

## **PART 1**

### **INTRODUCTION AND OVERVIEW**

#### **EXECUTIVE MAYOR'S FOREWORD**

At the outset I want to express my appreciation to the Council, led by the Speaker, for its unwavering support of me in the performance of my Executive function. I want to express my appreciation for the support of the Mayoral Committee in helping me carry out my responsibilities, and for their crucial oversight role over the various Departments to which they have been assigned.

I also want to thank the Municipal Manager, Directors and staff for their hard work towards realizing the goals of the Council.

At the Vuna Awards in February 2013, the Cacadu District Municipality was recognized by the Department of Local Government and Traditional Affairs for its continuous attainment of an unqualified audit opinion for six consecutive years. I am pleased to advise that the Auditor General has again (for the seventh time) issued an unqualified audit opinion to the District Municipality. This is a tremendous achievement, and I want to applaud the efforts of all those responsible for it. At the same Vuna Award ceremony, the MEC : Local Government and Traditional Affairs bestowed a special award on myself, recognizing my role as Mayor. I am humbled by that recognition.

Whilst the Auditor General has given us a very good report regarding financial management, he has indicated that the performance of the institution is not at the desired level, especially with regard to project implementation. Clearly, the capacity of officials in key positions must be improved to enable them to implement the programmes and projects of the Municipality. The District Municipality must also play a more decisive role in supporting and assisting local municipalities to resolve their problems and achieve clean administration.

As we are approaching the twentieth year of our democracy, we have to acknowledge the tremendous strides made by all spheres of government in providing municipal and basic services to communities. Notwithstanding this achievement, over recent times a lot of discontent is becoming evident. It seems that some of the local municipalities in the District are unable to maintain stability. This then results in their inability to provide proper levels of service delivery to communities. Furthermore, community protests are often related to functions that are the responsibility of other spheres of government. This is especially evident in the areas of education and health.

Many of the local government institutions were plagued with labour disruptions. This unhealthy situation at local government level leads to frustrations and disruptions in service delivery. However, what is very apparent is that all of us in local government must ensure that skilled and qualified staff are appointed, who will be dedicated in carrying out the mandate of the municipal councils.

Socio economic challenges and unemployment are real problems. We must all explore every opportunity to create jobs and decent work for our communities, especially the youth.

During the year under review, we have made some progress with the processes to change the name of the Municipality from Cacadu to Sarah Baartman. The decision was taken by Council, and by the end of the financial year, we were ready to embark on the public hearings. These are due to take place in September/October 2013. We do not anticipate any opposition from our stakeholders to the proposed name change.

Unfortunately our efforts towards relocation of our Head Office to Kirkwood have not been so successful. Very little progress was made in this regard. Although a number of options were explored: i.e. identification of a suitable building owned by Government, procurement of private dwellings to use as offices, acquisition of a farm property on which to construct a new building; none of these had any positive outcome. The lack of success can be attributed mainly to lack of funding available to pursue likely options. Without grant funding, relocation will not be possible, because the Municipality does not have adequate resources to finance the relocation.

Public participation continued to improve over the past year. In May 2013 we held our second Mayoral Outreach to present our IDP and Budget to stakeholders in each local municipality as well as to the councillors and staff of the municipalities. The Premier's Executive Committee Outreach to Cacadu District took place in July 2013. This two day event afforded stakeholders as well as Provincial and Local Government leaders an opportunity to engage on issues affecting service delivery to communities. Continual interaction between the various spheres of government as well as stakeholders is crucial if we are to succeed in our service delivery mandate.

**KHUNJUZWA EUNICE KEKANA  
EXECUTIVE MAYOR**

## YEARLY PROGRAMME PRIORITIES' STATEMENT

The five priorities which the Cacadu District Municipality adopted as part of its Integrated Development Plan are:

- Infrastructure Investment
- Capacity Building and support to local municipalities
- Promoting Economic Development
- Provision of Community services
- Institutional Development

Level of achievement and budget consumption on each of the priorities is summarized as follows:

### Infrastructure Investment

Number of projects = 16

Number of projects On Target/Completed = 7

Number of projects Lagging = 9

Percentage On Target = **43, 75%**

Budget: R28 740 569

Expenditure: R11 847 093

### Capacity Building and support to Local Municipalities

Number of projects = 8

Number of projects On Target/Completed = 7

Number of projects Lagging = 1

Percentage On Target = **87.50%**

Budget: R 3 625 000

Expenditure: R 2 122 938

### Economic Development

Number of projects = 22

Number of projects On Target/Completed = 9

Number of projects Lagging = 13

Number of projects not started = 0

Percentage On Target = **40, 90%**

Budget: R 12, 335, 000

Expenditure: R 8, 781,184

### Community Services

Number of projects = 5

Number of projects On Target/Completed = 3

Number of projects Lagging = 2

Percentage on target = **60,00%**

Budget: R6 950 000

Expenditure: R5 275 707

Institutional development

Number of projects = 1

Number of projects on Target/Completed = 0

Number of projects Lagging =1

Percentage on Target = 0%

Budget: R94 681

Expenditure: R0

## **OVERVIEW OF THE MUNICIPALITY**

The Cacadu District Municipality (CDM), DC10, has the largest area (58 243 km<sup>2</sup>) of the six (6) District Municipalities in the Eastern Cape Province. The District is situated in the western portion of the Province, bordering the Western Cape, Northern Cape and two other District Municipalities in the Eastern Cape, namely Chris Hani District Municipality and Amathole District Municipality.

The District consists of nine (9) local municipalities (Category B Municipalities). Four other portions collectively known as the District Management Area (DMA) were incorporated into 5 of the local municipalities, effective from the date of the municipal elections in May 2011. Two of the four areas are National Parks, namely the Addo National Elephant Park and the Tsitsikamma National Park. These parks are managed by the South African National Parks Board.

The District wholly borders the Nelson Mandela Metropolitan area, and consequently, land access to the Metropole is via the Cacadu District. The nine local municipalities in CDM and their respective towns are:

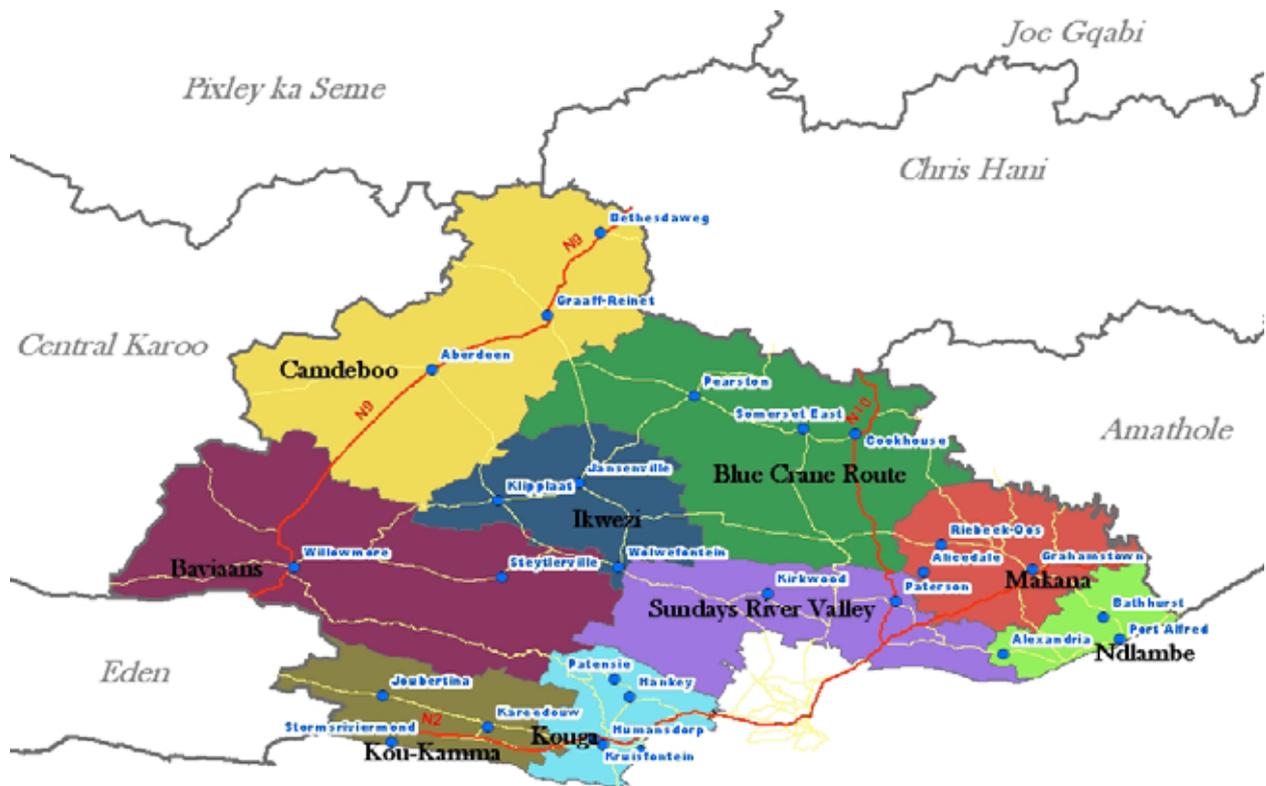
	<b>MUNICIPALITY</b>	<b>MAIN SETTLEMENTS / TOWNS</b>
EC101	Camdeboo	Graaff-Reinet, Aberdeen, Nieu-Bethesda
EC102	Blue Crane Route	Somerset-East, Cookhouse, Pearston
EC103	Ikhwezi	Jansenville, Klipplaat, Waterford
EC104	Makana	Grahamstown, Alicedale, Riebeeck-East
EC105	Ndlambe	Port Alfred, Kenton-on-Sea, Bushmans River, Alexandria, Bathurst
EC106	Sundays River Valley	Kirkwood, Addo, Paterson
EC107	Baviaans	Willowmore, Steytlerville
EC108	Kouga	Jeffreys Bay, Humansdorp, Hankey, Patensie, St Francis Bay, Thornhill, Lorie
EC109	Kou-Kamma	Joubertina, Kareedouw, Louterwater, Storms River, Clarkson, Coldstream

Cacadu District Municipality has the largest number of Category “B” Municipalities in the country.

## GEOGRAPHIC AREA

### SOCIO-ECONOMIC DISTRICT PROFILE

The Cacadu District constitutes approximately 6,9% (census 2011 stats) of the population of the Eastern Cape Province. The district is dominated by a Karoo landmass resulting in low population densities and scattered, small inland towns. There are higher densities along the coast and in urban centers.



According to the results of Census 2011, the Cacadu District Municipality has a total population of 450 584, distributed amongst the local municipalities as follows. The Census 2001 figures have been included for comparison purposes:

<b>Local Municipality</b>	<b>Main Settlements</b>	<b>Census 2001</b>	<b>Census 2011</b>
Camdeboo	Graaff-Reinet, Aberdeen, Nieu-Bethesda	44,368	50,993
Blue Crane	Somerset East, Cookhouse, Pearston	35,015	36,002
Ikwezi	Jansenville, Klipplaat, Waterford	10,367	10,537
Makana	Grahamstown, Alicedale, Riebeeck-East	74,541	80,390
Ndlambe	Port Alfred, Kenton-on-Sea, Bushmans River, Alexandria	55,480	61,176
SRV	Kirkwood, Addo, Paterson	41,582	54,504
Baviaans	Willowmore, Steytlerville	15,339	17,761
Kouga	Jeffreys Bay, Humansdorp, Hankey, Patensie, St Francis	70,693	98,558
Koukamma	Joubertina, Kareedouw, Louterwater	34,294	40,663
ECDMA 10	Rietbron, Wolwefontein, Vondeling, Glenconner	6, 531	-
<b>TOTAL</b>		<b>388,204</b>	<b>450,584</b>

These numbers are a significant, as they have a direct impact on funding allocations of Government Grant Funding.

