins and containers | 5-10 |
| | | Specialised plant and equipment | 10-15 |
| | | Other plant and equipment | |
| | | Landfill sites | 20 |
| | | Quarries | 25 |
| | | Emergency equipment | 10 |
| | | Computer equipment | 3-5 |
| <u>Community</u> | | | |
| Buildings | 30-50 | | |
| Recreational Facilities | 20-30 | | |
| Security Halls | 5-10 | | |
| Libraries | 20-30 | | |
| Parks and gardens | 20-30 | | |
| Other assets | 15-20 | | |
| <u>Finance lease assets</u> | | | |
| Office equipment | 3 – 5 | | |
| Other assets | 2 – 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 impairment is recognised in the Statement of Financial Performance.

1.16.4. 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.

1.16.5. 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

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

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 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.17. INTANGIBLE ASSETS

1.17.1. 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.

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.

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

1.17.2. Subsequent Measurement – Cost Model

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

1.17.3. 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 | 4 – 5 |
| Computer Software Licenses | 4 – 5 |

1.17.4. 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.

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. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

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

1.18. INVESTMENT PROPERTY

1.18.1. 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.

1.18.2. Subsequent Measurement – Cost Model

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

1.18.3. 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.

| <u>Investment Property</u> | Years |
|-----------------------------------|--------------|
| Buildings | 50 |

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

1.18.4. 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.

1.18.5. 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 2008.

1.19. HERITAGE ASSETS

1.19.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.19.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets 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 recognised in 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 impairment is recognised in the Statement of Financial Performance.

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1.19.4. De-recognition

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

1.19.5. 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 2008.

1.20. NON-CURRENT ASSETS HELD FOR SALE

1.20.1. 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.

1.20.2. 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.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1. 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.

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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.

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.

1.21.2. 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.

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

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replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, 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 to 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.

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.

1.22. NON CURRENT INVESTMENTS

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

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

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On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

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

1.23. INVENTORIES

1.23.1. Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. 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.

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.

1.23.2. 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.

1.24. 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).

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1.24.1. 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.

1.24.2. 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.

1.24.2.1. 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 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

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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.

1.24.2.2. Payables and Annuity Loans

Financial liabilities consist of trade and other 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.

1.24.2.3. 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.

1.24.3. De-recognition

1.24.3.1. 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.

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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.

1.24.3.2. *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.

1.24.4. *Offsetting*

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.

1.25. REVENUE

1.25.1. *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.

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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.

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.

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.

1.25.2. 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. It is a subsequent event if the Municipality does not enforce its obligation to collect the revenue.

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Interest revenue is recognised using the effective interest rate method.

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant 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.

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 shall be 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

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

1.26. RELATED PARTIES

The Municipality 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 Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality 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 Municipality or an entity related to the Municipality. 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).

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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 Municipality. 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.

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

- (a) all members of the governing body of the Municipality;
- (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 Municipality;
- (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 Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, 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 Municipality 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 Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality 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 Municipality.

1.27. 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. 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 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.

1.29. 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.

1.30. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

Management judgement is required when recognising and measuring contingent liabilities.

1.31. 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:

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Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards 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.

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.

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;

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

- 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.

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.

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.

Investment Property

The useful lives of investment property 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. 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 economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property 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.

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

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.

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.

1.32. 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.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the 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.

1.34. 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 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 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 Municipality discloses the nature and an estimate of the financial effect.

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

1.35. 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 financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|-------------------|-------------------|
| 1 CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents consist of the following: | | | |
| Cash on hand | | 805 | 805 |
| Cash at bank | | 3 132 791 | 4 266 519 |
| Call deposits | | 56 120 675 | 57 729 052 |
| | | 59 254 271 | 61 996 376 |
| Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value. | | | |
| Call Investments Deposits to an amount of R 10 623 819 are held to fund the Unspent Conditional Grants (2012: R 7 927 808). | | | |
| The Municipality has the following bank accounts: - | | | |
| <u>Current Account (Primary Bank Account)</u> | | | |
| ABSA Bank Limited - Account Number 221000014 (Primary Bank Account): | | 3 132 791 | 4 266 519 |
| Cash book balance at beginning of year | | 4 266 519 | 145 912 |
| Cash book balance at end of year | | 3 132 791 | 4 266 519 |
| Bank statement balance at beginning of year | | 4 272 316 | 3 378 654 |
| Bank statement balance at end of year | | 3 139 943 | 4 272 316 |
| <u>Call Investment Deposits</u> | | | |
| ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve): | | 125 429 | 959 150 |
| BOE Bank - Account Number NAMA001/83 (Call Deposit): | | 39 301 957 | 37 229 986 |
| ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit): | | 648 963 | 648 963 |
| ABSA Bank Limited - Account Number 20 6629 1015 (Call Deposit): | | 477 034 | 6 164 552 |
| ABSA Bank Limited - Account Number 20 7051 8265 (Call Deposit): | | 310 426 | 296 367 |
| ABSA Bank Limited - Account Number 90 7473 1242 (Leave Reserve): | | 1 104 653 | 819 796 |
| ABSA Bank Limited - Account Number 91 1091 2063 (Finance Management Grant): | | 74 944 | 151 377 |
| Nuweveld Coop (Members Interest Fund): | | 1 804 | 1 804 |
| ABSA Bank Limited - Account Number 22 1815 8326 (Contingency Fund): | | 791 594 | 791 594 |
| ABSA Bank Limited - Account Number 91 0726 5605 (Municipal System Improvement Grant): | | 3 115 | 48 076 |
| ABSA Bank Limited - Account Number 91 9251 2118 (Swartzkop Sportgrounds): | | 207 475 | 207 475 |
| ABSA Bank Limited - Account Number 91 9251 2477 (Spoegrivier Sportgrounds): | | 5 290 | 5 290 |
| ABSA Bank Limited - Account Number 91 0726 6025 (Richtersveld Special Fund): | | 3 013 | 3 064 |
| ABSA Bank Limited - Account Number 91 4340 6867 (EPWP): | | 416 523 | 553 197 |
| ABSA Bank Limited - Account Number 91 0726 7005 (IDP): | | 342 065 | 382 368 |
| ABSA Bank Limited - Account Number 91 0726 7128 (Fencing): | | 42 555 | 42 555 |
| ABSA Bank Limited - Account Number 91 0726 7209 (Kamiesberg Special Fund): | | 2 297 | 2 297 |
| ABSA Bank Limited - Account Number 91 0726 7306 (Border Fencing): | | 54 239 | 54 239 |
| ABSA Bank Limited - Account Number 91 0726 7372 (SA Projects): | | - | 205 909 |
| ABSA Bank Limited - Account Number 90 7473 1365 (Maintenance Fund): | | 22 233 | 22 233 |
| ABSA Bank Limited - Account Number 91 0726 7770 (Sakrivier Bridge): | | 8 187 | 8 187 |
| ABSA Bank Limited - Account Number 91 0726 5485 (Komaggas Tar Road): | | - | 4 371 |
| ABSA Bank Limited - Account Number 91 0809 6615 (Namakwa Sanitation Bucket System): | | 213 395 | 213 395 |
| ABSA Bank Limited - Account Number 91 8438 7915 (Fire Equipment Grant): | | 913 410 | 542 094 |
| ABSA Bank Limited - Account Number 91 0809 6924 (PIMMS): | | 2 255 | 745 764 |
| ABSA Bank Limited - Account Number 91 0991 1123 (Department of Transport): | | 2 631 487 | 2 598 571 |
| ABSA Bank Limited - Account Number 91 1641 4273 (Drought Relief): | | 73 874 | 73 874 |
| ABSA Bank Limited - Account Number 91 1931 2230 (Electronic Filing System): | | 15 227 | 15 227 |
| ABSA Bank Limited - Account Number 91 2120 8647 (Training Fund SETA): | | 81 276 | 62 320 |
| ABSA Bank Limited - Account Number 91 2287 0758 (MIG): | | 5 546 | 5 546 |
| ABSA Bank Limited - Account Number 91 2356 3504 (Work for Water): | | 6 023 669 | 3 895 695 |
| ABSA Bank Limited - Account Number 92 7425 5686 (Dept. Agriculture, Forestry and Fisheries): | | 1 525 628 | 450 709 |
| ABSA Bank Limited - Account Number 92 7425 5709 (Civil Defence Grant): | | 691 112 | 523 008 |
| Sub-total for Call Investment Deposits | | 56 120 675 | 57 729 052 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------|-------------------|-------------------|
| <i>Total Call Investment Deposits are as follows:</i> | | | |
| Cash book balance at beginning of year | | 57 729 052 | 63 102 116 |
| Cash book balance at end of year | | <u>56 120 675</u> | <u>57 729 052</u> |
| Bank statement balance at beginning of year | | 57 762 729 | 63 102 116 |
| Bank statement balance at end of year | | <u>56 137 453</u> | <u>57 762 729</u> |
| <i>Details of Call Investment Deposits are as follows:</i> | | | |
| ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve): | | | |
| Cash book balance at beginning of year | | 959 150 | 1 288 162 |
| Cash book balance at end of year | | <u>125 429</u> | <u>959 150</u> |
| Bank statement balance at beginning of year | | 959 329 | 1 288 580 |
| Bank statement balance at end of year | | <u>125 429</u> | <u>959 329</u> |
| BOE Bank - Account Number NAMA001/83 (Call Deposit): | | | |
| Cash book balance at beginning of year | | 37 229 986 | 35 135 572 |
| Cash book balance at end of year | | <u>39 301 957</u> | <u>37 229 986</u> |
| Bank statement balance at beginning of year | | 37 229 986 | 35 135 572 |
| Bank statement balance at end of year | | <u>39 301 957</u> | <u>37 229 986</u> |
| ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit): | | | |
| Cash book balance at beginning of year | | 648 963 | 648 963 |
| Cash book balance at end of year | | <u>648 963</u> | <u>648 963</u> |
| Bank statement balance at beginning of year | | 650 619 | 650 617 |
| Bank statement balance at end of year | | <u>648 963</u> | <u>650 619</u> |
| ABSA Bank Limited - Account Number 20 6629 1015 (Call Deposit): | | | |
| Cash book balance at beginning of year | | 6 164 552 | 6 645 993 |
| Cash book balance at end of year | | <u>477 034</u> | <u>6 164 552</u> |
| Bank statement balance at beginning of year | | 6 164 552 | 3 645 993 |
| Bank statement balance at end of year | | <u>477 034</u> | <u>6 164 552</u> |
| ABSA Bank Limited - Account Number 20 7051 8265 (Call Deposit): | | | |
| Cash book balance at beginning of year | | 296 367 | 281 574 |
| Cash book balance at end of year | | <u>310 426</u> | <u>296 367</u> |
| Bank statement balance at beginning of year | | 296 367 | 281 574 |
| Bank statement balance at end of year | | <u>310 426</u> | <u>296 367</u> |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|------------------|----------------|
| ABSA Bank Limited - Account Number 90 7473 1242 (Leave Reserve): | | | |
| Cash book balance at beginning of year | | 819 796 | 1 130 282 |
| Cash book balance at end of year | | <u>1 104 653</u> | <u>819 796</u> |
| Bank statement balance at beginning of year | | 821 930 | 1 133 167 |
| Bank statement balance at end of year | | <u>1 107 498</u> | <u>821 930</u> |
| ABSA Bank Limited - Account Number 91 1091 2063 (Finance Management Grant): | | | |
| Cash book balance at beginning of year | | 151 377 | 79 132 |
| Cash book balance at end of year | | <u>74 944</u> | <u>151 377</u> |
| Bank statement balance at beginning of year | | 152 081 | 79 348 |
| Bank statement balance at end of year | | <u>75 458</u> | <u>152 081</u> |
| Nuweveld Coop (Members Interest Fund): | | | |
| Cash book balance at beginning of year | | 1 804 | 1 804 |
| Cash book balance at end of year | | <u>1 804</u> | <u>1 804</u> |
| Bank statement balance at beginning of year | | 1 804 | 1 804 |
| Bank statement balance at end of year | | <u>1 804</u> | <u>1 804</u> |
| ABSA Bank Limited - Account Number 22 1815 8326 (Contingency Fund): | | | |
| Cash book balance at beginning of year | | 791 594 | 869 434 |
| Cash book balance at end of year | | <u>791 594</u> | <u>791 594</u> |
| Bank statement balance at beginning of year | | 791 829 | 869 692 |
| Bank statement balance at end of year | | <u>791 594</u> | <u>791 829</u> |
| ABSA Bank Limited - Account Number 91 0726 5605 (Municipal System Improvement Grant): | | | |
| Cash book balance at beginning of year | | 48 076 | 22 742 |
| Cash book balance at end of year | | <u>3 115</u> | <u>48 076</u> |
| Bank statement balance at beginning of year | | 45 385 | 19 897 |
| Bank statement balance at end of year | | <u>3 115</u> | <u>45 385</u> |
| ABSA Bank Limited - Account Number 91 9251 2118 (Swartzkop Sportgrounds): | | | |
| Cash book balance at beginning of year | | 207 475 | 207 475 |
| Cash book balance at end of year | | <u>207 475</u> | <u>207 475</u> |
| Bank statement balance at beginning of year | | 208 005 | 208 004 |
| Bank statement balance at end of year | | <u>207 475</u> | <u>208 005</u> |
| ABSA Bank Limited - Account Number 91 9251 2477 (Spoegrivier Sportgrounds): | | | |
| Cash book balance at beginning of year | | 5 290 | 5 290 |
| Cash book balance at end of year | | <u>5 290</u> | <u>5 290</u> |
| Bank statement balance at beginning of year | | 5 303 | 5 303 |
| Bank statement balance at end of year | | <u>5 290</u> | <u>5 303</u> |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------|-----------|-----------|
| ABSA Bank Limited - Account Number 91 0726 6025 (Richtersveld Special Fund): | | | |
| Cash book balance at beginning of year | | 3 064 | 3 013 |
| Cash book balance at end of year | | 3 013 | 3 064 |
| Bank statement balance at beginning of year | | 3 021 | 3 029 |
| Bank statement balance at end of year | | 3 013 | 3 021 |
| ABSA Bank Limited - Account Number 91 4340 6867 (EPWP): | | | |
| Cash book balance at beginning of year | | 553 197 | 341 240 |
| Cash book balance at end of year | | 416 523 | 553 197 |
| Bank statement balance at beginning of year | | 554 612 | 342 113 |
| Bank statement balance at end of year | | 416 523 | 554 612 |
| ABSA Bank Limited - Account Number 91 0726 7005 (IDP): | | | |
| Cash book balance at beginning of year | | 382 368 | 392 556 |
| Cash book balance at end of year | | 342 065 | 382 368 |
| Bank statement balance at beginning of year | | 383 345 | 393 577 |
| Bank statement balance at end of year | | 342 065 | 383 345 |
| ABSA Bank Limited - Account Number 91 0726 7128 (Fencing): | | | |
| Cash book balance at beginning of year | | 42 555 | 42 555 |
| Cash book balance at end of year | | 42 555 | 42 555 |
| Bank statement balance at beginning of year | | 42 664 | 42 664 |
| Bank statement balance at end of year | | 42 555 | 42 664 |
| ABSA Bank Limited - Account Number 91 0726 7209 (Kamiesberg Special Fund): | | | |
| Cash book balance at beginning of year | | 2 297 | 80 757 |
| Cash book balance at end of year | | 2 297 | 2 297 |
| Bank statement balance at beginning of year | | 2 303 | 81 013 |
| Bank statement balance at end of year | | 2 297 | 2 303 |
| ABSA Bank Limited - Account Number 91 0726 7306 (Border Fencing): | | | |
| Cash book balance at beginning of year | | 54 239 | 54 239 |
| Cash book balance at end of year | | 54 239 | 54 239 |
| Bank statement balance at beginning of year | | 54 378 | 54 378 |
| Bank statement balance at end of year | | 54 239 | 54 378 |
| ABSA Bank Limited - Account Number 91 0726 7372 (SA Projects): | | | |
| Cash book balance at beginning of year | | 205 909 | 205 909 |
| Cash book balance at end of year | | - | 205 909 |
| Bank statement balance at beginning of year | | 206 435 | 206 434 |
| Bank statement balance at end of year | | - | 206 435 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|-----------|-----------|
| ABSA Bank Limited - Account Number 90 7473 1365 (Maintenance Fund): | | | |
| Cash book balance at beginning of year | | 22 233 | 22 233 |
| Cash book balance at end of year | | 22 233 | 22 233 |
| Bank statement balance at beginning of year | | 22 290 | 22 290 |
| Bank statement balance at end of year | | 22 290 | 22 290 |
| ABSA Bank Limited - Account Number 91 0726 7770 (Sakrivier Bridge): | | | |
| Cash book balance at beginning of year | | 8 187 | 512 623 |
| Cash book balance at end of year | | 8 187 | 8 187 |
| Bank statement balance at beginning of year | | 8 208 | 513 931 |
| Bank statement balance at end of year | | 8 187 | 8 208 |
| ABSA Bank Limited - Account Number 91 0726 5485 (Komaggas Tar Road): | | | |
| Cash book balance at beginning of year | | 4 371 | 4 371 |
| Cash book balance at end of year | | - | 4 371 |
| Bank statement balance at beginning of year | | 4 382 | 4 382 |
| Bank statement balance at end of year | | - | 4 382 |
| ABSA Bank Limited - Account Number 91 0809 6615 (Namakwa Sanitation Bucket System): | | | |
| Cash book balance at beginning of year | | 213 395 | 213 395 |
| Cash book balance at end of year | | 213 395 | 213 395 |
| Bank statement balance at beginning of year | | 213 940 | 213 940 |
| Bank statement balance at end of year | | 213 395 | 213 940 |
| ABSA Bank Limited - Account Number 91 8438 7915 (Fire Equipment Grant): | | | |
| Cash book balance at beginning of year | | 542 094 | 548 954 |
| Cash book balance at end of year | | 913 410 | 542 094 |
| Bank statement balance at beginning of year | | 543 514 | 550 360 |
| Bank statement balance at end of year | | 913 410 | 543 514 |
| ABSA Bank Limited - Account Number 91 0809 6924 (PIMMS): | | | |
| Cash book balance at beginning of year | | 745 764 | 1 081 811 |
| Cash book balance at end of year | | 2 255 | 745 764 |
| Bank statement balance at beginning of year | | 669 068 | 1 087 962 |
| Bank statement balance at end of year | | 2 255 | 669 068 |
| ABSA Bank Limited - Account Number 91 0991 1123 (Department of Transport): | | | |
| Cash book balance at beginning of year | | 2 598 571 | 4 376 205 |
| Cash book balance at end of year | | 2 631 487 | 2 598 571 |
| Bank statement balance at beginning of year | | 2 604 986 | 4 386 398 |
| Bank statement balance at end of year | | 2 631 487 | 2 604 986 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------|------------------|------------------|
| ABSA Bank Limited - Account Number 91 1641 4273 (Drought Relief): | | | |
| Cash book balance at beginning of year | | 73 874 | 73 874 |
| Cash book balance at end of year | | <u>73 874</u> | <u>73 874</u> |
| Bank statement balance at beginning of year | | 74 063 | 74 063 |
| Bank statement balance at end of year | | <u>73 874</u> | <u>74 063</u> |
| ABSA Bank Limited - Account Number 91 1931 2230 (Electronic Filing System): | | | |
| Cash book balance at beginning of year | | 15 227 | 15 227 |
| Cash book balance at end of year | | <u>15 227</u> | <u>15 227</u> |
| Bank statement balance at beginning of year | | 15 266 | 15 266 |
| Bank statement balance at end of year | | <u>15 227</u> | <u>15 266</u> |
| ABSA Bank Limited - Account Number 91 2120 8647 (Training Fund SETA): | | | |
| Cash book balance at beginning of year | | 62 320 | 619 351 |
| Cash book balance at end of year | | <u>81 276</u> | <u>62 320</u> |
| Bank statement balance at beginning of year | | 145 345 | 620 932 |
| Bank statement balance at end of year | | <u>81 276</u> | <u>145 345</u> |
| ABSA Bank Limited - Account Number 91 2287 0758 (MIG): | | | |
| Cash book balance at beginning of year | | 5 546 | 7 679 608 |
| Cash book balance at end of year | | <u>5 546</u> | <u>5 546</u> |
| Bank statement balance at beginning of year | | 8 755 | 7 699 209 |
| Bank statement balance at end of year | | <u>5 546</u> | <u>8 755</u> |
| ABSA Bank Limited - Account Number 91 2356 3504 (Work for Water): | | | |
| Cash book balance at beginning of year | | 3 895 695 | 517 772 |
| Cash book balance at end of year | | <u>6 023 669</u> | <u>3 895 695</u> |
| Bank statement balance at beginning of year | | 3 905 250 | 518 981 |
| Bank statement balance at end of year | | <u>6 037 032</u> | <u>3 905 250</u> |
| ABSA Bank Limited - Account Number 92 7425 5686 (Dept. Agriculture, Forestry and Fisheries): | | | |
| Cash book balance at beginning of year | | 450 709 | - |
| Cash book balance at end of year | | <u>1 525 628</u> | <u>450 709</u> |
| Bank statement balance at beginning of year | | 450 709 | - |
| Bank statement balance at end of year | | <u>1 525 628</u> | <u>450 709</u> |
| ABSA Bank Limited - Account Number 92 7425 5709 (Civil Defence Grant): | | | |
| Cash book balance at beginning of year | | 523 008 | - |
| Cash book balance at end of year | | <u>691 112</u> | <u>523 008</u> |
| Bank statement balance at beginning of year | | 523 008 | - |
| Bank statement balance at end of year | | <u>691 112</u> | <u>523 008</u> |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---------------------------------|------|------------|------------|
| <u>Cash on hand</u> | | 805 | 805 |
| Total cash and cash equivalents | | 59 254 271 | 61 996 376 |

2 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | | | |
|---|--|------------------|------------------|
| Taxes - Rates | | 190 165 | 168 833 |
| South African Revenue Services | | 727 740 | - |
| Department of Roads and Public Works | | 3 029 496 | 3 072 950 |
| Other Receivables | | 1 444 295 | 894 217 |
| | | 5 391 697 | 4 136 000 |
| <u>Less:</u> Provision for bad debts | | (3 718 022) | (2 267 430) |
| Total Receivables from non-exchange transactions | | 1 673 675 | 1 868 570 |

The Municipality is currently in dispute with SARS over an amount of R 727 739.74 as disclosed in Note 2. This amount was deducted by SARS for outstanding EMP 201 returns from 2002. The municipality is of the opinion that they will recover the full amount from SARS once supporting documentation is submitted to SARS.

The fair value of other receivables approximate their carrying value.

(Rates): Ageing

| | | | |
|-----------------------|--|----------------|----------------|
| Current (0 - 30 days) | | 1 247 | 1 247 |
| 31 - 60 Days | | 1 247 | 1 255 |
| 61 - 90 Days | | 1 247 | 1 255 |
| + 90 Days | | 186 426 | 165 077 |
| | | 190 165 | 168 833 |

| | Residential | Industrial/ Commercial | National and Provincial Government |
|--|-------------|---------------------------|--|
| Summary of Debtors (Rates) by Customer Classification | | | |
| 30 June 2013 | | | |
| Current (0 - 30 days) | - | 1 247 | - |
| 31 - 60 Days | - | 1 247 | - |
| 61 - 90 Days | - | 1 247 | - |
| + 90 Days | - | 186 426 | - |
| Sub-total | - | 190 165 | - |
| <u>Less:</u> Provision for bad debts | - | - | - |
| Total debtors by customer classification | - | 190 165 | - |

| | Residential | Industrial/ Commercial | National and Provincial Government |
|---|-------------|---------------------------|--|
| <u>Summary of Debtors (Rates) by Customer Classification</u> | | | |
| 30 June 2012 | | | |
| Current (0 - 30 days) | - | 1 247 | - |
| 31 - 60 Days | - | 1 255 | - |
| 61 - 90 Days | - | 1 255 | - |
| + 90 Days | - | 165 077 | - |
| Sub-total | - | 168 833 | - |
| <u>Less:</u> Provision for bad debts | - | - | - |
| Total debtors by customer classification | - | 168 833 | - |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------|------------------|------------------|
| <u>Reconciliation of Provision for Bad Debts</u> | | | |
| Balance at beginning of year | | 2 267 430 | 2 874 371 |
| Contribution to provision | | 1 450 593 | 2 094 235 |
| Bad Debts written off against provision | | - | (2 701 177) |
| | | 3 718 022 | 2 267 430 |

The total amount of this provision consists of:

| | | | |
|--|--|------------------|------------------|
| Taxes | | 190 165 | - |
| Department of Roads and Public Works | | 3 029 496 | 2 024 008 |
| Other receivables | | 498 360 | 243 422 |
| Total Provision for Bad Debts on Trade Receivables from non-exchange transactions | | 3 718 022 | 2 267 430 |

Ageing of amounts past due but not impaired:

| | | | |
|--------------------|--|----------------|------------------|
| 1 month past due | | 43 686 | 67 245 |
| 2+ months past due | | 350 705 | 1 519 538 |
| | | 394 392 | 1 586 784 |

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

3 OTHER CURRENT FINANCIAL ASSETS

| | | | |
|-----------------------|--|---|---------------|
| Operating lease asset | | - | 63 463 |
|-----------------------|--|---|---------------|

Reconciliation

| | | | |
|---------------------------------------|--|----------|---------------|
| Balance at the beginning of the year | | 63 463 | 50 663 |
| Movement during the year | | 7 341 | 12 800 |
| Redeemed during the year | | (70 804) | - |
| Balance at the end of the year | | 0 | 63 463 |

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

| | | | |
|---|--|----------|----------------|
| Up to 1 Year | | - | 55 343 |
| 1 to 5 Years | | - | 282 531 |
| More than 5 Years | | - | 135 817 |
| Total Operating Lease Arrangements | | - | 473 691 |

This operating lease income determined from contracts that have a specific condition income. Property is rent at market related tariffs with a annual increase of 10%. The operating lease agreement expires in December 2018. The contract however was ended on 31 May 2013 and the operating lease asset was de-recognised.

4 INVENTORIES

Opening balance of inventories:

| | | | |
|---|--|-------------|-------------|
| Consumable stores | | - | - |
| Maintenance materials | | - | - |
| All the remaining inventory at 30 June 2011 was transferred to the Department of Roads and Public Works in July 2011. | | | |
| Consumable stores materials written down due to losses as identified during the annual stores counts. | | - | 566 |
| No inventory assets were pledged as security for liabilities. | | | |
| | | 2013 | 2012 |

5 INVESTMENTS

Financial Instruments

| | | | |
|----------------|--|--------------|--------------|
| Fixed Deposits | | - | - |
| | | 1 146 | 1 146 |

Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

6 PROPERTY, PLANT AND EQUIPMENT

| 6.1 30 JUNE 2013 | Cost | | | | Accumulated Depreciation | | | | | | Carrying Value |
|---------------------------------|-----------------|-----------|-----------|-----------------|--------------------------|---|--------------|-----------|---|-----------------|----------------|
| | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Change in Accounting Policy/Correction of Error | Depreciation | Disposals | Impairment loss/Reversal of impairment loss | Closing Balance | |
| | R | R | R | R | R | | R | R | R | R | |
| Land | | | | | | | | | | | |
| Land | 1 822 842 | - | (3 402) | 1 819 440 | - | - | - | - | - | - | 1 819 440 |
| | 1 822 842 | - | (3 402) | 1 819 440 | - | - | - | - | - | - | 1 819 440 |
| Buildings | 7 874 757 | - | - | 7 874 757 | (5 389 235) | | (207 303) | - | - | (5 596 538) | 2 278 219 |
| Infrastructure | | | | | | | | | | | |
| Drains | - | - | - | - | - | | - | - | - | - | - |
| Roads and Streets | - | - | - | - | - | | - | - | - | - | - |
| Beach Improvements | - | - | - | - | - | | - | - | - | - | - |
| Sewerage Mains and Purification | - | - | - | - | - | | - | - | - | - | - |
| Electricity mains | 4 839 | - | - | 4 839 | (49) | | (968) | - | - | (1 016) | 3 823 |
| Electricity Peak Load equipment | - | - | - | - | - | | - | - | - | - | - |
| Water Mains & Purification | - | - | - | - | - | | - | - | - | - | - |
| Water Reservoirs | - | - | - | - | - | | - | - | - | - | - |
| Water Meters | - | - | - | - | - | | - | - | - | - | - |
| Water Mains | - | - | - | - | - | | - | - | - | - | - |
| Security Measures | 132 561 | 84 177 | - | 216 738 | (58 049) | | (19 734) | - | - | (77 783) | 138 955 |
| | 137 400 | 84 177 | - | 221 577 | (58 097) | | (20 702) | - | - | (78 799) | 142 778 |
| Community Assets | | | | | | | | | | | |
| Parks & Gardens | - | - | - | - | - | | - | - | - | - | - |
| Libraries | - | - | - | - | - | | - | - | - | - | - |
| Recreation Grounds | - | - | - | - | - | | - | - | - | - | - |
| Civic Buildings | 159 133 | - | - | 159 133 | (117 758) | | (3 183) | - | - | (120 941) | 38 192 |
| Stadiums | - | - | - | - | - | | - | - | - | - | - |
| Halls | - | - | - | - | - | | - | - | - | - | - |
| Theatre | - | - | - | - | - | | - | - | - | - | - |
| Swimming Pools | - | - | - | - | - | | - | - | - | - | - |
| Cemeteries | - | - | - | - | - | | - | - | - | - | - |
| | 159 133 | - | - | 159 133 | (117 758) | | (3 183) | - | - | (120 941) | 38 192 |
| Heritage Assets | | | | | | | | | | | |
| Historical Buildings | - | - | - | - | - | | - | - | - | - | - |
| Paintings & Artifacts | - | - | - | - | - | | - | - | - | - | - |
| | - | - | - | - | - | | - | - | - | - | - |
| Total carried forward | 9 994 132 | 84 177 | (3 402) | 10 074 908 | (5 565 091) | | (231 188) | - | - | (5 796 279) | 4 278 629 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Cost | | | | Accumulated Depreciation | | | | | | Carrying Value |
|--|-------------------|------------------|------------------|-------------------|--------------------------|---|--------------------|----------------|---|---------------------|------------------|
| | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Change in Accounting Policy/Correction of Error | Depreciation | Disposals | Impairment loss/Reversal of impairment loss | Closing Balance | |
| | R | R | R | R | R | | R | R | R | R | R |
| Total brought forward | 9 994 132 | 84 177 | (3 402) | 10 074 908 | (5 565 091) | - | (231 188) | - | - | (5 796 279) | 4 278 629 |
| Other Assets | | | | | | | | | | | |
| Office Equipment | 3 441 795 | 175 083 | (435 026) | 3 181 851 | (1 964 460) | - | (544 297) | 397 736 | (357) | (2 111 380) | 1 070 471 |
| Furniture & Fittings | 1 463 078 | 143 259 | (83 926) | 1 522 411 | (704 966) | - | (189 911) | 39 402 | (1 812) | (857 288) | 665 123 |
| Bins and Containers | 18 803 | 4 458 | (599) | 22 662 | (10 201) | - | (2 519) | 598 | - | (12 122) | 10 541 |
| Plant and Equipment | 401 861 | 233 739 | (35 296) | 600 303 | (260 381) | - | (65 474) | 20 799 | - | (305 057) | 295 247 |
| Motor vehicles | 2 350 749 | 283 700 | - | 2 634 448 | (1 307 350) | - | (456 413) | - | - | (1 763 762) | 870 686 |
| Fire Equipment | 90 457 | 611 053 | (4 109) | 697 401 | (32 395) | - | (13 702) | 2 237 | - | (43 859) | 653 541 |
| Refuse tankers | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | - | - | - | - | - | - | - | - | - | - | - |
| Computer Software (part of computer equipment) | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | - | - | - | - | - | - | - | - | - | - | - |
| | 7 766 743 | 1 451 291 | (558 957) | 8 659 077 | (4 279 753) | - | (1 272 316) | 460 771 | (2 169) | (5 093 467) | 3 565 609 |
| Finance Lease Assets | | | | | | | | | | | |
| Office Equipment | 249 939 | 138 322 | - | 388 261 | (115 428) | - | (65 407) | - | - | (180 834) | 207 426 |
| Other Assets | - | - | - | - | - | - | - | - | - | - | - |
| | 249 939 | 138 322 | - | 388 261 | (115 428) | - | (65 407) | - | - | (180 834) | 207 426 |
| Total | 18 010 814 | 1 673 790 | (562 359) | 19 122 245 | (9 960 272) | - | (1 568 910) | 460 771 | (2 169) | (11 070 581) | 8 051 664 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| 6.2 30 June 2012 | Cost | | | | Accumulated Depreciation | | | | | | Carrying Value |
|---------------------------------|-----------------|-----------|-----------|-----------------|--------------------------|---|--------------|-----------|---|-----------------|----------------|
| | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Change in Accounting Policy/Correction of Error | Depreciation | Disposals | Impairment loss/Reversal of impairment loss | Closing Balance | |
| | R | R | R | R | R | | R | R | R | R | |
| Land | | | | | | | | | | | |
| Land | 1 822 842 | - | - | 1 822 842 | - | - | - | - | - | - | 1 822 842 |
| | 1 822 842 | - | - | 1 822 842 | - | - | - | - | - | - | 1 822 842 |
| Buildings | 8 122 667 | 2 090 | (250 000) | 7 874 757 | (5 433 892) | - | (205 344) | 250 000 | - | (5 389 235) | 2 485 522 |
| Infrastructure | | | | | | | | | | | |
| Drains | - | - | - | - | - | - | - | - | - | - | - |
| Roads and Streets | - | - | - | - | - | - | - | - | - | - | - |
| Beach Improvements | - | - | - | - | - | - | - | - | - | - | - |
| Sewerage Mains and Purification | - | - | - | - | - | - | - | - | - | - | - |
| Electricity mains | - | 4 839 | - | 4 839 | - | - | (49) | - | - | (49) | 4 790 |
| Electricity Peak Load equipment | - | - | - | - | - | - | - | - | - | - | - |
| Water Mains & Purification | - | - | - | - | - | - | - | - | - | - | - |
| Water Reservoirs | - | - | - | - | - | - | - | - | - | - | - |
| Water Meters | - | - | - | - | - | - | - | - | - | - | - |
| Water Mains | - | - | - | - | - | - | - | - | - | - | - |
| Security Measures | 105 417 | 27 144 | - | 132 561 | (42 165) | - | (15 884) | - | - | (58 049) | 74 512 |
| | 105 417 | 31 983 | - | 137 400 | (42 165) | - | (15 932) | - | - | (58 097) | 79 303 |
| Community Assets | | | | | | | | | | | |
| Parks & Gardens | - | - | - | - | - | - | - | - | - | - | - |
| Libraries | - | - | - | - | - | - | - | - | - | - | - |
| Recreation Grounds | - | - | - | - | - | - | - | - | - | - | - |
| Civic Buildings | 159 133 | - | - | 159 133 | (114 576) | - | (3 183) | - | - | (117 758) | 41 375 |
| Stadiums | - | - | - | - | - | - | - | - | - | - | - |
| Halls | - | - | - | - | - | - | - | - | - | - | - |
| Theatre | - | - | - | - | - | - | - | - | - | - | - |
| Swimming Pools | - | - | - | - | - | - | - | - | - | - | - |
| Cemeteries | - | - | - | - | - | - | - | - | - | - | - |
| | 159 133 | - | - | 159 133 | (114 576) | - | (3 183) | - | - | (117 758) | 41 375 |
| Heritage Assets | | | | | | | | | | | |
| Historical Buildings | - | - | - | - | - | - | - | - | - | - | - |
| Paintings & Artifacts | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - |
| Total carried forward | 10 210 059 | 34 073 | (250 000) | 9 994 132 | (5 590 632) | - | (224 459) | 250 000 | - | (5 565 091) | 4 429 041 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Cost | | | | Accumulated Depreciation | | | | | | Carrying Value |
|--|-------------------|----------------|--------------------|-------------------|--------------------------|---|--------------------|------------------|---|--------------------|------------------|
| | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Change in Accounting Policy/Correction of Error | Depreciation | Disposals | Impairment loss/Reversal of impairment loss | Closing Balance | |
| | R | R | R | R | R | | R | R | R | R | |
| Total brought forward | 10 210 059 | 34 073 | (250 000) | 9 994 132 | (5 590 632) | - | (224 459) | 250 000 | - | (5 565 091) | 4 429 041 |
| Other Assets | | | | | | | | | | | |
| Office Equipment | 3 338 599 | 195 939 | (92 743) | 3 441 795 | (1 386 187) | - | (556 406) | 84 016 | (105 884) | (1 964 460) | 1 477 334 |
| Furniture & Fittings | 1 403 233 | 70 458 | (10 612) | 1 463 078 | (537 869) | - | (176 815) | 10 533 | (815) | (704 966) | 758 113 |
| Bins and Containers | 18 544 | 259 | - | 18 803 | (7 820) | - | (2 381) | - | - | (10 201) | 8 602 |
| Emergency Equipment | 1 580 287 | 33 654 | (1 212 080) | 401 861 | (1 214 337) | - | (92 721) | 1 048 522 | (1 845) | (260 381) | 141 480 |
| Motor vehicles | 2 487 433 | - | (136 684) | 2 350 749 | (976 419) | (32 265) | (428 516) | 129 850 | - | (1 307 350) | 1 043 399 |
| Fire engines | 82 818 | 7 638 | - | 90 457 | (20 763) | - | (11 632) | - | - | (32 395) | 58 062 |
| Refuse tankers | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | - | - | - | - | - | - | - | - | - | - | - |
| Computer Software (part of computer equipment) | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | - | - | - | - | - | - | - | - | - | - | - |
| | 8 910 914 | 307 948 | (1 452 119) | 7 766 743 | (4 143 395) | (32 265) | (1 268 471) | 1 272 922 | (108 544) | (4 279 753) | 3 486 990 |
| Finance Lease Assets | | | | | | | | | | | |
| Office Equipment | 226 899 | 23 040 | - | 249 939 | (64 288) | - | (51 140) | - | - | (115 428) | 134 511 |
| Other Assets | - | - | - | - | - | - | - | - | - | - | - |
| | 226 899 | 23 040 | - | 249 939 | (64 288) | - | (51 140) | - | - | (115 428) | 134 511 |
| Total | 19 347 872 | 365 061 | (1 702 119) | 18 010 814 | (9 798 315) | (32 265) | (1 544 069) | 1 522 922 | (108 544) | (9 960 272) | 8 050 542 |

| 6.3 Other information | 2013 R | 2012 R |
|--|-----------|-----------|
| Carrying value of idle property, plant and equipment - Used by Department Roads and Public Works | - | - |
| Fully depreciated property, plant and equipment still in use | - | - |
| Property, plant and equipment retired from active use, but not classified as held for sale | - | - |
| Fair value of property, plant and equipment carried at cost | - | - |
| | <u>-</u> | <u>-</u> |

6.4 Assets pledged as security

Leased Property, Plant and Equipment of R 207 426 is secured for leases as set out in Note 13.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note

7 INTANGIBLE ASSETS

7.1 Reconciliation of carrying value

as at 1 July 2012

Cost
Accumulated amortisation and impairment losses

Acquisitions
Amortisation

as at 30 June 2013

Cost
Accumulated amortisation and impairment losses

| Intangible Assets R | Total R |
|------------------------|------------------|
| 1 475 917 | 1 475 917 |
| 2 748 943 | 2 748 943 |
| (1 273 026) | (1 273 026) |
| 19 587 | 19 587 |
| (272 038) | (272 038) |
| 1 223 466 | 1 223 466 |
| 2 768 530 | 2 768 530 |
| (1 545 064) | (1 545 064) |

7.1 Reconciliation of carrying value

as at 1 July 2011

Cost
Accumulated amortisation and impairment losses

Acquisitions
Amortisation

Carrying value of disposals

Cost
Accumulated amortisation

as at 30 June 2012

Cost
Accumulated amortisation and impairment losses

| Intangible Assets R | Total R |
|------------------------|------------------|
| 1 417 008 | 1 417 008 |
| 2 452 476 | 2 452 476 |
| (1 035 467) | (1 035 467) |
| 296 469 | 296 469 |
| (237 561) | (237 561) |
| - | - |
| - | - |
| - | - |
| 1 475 916 | 1 475 916 |
| 2 748 944 | 2 748 944 |
| (1 273 028) | (1 273 028) |

No intangible asset were asessed 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.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note

8 INVESTMENT PROPERTY CARRIED AT COST

| 8.1 Reconciliation of carrying value | Investment property R | Other R | Total R |
|--|-----------------------------|------------|------------------|
| as at 1 July 2012 | 365 215 | - | 365 215 |
| Cost | 1 404 678 | - | 1 404 678 |
| Accumulated depreciation and impairment losses | (1 039 463) | - | (1 039 463) |
| Acquisitions | - | - | - |
| Depreciation | (23 758) | - | (23 758) |
| Carrying value of disposals | (133 150) | - | (133 150) |
| Cost | (508 817) | - | (508 817) |
| Accumulated depreciation | 375 667 | - | 375 667 |
| as at 30 June 2013 | 208 307 | - | 208 307 |
| Cost | 895 861 | - | 895 861 |
| Accumulated depreciation and impairment losses | (687 554) | - | (687 554) |

| 8.1 Reconciliation of carrying value | Investment property R | Other R | Total R |
|--|-----------------------------|------------|----------------|
| as at 1 July 2011 | 393 309 | - | 393 309 |
| Cost | 1 404 678 | - | 1 404 678 |
| Accumulated depreciation and impairment losses | (1 011 369) | - | (1 011 369) |
| Acquisitions | - | - | - |
| Depreciation | (28 094) | - | (28 094) |
| as at 30 June 2012 | 365 215 | - | 365 215 |
| Cost | 1 404 678 | - | 1 404 678 |
| Accumulated depreciation and impairment losses | (1 039 463) | - | (1 039 463) |

| | 2013 R | 2012 R |
|--|-----------|-----------|
| 8.2 Fair value of investment property carried at cost: | 895 861 | 1 404 678 |

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

8.4 There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|-------------------|------------------|
| 9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS | | | |
| Trade creditors | | 732 805 | 949 547 |
| Payments received in advance | | 28 755 | 3 660 |
| Department of Environmental affairs - Work for Water | | 6 023 669 | 3 895 695 |
| Department of Agriculture, Forestry and Fisheries | | 1 525 628 | 450 709 |
| Contributions: Project Management Unit | | 345 212 | 163 546 |
| Other creditors | | 2 680 798 | 3 073 629 |
| Total creditors | | 11 336 867 | 8 536 785 |

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 fair value of trade and other payables approximates their carrying amounts. All payables are unsecured.

10 VAT RECEIVABLE

| | | |
|----------------|--------|---------|
| VAT receivable | 76 403 | 303 814 |
|----------------|--------|---------|

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

11 CURRENT EMPLOYEE BENEFITS

| | | |
|---|------------------|------------------|
| Provision for bonus | 539 703 | 419 853 |
| Current Portion of Post Retirement Benefits (see note 14) | 1 323 252 | 1 160 772 |
| Provision for leave | 1 081 557 | 1 192 347 |
| Current portion of Long-Service provision (see note 14) | 96 333 | 182 997 |
| Total Provisions | 3 040 845 | 2 955 969 |

The movement in current provisions are reconciled as follows: -

| | Provision for Bonus | Provision for Leave |
|----------------------------|------------------------|------------------------|
| as at 1 July 2012 | | |
| Contributions to provision | 419 853 | 1 192 347 |
| Expenditure incurred | 968 377 | (23 096) |
| as at 30 June 2013 | 539 703 | 1 081 557 |
| as at 1 July 2011 | | |
| Contributions to provision | 335 870 | 866 005 |
| Expenditure incurred | 762 940 | 372 551 |
| as at 30 June 2012 | 419 853 | 1 192 347 |

11.1 Staff Bonuses

Bonuses are being paid to all municipal staff. 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.

11.2 Staff Leave

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.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------|------------------|------------------|
| 12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS | | | |
| 12.1 Unspent Conditional Grants from other spheres of Government | | | |
| National Government Grants | | 85 860 | 868 975 |
| Provincial Government Grants | | 3 145 419 | 3 910 018 |
| Correction of Error (See note 29.2) | | | (813 827) |
| Other Sources | | 299 351 | 384 468 |
| | | 3 530 631 | 4 349 634 |
| Total Unspent Conditional Grants and Receipts | | 3 530 631 | 4 349 634 |
| Non-current unspent conditional grants and receipts | | - | - |
| Current portion of unspent conditional grants and receipts | | 3 530 631 | 4 349 634 |

See Note 18 and appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

13 FINANCE LEASE LIABILITY

| | Minimum lease payment R | Future finance charges R | Present value of minimum lease payments R |
|--|----------------------------|-----------------------------|--|
| 2013 | | | |
| Amounts payable under finance leases | | | |
| Within one year | 117 446 | (31 816) | 85 631 |
| Within two to five years | 182 529 | (36 452) | 146 078 |
| | 299 976 | (68 268) | 231 708 |
| Less: Amount due for settlement within 12 months (current portion) | | | (85 631) |
| | | | 146 078 |
| 2012 | | | |
| Amounts payable under finance leases | | | |
| Within one year | 72 360 | (19 353) | 53 007 |
| Within two to five years | 115 960 | (13 189) | 102 771 |
| | 188 320 | (32 542) | 155 778 |
| Less: Amount due for settlement within 12 months (current portion) | | | (53 007) |
| | | | 102 771 |

The capitalised lease liability consist out of the following contracts:

| | Effective Interest rate | Annual Escalation |
|------------------|-------------------------|----------------------|
| Supplier | | |
| Nashua - Copiers | 14.47% | 0% |
| MTN - Tablets | 14.47% | 0% |
| Supplier | Lease Term | Maturity Date |
| Nashua - Copiers | 5 Years | 30/04/2018 |
| MTN - Tablets | 2 Years | 31/12/2014 |

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Finance Leases are secured by property, plant and equipment - Note 6

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| Note | 2013 R | 2012 R |
|--|-------------------|-------------------|
| 14 NON-CURRENT EMPLOYEE BENEFITS | | |
| Provision for post retirement health care benefits | 17 232 343 | 15 155 426 |
| Provision for long-service awards | 726 039 | 612 711 |
| Total Non-Current Employee Benefits | 17 958 383 | 15 768 138 |

The movement in the non-current employee benefits is reconciled as follows: -

| | | |
|--|-------------------|-------------------|
| Provision for Post Retirement Health Care Benefits | | |
| Balance at the beginning of year | 16 316 198 | 15 833 576 |
| Contributions to provision | 1 336 714 | 1 449 095 |
| Expenditure incurred | (2 385 194) | (1 256 573) |
| Increase in provision due to discounting | 3 287 877 | 290 100 |
| Transfer to current provisions | (1 323 252) | (1 160 772) |
| Balance at the end of year | 17 232 343 | 15 155 426 |

| | | |
|--|----------------|----------------|
| Provision for long-service awards: | | |
| Balance at the beginning of year | 795 708 | 786 704 |
| Contributions to provision | 177 962 | 171 919 |
| Expenditure incurred | (110 478) | (60 256) |
| Increase in provision due to discounting | (40 820) | (102 659) |
| Transfer to current provisions | (96 333) | (182 997) |
| Balance at the end of year | 726 039 | 612 711 |

14.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

| | 2013 | 2012 |
|---|------------|------------|
| In-service (employee) members | 66 | 54 |
| In-service (employee) non-members | 6 | 6 |
| Continuation members (e.g. Retirees, widows, orphans) | 45 | 43 |
| Total Members | 117 | 103 |

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

| | 2011 | 2010 | 2009 |
|---|------------|------------|----------|
| In-service (employee) members | 50 | 71 | - |
| In-service (employee) non-members | 18 | 48 | - |
| Continuation members (e.g. Retirees, widows, orphans) | 46 | 47 | - |
| Total Members | 114 | 166 | - |

The liability in respect of past service has been estimated to be as follows:

| | 2013 R | 2012 R |
|------------------------|-------------------|-------------------|
| In-service members | 2 199 886 | 1 818 955 |
| Continuation members | 16 355 709 | 14 497 243 |
| Total Liability | 18 555 595 | 16 316 198 |

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R311 713, whereas the Interest Cost for the next year is estimated to be R1 402 536.