Unemployment in the Cacadu District is estimated at 40,484 (22%), as per census 2011 figures. Census 2001 estimated unemployment in the Cacadu District at 20,5%.

Due to its rural nature the largest proportion of the population in the Cacadu District is employed in the Agriculture sector. There has also been a significant growth in the Tourism sector with resultant employment opportunities.

#### **MAJOR EVENTS AND ISSUES WHICH AFFECTED THE WORKING ENVIRONMENT DURING THE YEAR**

- Withholding of equitable share by National Treasury - continued efforts to recover funding
- Cacadu Development Agency was registered with the Companies and Intellectual Property Commission as a state owned entity with effect from 6 September 2012
- Participation in municipal boundary change process
- Unemployed graduates programme
- Community work programme
- Renewal of contracts of MM and CFO
- Forensic investigation into Procurement Irregular Expenditure
- Underfunding of Municipal Health Services by Provincial Departments of Health and Treasury

- State of Disaster declared in the areas of Ndlambe, Kouga, Makana, Sundays River Valley and Koukamma following floods in October 2012
- Strike action by SAMWU members
- Implementation of outcome of job evaluation

## **EXECUTIVE SUMMARY**

This Annual Report has been prepared in accordance with the guidelines issued by National Treasury. The guidelines require that the performance of the Municipality be reported on in functional areas. An overview of each functional area, with the description of the activity, is presented. Furthermore, the strategic objectives of each function as well as priorities and progress on such priorities, is highlighted. This executive summary will focus on the salient issues from the various functional areas and the development priorities.

The financial year under review covers the period 1 July 2012 to 30 June 2013. This is the first year of implementation of the 5 year Strategic Plan as encapsulated in the Integrated Development Plan adopted by Council. The Council had adopted five development priorities for its term in office. These are Investment in Infrastructure; Capacity Building and Support to local municipalities; Economic Development; Provision of Community Services and Institutional Development.

It was an eventful year for the Cacadu District Municipality – a year of highs and lows, a year that was characterised by a wild cat strike and discontent among staff, erratic performance in some cases and excellent performance in other cases, and the attainment of an unqualified audit opinion for the seventh consecutive year.

The Cacadu District is the largest district in the Eastern Cape. It covers an area of approximately 60 000 square kilometres. There are 9 local municipalities in the District. Having regard to the vastness of the district and the optimisation of its financial resources, the District Municipality strongly advocates a principle of decentralization, whereby local municipalities are best placed to provide services to communities. This then places the onus on the District Municipality to support and build the capacity of the local municipalities to render such services.

The National roads in the District are maintained by the South African National Roads Agency Limited (SANRAL). SANRAL also maintains some of the Provincial roads, whilst the Province takes responsibility for the other roads, including access roads. The streets within towns are the responsibility of the local municipalities. Whilst the roads maintained by SANRAL are in an acceptable and satisfactory state, it is disappointing to note that very little proper investment and maintenance is undertaken on the roads maintained by the Province. Furthermore, some of the internal road networks which are the responsibility of the local municipalities need serious attention. The road network is crucial in underpinning the economy of the District.

Unlike other district municipalities in the Eastern Cape, the Cacadu District Municipality is not a Water Services Authority. That function resides with the local municipalities. The local municipalities are also the water service providers. The Cacadu District Municipality does not receive any of the Municipal Infrastructure Grants (MIG) or any other funding streams for infrastructure. Such funds are channelled directly to local municipalities. The Cacadu District Municipality has nevertheless embarked on several projects to improve the infrastructure in various local municipalities. Some of the projects embarked on include the installation of zone meters and the connection of houses to the sewer system in Jansenville; the eradication of rudimentary sanitation methods in Nieu Bethesda and the commencement of a major upgrade to

the Waste Water Treatment Works there. The District Municipality also embarked on the construction of sidewalks in Kareedouw and completed the construction of a library and a fire station in Somerset East and the construction of a library in Riebeeck East.

The third phase of the Expanded Public Works Programme continued in Rietbron and it is gratifying to note that 80 jobs were created for the upgrading of streets in that area. Council again committed funds for the project in the 2013/14 financial year.

However, there has been severe underperformance in many areas of project implementation, namely the eradication of the bucket system in Makana; the construction of the inter-city bus terminus in Graaff-Reinet; the licensing of solid waste sites; the construction of the fire station in Bushmans River Mouth and the library in Alexandria. There are various reasons for this, which are reflected in the performance report elsewhere in this Annual Report.

During the period under review, severe challenges were experienced by some of the local municipalities in the provision of water, especially in Grahamstown. Other areas also encountered challenges. An investigation to determine whether local municipalities are adequately performing the Water Authority function has commenced. This assessment will be concluded in the 2013/14 financial year and will assist decision makers at both the local and district municipalities to determine a way forward on the provision of such services.

The District Municipality was also prone to many disasters in the period under review. Heavy rains affected the coastal local municipalities during July 2012. In addition, severe damage was incurred during the torrential rains in October 2012. An assessment by consultants appointed by the District Municipality, costed the damages in excess of R500 million. It is very frustrating to note the delays and limited funding that was availed to local municipalities by National Government to rehabilitate the damages. The District Municipality plays a pivotal role in mitigating disasters and capacitating local municipalities, as well as dealing with affected communities in periods of disaster, and this effort is recognised and applauded by all stakeholders.

Capacity building and support is a key focus area of the District Municipality. Most of the municipalities in the District were assisted in the field of financial management, to improve their audit outcomes. Finance Management Improvement Plans were finalised for some of the local municipalities.

With regards to performance management, all municipalities were provided with an automated Performance Management System. This will assist with both institutional performance reporting, as well as developing individual performance. Local municipalities were also assisted with the compilation of their Service Delivery Budget Implementation Plans; Performance Contracts and Agreements for Senior Management, as well as performance management workshops. It is important that all municipal officials at the local municipalities have performance agreements. The project to assist local municipalities to review their Rules and Orders, Roles and Responsibilities, and to implement a system of Delegations was finally completed. Sundays River Valley Municipality was assisted to review their bylaws, and Koukamma Municipality was assisted to complete IT Disaster Recovery Plans. Good

governance surveys were concluded in Koukamma, Sundays River Valley and Bavians. The development of human resources policies at Kouga failed to materialise.

Economic Development is a key development priority. To assist in dealing with the socio-economic challenges and to promote economic development in the District, a development agency was established. A Board of Directors was subsequently appointed. A Service Level Agreement was concluded which regulates the relationship between the Cacadu District Municipality and its agency. The various initiatives and projects that the agency will embark on will become apparent in the new financial year.

The Socio-Economic and Enterprise Development Strategy was adopted. This is regarded as the policy of the institution in promoting economic activity in the District. Unfortunately, during the year under review, the Development Bank of Southern Africa indicated that the funding for the Rural Economic Development Initiative (REDI) was coming to an end. The REDI concluded many studies and embarked on many initiatives. These projects and programmes will be pursued by the Economic Development Department as well as by the Development Agency.

Cacadu District Municipality continued to promote emerging farmers by placing them in a mentoring programme. This multi-year programme continued successfully in most areas. The Cacadu District Municipality acknowledges the contribution of GIZ in availing the services of one of its experts, Mr Jan Wendt, to initiate and develop the programme.

Partnerships with key stakeholders is an important consideration to promote economic activity. During the period of review, Memorandums of Agreement were entered into with the Nelson Mandela Bay University, NAFCOC and the Eastern Cape Parks and Tourism Agency. The Memorandums of Agreement clearly set out the areas of collaboration between the different institutions and the District Municipality. Additional partnerships are in the pipeline and will be concluded in the 2013/14 financial year.

The District Municipality also financed small initiatives from enterprises and local municipalities, based on applications received. A major study was conducted on co-operatives in the District. A database was subsequently developed and a District Co-operative Forum was established.

With regards to tourism, key initiatives included financially assisting three major festivals in the District; support to local tourism organisations; supporting the training of young people in various aspects of game reserve management and eco tourism and promotion of the District as a tourism destination.

Notwithstanding the above progress, many of the projects and initiatives of the Department could not commence or were incomplete at the end of the financial year. Here again various factors resulted in this position. The reasons are provided in the Performance Report.

During the year, the District Municipality received a delegation from Jincheng City in China. The intention of the delegation was to explore trade and investment opportunities in Cacadu.

Following this visit, an invitation was extended to the Cacadu District Municipality to send a business delegation to visit Jincheng to promote the opportunities that exist in the District.

Environmental Health is a function of the District Municipality. In line with its principle of getting the institution closest to communities to render the service, six local municipalities render the service as agents of the Cacadu District Municipality. The relationship is governed by a service level agreement. The District Municipality provides adequate finance to local municipalities in this regard. This is higher than the National norms. The District Municipality renders the service only in Koukamma, Bavianaans and Ikwezi. It is envisaged that Koukamma will be appointed as an agent in 2013/14, and the other two municipalities in 2014/15. Water quality monitoring is the number one priority.

The Cacadu District Municipality continues to make substantial investment in fire services. All municipalities were assisted with the training of their fire personnel to obtain higher qualifications and competencies. In addition, firefighting equipment was provided to most of them. Furthermore, the Cacadu District Municipality subsidized the costs of three fire personnel per municipality. As indicated elsewhere in this summary, the construction of a fire station at Bushmans River Mouth did not commence for various reasons. The project is likely to commence in the 2013/14 financial year. In 2013/14 the planning for the fire station in Koukamma will commence. The District Municipality continues to standardise fire hydrants throughout the District, and this was again successfully implemented in some towns.

Unfortunately, during the period, 76 houses were burnt in St Francis Bay in one incident when very strong winds were experienced.

Several activities were undertaken to promote women empowerment, youth development and to assist people with disabilities. These included a District Womens' Empowerment Summit; entering into a partnership with the Eastern Cape Disability Economic Empowerment Trust to place disabled people in local municipalities; capacity building and empowerment sessions for targeted sectors of the community with regards to human rights; business plan development; training, and exposure to opportunities in business and career development.

With regards to HIV and AIDS, the Council hosted the Provincial AIDS Council in September 2012. HCT campaigns were continually conducted in all local municipalities. A partnership was also entered into with ECAC to host a person who will be funded by GIZ, to assist with the training of local municipality staff entrusted with HIV and AIDS matters.

As part of Community Development, the Speaker of Council continued to champion the Moral Regeneration Movement to deal with the scourge of alcohol abuse and other social ills that seem to be plaguing many communities.

The Cacadu District Municipality has a partnership with Mr Rolf Meder and the Ubuhlobo project from Germany. The Ubuhlobo project helps with providing first aid and other life skills training, especially for young people, in the Nelson Mandela Bay and Cacadu area. During the period under review, Mr Meder and the Ubuhlobo project sponsored five learners, together with an official from Ikwezi Municipality, to visit Germany for a three week period.

It is pleasing to note the increasing number of learners and other community members that are becoming members of libraries in the District, to enjoy free email and internet services that have been availed at 32 libraries across the District. Over and above this, there is a range of educational material, business and government information, health and other empowering tools to assist all users of the system.

Institutional development has been identified as an important issue. The District Municipality continued to invest in the development of its staff. This is informed by the Workplace Skills Plan. Most of the senior officials have been registered to undergo training to meet the minimum competency requirements as prescribed by National Treasury. Various internal training initiatives for all staff were held. These included training on supply chain management issues, unauthorised and irregular expenditure.

The job evaluation results were also implemented in the year under consideration. Many of the posts were downgraded, and the grades of a few posts were significantly improved. The introduction of the TASK system has introduced its own challenges, especially the ability of the institution to attract and retain skilled personnel. Another area of concern is the delays in providing a mechanism to deal with objections to and appeals against the results. These matters are being pursued.