Key actuarial assumptions used:

| | % | % |
|---------------------------------|------|------|
| i) Rate of interest | | |
| Discount rate | 7.83 | 7.16 |
| Health Care Cost Inflation Rate | 7.44 | 6.80 |
| Net Effective Discount Rate | 0.37 | 0.33 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 60 years.

The amounts recognised in the Statement of Financial Position are as follows:

| | 2013 R | 2012 R |
|---------------------------------------|-------------------|-------------------|
| Present value of fund obligations | 18 555 595 | 16 316 198 |
| Fair value of plan assets | - | - |
| | 18 555 595 | 16 316 198 |
| Unrecognised past service cost | - | - |
| Unrecognised actuarial gains/(losses) | - | - |
| Present Value of unfunded obligations | - | - |
| Net liability/(asset) | 18 555 595 | 16 316 198 |

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits.

Reconciliation of present value of fund obligation:

| | 2013 | 2012 |
|--|-------------------|-------------------|
| Present value of fund obligation at the beginning of the year | 16 316 198 | 15 833 576 |
| Total expenses | (1 048 480) | 192 522 |
| Current service cost | 209 978 | 187 577 |
| Interest Cost | 1 126 736 | 1 261 518 |
| Benefits Paid | (2 385 194) | (1 256 573) |
| Actuarial (gains)/losses | 3 287 877 | 290 100 |
| Present value of fund obligation at the end of the year | 18 555 595 | 16 316 198 |

| | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) |
|--|--------------------------------------|---|----------------------|
| Sensitivity Analysis on the Accrued Liability | | | |
| Assumption | | | |
| Central Assumptions | 2.218 | 16.337 | 18.555 |

The effect of movements in the assumptions are as follows:

| | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) |
|---------------------------|--------------------------------------|---|----------------------|
| Assumption | | | |
| Health care inflation | 2.686 | 17.779 | 20.465 |
| Health care inflation | 1.849 | 15.071 | 16.920 |
| Post-retirement mortality | 2.308 | 17.111 | 19.419 |
| Average retirement age | 2.378 | 16.337 | 18.715 |
| Withdrawal Rate | 2.600 | 16.337 | 18.937 |
| | | Change | % change |
| Health care inflation | | 1% | 10% |
| Health care inflation | | -1% | -9% |
| Post-retirement mortality | | -1 year | 5% |
| Average retirement age | | -1 year | 1% |
| Withdrawal Rate | | -50% | 2% |

14.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 60 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R96 719 whereas the Interest Cost for the next year is estimated to be R56 862.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R 2013 % | 2012 R 2012 % |
|--|------|------------------------|------------------------|
| Key actuarial assumptions used: | | | |
| i) Rate of interest | | | |
| Discount rate | | 7.36 | 6.38 |
| General Salary Inflation (long-term) | | 6.83 | 5.97 |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | | 0.49 | 0.39 |

The amounts recognised in the Statement of Financial Position are as follows:

| | | |
|---------------------------------------|-----------------------|-----------------------|
| Present value of fund obligations | 822 372 | 795 708 |
| Fair value of plan assets | - | - |
| | <u>822 372</u> | <u>795 708</u> |
| Unrecognised past service cost | - | - |
| Unrecognised actuarial gains/(losses) | - | - |
| Present Value of unfunded obligations | - | - |
| Net liability/(asset) | <u><u>822 372</u></u> | <u><u>795 708</u></u> |

Reconciliation of present value of fund obligation:

| | | |
|--|-----------------------|-----------------------|
| Present value of fund obligation at the beginning of the year | 795 708 | 786 704 |
| Total expenses | 67 484 | 111 663 |
| Current service cost | 133 101 | 116 282 |
| Interest Cost | 44 861 | 55 637 |
| Benefits Paid | (110 478) | (60 256) |
| Actuarial (gains)/losses | (40 820) | (102 659) |
| Present value of fund obligation at the end of the year | <u><u>822 372</u></u> | <u><u>795 708</u></u> |

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption

| | Change | Liability (Rm) | % change |
|--------------------------|--------|----------------|----------|
| Central assumptions | | 0.822 | |
| General salary inflation | 1% | 0.880 | 7% |
| General salary inflation | -1% | 0.770 | -6% |
| Average retirement age | -2 yrs | 0.710 | -14% |
| Average retirement age | 2 yrs | 0.918 | 12% |
| Withdrawal rates | -50% | 1.047 | 27% |

14.3 Retirement funds

The Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last 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%).

Contributions paid recognised in the Statement of Financial Performance

105 888 98 626

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last 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 108,0% (30 June 2011 - 116,9%).

Contributions paid recognised in the Statement of Financial Performance

1 227 752 1 023 811

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|-------------------|-------------------|
| <u>DEFINED CONTRIBUTION FUNDS</u> | | | |
| 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. | | | |
| Contributions paid recognised in the Statement of Financial Performance | | | |
| | | 2013 R | 2012 R |
| Government Employees Pension Fund | | 73 144 | 97 457 |
| SAMWU National Provident Fund | | 599 748 | 437 052 |
| | | 672 892 | 534 509 |
| | | | |
| 15 RENTAL OF FACILITIES AND EQUIPMENT | | | |
| Rental of facilities | | 571 610 | 898 819 |
| Total rentals | | 571 610 | 898 819 |
| | | | |
| 16 INTEREST EARNED - EXTERNAL INVESTMENTS | | | |
| Bank | | - | - |
| Financial assets | | 3 065 503 | 3 068 673 |
| Other | | - | - |
| Total interest | | 3 065 503 | 3 068 673 |
| | | | |
| 17 INTEREST EARNED - OUTSTANDING RECEIVABLES | | | |
| Other receivables | | 61 165 | 247 544 |
| Other | | - | - |
| Total interest | | 61 165 | 247 544 |
| | | | |
| 18 GOVERNMENT GRANTS AND SUBSIDIES | | | |
| <u>Unconditional</u> | | | |
| Equitable share | | 6 061 000 | 3 437 000 |
| <u>Conditional</u> | | | |
| Grants and Donations | | 31 208 056 | 36 234 308 |
| Total Government Grant and Subsidies | | 37 269 056 | 39 671 308 |
| | | | |
| Disclosed as follows: | | | |
| Government Grants and Subsidies - Operating | | 37 155 035 | 39 671 308 |
| Government Grants and Subsidies - Capital | | 114 021 | - |
| Total Government Grant and Subsidies | | 37 269 056 | 39 671 308 |
| | | | |
| 18.1 Equitable Share | | | |
| Balance unspent at beginning of year | | - | - |
| Current year receipts | | 6 061 000 | 3 437 000 |
| Conditions met - operating | | (6 061 000) | (3 437 000) |
| Conditions met - capital | | - | - |
| Conditions still to be met - remain liabilities (see note 12) | | - | - |