Improving governance received continual attention. The Council, the Audit Committee and the Municipal Public Accounts Committee meet regularly as scheduled. The functionality of the Anti-Corruption and Fraud Prevention Committee was also considered. The District Municipality was privileged to receive a visit from the Auditor General, Mr Terence Nombembe. He congratulated the Cacadu District Municipality for its continuous attainment of an unqualified audit. He implored the Cacadu District Municipality to set the example of a clean administration and to assist the local municipalities in its area to improve their audit outcomes.

The Cacadu District Municipality continues to embrace the employment equity principles of government as well as promote the employment of females. The staff structure at June 2013 stood at 85, of which females made up 49 (58%) and HDIs constituted 86% of the Structure.

The District Municipality invests in providing work experience to university graduates from the District. Currently there are 10 graduates placed in the various sections. They have been employed for a two year period, whereafter they will be required to leave. Additional graduates will then be afforded the opportunity of work experience.

Working with other spheres of government and promoting sound intergovernmental areas is crucial in promoting and fostering equitable and integrated development in the District. Over the past few years there has been good progress amongst the three spheres of government to realise this goal. However, the District Municipality is concerned about the inequitable funding allocation to the District Municipality and its local municipalities.

## FINANCIAL PERFORMANCE

An analysis of the Municipality's Statement of Financial Position for the year ended 30 June 2013 reveals that the Municipality is maintaining a strong financial position through prudent financial management approaches. Its cash management record over many years is excellent and its post-employment medical benefits provisions, including its unappropriated surplus (R167,6m) are fully cash backed as detailed below:

	<b>Unappropriated Surplus Balance 30 June 2013 R/m</b>	<b>Cash Backed Portion 30 June 2013 R/m</b>
Post-Employment Medical Benefit	63,5	63,5
Accrued Leave Pay	2,2	2,2
Unappropriated Surplus	101,9	101,9
<b>TOTAL</b>	<b>167,6</b>	<b>167,6</b>

Based on the 2013 Operating Expenditure, the Municipality has adequate cash available to operate for at least 24 months.

The Municipality's Long Term Financial Sustainability Model has essentially informed the compilation of the Medium Term Revenue and Expenditure Framework relating directly to affordability and sustainability. The salient feature for the model is the focus on sustainability, not only from a municipal finance perspective but also relating to service delivery and project financing.

The Municipality is dependent on government grants to finance its operations. Emphasis is therefore placed on utilizing its own cash resources in an efficient and effective manner. The utilisation of the Municipality's own resources such as accumulated surplus to finance infrastructure projects without negatively affecting the long term financial sustainability is therefore a complex matter. The government grants are inadequate to finance the Municipality's expenditure budget and it has therefore adopted a pragmatic approach by using interest earned on investments to finance operating expenditure. By adopting this approach, the Cacadu District Municipality has over many years been able to support and provide project funding for infrastructure projects for the nine local municipalities in its area of jurisdiction.

The Municipality does not collect property rates or service charges. At 30 June 2013 an amount of R22,9 million was reflected as general outstanding debt which included debt owed by National Treasury amounting to R21,9 million. This amount (R21,9m) represents more than 96,0 % of the outstanding debts.

The amount of R21,9 million owed by National Treasury represents VAT not recognized as revenue as at 30 June 2010 which National Treasury incorrectly identified as an unspent MIG conditional grant balance. National Treasury withheld the Municipality's equitable share amounting to R21,9 million. National Treasury has undertaken to repay the amount to CDM.

The total revenue from all sources decreased from R119,4 million to R110,6 million which is a decrease of R8,8 million. This is mainly due to decreasing conditional government grant funding.

This highlights the fact that the Municipality is totally dependent on government grants to finance its operations. Conditional grants constitute 81,0% of total revenue (2013). An amount of R15,4 million (R17,2 million – 2012) was earned on investments and represents 13,9% (14,5% - 2012) of available revenue sources.

The adjusted total expenditure for 2013 also declined from R152,7 million to R117,8 million which represents a decline of 29,6% which is mainly due to decreasing infrastructure conditional grant funding and under expenditure on project funding.

The payroll costs amounted to R42,1 million (R38,2 million – 2012) which represents an increase of 10,2% over the previous year. The payroll costs represent 35,7% of the total operating expenditure.

The deficit for the year of R7,2 million represents the amount which is transferred from the unappropriated surplus account to finance mainly infrastructure and projects from own revenue sources.

**D M PILLAY**  
**MUNICIPAL MANAGER**

## **PART 2**

### **KPA ACHIEVEMENT REPORTS**

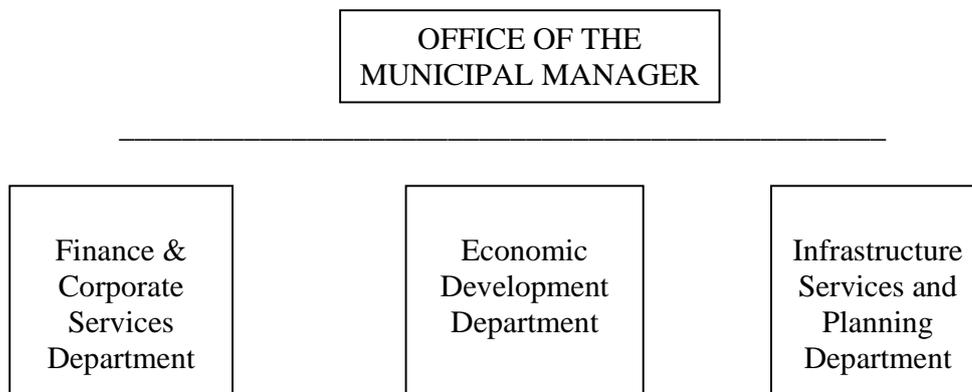
#### **CHAPTER 1 : ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (KPA 1)**

##### **PRESENTATION OF THE ORGANISATIONAL STRUCTURE**

The total number of approved posts of the Cacadu District Municipality is 100. Eleven of these are intern posts. The number of appointed staff is 91 including interns. The total number of vacant posts is 9. The Macro Organisational Structure is attached as an Annexure to the Annual report - See page 201.

All four performance agreements and employment contracts (Municipal Manager and three section 57 managers) were submitted to the Department of Local Government and Traditional Affairs within the prescribed time.

##### **ADMINISTRATIVE STRUCTURE**



##### **MUNICIPAL MANAGER**

Mr D M (Ted) Pillay

##### **DIRECTOR : FINANCE AND CORPORATE SERVICES**

Mr D de Lange

##### **DIRECTOR : INFRASTRUCTURE SERVICES AND PLANNING**

Mr B Makedama

##### **DIRECTOR : ECONOMIC DEVELOPMENT**

Mr P Kate

##### **GRADING OF LOCAL AUTHORITY**

Grade 5

**STAFF DEVELOPMENT INITIATIVES DURING THE FINANCIAL YEAR**  
**TRAINING COURSES ATTENDED BY OFFICIALS AND COUNCILORS**

NO	QUALIFICATION	TOTAL NUMBER BENEFITED
1	Strategic Management	3
2	Tool for Sustainability	1
3	Effective Records & Information System Management	4
4	Symantec Endpoint Protection	1
5	Employment Equity	5
6	First Aid	2
7	Events Management	6
8	Training Facilitation	2
9	Advance Records Management	2
10	First Aid Level 3	2
11	Pre Assessment for EPWP Employees	80
12	Prepare and Lay Precast Block Paving, Construct Precast Kerbs Brick Making	80
13	Dealing with Conflict	26
14	Negotiations	25

**STUDY ASSISTANCE AND COUNCIL INITIATED EMPLOYEE DEVELOPMENT**

NO	QUALIFICATION	TOTAL NUMBER BENEFITED
1	Diploma: Management	1
2	Diploma: Administrative Management	1
3	Higher Certificate: Archives Management	1
4	Honours: Bcom Auditing	1
5	Diploma: Human Resource Management	1
6	Masters: Public Infrastructure	1
7	Programme in Project Management	2
8	Diploma in Local Government Law and Administration	3
9	CPMD	4
10	MA Development Studies	1
11	Diploma in Project Management	2
12	Certificate:CQM	1

### **FULL QUALIFICATIONS CO-ORDINATED BY CDM**

<b>QUALIFICATION</b>	<b>MUNICIPALITY</b>	<b>TOTAL NUMBER BENEFITED</b>
Local Government Accounting Certificate	Cacadu	3
	Koukamma	6
	Camdeboo	3
	Kouga	9
	SRVM	8

### **WORKPLACE SKILLS PLAN**

A Workplace Skills Plan for 2012/2013 was adopted and implemented.

### **KEY HR STATISTICS PER FUNCTIONAL AREA**

Full time staff complement per functional area

#### **Section 57 and Municipal Manager**

	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	None
2	Director: Finance and Corporate Services	1	1	None
3	Director: Economic Development	1	1	None
4	Director: Infrastructure Services and Planning	1	1	None
	<b>Total</b>	<b>4</b>	<b>4</b>	<b>0</b>

**Office of the Municipal Manager**

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Manager : Capacity Building	1	1	None
2	Senior PMS Officer	1	1	None
3	Senior Admin Officer	1	1	None
4	Special Programmes Officer	1	1	None
5	HIV and Aids Co-ordinator	1	1	None
6	Programme Co-ordinator	1	1	None
7	Secretary	3	3	None
8	PMS Intern	1	None	1
	<b>Total</b>	<b>10</b>	<b>9</b>	<b>1</b>

**Water and Sanitation**

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Senior Manager: Water and Sanitation	1	1	None
2	Senior Civil Engineering Technician	1	None	1
	<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>

**Electricity - CDM does not provide electricity. Electricity in the District is provided by local municipalities through Eskom.**

**Housing**

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Manager: PMU	1	1	None
2	Senior Civil Engineering Technician	1	1	None
3	Building Inspector	1	1	None
4	Engineering Intern	1	1	None
	<b>Total</b>	<b>4</b>	<b>4</b>	<b>None</b>

**Planning Unit**

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	HOD: Planning	1	None	1
2	Development Planner	2	2	None
3	GIS Specialist	1	1	None
	<b>Total</b>	<b>4</b>	<b>3</b>	<b>1</b>

**Transport**

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Manager: Roads and Transport	1	1	None
	<b>Total</b>	<b>1</b>	<b>1</b>	<b>None</b>

**Infrastructure Support Services**

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Personal Assistant	1	1	None
2	Senior Clerk	1	1	None
3	Word Processing Operator	2	1	1
	<b>Total</b>	<b>4</b>	<b>3</b>	<b>1</b>

**Municipal Health**

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Manager	1	1	None
2	Environmental Health Practitioner	3	3	None
	<b>Total</b>	<b>4</b>	<b>4</b>	<b>None</b>

### Disaster Management and Fire Service

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Senior Manager : Disaster Management	1	1	None
2	Manager : Disaster Operations	1	1	None
3	Communications and Training Officer	1	1	None
4	Disaster Management Officer	4	4	None
5	Communication Centre Operator	4	4	None
6	Word Processing Operator	1	1	None
7	Fire Services Coordinator	1	1	None
	<b>Total</b>	<b>13</b>	<b>13</b>	<b>None</b>

### Finance

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Senior Manager: Finance	1	1	None
2	Senior Accountants	2	2	None
3	Accountant	4	4	None
4	Payroll Controller	1	1	None
5	Supply Chain Officer	1	1	None
6	Principal Clerk: Income	1	1	None
7	Senior Clerk: Creditors	2	2	None
8	Fleet / Asset Management Clerk	1	1	None
9	Clerk: Records	1	1	None
10	Supply Chain Intern	1	None	1
11	Finance Interns	5	4	1
12	Secretary	1	1	None
13	IT Support Officer	1	1	None
14	PC Support Technician	1	1	None
15	IT Support Technician Intern	1	1	None
	<b>Total</b>	<b>24</b>	<b>22</b>	<b>2</b>