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.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| Note | 2013 R | 2012 R |
|--|---------------|----------------|
| 18.2 Local Government Financial Management Grant (FMG) | | |
| Balance unspent at beginning of year | 151 377 | 3 134 |
| Current year receipts | 1 250 000 | 1 250 000 |
| Conditions met - operating | (1 326 433) | (1 101 757) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 74 944 | 151 377 |
| <i>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).</i> | | |
| 18.3 Municipal Systems Improvement Grant (MSIG) | | |
| Balance unspent at beginning of year | 45 232 | 2 117 |
| Current year receipts | 490 000 | 150 000 |
| Conditions met - operating | (450 339) | (106 885) |
| Conditions met - capital | (81 777) | - |
| Conditions still to be met - remain liabilities (see note 12) | 3 115 | 45 232 |
| <i>The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.</i> | | |
| 18.4 Municipal Infrastructure Grant (MIG) | | |
| Balance unspent at beginning of year | 5 546 | 5 629 063 |
| Current year receipts | - | - |
| Conditions met - operating | - | (5 623 517) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 5 546 | 5 546 |
| <i>The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.</i> | | |
| 18.5 RSC Levies Replacement Grant | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 22 198 000 | 23 182 000 |
| Conditions met - operating | (22 198 000) | (23 182 000) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | - | - |
| <i>This is an unconditional grant established to make provision for income for the District Municipalities after the RSC levies were terminated.</i> | | |
| 18.6 Councillors Remuneration Grant | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 1 857 000 | 902 000 |
| Conditions met - operating | (1 857 000) | (902 000) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | - | - |
| <i>This is an unconditional grant to co-funding the councillors remuneration.</i> | | |
| 18.7 Planning and Implementation Management System | | |
| Balance unspent at beginning of year | 666 820 | 1 129 135 |
| Current year receipts | 510 000 | 640 000 |
| Conditions met - operating | (1 174 565) | (1 102 315) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 2 255 | 666 820 |
| <i>This is a planning reserve and is utilised for planning purposes.</i> | | |
| 18.8 Border Fencing | | |
| Balance unspent at beginning of year | 54 239 | 54 239 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 54 239 | 54 239 |
| <i>This grant was established to make provision for fencing next to public roads.</i> | | |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| Note | 2013 R | 2012 R |
|--|----------------|----------------|
| 18.9 Health Inspector Subsidy | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 2 000 000 | 1 959 000 |
| Conditions met - operating | (2 000 000) | (1 959 000) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | - | - |
| <i>This unconditional grant is part of the equitable share and services to subsidise municipal health care.</i> | | |
| 18.10 Civil Defence Subsidy | | |
| Balance unspent at beginning of year | 523 008 | 348 477 |
| Current year receipts | 801 000 | 754 000 |
| Conditions met - operating | (600 652) | (579 469) |
| Conditions met - capital | (32 244) | - |
| Conditions still to be met - remain liabilities (see note 12) | 691 112 | 523 008 |
| <i>This conditional grant is to establish a disaster management centre.</i> | | |
| 18.11 Department of Transport | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | - | - |
| <i>This is the allocation by the Department of Transport in the Northern Cape to maintain the roads function on behalf of the Department of Transport.</i> | | |
| 18.12 Drought Relief | | |
| Balance unspent at beginning of year | 73 874 | 73 874 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 73 874 | 73 874 |
| <i>This grant is to assist communities in drought relief.</i> | | |
| 18.13 Expanded Public Works Program | | |
| Balance unspent at beginning of year | 553 197 | 341 792 |
| Current year receipts | 1 000 000 | 212 000 |
| Conditions met - operating | (1 136 674) | (595) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 416 523 | 553 197 |
| <i>This grant service to establish work in local communities.</i> | | |
| 18.14 Fire Equipment Grant | | |
| Balance unspent at beginning of year | 542 094 | 542 334 |
| Current year receipts | 390 000 | 371 000 |
| Conditions met - operating | (18 684) | (371 240) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 913 410 | 542 094 |
| <i>This grant is to assist local municipalities to render a fire service.</i> | | |
| 18.15 Integrated Development Planning | | |
| Balance unspent at beginning of year | 382 368 | 392 556 |
| Current year receipts | - | - |
| Conditions met - operating | (40 303) | (10 189) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 342 065 | 382 368 |
| <i>This reserve assist the municipality to compile and maintain the Integrated Development Plan.</i> | | |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| Note | 2013 R | 2012 R |
|---|----------------|----------------|
| 18.16 Komaggas Road | | |
| Balance unspent at beginning of year | 4 371 | 4 371 |
| Current year receipts | - | - |
| Conditions met - operating | (4 370) | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 1 | 4 371 |
| <i>This grant was used to build the Komaggas road.</i> | | |
| 18.17 SA Projects | | |
| Balance unspent at beginning of year | 205 909 | 205 909 |
| Current year receipts | - | - |
| Conditions met - operating | (205 901) | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 8 | 205 909 |
| <i>This grant is to create work programmes in local communities.</i> | | |
| 18.18 Namaqua Sanitation Bucket System | | |
| Balance unspent at beginning of year | 213 395 | 213 395 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 213 395 | 213 395 |
| 18.19 NC Housing | | |
| Balance unspent at beginning of year | 500 000 | 500 000 |
| Current year receipts | - | - |
| Conditions met - operating | (125 177) | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 374 823 | 500 000 |
| <i>This grant is to establish a housing unit at the District level.</i> | | |
| 18.20 Sakrivier Bridge | | |
| Balance unspent at beginning of year | 8 187 | 512 623 |
| Current year receipts | - | - |
| Conditions met - operating | - | (504 436) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 8 187 | 8 187 |
| <i>This grant was used to rebuild the sakriver bridge after flooding .</i> | | |
| 18.21 Contingency Fund | | |
| Balance unspent at beginning of year | - | 791 594 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Correction of error - Note 29.2 | - | (791 594) |
| Conditions still to be met - remain liabilities (see note 12) | - | - |
| <i>This grant originated from the fuel levy and is used for projects determined by council.</i> | | |
| 18.22 Fencing | | |
| Balance unspent at beginning of year | 42 555 | 42 555 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 42 555 | 42 555 |
| <i>This grant was established to make provision for fencing next to public roads.</i> | | |
| 18.23 Electronic Filing System | | |
| Balance unspent at beginning of year | 15 227 | 15 227 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 15 227 | 15 227 |
| <i>The grant was used to implement an electronic filing system.</i> | | |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| Note | 2013 R | 2012 R |
|---|----------------|----------------|
| 18.24 Maintenance Fund | | |
| Balance unspent at beginning of year | - | 22 233 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Correction of error - Note 29.2 | - | (22 233) |
| Conditions still to be met - remain liabilities (see note 12) | - | - |
| <i>This grant was established to assist in the maintaining of assets.</i> | | |
| 18.25 Spoeqrivier Sport Ground (Lotto) | | |
| Balance unspent at beginning of year | 5 290 | 5 290 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 5 290 | 5 290 |
| <i>This grant was received to build a sports ground in Spoeqrivier.</i> | | |
| 18.26 Swartzkop Sport Ground (Lotto) | | |
| Balance unspent at beginning of year | 207 475 | 207 475 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 207 475 | 207 475 |
| <i>This grant was received to build a sports ground in Swartzkop.</i> | | |
| 18.27 Training Reserve (SETA) | | |
| Balance unspent at beginning of year | 144 160 | 619 351 |
| Current year receipts | 107 653 | 114 228 |
| Conditions met - operating | (170 537) | (589 419) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 81 276 | 144 160 |
| <i>This is the amount claimed back from SETA for training and is utilised for training.</i> | | |
| 18.28 Kamiesberg Special Fund | | |
| Balance unspent at beginning of year | 2 297 | 25 297 |
| Current year receipts | - | - |
| Conditions met - operating | - | (23 000) |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 2 297 | 2 297 |
| <i>This grant is used to purify the water in the local settlements.</i> | | |
| 18.29 Richtersveld Special Fund | | |
| Balance unspent at beginning of year | 3 013 | 3 013 |
| Current year receipts | - | - |
| Conditions met - operating | - | - |
| Conditions met - capital | - | - |
| Conditions still to be met - remain liabilities (see note 12) | 3 013 | 3 013 |
| <i>This grant is used to purify the water in the local settlements.</i> | | |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------|-------------------|-------------------|
| 18.30 Total Grants | | | |
| Opening balance | | 4 349 633 | 11 685 054 |
| Grants received | | 36 664 653 | 32 971 228 |
| Conditions met - Operating | | (37 369 635) | (39 492 822) |
| Conditions met - Capital | | (114 021) | - |
| Correction of error (See Note 29.2) | | - | (813 827) |
| Conditions still to be met/(Grant expenditure to be recovered) | | 3 530 631 | 4 349 633 |
| Disclosed as follows: | | | |
| Unspent Conditional Government Grants and Receipts | | 3 530 631 | 4 349 634 |
| Total | | 3 530 631 | 4 349 634 |
| 19 OTHER INCOME | | | |
| Revenue from Exchange Transactions | | | |
| Income from Agency Services | | 1 914 183 | 1 047 611 |
| Bad Debt Recovered | | - | 1 021 |
| Sundries | | 108 647 | 166 211 |
| Contributions received: Project Management Unit | | 945 198 | 516 204 |
| Brosures | | 898 | 977 |
| Administration Fees | | 28 271 | - |
| Fines | | - | - |
| Revenue from Non-Exchange Transactions | | 2 997 198 | 1 732 023 |
| Actuarial Gains / (Losses) | | 40 820 | 102 659 |
| Total Other Income | | 3 038 018 | 1 834 682 |
| 20 EMPLOYEE RELATED COSTS | | | |
| Employee related costs - Salaries and Wages | | 13 441 462 | 11 728 625 |
| Employee related costs - Contributions for UIF, pensions and medical aids | | 1 568 315 | 2 057 418 |
| Travel, motor car, accommodation, subsistence and other allowances | | 1 516 977 | 1 492 886 |
| Housing benefits and allowances | | 371 537 | 248 532 |
| Overtime payments | | 280 002 | 235 887 |
| Performance and other bonuses | | 968 377 | 762 940 |
| Provision for leave | | (23 096) | 372 551 |
| Contribution to provision - Long Service Awards - Note 14 | | 133 101 | 116 282 |
| Contribution to provision - Post Retirement Medical - Note 14 | | 209 978 | 187 577 |
| Total Employee Related Costs | | 18 466 654 | 17 202 697 |
| Remuneration of the Municipal Manager - M Brandt | | | |
| Annual Remuneration | | 566 512 | 426 679 |
| Performance- and other bonuses | | 46 750 | 9 633 |
| Travel, motor car, accommodation, subsistence and other allowances | | 146 158 | 116 644 |
| Contributions to UIF, Medical and Pension Funds | | 144 067 | 140 505 |
| Total | | 903 487 | 693 461 |
| Remuneration of the Chief Finance Officer (Former) - F Rootman | | | |
| Annual Remuneration | | 135 835 | 521 412 |
| Performance- and other bonuses | | 37 732 | 13 725 |
| Long service award | | 43 467 | - |
| Travel, motor car, accommodation, subsistence and other allowances | | 34 503 | 138 011 |
| Contributions to UIF, Medical and Pension Funds | | 40 498 | 153 667 |
| Leave payout | | 14 170 | - |
| Total | | 306 205 | 826 816 |
| Remuneration of the Chief Finance Officer (Current) - R Datadin | | | |
| Annual Remuneration | | 325 430 | - |
| Performance- and other bonuses | | - | - |
| Travel, motor car, accommodation, subsistence and other allowances | | 67 134 | - |
| Contributions to UIF, Medical and Pension Funds | | 61 348 | - |
| Total | | 453 912 | - |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| Note | 2013 R | 2012 R |
|--|------------------|------------------|
| Remuneration of Senior Manager: Corporate Services - G Cloete | | |
| Annual Remuneration | 352 186 | 331 548 |
| Performance- and other bonuses | 29 425 | 72 629 |
| Travel, motor car, accommodation, subsistence and other allowances | 141 464 | 137 957 |
| Contributions to UIF, Medical and Pension Funds | 72 530 | 73 091 |
| Total | 595 605 | 615 225 |
| Remuneration of Head of Environmental Health - W Auret | | |
| Annual Remuneration | 217 084 | 349 428 |
| Performance- and other bonuses | 36 181 | 29 119 |
| Long Service Awards | 22 329 | - |
| Travel, motor car, accommodation, subsistence and other allowances | 89 468 | 152 693 |
| Contributions to UIF, Medical and Pension Funds | 60 400 | 95 996 |
| Leave payout | 36 947 | - |
| Total | 462 407 | 627 237 |
| Remuneration of Head of PIMMS - J Loubser | | |
| Annual Remuneration | 462 563 | 601 236 |
| Performance- and other bonuses | 16 196 | 18 037 |
| Acting Allowance (Municipal Manager) | - | 38 901 |
| Travel, motor car, accommodation, subsistence and other allowances | 48 848 | 4 672 |
| Contributions to UIF, Medical and Pension Funds | 135 710 | 7 162 |
| Total | 663 317 | 670 008 |
| Remuneration of Head of Economic Development - C Fortuin | | |
| Annual Remuneration | 314 059 | 288 728 |
| Performance- and other bonuses | 26 134 | 13 851 |
| Travel, motor car, accommodation, subsistence and other allowances | 151 427 | 134 273 |
| Contributions to UIF, Medical and Pension Funds | 94 803 | 91 037 |
| Total | 586 424 | 527 890 |
| Remuneration of Head of Projects - I Smith | | |
| Annual Remuneration | 335 059 | 311 472 |
| Performance- and other bonuses | 28 062 | 25 956 |
| Travel, motor car, accommodation, subsistence and other allowances | 157 026 | 156 590 |
| Contributions to UIF, Medical and Pension Funds | 86 297 | 84 198 |
| Total | 606 444 | 578 216 |
| Remuneration of Head of Administration - E Bezuidenhout | | |
| Annual Remuneration | 343 917 | 319 272 |
| Performance- and other bonuses | 28 335 | 26 606 |
| Travel, motor car, accommodation, subsistence and other allowances | 150 752 | 150 377 |
| Contributions to UIF, Medical and Pension Funds | 79 512 | 78 375 |
| Total | 602 517 | 574 630 |
| 21 REMUNERATION OF COUNCILLORS | | |
| Executive Mayor | 591 753 | 559 756 |
| Speaker | 387 330 | 359 852 |
| Executive Committee Members | - | - |
| Councillors | 870 089 | 874 253 |
| Councillors' allowances | 431 332 | 471 523 |
| Total Councillors' Remuneration | 2 280 503 | 2 265 384 |
| Remuneration paid to councillors were as follows: | | |
| BG Vass - Speaker - (Elected Mayor on 31/07/2013) | 516 439 | 491 009 |
| FE Van Den Heever - Mayor - (Resigned 29/05/2013) | 591 753 | 613 764 |
| MS Cardinal - Councillor - (Elected Speaker on 31/07/2013) | 102 690 | 80 523 |
| SD Hoskin - Councillor | 68 838 | 90 214 |
| FX Cupido - Councillor | 68 838 | 50 058 |
| EC Drage-Maritz - Councillor | 206 061 | 235 473 |
| SF Nieuwoudt - Councillor | 206 061 | 195 317 |
| CR Warne - Councillor | 206 061 | 200 484 |
| J Swarts - Councillor | 11 686 | 11 686 |
| P van Heerden - Councillor | 29 636 | 29 636 |
| KR Groenewald - Councillor | 28 037 | 22 149 |
| S van Wyk - Councillor | 9 319 | 21 376 |
| J van der Colff - Councillor | 16 695 | 16 695 |
| WJ Links - Councillor | 12 328 | 11 685 |
| SJ Engelbrecht - Councillor | 206 061 | 195 317 |
| Total Councillors' Remuneration | 2 280 503 | 2 265 384 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|------------------|------------------|
| In-kind Benefits | | | |
| The Executive Mayor, Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council. | | | |
| The Executive Mayor as well as the Speaker may utilise official Council transportation when engaged in official duties. | | | |
| Certification by the Municipal Manager | | | |
| 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. | | | |
| | | | |
| Signed: Municipal Manager | | | |
| | | | |
| 22 DEPRECIATION AND AMORTISATION EXPENSE | | | |
| Property, plant and equipment | | 1 568 910 | 1 576 334 |
| Intangible assets | | 272 038 | 237 561 |
| Investment property carried at cost | | 23 760 | 28 094 |
| Total Depreciation and Amortisation | | 1 864 708 | 1 841 988 |
| | | | |
| 23 FINANCE COSTS | | | |
| Borrowings | | 30 547 | 30 877 |
| Non-current employee benefits | | 1 171 597 | 1 317 155 |
| Total Finance Costs | | 1 202 144 | 1 348 032 |
| | | | |
| 24 CONTRACTED SERVICES | | | |
| Contracted services | | 68 808 | - |
| | | 68 808 | - |
| | | | |
| 25 GRANTS AND SUBSIDIES PAID | | | |
| Grants that are paid to B - Municipalities | | 4 369 532 | 2 800 685 |
| | | 4 369 532 | 2 800 685 |
| | | | |
| 26 GENERAL EXPENSES | | | |
| <i>Included in general expenses are the following:-</i> | | | |
| Actuarial losses | | 3 287 877 | 290 100 |
| Advertising | | 559 583 | 469 570 |
| Admin fees | | 28 502 | 223 576 |
| Audit fees | | 1 846 996 | 1 266 177 |
| Bank charges | | 75 895 | 66 252 |
| Bursaries | | 6 445 | 20 448 |
| Conferences and delegations | | 39 909 | 42 028 |
| Consumables | | 75 884 | 37 135 |
| Economic Summit | | 794 828 | - |
| Entertainment | | 240 016 | 178 912 |
| Expanded Public Works Programme | | 1 136 674 | 595 |
| Financial management grant | | 1 116 433 | 1 311 875 |
| Fuel and oil | | 609 763 | 339 433 |
| Insurance | | 413 123 | 191 958 |
| Legal expenses | | 348 785 | 142 337 |
| Licence fees - vehicles | | 5 767 | 6 330 |
| Licence fees - computers | | 186 400 | 81 734 |
| Membership fees | | 408 244 | 229 876 |
| Municipal Infrastructure Grants | | - | 5 623 517 |
| Postage | | 6 980 | 5 649 |
| Printing and stationery | | 315 694 | 244 037 |
| Project Development | | 1 224 070 | 1 377 257 |
| Rental of office equipment | | 19 303 | 6 291 |
| Rental of office buildings | | 3 400 | - |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|--------------------|--------------------|
| Sakrivier Bridge | | - | 504 436 |
| Skills development levies | | 191 724 | 160 339 |
| Trade test centre | | 2 500 000 | 2 500 000 |
| Telephone cost | | 470 627 | 475 522 |
| Training | | 176 837 | 589 419 |
| Transport claims | | 20 837 | 21 933 |
| Travel and subsistence | | 2 749 669 | 1 942 156 |
| Uniforms & overalls | | 13 541 | 1 187 |
| Other operating expenses | | 2 379 834 | 2 062 923 |
| | | 21 253 640 | 20 413 002 |
| 27 GAIN / (LOSS) ON SALE OF ASSETS | | | |
| Property, plant and equipment | | (234 737) | (179 197) |
| Total Gain / (Loss) on Sale of Assets | | (234 737) | (179 197) |
| 28 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS) | | | |
| Property, plant and equipment | | 2 169 | 108 544 |
| Total Impairment loss / (Reversal of Impairment Loss) | | 2 169 | 108 544 |
| 29 CORRECTION OF ERROR IN TERMS OF GRAP 3 | | | |
| The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: | | | |
| 29.1 Property, Plant and Equipment | | | |
| Balance previously reported | | - | 8 082 808 |
| Recalculation of depreciation on vehicle | | - | (32 265) |
| Restated Balance | | - | 8 050 542 |
| <i>Recalculate backlog depreciation on motor vehicle</i> | | | |
| 29.2 Unspent conditional grants received | | | |
| Balance previously reported | | - | 5 163 460 |
| Transfer Contingency and Maintenance Fund to Reserves | | - | (813 827) |
| Restated Balance | | - | 4 349 634 |
| <i>Recognise own funds as reserves</i> | | | |
| 29.3 Reserves | | | |
| Balance previously reported | | - | 710 770 |
| Transfer Contingency and Maintenance Fund from unspent conditional grants | | - | 813 827 |
| Restated Balance | | - | 1 524 597 |
| <i>Recognise own funds as reserves</i> | | | |
| 30 CASH GENERATED BY OPERATIONS | | | |
| Surplus/(deficit) for the year | | (7 968 241) | (3 022 668) |
| Adjustment for:- | | | |
| Depreciation and amortisation | | 1 864 708 | 1 841 988 |
| (Gain) / loss on sale of assets | | 234 737 | 179 197 |
| Government Grants and Subsidies received | | 36 664 653 | 32 935 228 |
| Government Grants and Subsidies recognised as revenue | | (37 483 656) | (39 456 822) |
| Contribution to provisions - Non-Current Provisions | | (1 056 812) | 288 476 |
| Contribution to provisions - Actuarial (Gain) / Loss (Post Retirement Medical Benefit) | | 3 287 877 | 290 100 |
| Contribution to provisions - Actuarial (Gain) / Loss (Long Service Award Benefit) | | (40 820) | (102 659) |
| Debt Impairment | | (1 450 592) | 2 094 235 |
| Bad Debts written-off | | - | (2 701 177) |
| Operating lease income | | (7 341) | (12 800) |
| Operating lease expense | | 70 804 | - |
| Impairment loss / (reversal of impairment loss) | | 2 169 | 108 544 |
| Operating surplus before working capital changes: | | (5 882 513) | (7 558 358) |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| Note | 2013 R | 2012 R |
|--|--------------------|------------------|
| (Increase)/decrease in Inventories | - | 680 932 |
| (Increase)/decrease in Employee benefits | - | - |
| (Increase)/decrease in Receivables | 1 645 487 | 811 820 |
| (Increase)/decrease in VAT receivable | 227 411 | 537 132 |
| Increase/(decrease) in Trade payables | 2 800 082 | 4 497 971 |
| (Increase)/Decrease in Unpaid Conditional Government Grants and Receipts | - | 36 000 |
| Increase/(decrease) in Current Employee Benefits | 84 876 | 426 035 |
| Cash generated by/(utilised in) operations | (1 124 658) | (568 467) |

31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

| | | |
|---|-------------------|-------------------|
| Bank balances and cash - Note 1 | 59 254 271 | 61 996 376 |
| Bank overdrafts | - | - |
| Net cash and cash equivalents (net of bank overdrafts) | 59 254 271 | 61 996 376 |

32 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

| | | |
|---|-------------------|-------------------|
| Cash and Cash Equivalents - Note 30 | 59 254 271 | 61 996 376 |
| Less: | | |
| Unspent Committed Conditional Grants - Note 12 | (3 530 631) | (4 349 634) |
| Net cash resources available for internal distribution | 55 723 640 | 57 646 743 |
| Allocated to: | | |
| Capital Replacement Reserve | (939 256) | (1 772 977) |
| Resources available for working capital requirements | 54 784 385 | 55 873 766 |

33 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

| | 2013 R | 2012 R |
|---|-----------|-----------|
| Long-term liabilities (see Note 13) | 231 708 | 155 778 |
| Used to finance property, plant and equipment – at cost | (231 708) | (155 778) |
| Sub- total | - | - |
| Cash set aside for the repayment of long-term liabilities | - | - |
| Cash invested for repayment of long-term liabilities | - | - |