### Corporate Services

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Senior Manager: Corporate Services	1	1	None
2	Senior Manager: Legal	1	1	None
3	Human Resources Officer	1	1	None
4	Administrator: Skills Development	1	1	None
5	Human Resources Administration Officer	1	1	None
6	Public Relations Officer	1	1	None
7	Administrative Officer	1	1	None
8	Committee Clerks	4	3	1
9	Senior Clerk: Records	1	1	None
10	Clerk: Records	2	2	None
11	Print Room Operator	1	1	None
12	Clerk: Administration	1	1	None
13	General Worker [Tea Services]	3	3	None
14	Word Processing Operator	1	1	None
15	Intern: Corporate Services	1	1	None
16	Intern: Public Relations	1	1	None
	<b>Total</b>	<b>22</b>	<b>21</b>	<b>1</b>

### Economic Development

No	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Manager: Tourism and Marketing	1	1	None
2	Manager: Local Economic Development	1	1	None
3	Manager: Trade and Investment	1	0	Frozen
4	Administration Officer	1	1	None
5	Secretary	1	1	None
6	Tourism Officer	1	0	1
7	Intern: Agriculture Dev	1	1	None
8	Intern: Tourism & Market	1	1	None
	<b>Total</b>	<b>8</b>	<b>6</b>	<b>2</b>

### TECHNICAL STAFF REGISTERED WITH PROFESSIONAL BODIES

Technical Service	Total number of technical service managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
<b>1</b>	<b>3</b>	<b>3</b>	None	1

### LEVEL OF EDUCATION AND SKILLS

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professional training
<b>113</b>	<b>2</b>	<b>21</b>	<b>90</b>

### TRENDS ON TOTAL PERSONNEL EXPENDITURE

Years	Total number of staff	Total approved Budget	Personal expenditure (salary and salary related)	Percentage of expenditure
2007-2008	243	227 641 835	27 388 171	12,0
2008-2009	233	228 956 396	32 031 001	13,9
2009-2010	240	330 249 565	34 985 144	10,6
2010-2011	270	293 166 069	36 073 607	12,3
2011-2012	93	191 777934	32 980 758	17.2
2012-2013	97	178 899 345	36 440 697	20.4

### LIST OF PENSION AND MEDICAL AIDS TO WHICH EMPLOYEES BELONG

Names of pension fund	Number of members	Names of medical Aids	Number of members
Cape Joint Retirement Fund	44	Bonitas	17
Cape Joint Provident Fund	0	L.A. Health	30
		Hosmed	6
		SAMWU Med	6
		Key Health	0

**SENIOR OFFICIALS' WAGES AND BENEFITS - this information is contained in the Annual Financial Statements**

**IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM**

The Performance Management System (PMS) has been implemented and cascaded to all levels of staff in the organization. Performance assessments and reviews are held quarterly. The system was automated in March 2009.

**ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

	<b>Indicator name</b>	<b>Total number of people (planned for) during the year under review</b>	<b>Achievement level during the year under review</b>	<b>Achievement percentage during the year</b>
1	Vacancy rate for all approved and budgeted posts;	107	97	90%
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	4	4	100%
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	3	3	100%
4	Percentage of Managers in Technical Services with a professional qualification	4	4	100%
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	1	1	100%
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	92	92	100%

9	Percentage of councillors who attended skills development training within the current 5 year term	30	30	100%
10	Percentage of staff complement with disability	The National Employment Equity requirement is 5%	2%	2%
11	Percentage of female employees		59%	41%
12	Percentage of employees that are aged 35 or younger		67%	67%

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

- Internal "wildcat" actions by employees who are not on the bargaining council scales
- Withdrawal of internal union from all employee activities pending release of required information and other related labour matters.
- Unfinished appeals process as a result of objections lodged by employees against the job evaluation results
- Unfinished disciplinary hearings, conciliations and arbitrations pertaining to various labour issues under investigations

### **Remedial actions**

- The District Municipality will in future regard all employees on grades 14 - 17 as part of the South African Local Government Bargaining Council.
- In regard to the unfinished appeals process, this matter is affecting all municipalities and the S A Local Government Bargaining Council is trying various strategies to address the concerns. A new policy has been developed and approved at the National Executive Committee for municipalities to implement.
- Labour disputes and disciplinary hearings are ongoing due to having to maintain good conduct in the workplace. As soon as some are finalized new matters arise

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

### **WATER SERVICES**

#### **Water services delivery strategy and main role-players:**

Includes the co-ordination of water services development planning for the entire District, upgrading of water infrastructure and lobbying for funding. Local Municipalities are the Water Services Authorities and Water Service Providers in the District.

The function is administered by the Department: Infrastructure Services & Planning and includes:

- Development Planning Co-ordination
- Assist local municipalities in developing the required Water Service Authority and Water Services Provider capacity.
- Upgrading of water infrastructure in local municipalities.

#### **Strategic objective**

To capacitate local municipalities in the District to provide every household within the District with access to at least a basic level of service and strive to provide an appropriate level of service.

#### **Key issues for 2012/2013**

- Jansenville Water Source exploration (Ikwezi)
- Rainwater harvesting in Paterson (Sundays River Valley)
- Installation of zone metres in Jansenville (Ikwezi)
- Assistance to Local Municipalities with pre-planning and feasibility studies on their projects.

#### **Levels and standards in water services:**

All nine local municipalities are Water Services Authorities and Water Services Providers in the District.

The planning and co-ordination is done by 1 Engineer.

**Grants Received:** None

### **Major challenges in water services.**

- Water shortage problems that are encountered in many municipalities have been brought to the attention of the Department of Water Affairs. Ongoing and continual engagement is occurring with them to deal with these issues.
- The aging and dilapidated infrastructure that faces most municipalities in the District has been highlighted in various platforms and presentations have been made to the Munimec as well as the Department of Co-operative Governance and Traditional Affairs. The LMs have also been advised to set aside a portion of their budget to deal with maintenance of infrastructure.

### **ELECTRICITY SERVICES**

#### **Electricity services delivery strategy and main role-players**

The Cacadu District Municipality is not responsible for any energy supply in the district.

### **SANITATION**

#### **Sanitation services delivery strategy and main role-players**

Includes all activities related to sanitation services for the District. The sanitation function of the municipality is administered by the Department: Infrastructure Services and includes development planning.

The Strategic Objective of this function is to capacitate local municipalities to provide every household with a basic level of service.

#### **Level and standards in sanitation services**

Number of all personnel associated with the sanitation function: 1 Engineer

**Grants received:** None

Council allocated funds for 2 sanitation projects namely:

- Planning the upgrading of the Nieu Bethesda Water Treatment Works (Camdeboo)
- Klipplaat household sewer connections (Ikwezi)

## **Major challenges in sanitation services**

- The aging and dilapidated infrastructure that faces most municipalities in the District has been highlighted in various platforms and presentations have been made to the Munimec as well as the Department of Co-operative Governance and Traditional Affairs. The LMs have also been advised to set aside a portion of their budget to deal with maintenance of infrastructure.

## **ROAD CONSTRUCTION AND MAINTENANCE**

The District Municipality is not responsible for road construction and maintenance. SANRAL is responsible for National Roads and the Provincial Government for regional roads in the District. Roads within towns and settlements are the responsibility of local municipalities.

## **WASTE MANAGEMENT**

The District Municipality is not responsible for waste management. The local municipalities in Cacadu District are responsible for this service.

## **HOUSING AND TOWN PLANNING**

The District Municipality is not responsible for housing and town planning. The Provincial Department of Human Settlements and the local municipalities in Cacadu District are responsible for this service.

## **SPATIAL PLANNING**

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

The District Municipality is in the process of reviewing its Spatial Development Framework and it is envisaged that this will be part of the 2013/2014 Integrated Development Plan.

### ***b. Land Use Management***

The District Municipality is not responsible for Land Use Management in the District. This function is performed by the local municipalities. The District Municipality provides capacity building, support and assistance if requested by a local municipality.

## **INDIGENT POLICY IMPLEMENTATION**

Since the disestablishment of the District Management Area and incorporation thereof into local municipalities' areas of jurisdiction, the District Municipality no longer implements an indigent policy as this is done by the local municipalities.

## **OVERALL SERVICE DELIVERY BACKLOGS**

### **WATER BACKLOGS**

	Piped (tap) water inside dwelling/institution	Piped (tap) water inside dwelling/institution %	Piped (tap) water inside yard	Piped (tap) water inside yard %	Piped (tap) water on community stand: distance less than 200m from dwelling/institution	Piped (tap) water on community stand: distance less than 200m from dwelling/institution %	Piped (tap) water on community stand: distance between 200m and 500m from dwelling/institution	Piped (tap) water on community stand: distance between 200m and 500m from dwelling/institution %	Piped (tap) water on community stand: distance between 500m and 1000m (1km) from dwelling/institution	Piped (tap) water on community stand: distance between 500m and 1000m (1km) from dwelling/institution %	Piped (tap) water on community stand: distance greater than 1000m (1km) from dwelling/institution	Piped (tap) water on community stand: distance greater than 1000m (1km) from dwelling/institution %	No access to piped (tap) water	No access to piped (tap) water %	Total
Eastern Cape	553,346	32.8	280,041	16.6	313,159	18.6	106,235	6.3	37,844	2.2	22,204	1.3	374,555	22.2	1,687,385
Cacadu	64,041	51.0	43,919	35.0	9,821	7.8	1,999	1.6	666	0.5	370	0.3	4,816	3.8	125,632
Camdeboo	6,830	55.1	5,313	42.8	114	0.9	22	0.2	4	0.0	0	0.0	118	1.0	12,400
Blue Crane Route	5,022	51.4	3,903	40.0	323	3.3	139	1.4	19	0.2	14	0.1	340	3.5	9,761
Ikwezi	1,228	42.1	1,546	53.0	40	1.4	22	0.8	7	0.2	8	0.3	64	2.2	2,915
Makana	10,654	49.8	7,576	35.4	1,839	8.6	240	1.1	86	0.4	74	0.3	919	4.3	21,388
Ndlambe	6,978	36.1	9,648	49.9	1,387	7.2	361	1.9	74	0.4	44	0.2	838	4.3	19,331
Sundays River Valley	4,762	32.3	5,951	40.3	1,639	11.1	566	3.8	127	0.9	127	0.9	1,576	10.7	14,749
Baviaans	3,245	70.4	1,148	24.9	52	1.1	18	0.4	18	0.4	1	0.0	128	2.8	4,610
Kouga	17,796	60.4	6,471	22.0	3,922	13.3	556	1.9	289	1.0	84	0.3	330	1.1	29,447
Kou-Kamma	7,526	68.2	2,361	21.4	505	4.6	75	0.7	43	0.4	18	0.2	504	4.6	11,032

Source: Census 2011

## **SANITATION BACKLOGS**

<b>Geography</b>	Flush toilet (connected to sewerage system)	Flush toilet (connected to sewerage system) %	Flush toilet (with septic tank)	Flush toilet (with septic tank) %	Chemical toilet	Chemical toilet %	Pit toilet with ventilation (VIP)	Pit toilet with ventilation (VIP) %	Pit toilet without ventilation	Pit toilet without ventilation %	Bucket toilet	Bucket toilet %	None	none %	Other	Other %	Total
Eastern Cape	681951	40.4	42974	2.5	51297	3.0	233900	13.9	340447	20.2	38845	2.3	214439	12.7	83532	5.0	1687385
Cacadu	80148	63.8	12376	9.9	1043	0.8	4140	3.3	11303	9.0	6292	5.0	6033	4.8	4299	3.4	125632
Camdeboo	10180	82.1	899	7.3	7	0.1	205	1.7	274	2.2	109	0.9	582	4.7	144	1.2	12400
Blue Crane Route	7856	80.5	395	4.0	25	0.3	83	0.9	327	3.4	277	2.8	617	6.3	180	1.8	9761
Ikwezi	2012	69.0	424	14.5	2	0.1	19	0.7	90	3.1	109	3.7	241	8.3	18	0.6	2915
Makana	15370	71.9	548	2.6	27	0.1	1349	6.3	2086	9.8	774	3.6	837	3.9	398	1.9	21388
Ndlambe	6868	35.5	4831	25.0	337	1.7	1032	5.3	3978	20.6	159	0.8	570	2.9	1556	8.0	19331
Sundays River Valley	7894	53.5	767	5.2	85	0.6	531	3.6	2592	17.6	1066	7.2	967	6.6	847	5.7	14749
Baviaans	3363	73.0	484	10.5	3	0.1	116	2.5	166	3.6	167	3.6	214	4.6	98	2.1	4610
Kouga	19100	64.9	3215	10.9	463	1.6	389	1.3	1119	3.8	3292	11.2	1367	4.6	503	1.7	29447
Kou-Kamma	7505	68.0	813	7.4	94	0.9	416	3.8	672	6.1	339	3.1	638	5.8	556	5.0	11032

**Source: Census 2011**

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

The Cacadu District has the third biggest economy of the Province, contributing nearly 10% to the provincial Gross Value Add (GVA). The biggest sectors both in terms of Gross Domestic Product (GDP) and employment within the district is trade (including retail and tourism) with 15% and 22% respectively, followed by agriculture with 10% and 22% respectively and community services (including government) with 32% and 21% respectively. Finance contributes 21% and 4% respectively.

Manufacturing (GDP: 9%; employment: 7%), transport (GDP: 7%; employment: 4%) and construction (GDP: 4%; employment: 10%) are the smallest sectors of the district economy.

### **3.1 BRIEF PRESENTATION OF THE DISTRICT ECONOMIC DEVELOPMENT STRATEGY**

Agriculture is one of the most important economic drivers in the district and contributes significantly to the provincial economy; statistics indicate that Cacadu is the largest producer of agricultural goods in the Eastern Cape and that around 4,000 people are employed in agro-processing industries.

In order to stimulate economic growth and to create new jobs, Cacadu focuses on:

#### ***Increasing agricultural income***

- Growing national and international markets for agricultural output.
- Facilitating investments in local and regional agro-processing plants to increase product demand and improve prices.
- Investing in research and knowledge sharing to improve the quality and resilience of crops and livestock.
- Supporting local and regional food systems that keep wealth in rural communities.

#### ***Investing in natural capital***

- Creating green jobs and local income streams rooted in renewable energy.
- Growing the rural tourism economy based on natural capital through agriculture-, adventure- and eco-tourism initiatives.

#### ***Broadening economic participation***

- Promoting BEEs, SMMEs and co-ops.
- Establishing community-based projects.
- Promoting social investments.

#### ***Developing the skills base***

- Improving the quality and quantity of school education and early childhood development.
- Creating further education opportunities linked to employment in the region.

- Developing skills transfer partnerships between established and emerging farmers and businesses.

### ***Regenerating "core" towns***

Urban regeneration projects focused on upgrading of Central Business Districts and historic districts.

- Promote tourism and niche services and manufacturing based on identifying competitive advantages.
- Ensuring that essential administrative and regulatory functions are undertaken by the municipalities and that municipal infrastructure is maintained and upgraded in order to support growth and development.

### ***Improving connectivity and utility infrastructure***

- Identifying and delivering catalytic infrastructure that opens up new economic opportunities.
- Improving rural transport infrastructure particularly roads.
- The access to and acquisition of land must be facilitated by the district.
- Developing rural broadband and mobile phone connectivity is a key rural development strategy globally.

### ***Building local and regional networks***

- Strengthening inter-governmental relations with local municipalities as well provincial and national government involved in LED (Local Economic Development).
- Building partnerships to improve economic competitiveness and resilience.
- Creating a positive image of the region amongst public and private investors and building relationships with them.

## **3.2 PROGRESS TOWARDS ACHIEVING THE LED KEY OBJECTIVES**

### **3.2.1 Agricultural Mentorship programme**

Although the need has been identified across the sector, the Agricultural Mentorship Programme in Cacadu is the first of its kind and the only one that is being rolled out at District level in South Africa.

In terms of the CDM's agricultural mentorship strategy, a system of structured long-term skills transfer from successful commercial farmers to emerging farmers is being implemented in order to enable them to convert their farms into sustainable businesses. For this purpose, an experienced commercial farmer is contracted as a mentor for each group of emerging farmers in various areas in order to develop not only the production related skills but also to address management, financial and marketing skills of the beneficiaries. The mentor works with the beneficiaries on the farm over a period of approximately three years, depending on the complexity of the commodity produced and the original skills level of the beneficiaries.

During the last four years, **significant progress has been made**. Cacadu has provided substantial investment towards the implementation of the mentorship programme to cover all mentorship fees. Close to 25% of Cacadu's Economic Development budget is committed to the mentorship programme which is considered a key driver towards implementation of the IDP and LED Strategy.

Moreover, Cacadu is currently in the process of developing practical guidelines that provide step-by-step guidance for the implementation of the mentorship programme, allowing for the realisation of the programme in other parts of the country.

The mentorship programme is well anchored within the Cacadu District and has become a flagship programme of the municipality with a long-term perspective and the potential to be applied in other sectors as well.

As results of the mentorship are becoming increasingly visible, national level stake-holders are starting to pay particular attention to the CDM's mentorship programme.

### **3.2.2 Strengthening LED Capacity At Local Municipal Level**

#### ***3.2.2.1 LED District Support Team***

The District Support Team has been established comprising of District LED officers, regional officers of the Department of Economic Development and Environmental Affairs (DEDEA), the Department of Co-operative Government and Traditional Affairs (DCOGTA), the Department of Agriculture and Rural Development (DoARD), the Department of Social Development (DSD), the Eastern Cape Development Corporation (ECDC) and Local Municipalities' representatives.

#### ***3.2.2.2 Economic Intelligence System***

During the previous financial year, Cacadu District Municipality developed a district-wide economic development information management and decision support system which provides accurate data and information to guide economic development planning, management and accountability at all levels of government as well inform the private sector on the economic prospects of the region. This system is linked with the current Geographical Information System (GIS) of the district.

### **3.2.3 District SMME Strategy/Plan**

The Cacadu District Municipality commissioned an SMME assessment study that has resulted in a comprehensive SMME Development Strategy for the District.

## **Strategic Objectives**

1. To improve access to market-driven and sustainable business development support services for the informal, micro, small and medium-sized enterprises in both urban and rural areas.
2. To strengthen the planning, coordination and institutional capacity for SMME support in the district thus ensuring the creation of an enabling and conducive environment for SMMEs.
3. To establish effective and functional partnerships with key provincial and national institutions, as well as escalating the promotion of the economic opportunities across the district.
4. To diversify the existing SMME development base through agriculture, environmental management, tourism and manufacturing development.
5. To increase women, youth and black participation in the entrepreneurial and SMME development sector of the District and its economy.
6. To increase the number of start-ups, and the number of existing enterprises that accelerate beyond survivalist stage.

These strategic objectives set out a performance measure for this SMME Strategy and are generally congruent with those set out in the Provincial Growth and Development Plan of the Eastern Cape, which seeks to increase the number of start-ups and boost the growth prospects of existing enterprises in the district.

### ***3.2.3.1 District partnership with Seda***

The period under review has been very slow for business. The opportunities for new businesses are scarce in these areas mainly due to the small markets. The slowdown in the economy and the lack of disposable income has also hampered business in general in these areas and has reduced the feasibility of starting up new businesses.

### ***3.2.3.2 Mobilisation, Coordination of Cooperatives into a District Cooperatives Forum and Development of the District Cooperative Data base.***

This project commenced in 2011/2012 and was completed in 2012/13. Cacadu District Municipality commissioned a service provider for the coordination and establishment of an appropriate mechanism/structure to support the sustainability of Cooperatives in the District. It also included an investigation into the business opportunities for this sector in Cacadu District Municipal area, within the context of the regional economy of the area, for the purpose of development and investment in the Cooperative Sector.

The overall objective of the exercise is to create, empower and inform the development of, and investment in, the Cooperative Sector in the Cacadu District to increase its contribution as a key player in the regional economy.

### **3.2.4 Rural Economic Development Initiative (REDI) in Partnership with the Development Bank of Southern Africa (DBSA)**

The Cacadu Rural Economic Development Initiative (REDI) is a partnership between Cacadu District Municipality, the Development Bank of Southern Africa (DBSA) and other major stakeholders in our region aimed at identifying and unlocking economic potential. The idea is to build a strong strategic relationship between municipality, local and regional stakeholders aimed at catalysing an economic turn-around.

The following progress has been made with selected REDI projects:

#### ***3.2.4.1 Renewable Energy***

Renewable energy generation is the fastest-growing sector in the District. Six out of the fifteen wind farm developments approved in terms of the Department of Energy's Independent Power Producers' Programme will be located in Cacadu. This accounts for almost half, i.e. 48% (579.16MW) of the total wind power generation awarded nationally.

Cacadu District Municipality continues to engage with developers and operators of wind farms and provides ongoing capacity building to local municipalities, most notably in terms of authorisations required from local government and socio-economic development and enterprise development.

#### ***3.2.4.2 Camdeboo Satellite Aquaculture Project***

The Camdeboo Satellite Aquaculture Project (CSAP) proposes a commercially viable fish production venture through the establishment of aquaculture clusters, each consisting of a central management farm and a network of satellite farming systems, which will benefit from economies of scale through their collaborations. The freshwater fish produced will be pouched in order to increase shelf life and sold at an affordable price in order to fulfill the growing gap caused by the reduction in the annual pilchard quota.

The project has entered its commercialisation phases. Currently, one-hundred and twenty (120) residents of the Camdeboo region are employed by the project. The number of people to be employed by the project is anticipated to increase as the project progresses. To date, approximately R15 million has been invested into the project.

#### ***3.2.4.3 Higher Education Institutions***

Cacadu District Municipality entered into a Memorandum of Understanding with the Nelson Mandela Metropolitan University (NMMU) in terms of a collaborative relationship in areas of Economic Development research, consulting and capacity building.

In addition, the District Municipality continues to engage with Rhodes University in terms of establishing a formal relationship with the Grahamstown-based university.

The purpose of establishing relationships with higher education institutions is to further the development of the economy of the region and to build capacity in terms of local economic development.

#### ***3.2.4.4 Baviaanskloof World Heritage Site Tourism Development Plan***

Cacadu District Municipality, in partnership with the Eastern Cape Parks and Tourism Agency (ECPTA), developed a Tourism Development Plan for the Baviaanskloof World Heritage Site. Tourism development opportunities were developed in targeted nodes in the Baviaanskloof, which is part of the Cape Floristic Region and one of only eight World Heritage Sites in South Africa.

The District Municipality, in collaboration with ECPTA, is actively engaging the National Department of Tourism in terms of funding an Interpretive Centre to be located at the western entrance of the Baviaanskloof.

### **3.2.5 Tourism development and marketing**

#### **3.2.5.1 Support To Local Tourism Organisations**

The Cacadu District Municipality, in its Integrated Development Plan, committed to rendering financial support to local tourism organizations located in the District. The primary aim of this support is to assist in efforts to market destinations within the district.

During the financial year under review, the Cacadu District Municipality has supported Baviaans, Blue Crane Route, Camdeboo, Makana, Sundays River Valley, Kouga, Ndlambe, and Ikwezi Local Tourism Organisations, by providing funding to these organizations to continue to promote important tourism nodes in the district, thereby increasing the number of tourists into the district.

#### **3.2.5.2 Support To Festivals And Events**

Numerous local, national and international festivals take place within Cacadu District each year. The District Municipality has provided financial support to two festivals during the year under review.