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

34 DISALLOWED

34.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

| | | |
|---|------------------|------------------|
| Opening balance | 1 050 493 | - |
| Unauthorised expenditure current year | 3 727 710 | 1 050 493 |
| Approved by Council or condoned on 20 June 2013 | (1 050 493) | - |
| Transfer to receivables for recovery | - | - |
| Unauthorised expenditure awaiting authorisation | 3 727 710 | 1 050 493 |

Incident

The unauthorised expenditure incurred was due to items very difficult to budget for as indicated below:

| | | |
|------------------------------|---|-----------|
| Actuarial Loss | R | 3 287 877 |
| Current Medical Service cost | R | 209 978 |
| Current Long Service cost | R | 133 101 |
| Movement in Bonus provision | R | 119 850 |
| Movement in Leave provision | R | -23 096 |

The unauthorised expenditure indicated above is not actual cash outflows from the municipality. The unauthorised expenditure will be tabled at the next Council Meeting for condonement.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| Note | 2013 R | 2012 R |
|---|-----------|-----------|
| 34.2 Fruitless and wasteful expenditure | | |
| <u>Reconciliation of fruitless and wasteful expenditure</u> | | |
| Opening balance - | - | - |
| Fruitless and wasteful expenditure current year | - | - |
| Condoned or written off by Council | - | - |
| To be recovered – contingent asset | - | - |
| Fruitless and wasteful expenditure awaiting condonement | - | - |
| | <u>-</u> | <u>-</u> |

| | | |
|---|----------------|----------|
| 34.3 Irregular expenditure | | |
| <u>Reconciliation of irregular expenditure</u> | | |
| Opening balance | - | - |
| Irregular expenditure current year | 118 922 | - |
| Condoned or written off by Council | - | - |
| Transfer to receivables for recovery – not condoned | - | - |
| Irregular expenditure awaiting condonement by Council | - | - |
| | <u>118 922</u> | <u>-</u> |

Supply Chain Management deviations not reported to Council

| Incident | Disciplinary steps | | |
|--|--------------------|----------------|----------|
| Procurement and Contract Management: R 2000 - R 10 000 | | | |
| Deviations from the Supply Chain regulations - 3 Quotations not obtained | None | 64 122 | - |
| Procurement and Contract Management: R 10 000 - R 30 000 | | | |
| Deviations from the Supply Chain regulations - No original tax clearance certificate | None | 29 000 | - |
| Deviations from the Supply Chain regulations - 3 Quotations not obtained | None | 25 800 | - |
| | | <u>118 922</u> | <u>-</u> |

Recoverability / Condonement of irregular expenditure will be evaluated by Council in terms of section 32 of the MFMA. No steps have been taken as this stage to recover any monies.

The full extent of the irregular expenditure of R 118 922, as disclosed in note 34.3 to the financial statements, is still in the process of being investigated.

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE

35 MANAGEMENT ACT

35.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

| | | |
|--|-----------|-----------|
| Opening balance | - | - |
| Council subscriptions | 400 000 | 205 275 |
| Amount paid - current | (400 000) | (205 275) |
| Amount paid - previous years | - | - |
| Balance unpaid (included in payables) | <u>-</u> | <u>-</u> |

35.2 Audit fees - [MFMA 125 (1)(c)]

| | | |
|--|-------------|-------------|
| Opening balance | - | 77 027 |
| Current year audit fee | 1 851 644 | 1 184 501 |
| Amount paid - current year | (1 851 644) | (1 184 501) |
| Amount paid - previous years | - | (77 027) |
| Balance unpaid (included in payables) | <u>-</u> | <u>-</u> |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| Note | 2013 R | 2012 R |
|--|----------------|----------------|
| | 2013 R | 2012 R |
| 35.3 VAT - [MFMA 125 (1)(c)] | | |
| Opening balance | 365 960 | 840 946 |
| Amounts received - current year | (1 575 383) | (1 738 982) |
| Amounts claimed - current year (payable) | 1 591 176 | 1 263 997 |
| Amount paid - current year | - | - |
| Amount paid - previous year | - | - |
| | 381 753 | 365 960 |

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

| | | |
|--|-------------|-------------|
| 35.4 PAYE and UIF - [MFMA 125 (1)(c)] | | |
| Opening balance | - | - |
| Current year payroll deductions | 3 259 471 | 2 854 627 |
| Amount paid - current year | (3 259 471) | (2 854 627) |
| Amount paid - previous years | - | - |
| Balance unpaid (included in payables) | - | - |

| | | |
|--|-------------|-------------|
| 35.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)] | | |
| Opening balance | - | - |
| Current year payroll deductions and Council Contributions | 7 153 329 | 6 064 829 |
| Amount paid - current year | (7 153 329) | (6 064 829) |
| Amount paid - previous years | - | - |
| Balance unpaid (included in payables) | - | - |

35.6 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

| | Type of Deviation | | |
|-----------|-------------------|----------------|---------------|
| | Single Supplier | Impractical | Emergency |
| July | 29 033 | 9 616 | 6 500 |
| August | 23 840 | 51 107 | 19 465 |
| September | 71 576 | 53 230 | - |
| October | 51 009 | 100 689 | - |
| November | 9 180 | 27 428 | - |
| December | 67 865 | 51 300 | - |
| January | - | 16 632 | - |
| February | 205 624 | 42 815 | - |
| March | - | 30 970 | - |
| April | 3 000 | 70 234 | - |
| May | 27 690 | 34 476 | - |
| June | - | - | - |
| | 488 817 | 488 496 | 25 965 |

The following suppliers did not indicate that a member is in service of the state as required by section 13(c)(i) of the Supply Chain Management Regulations:

| Service Provider | State Department | Name of member | Award |
|--------------------------------|-------------------------|----------------|-------|
| Springbok Windscreen Clinic BK | Department of Education | T Van Wyk | 1 274 |
| Clisa 94 CC T/A Mondior Manor | Department of Finance | G K Kruger | 5 800 |

36 CONTINGENT LIABILITY / ASSETS

36.1 IMATU / SAWMU DISPUTE AGAINST SALGA

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.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note

2013
R

2012
R

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------|-----------|-----------|
| 36.2 CAPE JOINT PENSION FUND | | | |
| <p>Since the fund's financial year end at 30 June 2009, its actuary had been investigating the investment return for the past financial year. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, 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 estimated outflow of economic benefits approximately R 70 000.</p> | | | |
| 37 IN-KIND DONATIONS AND ASSISTANCE | | | |
| <p>The municipality did not receive any in-kind donations or assistance during the year under review.</p> | | | |
| 38 RELATED PARTIES | | | |
| <p>Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers.</p> | | | |
| 38.1 Compensation of key management personnel | | | |
| <p>The compensation of key management personnel is set out in note 20 to the Annual Financial Statements.</p> | | | |
| 39 EVENTS AFTER THE REPORTING DATE | | | |
| <p>The Municipal Council elected a new Executive Mayor and Speaker in a special council meeting on 21 June 2013.</p> | | | |
| <p>The Municipality is currently in dispute with SARS over an amount of R 727 739.74 as disclosed in Note 2. This amount was deducted by SARS for outstanding EMP 201 returns from 2002. The municipality is of the opinion that they will recover the full amount from SARS once supporting documentation is submitted to SARS.</p> | | | |
| 40 FINANCIAL RISK MANAGEMENT | | | |
| <p>The activities of the municipality expose it to a variety of financial risks, including 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.</p> | | | |
| (a) Foreign Exchange Currency Risk | | | |
| <p>The municipality does not engage in foreign currency transactions.</p> | | | |
| (b) Price Risk | | | |
| <p>The municipality is not exposed to price risk.</p> | | | |
| (c) Interest Rate Risk | | | |
| <p>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.</p> | | | |
| <p>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.</p> | | | |
| <p>The municipality did not hedge against any interest rate risks during the current year.</p> | | | |
| <p>The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:</p> | | | |
| 1% (2012: 1%) Increase in interest rates | | 592 543 | 619 964 |
| 1% (2012: 1%) Decrease in interest rates | | (592 543) | (619 964) |
| (d) Credit Risk | | | |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | 2013 R | 2012 R |
|--|-----------|-----------|
| <p>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 financial loss.</p> <p>Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.</p> <p>Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables 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.</p> <p>All rates are payable within 30 days from invoice date. Refer to note 2 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.</p> | | |

| | 2013 % | 2013 R |
|---------------------------------|-----------|-----------|
| <u>Non-exchange Receivables</u> | | |
| Rates | 11.63% | 190 165 |
| Other | 88.37% | 1 444 295 |
| | 100.00% | 1 634 461 |

| | 2012 % | 2012 R |
|---------------------------------|-----------|-----------|
| <u>Non-exchange Receivables</u> | | |
| Rates | 15.88% | 168 833 |
| Other | 84.12% | 894 217 |
| | 100.00% | 1 063 050 |

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 2 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

| | 2013 % | 2013 R |
|---------------------------------|-----------|-----------|
| <u>Non-exchange Receivables</u> | | |
| Rates | 0.00% | - |
| Other | 100.00% | 3 718 022 |
| | 100.00% | 3 718 022 |

| | 2012 % | 2012 R |
|---------------------------------|-----------|-----------|
| <u>Non-exchange Receivables</u> | | |
| Rates | 0.00% | - |
| Other | 100.00% | 2 267 430 |
| | 100.00% | 2 267 430 |

The provision for bad debts could be allocated between the different categories of receivables as follow:

| | 2013 % | 2013 R |
|-------------|-----------|-----------|
| Government | 81.84% | 3 036 065 |
| Industrial | 15.08% | 559 543 |
| Residential | 3.08% | 114 165 |
| | 100.00% | 3 709 773 |

| | 2012 % | 2012 R |
|-------------|-----------|-----------|
| Government | 89.26% | 2 024 010 |
| Industrial | 8.57% | 194 258 |
| Residential | 2.17% | 49 162 |
| | 100.00% | 2 267 430 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R Non-Exchange Receivables |
|--|------|-----------|--|
| Ageing of amounts past due but not impaired are as follows: | | | |
| 2013 | | | |
| 1 month past due | | | 43 686 |
| 2+ months past due | | | 350 705 |
| | | | 394 392 |
| 2012 | | | |
| 1 month past due | | | 67 245 |
| 2+ months past due | | | 1 519 538 |
| | | | 1 586 784 |

Bad debts written-off per receivable class:

Non-exchange Receivables

Rates
Other

| | 2013 % | 2013 R |
|-------|-----------|-----------|
| Rates | 0.00% | - |
| Other | 0.00% | - |
| | | - |

Non-exchange Receivables

Rates
Other

| | 2012 % | 2012 R |
|-------|-----------|------------------|
| Rates | 0.00% | - |
| Other | 100.00% | 2 701 177 |
| | | 2 701 177 |

The entity only deposits cash with major banks with high quality credit standing. 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.

Financial assets exposed to credit risk at year end are as follows:

| | | |
|--|-------------------|-------------------|
| Investments | 1 146 | 1 146 |
| Receivables from non-exchange transactions | 4 473 792 | 3 967 167 |
| Cash and Cash Equivalents | 59 254 271 | 61 996 376 |
| | 63 729 209 | 65 964 689 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|-------------------|----------------|
| (e) Liquidity Risk | | | |
| <p>Prudent liquidity risk management includes maintaining sufficient cash and 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.</p> <p>The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.</p> <p>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.</p> | | | |
| 2013 | | | |
| Long-term Liabilities | | 117 446 | 182 529 |
| Trade and Other Payables | | 11 336 867 | - |
| | | 11 454 313 | 182 529 |
| 2012 | | | |
| Long-term Liabilities | | 72 360 | 115 960 |
| Trade and Other Payables | | 8 536 785 | - |
| | | 8 609 145 | 115 960 |

41 FINANCIAL INSTRUMENTS

In accordance with GRAP 104.45 the financial liabilities and assets of the municipality are classified as follows:

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---|---|-------------------|-------------------|
| 41.1 Financial Assets | <u>Classification</u> | | |
| Investments | | | |
| Unlisted Investments | Available for sale | 1 146 | 1 146 |
| Receivables from Non-Exchange Transactions | | | |
| Sundry Debtors | Loans and Receivables | 4 473 792 | 3 967 167 |
| Cash and Cash Equivalents | | | |
| Bank Balances | Loans and Receivables | 3 132 791 | 4 266 519 |
| Call Deposits | Loans and Receivables | 56 120 675 | 57 729 052 |
| Cash Floats and Advances | Loans and Receivables | 805 | 805 |
| Total Financial Assets | | 63 729 209 | 65 964 689 |
| SUMMARY OF FINANCIAL ASSETS | | | |
| | | 2013 R | 2012 R |
| Financial Instruments at cost: | | | |
| Investments | Unlisted Investments | 1 146 | 1 146 |
| Financial Instruments at amortised cost: | | | |
| Receivables from Non-exchange Transactions | Sundry Debtors | 4 473 792 | 3 967 167 |
| Cash and Cash Equivalents | Bank Balances | 3 132 791 | 4 266 519 |
| Cash and Cash Equivalents | Cash Floats and Advances | 56 120 675 | 57 729 052 |
| Cash and Cash Equivalents | Call Deposits | 805 | 805 |
| | | 63 728 063 | 65 963 543 |
| Total Financial Assets | | 63 729 209 | 65 964 689 |
| 41.2 Financial Liabilities | | | |
| | <u>Classification</u> | | |
| Long-term Liabilities | | | |
| Capitalised Lease Liability | Financial Instruments at amortised cost | 146 078 | 102 771 |
| Trade and Other Payables | | | |
| Trade Creditors | Financial Instruments at amortised cost | 732 805 | 949 547 |
| Payments received in advance | Financial Instruments at amortised cost | 28 755 | 3 660 |
| Other Creditors | Financial Instruments at amortised cost | 2 680 798 | 3 073 629 |
| Current Portion of Long-term Liabilities | | | |
| Capitalised Lease Liability | Financial Instruments at amortised cost | 85 631 | 53 007 |
| | | 3 674 066 | 4 182 613 |
| SUMMARY OF FINANCIAL LIABILITIES | | | |
| Financial instruments at amortised cost: | | | |
| Long-term Liabilities | Capitalised Lease Liability | 146 078 | 102 771 |
| Trade and Other Payables | Trade Creditors | 732 805 | 949 547 |
| Trade and Other Payables | Payments received in advance | 28 755 | 3 660 |
| Trade and Other Payables | Other Creditors | 2 680 798 | 3 073 629 |
| Current Portion of long-term liabilities | Capitalised Lease Liability | 85 631 | 53 007 |
| | | 3 674 066 | 4 182 613 |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| 42 BUDGET COMPARISONS | Note | 2013 R | 2012 R |
|--|------------------------------|------------------------------|--------------------------------|
| 42.1 Operational Budget by source/type | 2013 Actual R | 2013 Budget R | 2013 Variance R |
| Revenue by source | | | |
| Property rates | - | - | - |
| Property rates - penalties & collection charges | - | - | - |
| Service charges - electricity revenue | - | - | - |
| Service charges - water revenue | - | - | - |
| Service charges - sanitation revenue | - | - | - |
| Service charges - refuse revenue | - | - | - |
| Service charges - other | - | - | - |
| Rental of facilities and equipment | 571 610 | 825 000 | (253 390) |
| Interest earned - external investments | 3 065 503 | 1 220 000 | 1 845 503 |
| Interest earned - outstanding debtors | 61 165 | 100 000 | (38 835) |
| Dividends received | - | - | - |
| Fines | - | - | - |
| Licences and Permits | - | - | - |
| Agency services | 8 485 436 | 17 778 113 | (9 292 678) |
| Transfers recognised | 48 606 612 | 61 656 735 | (13 050 124) |
| Transfers recognised - capital | - | - | - |
| Other revenue | 3 009 747 | 1 565 000 | 1 444 747 |
| Gains on disposal of PPE | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | 63 800 073 | 83 144 849 | (19 344 776) |
| Expenditure by Type | | | |
| Employee related costs | 25 084 605 | 35 541 830 | (10 457 225) |
| Remuneration of councillors | 2 280 503 | 2 391 243 | (110 740) |
| Debt Impairment | 1 450 592 | - | 1 450 592 |
| Depreciation & asset impairment | 1 864 708 | 2 109 100 | (244 392) |
| Finance charges | 1 202 144 | - | 1 202 144 |
| Bulk purchases | - | - | - |
| Other materials | - | - | - |
| Contracted services | 68 808 | 1 760 000 | (1 691 192) |
| Transfers and grants | 4 369 532 | 7 038 660 | (2 669 128) |
| Other expenditure | 35 212 684 | 43 572 653 | (8 359 969) |
| Loss on disposal of PPE | 234 737 | - | 234 737 |
| Total Expenditure | 71 768 313 | 92 413 486 | (20 645 172) |
| Surplus/(Deficit) for the year | (7 968 241) | (9 268 637) | 1 300 397 |
| Details of material variances | | | |
| Refer to Note 43.2 for explanations. | | | |

| 42.2 Operational Budget by Standard Classification | 2013 Actual R | 2013 Budget R | 2013 Variance R |
|---|------------------------------|------------------------------|--------------------------------|
| Revenue - Standard | | | |
| Governance and Administration | | | |
| Executive and council | 3 371 459 | 5 331 457 | (1 959 998) |
| Budget and Treasury Office | 28 383 555 | 29 327 459 | (943 904) |
| Corporate Services | 6 950 581 | 7 351 429 | (400 849) |
| Community and Public Safety | | | |
| Community and Social Services | 2 000 000 | 2 000 000 | - |
| Sport and Recreation | - | - | - |
| Public Safety | 646 980 | 905 000 | (258 020) |
| Housing | - | - | - |
| Health | - | - | - |
| Economic and Environmental Services | | | |
| Planning and Development | 22 447 497 | 38 735 503 | (16 288 006) |
| Road Transport | - | - | - |
| Environmental Protection | - | - | - |

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---------------------------------------|------------------------------|------------------------------|--------------------------------|
| Trading Services | | | |
| Electricity | - | - | - |
| Water | - | - | - |
| Waste Water Management | - | - | - |
| Waste Management | - | - | - |
| Other | - | - | - |
| Total Revenue | 63 800 073 | 83 650 849 | (19 850 776) |
| | 2013 Actual R | 2013 Budget R | 2013 Variance R |
| <u>Expenditure - Standard</u> | | | |
| Governance and Administration | | | |
| Executive and council | 23 128 536 | 24 991 132 | (1 862 597) |
| Budget and Treasury Office | 5 031 664 | 5 568 205 | (536 541) |
| Corporate Services | 9 316 126 | 7 251 520 | 2 064 605 |
| Community and Public Safety | | | |
| Community and Social Services | 4 323 116 | 4 408 345 | (85 230) |
| Sport and Recreation | - | - | - |
| Public Safety | 2 376 905 | 3 407 794 | (1 030 889) |
| Housing | - | - | - |
| Health | 50 742 | 53 000 | (2 258) |
| Economic and Environmental Services | | | |
| Planning and Development | 27 541 225 | 45 931 489 | (18 390 264) |
| Road Transport | - | 802 000 | (802 000) |
| Environmental Protection | - | - | - |
| Trading Services | | | |
| Electricity | - | - | - |
| Water | - | - | - |
| Waste Water Management | - | - | - |
| Waste Management | - | - | - |
| Other | - | - | - |
| Total Expenditure | 71 768 313 | 92 413 486 | (20 645 173) |
| Surplus/(Deficit) for the year | (7 968 241) | (8 762 637) | 794 397 |

Details of material variances

Refer to Note 43.2 for explanations.

| | 2013 Actual R | 2013 Budget R | 2013 Variance R |
|--|---------------------|---------------------|-----------------------|
| 42.3 Capital Expenditure by Standard Classification | | | |
| Governance and Administration | | | |
| Executive and council | 85 731 | 94 000 | (8 269) |
| Budget and Treasury Office | 33 248 | 39 000 | (5 752) |
| Corporate Services | 652 874 | 873 000 | (220 126) |
| Community and Public Safety | | | |
| Community and Social Services | 21 858 | 74 650 | (52 792) |
| Sport and Recreation | - | - | - |
| Public Safety | 32 244 | 106 000 | (73 756) |
| Housing | - | - | - |
| Health | - | - | - |
| Economic and Environmental Services | | | |
| Planning and Development | 51 323 | 91 000 | (39 677) |
| Road Transport | - | - | - |
| Environmental Protection | - | - | - |
| Trading Services | | | |
| Electricity | - | - | - |
| Water | - | - | - |
| Waste Water Management | - | - | - |
| Waste Management | - | - | - |
| Other | - | - | - |
| Total Capital Expenditure | 877 278 | 1 277 650 | (400 372) |

Details of material variances

Refer to Note 43.2 for explanations.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------------------------------|------------------------------|--------------------------------|
| 42.4 Operational Budget by Municipal Vote | 2013 Actual R | 2013 Budget R | 2013 Variance R |
| Municipal Manager | | | |
| Executive and council | 3 371 459 | 5 331 457 | (1 959 998) |
| Director: Finance | | | |
| Budget and Treasury Office | 28 383 555 | 29 327 459 | (943 904) |
| Director: Administration | | | |
| Corporate Services | 6 950 581 | 7 351 429 | (400 849) |
| Director: Economic Development | | | |
| Planning and Development | 22 447 497 | 38 735 503 | (16 288 006) |
| Director: Community Services | | | |
| Community and Social Services | 2 000 000 | 2 000 000 | - |
| Environmental Protection | - | - | - |
| Sport and Recreation | - | - | - |
| Public Safety | 646 980 | 905 000 | (258 020) |
| Housing | - | - | - |
| Health | - | - | - |
| Director: Technical Services | | | |
| Road Transport | - | - | - |
| Electricity | - | - | - |
| Water | - | - | - |
| Waste Water Management | - | - | - |
| Waste Management | - | - | - |
| Total Revenue | 63 800 073 | 83 650 849 | (19 850 776) |
| | 2013 Actual R | 2013 Budget R | 2013 Variance R |
| Expenditure - Vote | | | |
| Municipal Manager | | | |
| Executive and council | 23 128 536 | 24 991 132 | (1 862 597) |
| Director: Finance | | | |
| Budget and Treasury Office | 5 031 664 | 5 568 205 | (536 541) |
| Director: Administration | | | |
| Corporate Services | 9 316 126 | 7 251 520 | 2 064 605 |
| Director: Economic Development | | | |
| Planning and Development | 27 541 225 | 45 931 489 | (18 390 264) |
| Director: Community Services | | | |
| Community and Social Services | 4 323 116 | 4 408 345 | (85 230) |
| Environmental Protection | - | - | - |
| Sport and Recreation | - | - | - |
| Public Safety | 2 376 905 | 3 407 794 | (1 030 889) |
| Housing | - | - | - |
| Health | 50 742 | 53 000 | (2 258) |
| Director: Technical Services | | | |
| Road Transport | - | 802 000 | (802 000) |
| Electricity | - | - | - |
| Water | - | - | - |
| Waste Water Management | - | - | - |
| Waste Management | - | - | - |
| Total Expenditure | 71 768 313 | 92 413 486 | (20 645 173) |
| Surplus/(Deficit) for the year | (7 968 241) | (8 762 637) | 794 397 |

Details of material variances

Refer to Note 43.2 for explanations.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------------------------------|------------------------------|--------------------------------|
| 42.5 Capital Expenditure by Municipal Vote | 2013 Actual R | 2013 Budget R | 2013 Variance R |
| Municipal Manager | | | |
| Executive and council | 85 731 | 94 000 | (8 269) |
| Director: Finance | | | |
| Budget and Treasury Office | 33 248 | 39 000 | (5 752) |
| Director: Administration | | | |
| Corporate Services | 652 874 | 873 000 | (220 126) |
| Director: Economic Development | | | |
| Planning and Development | 51 323 | 91 000 | (39 677) |
| Director: Community Services | | | |
| Community and Social Services | 21 858 | 74 650 | (52 792) |
| Environmental Protection | - | - | - |
| Sport and Recreation | - | - | - |
| Public Safety | 32 244 | 106 000 | (73 756) |
| Housing | - | - | - |
| Health | - | - | - |
| Director: Technical Services | | | |
| Road Transport | - | - | - |
| Electricity | - | - | - |
| Water | - | - | - |
| Waste Water Management | - | - | - |
| Waste Management | - | - | - |
| Total Capital Expenditure | 877 278 | 1 277 650 | (400 372) |

Details of material variances

Refer to Note 43.2 for explanations.

43 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

44 FINANCIAL SUSTAINABILITY

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

45 BUDGET INFORMATION

45.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to variances, and the reprioritising of projects, with the corresponding changes to funding sources.

45.2 Explanation of variances greater than 5%: Final Budget and Actual Amounts

Statement of Financial Position

44.2.1 Current Assets

Cash and Cash Equivalents

Increase due to savings on operating budget and conditional grants not spent during the year.

44.2.2 Non-Current Assets

Property, Plant and Equipment

Decrease due to review of remaining useful lives of assets and assessment for impairment.

44.2.3 Current Liabilities

Trade and Other Payables

Increase due to conditional grants not spent during the year and payables on year-end.

Provisions

Increase in provision for staff leave.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|-----------|-----------|
| 44.2.4 <u>Non-Current Liabilities</u> | | | |
| Borrowing | | | |
| <i>Increase due to new finance leases.</i> | | | |
| Provisions | | | |
| <i>Increase due to non-members included in provision for post-retirement benefits.</i> | | | |
| 44.2.5 <u>Net Assets</u> | | | |
| Reserves | | | |
| <i>Decrease due to Capital Replacement Reserve used to finance capital expenditure.</i> | | | |
| <u>Statement of Financial Performance</u> | | | |
| 44.2.6 <u>Revenue</u> | | | |
| Rental of Facilities and Equipment | | | |
| <i>Decrease due to decrease in rental of facilities.</i> | | | |
| Interest Earned - External Investments | | | |
| <i>Increase due to increase in cash and cash equivalents.</i> | | | |
| Interest Earned - Outstanding Debtors | | | |
| <i>Decrease due to decrease in other receivables.</i> | | | |
| Agency Services | | | |
| <i>Decrease due to decrease in functions performed on behalf of Provincial Departments.</i> | | | |
| Transfers Recognised | | | |
| <i>Decrease due to decrease in grant expenditure.</i> | | | |
| Other Revenue | | | |
| <i>Increase due to PMU Contributions received from B-Municipalities.</i> | | | |
| 44.2.7 <u>Expenditure</u> | | | |
| Employee Related Costs | | | |
| <i>Decrease due to decrease in projects and vacant post not filled during the year.</i> | | | |
| Debt Impairment | | | |
| <i>Increase due to additional provision for debt impairment.</i> | | | |
| Depreciation, Amortisation and Loss on Disposal of PPE | | | |
| <i>Decrease due to review of useful lives of assets.</i> | | | |
| Contracted Services, Transfers and Grants and Other Expenditure | | | |
| <i>Decrease due to decrease in projects and budget monitoring.</i> | | | |
| Cash Flow Statement | | | |
| 44.2.8 <u>Net Cash from Operating Activities</u> | | | |
| Receipts | | | |
| <i>Variances due to decrease in functions performed on behalf of Provincial Departments, increase in cash and cash equivalents and reprioritising of projects.</i> | | | |
| Payments | | | |
| <i>Decrease due to reprioritising of projects and budget monitoring.</i> | | | |
| 44.2.9 <u>Net Cash from Investing Activities</u> | | | |
| Capital Assets | | | |
| <i>Decrease due to reprioritising of capital projects.</i> | | | |
| 44.2.10 <u>Net Cash from Financing Activities</u> | | | |
| Borrowing | | | |
| <i>Increase due to new finance leases.</i> | | | |

Namakwa District Municipality

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2013

| EXTERNAL LOANS | Loan number | Redeemable Date | Balance at 30 June 2012 | Received during the period | Redeemed / written off during the period | Balance at 30 June 2013 | Carrying Value of Property, Plant & Equipment | Other Costs in accordance with MFMA |
|-------------------------------|--------------------|------------------------|--------------------------------|-----------------------------------|---|--------------------------------|--|--|
| | | | R | R | R | R | R | R |
| LEASE LIABILITY | | | | | | | | |
| Office Equipment and Tablets | NDM006-460818 | 30/04/2018 | 155 778 | 138 322 | (62 391) | 231 708 | 207 426 | - |
| GOVERNMENT LOANS | | | | | | | | |
| - Other @ x% | - | - | - | - | - | - | - | - |
| Total Government Loans | | | | | | | | |
| TOTAL EXTERNAL LOANS | - | - | 155 778 | 138 322 | (62 391) | 231 708 | 207 426 | - |

The supplementary information set out in this appendix does not form part of the financial statements and is presented as additional information. Therefore this appendix is not audited.

Namakwa District Municipality

APPENDIX B

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE: MUNICIPAL VOTE CLASSIFICATION

for the year ended 30 June 2013

| 2012 Actual Income R | 2012 Actual Expenditure R | 2012 Surplus/ (Deficit) R | | 2013 Actual Income R | 2013 Actual Expenditure R | 2013 Surplus/ (Deficit) R |
|---|--|--|---|---|--|--|
| 935 795 | 17 464 111 | (16 528 316) | Municipal Manager | 3 371 459 | 23 128 536 | (19 757 076) |
| 28 928 646 | 5 034 004 | 23 894 642 | Director: Finance | 28 383 555 | 5 031 664 | 23 351 891 |
| 5 124 055 | 7 105 202 | (1 981 147) | Director: Corporate Services | 6 950 581 | 9 316 126 | (2 365 545) |
| 7 313 784 | 11 214 370 | (3 900 586) | Director: Economic Development | 22 447 497 | 27 541 225 | (5 093 728) |
| 2 914 309 | 7 389 305 | (4 474 996) | Director: Community and Social Services | 2 646 980 | 6 750 762 | (4 103 782) |
| 504 436 | 504 436 | - | Director: Technical Services | - | - | - |
| 45 721 025 | 48 711 428 | (2 990 403) | Sub Total | 63 800 073 | 71 768 313 | (7 968 241) |
| - | - | - | Less Inter-Departmental Charges | - | - | - |
| 45 721 025 | 48 711 428 | (2 990 403) | Total | 63 800 073 | 71 768 313 | (7 968 241) |

The supplementary information set out in this appendix does not form part of the financial statements and is presented as additional information. Therefore this appendix is not audited.