Support to the National Arts Festival in 2013 from the Cacadu District Municipality was based on five key projects: Cacadu Productions, “A Better Life” project, Cradle of Creativity branding and Sustainable project. The primary focus of these projects was to embark on sustainable development of local talent and create space for local artists to perform other festivals around the world.

The Cacadu District Municipality also supported Biltong Festival in Somerset East and Kirkwood Wildlife Festival in Kirkwood. The primary focus of the project was the development of local artists in order to enable them to get an opportunity to perform at the Festival and to provide small businesses an opportunity to showcase their own product.

### **3.2.5.3 Support To Tourism Education And Training**

The Cacadu District Municipality has supported Wilderness Foundation as a conservation and leadership organization which is project-driven and strives to create opportunities for economic and social equality. It achieves its mission by initiating and implementing programs, concentrated in four main areas: Conservation; Social Intervention; Advocacy and Awareness; and Experiential Education.

Umzi Wethu, a programme of Wilderness Foundation is an outcome of a Social Intervention by Wilderness Foundation which identified a need to establish a training institution in the Blue Crane Route Municipality, that trains students from the Cacadu District and places them in areas of employment concentrating mainly in conservation and hospitality disciplines.

Wilderness Foundation operates two Umzi Wethu Academies that together have trained, graduated, and placed in jobs thirteen intakes of students since the programme's inception four years ago. The most recent two intakes graduated in mid July 2013.

### **3.2.5.4 Development Of Tourism Statistics System**

Cacadu District Municipality undertook tourism research to identify the number visitors to the District. The objective of the research was based on:

1. Conducting pilot tourist visitor and product owner surveys in selected locations in the Cacadu District over the summer (December / January) season.
2. Development of an on-line tourism statistics database for the CDM which will allow users throughout the CDM to access reliable statistics on tourism in the area, and update the statistics based on future surveys conducted in the local areas. The system was populated with the data collected in the pilot tourism surveys and it has been installed and linked with the Travelcacadu website.

Visitor surveys were conducted in 12 towns in five local municipalities by surveyors based in those towns and this project is still continuing to cover other municipal areas.

### **3.2.5.5 Cacadu "7 Wonders of our World" campaign**

The Cacadu District Municipality continued to roll-out its "Seven Wonders" campaign, in terms of which seven tourism destinations within the District were vigorously marketed.

The campaign was again piloted at the World Travel Market held during November 2013 in London, Internationale Tourismus-Börse held during March 2013 in Berlin through Eastern Cape Tourism Parks and Tourism Authority as well as at the 2013 Tourism Indaba held in Durban and Gauteng Getaway Show in Johannesburg with Local Tourism Organisations on board. The campaign's digital media strategy has been rolled-out through social media and the destination is gaining positive reputation.

The Cacadu District Municipality has won the following accolades during previous financial years as a result of the Campaign: Eco-adventure Sport Destination: Swiss Tourism Awards in 2009, Rebrand 100 Global Awards Winner: Merit Award in 2011 and Cacadu 7 wonders tourism brand website: Web Design Award in 2012.

### 3.3 **ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN LED**

	<b>Indicator name</b>	<b>Target set for the year</b>	<b>Achievement level during the year (absolute figure)</b>	<b>Achievement percentage during the year</b>
1	Percentage of LED Budget spent on LED related activities.	60%	3	50%
2	Number of LED stakeholder forum meetings held. In the case of CDM, it is DST and REDI	3 DST meetings	3	60%
3	Percentage of SMMEs that have benefited from an SMME support programme	1000	378 beneficiaries	34%
4	Number of job opportunities created through EPWP	252	528	209%
5	Number of job opportunities created through PPP	0	0	0

### 3.4 **CHALLENGES REGARDING LED STRATEGY IMPLEMENTATION**

It is important to note that the challenges associated with the LED function were still persistent during the period under review. Coming up with viable, practical, rapidly implementable proposals is a crucial goal at the beginning of any LED initiative. It is therefore critical to reflect that there are specific and broad challenges associated with the implementation of LED strategies which can be categorised as follows:

#### 3.4.1 Specific Objectives

- Lack of funding from Municipalities – LED Units in all LMs are not adequately funded to meet local demands in terms of job creation efforts/initiatives. All Councils in the District took a decision to remove the LED portion of +5% from the MIG. This is hampering LED units in their efforts to drive economic development at local level.
- Lack of bankable business plans – The inability of LED units to access funding or the poor intake of LED proposals from various funding pools is a result of poorly constructed business proposals. In most cases LED units do not have the competence to develop business plans.

- Poor planning by LED units which results in continuous under-expenditure on projects
- Lack of resource mobilisation strategies – the LMs and the DM are dependent on external resources (financial, Capital and Human) to fulfil their mandate. It is therefore important for the District Municipality as a centre for co-ordination, to have resource mobilisation strategies in order fulfil its development facilitation model. Small towns are unable to attract and retain requisite skills.

### **3.4.2 General Objectives**

- A lack of common understanding of the role of LED and LED processes;
- An increasing urban-rural divide in LED processes and practices;
- The practical spatial constraints of economic planning at a very local level;
- A less-than-effective working relationship between provinces, districts and local authorities;
- Lack of effective LED “networks” in many areas;
- The inability of many local authorities to clearly define an LED strategy within the broader IDP process; and
- Lack of planning resources and capacity

### **Remedial actions**

There is a District Support Team in place. The District Municipality uses this platform to assist the LMs as well as capacitate the relevant officials on issues of LED. The District Municipality also continually lobbies on behalf of LMs for funding from various Sector Departments. CDM has also established a Development Agency.

There is much agreement over what doesn't work in LED (such as government-led ad hoc projects), but not very much agreement over what does work. However, some of the most important contemporary ideas/solutions are around the following:

- The role of institutions in supporting economic development, and the corresponding role of LED agencies in strengthening these institutions;
- A shift in the role of government from intervention/participation to enablement;
- An increased focus on “soft” infrastructure and the role of new enabling technologies, rather than traditional hard infrastructure;
- The idea of economic clustering, which states that a concentration of economic activity supports competitiveness;
- The realization that spatial economic structures and spatial local government boundaries seldom coincide;
- A move towards market-based enterprise support structures; and
- A focus on improving locational advantage.

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

### **AUDITED FINANCIAL STATEMENTS (AFS)**

The Audited Financial Statements for 2012/2013 financial year appear on Pages 47-115.

### **BUDGET TO ACTUAL COMPARISON**

Included in AFS as above - Page 51-52

### **GRANTS AND TRANSFERS' SPENDING**

Included in AFS as above - Page 89

### **MEETING OF DONORS' REQUIREMENTS IN RESPECT OF CONDITIONAL GRANTS**

The conditional grants received during the financial year are:

- The Finance Management Grant (R1.25 million)
- The Municipal Structures Improvement Grant (R1 million)
- The Development Bank of South Africa for Economic Development (R1.17 million)
- The Expanded Public Works Programme (R1 million)

All the conditions with respect to these grants are being met. Regular reports are being submitted to the relevant government departments and the DBSA. Where the grants have not been fully exhausted, application has been made for a rollover.

### **LONG TERM CONTRACTS ENTERED INTO BY THE MUNICIPALITY**

During the financial year, the municipality has entered into the following long term contracts:

- KPMG has been appointed as the municipality's internal auditors during 2009/2010. They will be responsible for the complete function of internal auditing and the contract is for a period of five years.
- Suid Kaap Waardeerders has been appointed during 2012/13 as the property valuers for the municipality for a period of three years.
- Impumulelo Computing has been appointed in 2009/2010 to perform information technology services (programming and related services) for a period of 3 years. Following the bid process, Impumulelo Computing was re-appointed on the 1 July 2013 for a period of 18 months.

- Carlson Wagonlit has been appointed in 2010/2011 to perform travel agency services for a period of 3 years.
- OMA Chartered Accountants Inc has been appointed in 2011/2012 to perform VAT audit, VAT apportionment calculation and related services for a period of 3 years.

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

	<b>Indicator name</b>	<b>Target set for the year</b>	<b>Achievement level during the year</b>	<b>Achievement percentage during the year</b>
		<b>R</b>	<b>R</b>	
1	Percentage of expenditure on capital budget	22.3 mil	3.5 mil	16%
2	Salary budget as a percentage of the total operational budget	25.9%	20.4%	79%
3	Total municipal own revenue as a percentage of the total actual budget	10.6%	9.7%	92%
4	Percentage of FMG budget appropriately spent	1.25 mil	1.25 mil	100%
5	Percentage of MSIG budget appropriately spent	1.2 mil	0.94 mil	78%
6	Total actual trade creditors as a percentage of total actual revenue	8.3%		
7	Rate of municipal consumer debt reduction	There are no municipal consumer debtors as the District Municipality does not have consumers. Its primary debtor is Government		
8	Percentage of MIG budget appropriately spent	The District Municipality does not receive a MIG allocation		
9	Arrears in property rates and service charges	The District Municipality does not levy property rates or service charges		

<b>FINANCIAL INDICATORS</b>			
<b>(Limitation = unable to obtain sufficient appropriate information)</b>		<b>AS AT 30 JUNE 2013</b>	<b>AS AT 30 JUNE 2012</b>
<b>BUDGET MANAGEMENT</b>			
1.1	Percentage over-spending of the final approved operating expenditure budget	<b>Not over-spent</b>	<b>Not over-spent</b>
1.2	Percentage under-spending of the final approved capital budget	<b>89%</b>	<b>76%</b>
<b>GRANT MANAGEMENT</b>			
2.1	Percentage under-spending of conditional grants received	<b>Not under-spent</b>	<b>Not under-spent</b>
<b>EXPENDITURE MANAGEMENT</b>			
3.1	Creditor-payment period	<b>27 Days</b>	<b>29 days</b>
<b>REVENUE MANAGEMENT</b>			
4.1	Debtor-collection period (before impairment)	<b>26 days</b>	<b>10 days</b>
4.2	Debtor-collection period (after impairment)	<b>24 days</b>	<b>10 days</b>
4.3	Debtors impairment provision as a percentage of accounts receivable	<b>6.5% debtors impaired to accounts receivable</b>	<b>0% debtors impaired to accounts receivable</b>
4.4	Debtors impairment provision as a percentage of revenue from goods and services rendered on credit	<b>0.5% debtors impaired to revenue from goods and services</b>	<b>0% debtors impaired to revenue from goods and services</b>
<b>ASSET AND LIABILITY MANAGEMENT</b>			
5.1	A deficit for the year was realised (total expenditure exceeded total revenue)	<b>Yes</b>	<b>Yes</b>
5.2	A net current liability position was realised (total current liabilities exceeded total current assets)	<b>No</b>	<b>No</b>
5.3	A net liability position was realised (total liabilities exceeded total assets)	<b>No</b>	<b>No</b>
5.4	Percentage of PPE and/or intangible assets impaired	<b>0.7% PPE impaired</b>	<b>1% PPE impaired</b>
5.5	Percentage of loan receivables (loans awarded) and/or investments impaired	<b>0% investments impaired</b>	<b>0% investments impaired</b>

<b>CASH MANAGEMENT</b>			
6.1	The year-end bank balance was in overdraft	<b>No</b>	<b>No</b>
6.2	Net cash flows for the year from operating activities were negative	<b>Yes</b>	<b>Yes</b>
6.3	Cash and cash equivalents as a percentage of operating expenditure	<b>59% cash to operating expenditure</b>	<b>77% cash to operating expenditure</b>
6.4	Creditors as a percentage of cash and cash equivalents	<b>8.2 % creditors to cash</b>	<b>4.6 % creditors to cash</b>
6.5	Percentage by which unspent conditional grants received exceeds cash available at year-end	<b>Not exceeded</b>	<b>Not exceeded</b>
6.6	Current liabilities as a percentage of net cash inflows for the year from operating activities	<b>Negative cash flows</b>	<b>Negative cash flows</b>
6.7	Long-term debt as a percentage of net cash inflows for the year from operating activities	<b>Negative cash flows</b>	<b>Negative cash flows</b>
6.8	Employee benefit obligation as a percentage of net cash inflows for the year from operating activities	<b>Negative cash flows</b>	<b>Negative cash flows</b>
<i>The above assessment is based on the adjusted financial statement amounts.</i>			

### **AUDIT COMMITTEE FUNCTIONALITY**

See report by Audit Committee attached as an Annexure on pages 197 - 200.