Namakwa District Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2013

| | Cost / Revaluation | | | | | Accumulated Depreciation and Impairment | | | | | | | | Carrying value |
|---------------------------------|--------------------|----------------|----------------|------------------|-------------------|---|------------------|----------------|--------------|----------------|------------------|------------------|-------------------|------------------|
| | Opening Balance | Additions | Take-on Assets | Disposals | Closing Balance | Opening Balance | Additions | Take-on Assets | Impairments | Transfer in | Transfer out | Disposals | Closing Balance | |
| | R | R | R | R | R | R | R | R | R | R | R | R | R | |
| Executive Mayor | 132 903 | - | 5 131 | (20 297) | 117 737 | 85 100 | 15 287 | 1 283 | - | 305 | (1 179) | (20 295) | 80 500 | 37 237 |
| Mayor: PA | 40 535 | 11 067 | - | - | 51 602 | 17 016 | 8 354 | - | - | - | - | - | 25 370 | 26 232 |
| Speaker | 55 731 | 2 104 | 5 131 | - | 62 965 | 37 886 | 8 076 | 1 283 | - | 1 574 | (3 411) | - | 45 408 | 17 557 |
| Speaker: Secretary | 41 064 | - | - | - | 41 064 | 21 036 | 6 115 | - | - | 136 | (290) | - | 26 996 | 14 067 |
| Council: Councillors | 5 432 | - | - | - | 5 432 | 4 074 | 453 | - | - | - | - | - | 4 527 | 905 |
| Council Exp: Admin | 10 027 110 | - | 128 060 | (41 077) | 10 114 093 | 5 929 960 | 276 460 | 11 178 | 365 | 6 295 | (14 387) | (33 435) | 6 176 435 | 3 937 658 |
| Community Development Officer | 15 540 | - | - | - | 15 540 | 6 216 | 3 108 | - | - | - | - | - | 9 324 | 6 216 |
| Municipal Manager | 112 045 | 54 204 | - | - | 166 250 | 59 454 | 16 095 | - | - | 414 | (1 242) | - | 74 721 | 91 528 |
| Municipal Manager Admin | 34 752 | - | - | - | 34 752 | 20 677 | 6 924 | - | - | 1 421 | (4 263) | - | 24 758 | 9 994 |
| Deputy Municipal Manager | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Internal Audit | 24 844 | 13 413 | - | (10 217) | 28 040 | 17 965 | 2 809 | - | - | 29 | (88) | (10 214) | 10 502 | 17 538 |
| Administration - Admin | 623 562 | 74 413 | - | (65 777) | 632 197 | 350 865 | 80 882 | - | 441 | 3 170 | (7 249) | (45 914) | 382 195 | 250 002 |
| Administration - HR | 78 145 | - | - | (4 013) | 74 132 | 47 198 | 14 513 | - | - | 528 | (1 583) | (4 011) | 56 645 | 17 487 |
| Equitable Share | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Manager - Finance | 1 095 002 | 27 179 | - | (271 290) | 850 891 | 659 541 | 165 962 | - | 1 013 | 3 193 | (6 389) | (271 273) | 552 046 | 298 845 |
| Finance - Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Finance - Expenditure | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Safety | 419 582 | 32 244 | 596 000 | (7 697) | 1 040 129 | 182 755 | 62 366 | 69 533 | - | 4 971 | (11 623) | (4 490) | 303 512 | 736 617 |
| Head - Economic Development | 107 435 | - | - | (1 184) | 106 251 | 32 772 | 17 764 | - | - | 44 | (150) | (1 182) | 49 248 | 57 003 |
| Development & Marketing Officer | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tourism | 285 312 | 34 615 | - | (4 138) | 315 790 | 158 479 | 44 242 | - | - | 3 016 | (6 169) | (4 135) | 195 434 | 120 356 |
| Problem Animal Control | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Head: Socio-Economic Develop | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| PIMS | 389 621 | - | 81 777 | - | 471 398 | 280 075 | 57 358 | - | 252 | 4 815 | (27 175) | - | 315 325 | 156 073 |
| Head Projects | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Council Buildings | 1 542 620 | 291 581 | - | (43 357) | 1 790 844 | 460 675 | 200 789 | - | - | 1 644 | (4 385) | (17 354) | 641 369 | 1 149 475 |
| Council Vehicles | 2 357 867 | 283 700 | - | - | 2 641 567 | 1 240 719 | 474 975 | - | - | 145 341 | (123 406) | - | 1 737 629 | 903 938 |
| Council Projects | 455 565 | - | - | (85 817) | 369 747 | 239 930 | 63 186 | - | 99 | 3 671 | (8 205) | (44 097) | 254 584 | 115 163 |
| Environmental Health | 146 218 | 21 858 | - | (7 494) | 160 582 | 66 348 | 27 010 | - | - | 113 | (339) | (4 372) | 88 760 | 71 822 |
| Operational and Maintenance | 13 762 | - | - | - | 13 762 | 8 650 | 2 715 | - | - | 79 | (316) | - | 11 127 | 2 635 |
| PMU | 6 168 | 11 313 | - | - | 17 481 | 618 | 3 546 | - | - | - | - | - | 4 165 | 13 316 |
| Total | 18 010 815 | 857 691 | 816 099 | (562 359) | 19 122 246 | 9 928 009 | 1 558 988 | 83 276 | 2 169 | 180 758 | (221 848) | (460 771) | 11 070 580 | 8 051 666 |

The supplementary information set out in this appendix does not form part of the financial statements and is presented as additional information. Therefore this appendix is not audited.

Namakwa District Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2013

| | Cost / Revaluation | | | | | Accumulated Depreciation and Impairment | | | | | | | | Carrying value |
|---------------------------------|--------------------|----------------|----------------|------------------|-------------------|---|------------------|----------------|--------------|----------------|------------------|------------------|-------------------|------------------|
| | Opening Balance | Additions | Take-on Assets | Disposals | Closing Balance | Opening Balance | Additions | Take-on Assets | Impairments | Transfer in | Transfer out | Disposals | Closing Balance | |
| | R | R | R | R | R | R | R | R | R | R | R | R | R | |
| Executive Mayor | 132 903 | - | 5 131 | (20 297) | 117 737 | 85 100 | 15 287 | 1 283 | - | 305 | (1 179) | (20 295) | 80 500 | 37 237 |
| Mayor: PA | 40 535 | 11 067 | - | - | 51 602 | 17 016 | 8 354 | - | - | - | - | - | 25 370 | 26 232 |
| Speaker | 55 731 | 2 104 | 5 131 | - | 62 965 | 37 886 | 8 076 | 1 283 | - | 1 574 | (3 411) | - | 45 408 | 17 557 |
| Speaker: Secretary | 41 064 | - | - | - | 41 064 | 21 036 | 6 115 | - | - | 136 | (290) | - | 26 996 | 14 067 |
| Council: Councillors | 5 432 | - | - | - | 5 432 | 4 074 | 453 | - | - | - | - | - | 4 527 | 905 |
| Council Exp: Admin | 10 027 110 | - | 128 060 | (41 077) | 10 114 093 | 5 929 960 | 276 460 | 11 178 | 365 | 6 295 | (14 387) | (33 435) | 6 176 435 | 3 937 658 |
| Community Development Officer | 15 540 | - | - | - | 15 540 | 6 216 | 3 108 | - | - | - | - | - | 9 324 | 6 216 |
| Municipal Manager | 112 045 | 54 204 | - | - | 166 250 | 59 454 | 16 095 | - | - | 414 | (1 242) | - | 74 721 | 91 528 |
| Municipal Manager Admin | 34 752 | - | - | - | 34 752 | 20 677 | 6 924 | - | - | 1 421 | (4 263) | - | 24 758 | 9 994 |
| Deputy Municipal Manager | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Internal Audit | 24 844 | 13 413 | - | (10 217) | 28 040 | 17 965 | 2 809 | - | - | 29 | (88) | (10 214) | 10 502 | 17 538 |
| Administration - Admin | 623 562 | 74 413 | - | (65 777) | 632 197 | 350 865 | 80 882 | - | 441 | 3 170 | (7 249) | (45 914) | 382 195 | 250 002 |
| Administration - HR | 78 145 | - | - | (4 013) | 74 132 | 47 198 | 14 513 | - | - | 528 | (1 583) | (4 011) | 56 645 | 17 487 |
| Equitable Share | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Manager - Finance | 1 095 002 | 27 179 | - | (271 290) | 850 891 | 659 541 | 165 962 | - | 1 013 | 3 193 | (6 389) | (271 273) | 552 046 | 298 845 |
| Finance - Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Finance - Expenditure | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Safety | 419 582 | 32 244 | 596 000 | (7 697) | 1 040 129 | 182 755 | 62 366 | 69 533 | - | 4 971 | (11 623) | (4 490) | 303 512 | 736 617 |
| Head - Economic Development | 107 435 | - | - | (1 184) | 106 251 | 32 772 | 17 764 | - | - | 44 | (150) | (1 182) | 49 248 | 57 003 |
| Development & Marketing Officer | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tourism | 285 312 | 34 615 | - | (4 138) | 315 790 | 158 479 | 44 242 | - | - | 3 016 | (6 169) | (4 135) | 195 434 | 120 356 |
| Problem Animal Control | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Head: Socio-Economic Develop | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| PIMS | 389 621 | - | 81 777 | - | 471 398 | 280 075 | 57 358 | - | 252 | 4 815 | (27 175) | - | 315 325 | 156 073 |
| Head Projects | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Council Buildings | 1 542 620 | 291 581 | - | (43 357) | 1 790 844 | 460 675 | 200 789 | - | - | 1 644 | (4 385) | (17 354) | 641 369 | 1 149 475 |
| Council Vehicles | 2 357 867 | 283 700 | - | - | 2 641 567 | 1 240 719 | 474 975 | - | - | 145 341 | (123 406) | - | 1 737 629 | 903 938 |
| Council Projects | 455 565 | - | - | (85 817) | 369 747 | 239 930 | 63 186 | - | 99 | 3 671 | (8 205) | (44 097) | 254 584 | 115 163 |
| Environmental Health | 146 218 | 21 858 | - | (7 494) | 160 582 | 66 348 | 27 010 | - | - | 113 | (339) | (4 372) | 88 760 | 71 822 |
| Operational and Maintenance | 13 762 | - | - | - | 13 762 | 8 650 | 2 715 | - | - | 79 | (316) | - | 11 127 | 2 635 |
| PMU | 6 168 | 11 313 | - | - | 17 481 | 618 | 3 546 | - | - | - | - | - | 4 165 | 13 316 |
| Total | 18 010 815 | 857 691 | 816 099 | (562 359) | 19 122 246 | 9 928 009 | 1 558 988 | 83 276 | 2 169 | 180 758 | (221 848) | (460 771) | 11 070 580 | 8 051 666 |

The supplementary information set out in this appendix does not form part of the financial statements and is presented as additional information. Therefore this appendix is not audited.

Namakwa District Municipality
APPENDIX E
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2013
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS

| | 2013 Actual | 2013 Under Construction | 2013 Total Additions | 2013 Budget | 2013 Variance | 2013 Variance | Explanation of Significant Variances greater than 5% versus Budget |
|-----------------------------|----------------|-------------------------------|----------------------------|------------------|------------------|------------------|---|
| | R | R | R | R | R | % | |
| Executive & Council | 85 731 | - | 85 731 | 94 000 | (8 269) | -8.80% | Furniture items purchased costed less than budgeted for. |
| Budget & Treasury Office | 33 248 | - | 33 248 | 39 000 | (5 752) | -14.75% | The department showed a saving after purchasing the required laptops for vacant positions. |
| Corporate Services | 652 874 | - | 652 874 | 873 000 | (220 126) | -25.21% | Circular 55 of MFMA limited the municipality to commence on a new municipal council chambers. |
| Planning & Development | 51 323 | - | 51 323 | 91 000 | (39 677) | -43.60% | Unspent budget is due to vacancies in the PMU department for whom computers were budgeted for. |
| Health | - | - | - | - | - | 0.00% | Protective gear for Environmental Health Practitioners budgeted for but not purchased due to high prices. |
| Community & Social Services | 21 858 | - | 21 858 | 74 650 | (52 792) | -70.72% | The provincial grant was received very late in the current financial year and therefore budget was not fully spent. |
| Housing | - | - | - | - | - | 0.00% | |
| Public Safety | 32 244 | - | 32 244 | 106 000 | (73 756) | -69.58% | |
| Sport & Recreation | - | - | - | - | - | 0.00% | |
| Environmental Protection | - | - | - | - | - | 0.00% | |
| Waste Management | - | - | - | - | - | 0.00% | |
| Waste Water Management | - | - | - | - | - | 0.00% | |
| Road Transport | - | - | - | - | - | 0.00% | |
| Water | - | - | - | - | - | 0.00% | |
| Electricity | - | - | - | - | - | 0.00% | |
| Total | 877 278 | - | 877 278 | 1 277 650 | (400 372) | -31.34% | |

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Namakwa District Municipality

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

| Grant Description | Balance 30 June 2012 | Contributions during the year | Correction of Error | Other Income | Operating Expenditure during the year Transferred to Revenue | Capital Expenditure during the year Transferred to Revenue | Balance 30 June 2013 | Unspent 30 June 2013 (Creditor) | Unpaid 30 June 2013 (Debtor) |
|---|-------------------------|----------------------------------|------------------------|-----------------|--|--|-------------------------|---------------------------------------|------------------------------------|
| National Government Grants | | | | | | | | | |
| Finance Management Grant | 151 377 | 1 250 000 | - | - | (1 326 433) | - | 74 944 | 74 944 | - |
| RSC Levies Replacement Grant | - | 22 198 000 | - | - | (22 198 000) | - | - | - | - |
| Equitable Share | - | 6 061 000 | - | - | (6 061 000) | - | - | - | - |
| Councillors Remuneration Grant | - | 1 857 000 | - | - | (1 857 000) | - | - | - | - |
| Health Inspector's Subsidy | - | 2 000 000 | - | - | (2 000 000) | - | - | - | - |
| Municipal Infrastructure Grant | 5 546 | - | - | - | - | - | 5 546 | 5 546 | - |
| Municipal System Improvement Grant | 45 232 | 490 000 | - | - | (450 339) | (81 777) | 3 115 | 3 115 | - |
| PIMS | 666 820 | 510 000 | - | - | (1 174 565) | - | 2 255 | 2 255 | - |
| Total National Government Grants | 868 975 | 34 366 000 | - | - | (35 067 337) | (81 777) | 85 860 | 85 860 | - |
| Provincial Government Grants | | | | | | | | | |
| Border Fencing | 54 239 | - | - | - | - | - | 54 239 | 54 239 | - |
| Civil Defence Subsidy | 523 008 | 801 000 | - | - | (600 652) | (32 244) | 691 112 | 691 112 | - |
| Drought Relief | 73 874 | - | - | - | - | - | 73 874 | 73 874 | - |
| EPWP | 553 197 | 1 000 000 | - | - | (1 136 674) | - | 416 523 | 416 523 | - |
| Fire Equipment Grant | 542 094 | 390 000 | - | - | (18 684) | - | 913 410 | 913 410 | - |
| IDP/LDO | 382 368 | - | - | - | (40 303) | - | 342 065 | 342 065 | - |
| Komaggas Road | 4 371 | - | - | - | (4 370) | - | 1 | 1 | - |
| SA Projects | 205 909 | - | - | - | (205 901) | - | 8 | 8 | - |
| Namaqua Sanitation Bucket System | 213 395 | - | - | - | - | - | 213 395 | 213 395 | - |
| NC Housing | 500 000 | - | - | - | (125 177) | - | 374 823 | 374 823 | - |
| Sakrivier Bridge | 8 187 | - | - | - | - | - | 8 187 | 8 187 | - |
| Contingency Fund | 791 594 | - | (791 594) | - | - | - | - | - | - |
| Fencing | 42 555 | - | - | - | - | - | 42 555 | 42 555 | - |
| Electronic Filing System | 15 227 | - | - | - | - | - | 15 227 | 15 227 | - |
| Total Provincial Government Grants | 3 910 018 | 2 191 000 | (791 594) | - | (2 131 761) | (32 244) | 3 145 419 | 3 145 419 | - |
| Other Grant Providers | | | | | | | | | |
| Maintenance Fund | 22 233 | - | (22 233) | - | - | - | - | - | - |
| Spoegrivier Sport Ground (Lotto) | 5 290 | - | - | - | - | - | 5 290 | 5 290 | - |
| Swartzkop Sport Ground (Lotto) | 207 475 | - | - | - | - | - | 207 475 | 207 475 | - |
| Training Reserve (SETA) | 144 160 | 107 653 | - | - | (170 537) | - | 81 276 | 81 276 | - |
| Kamiesberg Special Fund | 2 297 | - | - | - | - | - | 2 297 | 2 297 | - |
| Richtersveld Special Fund | 3 013 | - | - | - | - | - | 3 013 | 3 013 | - |
| Total Other Grant Providers | 384 468 | 107 653 | (22 233) | - | (170 537) | - | 299 351 | 299 351 | - |
| Total Grants | 5 163 460 | 36 664 653 | (813 827) | - | (37 369 635) | (114 021) | 3 530 631 | 3 530 631 | - |

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

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