### **ANTI CORRUPTION STRATEGY**

Council approved the Anti-Corruption Strategy and Fraud Prevention Plan on 29 August 2007.

The members of the Anti –Corruption and Fraud Prevention Committee are:

- Chairperson of the Audit Committee or any other member of the Audit Committee should the chairperson not be available;
- Internal Auditor;
- Municipal Manager; and
- Departmental Heads

The Council also approved the Whistle Blowing Policy and guideline for Fraud and Corruption investigation.

The awareness campaign was launched in January 2009 and more awareness interventions are planned.

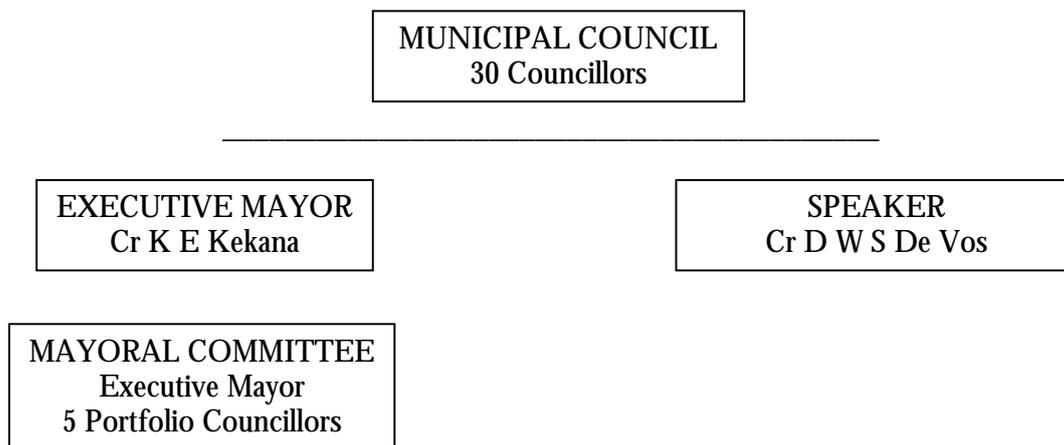
The Anti-Corruption and Fraud Prevention Committee and the Risk Management Committee were also combined.

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

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

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

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



### **PORTFOLIO COUNCILLORS AND MEMBERS OF MAYORAL COMMITTEE**

Economic Development	Cr N O'Connel
Tourism	Cr Y Vara
Infrastructure	Cr V Balura
Finance and Corporate Services	Cr N Pieters
Health and Special Programmes	Cr N Vanda

## **MEMBERS OF THE COUNCIL AS AT 30 JUNE 2013**

De Vos D S W	Speaker of Council (Chairperson)
Kekana K E (Ms)	Executive Mayor
Bezuidenhout D J	Baviaans
Manxoweni B A	Blue Crane Route
Knott-Craig A R	Camdeboo
Booyesen A	Camdeboo
Mngwevu S A	Ikwezi
Baxter F	Kouga
Ntshiza L D	Kouga
Koliti B C (Ms)	Kouga
Jacobs S (Ms)	Kou-Kamma
Mohr T	Kou-Kamma
Ngeleza T C (Ms)	Makana
Reynolds LM	Makana
Wells JC	Makana
Guest J (Ms)	Ndlambe
Ncamiso K C (Mrs)	Ndlambe
Tarentaal M (Ms)	Ndlambe
Grootboom T R	Sunday's River Valley
Jagers H (Ms)	Sunday's River Valley
Balura V M	African National Congress
Lucas S	African National Congress
O'Connel N J	African National Congress
Pieters N N (Ms)	African National Congress
Vanda N (Ms)	African National Congress
Vara Y P	African National Congress
Gailey R M	Democratic Alliance
Goliath E	Democratic Alliance
Hendricks H M	Democratic Alliance
Nortjé A L	Democratic Alliance

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

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

<b>COMMITTEE/FORUM</b>	<b>NUMBER OF MEETINGS 2011/12</b>
Mayoral Committee	15
Audit/Performance Audit Committee	4
Bid Committees	13
Cacadu District Mayors' Forum (IGF)	3
Municipal Managers Forum	2
Cacadu District Health Council	
Local Labour Forum	6
District Aids Council	
District Wide Infrastructure Forum	3
Chief Financial Officers Forum	1
Heritage Advisory Committee	
Budget Committee	2
Oversight Committee (MPAC)	5
Disaster Management Advisory Forum	
District Communicators Forum	4
Council	7
Training	3
Remuneration	1
Transitional Facilitation	
Relocation Committee	3
Rules Committee	

#### Strategic objectives

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

#### Key issues for 2012/2013

- Participation in Municipal Demarcation Board process for alteration of municipal boundaries. The boundary changes affecting Cacadu District were of a minor technical nature and the Council supported the changes.
- Mayoral Committee Outreaches to local municipalities
- Visit by Auditor General to Cacadu District
- Approval of Councillor Capacity Building Policy
- Decision to change name of District to Sarah Baartman District
- Visits by delegates from Jincheng City, China, to further explore economic development opportunities in terms of co-operation agreement between the two municipalities
- Executive Mayor Kekana received the Mayor of the Year award
- Establishment of Lobbying Team to lobby for funding to finance project expenditure

## **PUBLIC PARTICIPATION AND CONSULTATION**

### **District Public Participation Forum**

During the year under review, the District Public Participation Forum continued to hold regular meetings. Membership of the Forum comprises of all Community Development Workers, the Department of Local Government and Traditional Affairs, Speakers and officials responsible for Public Participation from local municipalities and the District Municipality.

### **Assistance to local municipalities with public participation matters**

Good Governance Surveys were conducted in Koukamma and Sundays River Valley Municipalities during the year under review.

### **Mayoral Committee IDP and Budget Outreach to Local Municipalities**

The Mayoral Committee and officials of the District Municipality conducted an outreach to all nine local municipalities in the District during May 2012. The purpose of the outreach was to present the draft IDP and Budget of the District Municipality and how it would affect them, to the Councillors and stakeholders of each local municipality.

Local Municipality councillors and stakeholders were given an opportunity to raise issues where assistance was required from the District Municipality. Many issues were raised and were captured and an action sheet to be dealt with by the various departments of the District Municipality.

### **Former District Management Area**

Although the District Management Area was disestablished in May 2011, the Cacadu District Municipality continued to have interaction with some of communities in the former District Management Area areas when required, together with representatives of the local municipalities into which they have been incorporated, in order to ensure a smooth transition of government and ensure that the needs of the communities continue to receive attention.

### **Moral Regeneration Movement (MRM)**

The District Municipality assisted all nine local municipalities to establish their Moral Regeneration Movement (MRM) Committees. The District also has its own District MRM Committee that is functional and meets regularly. Both the district committee and the local committees conducted programmes that are aimed at reviving moral fibre amongst communities in the region.

The District MRM structure has a programme of action that has been developed and all implementation emanates from that programme of action.

The District intends to host a District Moral Regeneration Movement Summit in the next financial year. Prior to the summit the District Committee will first engage with the local MRM structure in preparation for the Summit.

### **Provincial Executive Committee Outreach to Cacadu District - July 2012**

The Provincial Executive Council resolved to engage in an extensive EXCO outreach programme once a year for the duration of the 2009-2014 term of office, during which it visits the six districts and the Metro and engages with the municipalities and communities. The first Outreach to Cacadu was held in July 2009. The second Outreach by Premier of the Province together with Members of the Executive Council and senior provincial officials to Cacadu District took place on 21/22 October 2010.

The Outreach for 2011/2012 did not take place in May 2012 as planned. It was postponed to July 2012. The programme for the Outreach in July 2012 was very similar to that of the previous year in that there were two sessions on Day 1, namely:

- A closed IGR Government-to-government session in the morning which was attended by the Provincial delegates and Mayors, Speakers and Municipal Managers of the District and local municipalities
- A session with key district stakeholders in the afternoon

These two engagements, as well as a parallel session with public servants and municipal workers in the afternoon of Day 1, took place in Kirkwood in Sundays River Valley Municipality.

On Day 2, a mass community meeting was held in Clarkson in Koukamma Municipality during which more than 400 houses were handed over to beneficiaries by the Premier.

There were also parallel programmes to various other projects in the District on Day 2.

### **Other engagements during the year included:**

- Screening of State of the Nation address on a big screen in Graaff-Reinet, Camdeboo Municipality on 14 February 2013
- Screening of State of the Province address on a big screen in Blue Crane Route Municipality on 22 February 2013

### **WARD COMMITTEES ESTABLISHMENT AND FUNCTIONALITY**

Cacadu District Municipality does not have any ward committees but assists local municipalities with establishment and training of their ward committees. There are 74 wards in Cacadu. The year under review saw both Ikwezi and Baviaans electing their ward committees for the first time. The District will support both municipalities to ensure that they ward committees are capacitated and able to deliver on their mandate.

The District Municipality supported Kouga Municipality to conduct Ward Committee Training during the year under review, and will support Baviaans and Ikwezi Municipalities in the next financial year.

### **COMMUNITY DEVELOPMENT WORKERS PERFORMANCE MONITORING**

Cacadu District Municipality does not have any Community Development Workers reporting to its council; however there is continuous interaction with them with regards to programmes of the council where they serve as mouth pieces. They also assist in mobilizing stakeholders for consultation.

All nine Local Municipalities have signed an MoU confirming their commitment to support the Community Development Workers Programme. The Speakers of the Local Municipalities are playing a monitoring role and the Department of Local Government remains the employer.

### **COMMUNICATION STRATEGY**

In September 2011, the Cacadu District Municipality reviewed its communication strategy and drew up a new strategy that would be relevant for a period of five years (aligned to the IDP). The communication strategy was presented to the District Communicator's Forum (DCF) on 17 November 2011, after which a number of additions were made based on feedback from stakeholders. The new Cacadu District Municipality communication strategy was tabled for adoption by Council in August 2012.

The District Municipality assisted Local Municipalities (Ikwezi, Blue Crane Route, Makana, Ndlambe and SRVM) with the review of their communication strategies as well. The strategies of the District and the majority of Local Municipalities are therefore aligned and all relevant for a period of five years. There are 4 Local Municipalities where the communication strategies are not aligned, either due to the lack of communication capacity (Kou-Kamma and Camdeboo) or because the strategy was already adopted by the relevant Council (Baviaans and Kouga).

Due to a lack of capacity within GCIS, the Cacadu District Municipality Communication Core team (PRO, GCIS and OTP) was unable to meet monthly and instead reverted to communication through email on a weekly basis. The team continued to assess the communication environment, needs of Local Municipalities and rapid response issues that required urgent intervention. The Cacadu District Municipality again assisted to a large extent with the planning of the Executive Council Outreach by the Office of the Premier, which took place early in July 2012.

During the 2012/13 financial year, a total of 4 DCF's were convened, with participation by both government departments and Local Municipalities.

The various components of the Communication function have been decentralized in the institution, with the various responsibilities being assigned as follows:

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

## **INTERGOVERNMENTAL RELATIONS**

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

The Municipality has partnership agreements with two municipalities in South Africa, namely the Nelson Mandela Bay Metropolitan Municipality and the Cape Winelands District

Municipality. It has also entered into an agreement with the the Peoples Municipality of Jincheng City in China, in terms of which areas of co-operation are being explored.

## **LEGAL MATTERS**

### **1. Setting up of Legal Units**

There is one legal officer who is responsible for litigation, to ensure compliance with all relevant Acts and Regulations, provide legal opinions in legal actions leveled against the Municipality, give advice on labour matters, assist in investigations relating to disciplinary hearings, prepare legal documents such as lease agreements, contract etc, provide legal support to local municipalities and attend to all legal matters of the municipality. There are however complex legal issues that are dealt with by external legal service providers. The names of the firms which were used during the period under review are, Gray Moodliar Attorneys, Goldberg & De Villiers Inc., Chris Baker & Associates, Mgoduka Attorneys, Mbabane & Sokutu Inc.

### **2. Management of litigation**

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

There are two pending cases that have not been finalized, and one possible case as detailed hereunder:

Case name	Nature of the case	Date of commencement	Reasons for extensive duration
CDM v Raj Maharaj & Associates	Claim for damages as a result of poor workmanship	November 2004	A new trial date is awaited, the matter could not take place on the day it was set-down due to non-availability of witnesses and it was removed from the roll.
D S Van der Westhuizen/CDM & Others	Illegal occupation of farm land by community members of SRVM	July 2013	New Matter
A possible liability exists in respect of a development and construction contract. The pleadings in the case have not yet closed.			

### **3. Default judgments - Nil**

### **4. Prevention mechanisms of current litigations**

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

**5. Criminal matters emanating from corruption and fraud** – there is one matter that is emanating from circumvention of supply chain management policy which is still pending, handled by SAP.

**6. Management of Legal Risks**

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

## **PART 3**

### **FUNCTIONAL AREAS REPORTING AND ANNEXURES**

#### **NOTE:**

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

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#### **FUNCTION : FINANCE AND CORPORATE SERVICES**

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

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#### **Overview**

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

#### **Description of Activity**

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

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

## **Strategic Objectives**

- ensure long-term financial sustainability
- ensure full compliance with all accounting statutory and legal requirements including implementation of the MFMA
- implement revenue generating strategies and lobby for additional equitable share of National Revenue
- recover outstanding monies owed by the Provincial Government in respect of health subsidies and long term liabilities
- provide support to nine local municipalities

## **Key Issues for 2012/2013**

- Produced Operating and Capital budget in the prescribed format and within the specified guidelines and timeframes;
- Produced GRAP compliant Financial Statements within the required timeframes;
- Improvement of financial system with regards to
  - infrastructure projects;
  - internal controls;
  - budget control;
  - new budget formats;
  - Supply Chain Management
- Compliance to MFMA reporting requirements;
- Provided Supply Chain Management and GRAP training to all Local Municipalities that comply with the National Qualifications Framework (NQF);
- Provided assistance to Local Municipalities to improve the Audit Outcomes of the Local Municipalities.
- Provided guidance to Local Municipalities that required Financial Administrative support.

## **Analysis of Function**

An analysis of the function is contained in the Annual Financial Statements which appear on pages 47 - 115.

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

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**Overview**

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

**Description of Activity**

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

1. Developing and revision of HR Policies and Procedures
2. Recruitment and Selection –

The recruitment, including overseeing the preparation of job descriptions, advertising, interviewing and appointment of personnel and the development of manpower planning strategies.

3. Induction of new officials
4. Skills Development Facilitation
5. Employer/Employee Relations
6. Employment Equity

**Strategic Objectives**

- Maintenance and review of personnel policies.
- Effective functioning of the Local Labour Forum and maintenance of labour peace.
- Employment equity and skills development.
- Human resource planning and capacity building.
- Organisational development.
- Provide support to Local Municipalities
- Enhance internal labour relations
- Promote a culture of multi skilling

Key Issues for 2012/2013

- Adoption and implementation of Workplace Skills Plan for 2012/2013
- Development of the new Employment Equity Plan for submission to the DOL
- Adoption and submission of Employment Equity Implementation Plan (DOL)
- Monitor implementation of Employment Equity Plan
- Review of institutional arrangements and policies
- Combines LLF meeting to discuss and provide way forward with regards new Job Evaluations policy
- Migration of grades 14-17 from Deloitte grades to SALGBC grades in line with provisions from the SALGBC
- Training programmes conducted for employees and councilors of district and local municipalities – see page 17 for details.

NO	QUALIFICATION	TOTAL NUMBER BENEFITED
1	Strategic Management	3
2	Tool for Sustainability	1
3	Effective Records & Information System Management	4
4	Symantec Endpoint Protection	1
5	Employment Equity	5
6	First Aid	2
7	Events Management	6
8	Training Facilitation	2
9	Advance Records Management	2
10	First Aid Level 3	2
11	Pre Assessment for EPWP Employees	80
12	Prepare and Lay Precast Block Paving, Construct Precast Kerbs Brick Making	80
13	Dealing with Conflict	26
14	Negotiations	25

**STUDY ASSISTANCE AND COUNCIL INITIATED EMPLOYEE DEVELOPMENT**

<b>NO</b>	<b>QUALIFICATION</b>	<b>TOTAL NUMBER BENEFITED</b>
1	Diploma: Management	1
2	Diploma: Administrative Management	1
3	Higher Certificate: Archives Management	1
4	Honours: Bcom Auditing	1
5	Diploma: Human Resource Management	1
6	Masters: Public Infrastructure	1
7	Programme in Project Management	2
8	Diploma in Local Government Law and Administration	3
9	CPMD	4
10	MA Development Studies	1
11	Diploma in Project Management	2
12	Certificate:CQM	1

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

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### **Overview**

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

### **Description of Activity**

The function is administered as follows:

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

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

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

The IT function includes:

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

### **Strategic Objectives**

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

### **Key Issues and Projects for 2012/2013**

- Upgraded the network switches to PoE's.
- Procurement of a new PABX system.
- Developed programs to extract financial information in the formats required by National and Provincial Treasury.
- Various program changes were made to enhance the usefulness of the financial system.

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

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**Overview**

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

**Description of Activity**

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

1. Secretarial/Auxiliary Services

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

2. Archives and Central Registry

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

3. Legal Services/Property Management

This includes:

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

**Strategic Objectives**

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

Key issues for 2012/2013

- The Council, Mayoral Committee and other committees/forums held regular meetings during the year under review
- Introduction of new filing system compliant with the Archives Act.

**Analysis of function:**

Number of personnel associated with the Support Services function:

Secretariate	4
Auxiliary Services	9
Legal and Property Management	1

**Grants and subsidies received:**

None

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

---

**Overview:**

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

**Description of activity:**

This function within the Municipality is administered by the Department of Finance and Corporate services and includes:

- Promoting the Municipality by providing sufficient information to the public and staff about Municipal issues.
- Co-ordinating municipal events such as Public Participation Programmes (together with Speaker's Officer), community meetings, project launches and handovers.
- Promoting and managing the Municipality's corporate identity and public image.
- Formulating and maintaining the Municipality's Communication Strategy, while also assisting the Local Municipalities in this regard.
- Stakeholder management.
- Review and maintenance of a communication strategy for the District Municipality, while also rendering assistance in this regard to Local Municipalities.
- Production of the quarterly community newspaper.
- Internal communication.

**Strategic objectives:**

- Build good relationships between the Municipality and identified target publics (internal as well as external) and stakeholders.
- To further public understanding about the Municipality's services, policies, procedures, goals and activities.
- To uphold the image and reputation of the Municipality.

**Key issues for 2012 – 2013:**

- The publication of four issues of *Cacadu News*, the official external newspaper of the Cacadu District Municipality.
- Adoption of five year communication strategy by Council.
- Continued interaction with the Communication Core team, consisting of a representative from the Office of the Premier, Government Communication and Information Systems, the Speaker of Council, the Public Relations Officer and other representatives of the Cacadu District Municipality.

- Coordination of the quarterly District Communicator's Forum, which convened four times during the 2012/2013 financial year.
- Continuous monitoring of the media and ongoing communication with media, media management of key municipal issues and media support to council meetings.
- Meetings with Local Municipalities as and when required, assessing their communication needs.
- Maintenance of the municipal website of the Cacadu District Municipality.
- Providing communication, branding and media support to district events, such as the IDP Roadshow of the Cacadu District Municipality, which took place in May 2012 and April 2013. Representing the Municipality at national events such as the Getaway Show (Sept 2012) and Tourism Indaba (May 2013).
- Development and implementation of media campaigns for Municipal programmes, such as the Connect with Cacadu initiative.
- Assisting with the successful execution of events such as the visit by the Dr Ruth Mompati District Municipality in April 2012. Co-ordination of the communication surrounding the State of the Nation Address, State of the Province Address and the Budget speech.
- Annual coordination of the design and production of branded calendars.

**Analysis of function:**

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

1 Public Relations Officer            Cost: R 277 824 (Salary /housing /cellphone)

**Grants and subsidies received:**

None

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

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### **Overview**

This includes all activities relating to the formulation, monitoring of implementation, evaluation and review of strategic plans for the entire district.

### **Description of the Activity**

The function of **Integrated Development Planning and Spatial Planning** is administered by the Department: Infrastructure Services and Planning. The main Planning activities include the formulation of the institution's strategic plans; IDP and SDF, monitor and support those implementing the plans, and review the plans annually, in terms of Chapter 5 of the Municipal Systems Act 32 of 2000 (including notice R796 regulations) and in terms of the Municipal Finance Management Act 56 of 2003.

### **Strategic objectives:**

- Integrated development planning and Spatial planning for the District as a whole, including the development of a framework for all category B municipalities. This includes the development and / or review of the following:
  - The Spatial Development Framework. (SDF)
  - Updated socio-economic profiles.
  - Review of strategies
  - Facilitating the identification of projects
- To become an established and effective integrated development planning authority in the Cacadu District through:
  - Facilitating the District's service delivery through infrastructure and services that are planned, delivered and managed in such a way that supports the District's vision and priorities.
  - Facilitating the prioritization of infrastructure projects and programmes that support the District's vision and priorities.
- Co-ordination and support to the planning function of local municipalities, this includes Land Use Management, Spatial Planning

### **Key issues for 2012/2013**

- The prompt preparation of the District Municipality's Integrated Development Plan for 2012/2013, which included the following key activities:
  - Development of a district-wide IDP Framework Plan that was adopted by the District Municipality and used to develop Process Plans for all category B municipalities their IDP preparations.

- Compilation of an IDP & Budget Schedule in conjunction with the Finance Unit, in line with the MFMA.
- Facilitation of various meetings and workshops with the following stakeholders: nine category B municipalities; provincial sector departments; private business sector; public entities; NGOs & CBOs
- Formulation and adoption of the District's Development Priorities.
- Analysis of Development Priorities identified
- Crafting of Objectives and Strategies that will assist in driving the District's Development Priorities.
- Identification and prioritization of Projects that will assist in achieving the District's objectives.
- Collection and capturing of Sector Plans and Operational Strategies into the IDP
- Development of new plans in areas where plans were not in place
- Aligning and integrating programmes and plans to the PGDP of the Eastern Cape government
- Strengthening and improving public participation
- Preparation of IDP document and submission thereof to Council for approval
- Submission of an approved IDP document to the MEC: Local Government and Traditional Affairs
- Development of capacity within CDM departments through using CDM resources as opposed to engaging external service providers
- Fulfilling horizontal alignment between municipalities and vertical alignment with the other spheres of government
- The IDP was compiled without assistance from external service providers. Doing work in-house assists in ensuring staff participation and increases the strategic planning capacity within the CDM.

### **Analysis of Function:**

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

- The District Framework Plan that serves as a guide on critical steps in planning and timeframes.
- Town Planning support through development application processing
- IDP Representative Forums
- Attendance of Local Municipality's IDP / Budget engagements
- All nine Municipalities are supported financially by CDM in the development of their IDP's
- Hands on support is given to the Local Municipalities in the compilation of the Community based Plans

Support is also given to the nine Local Municipalities on other Planning issues.

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

1x Head: Planning

2x Development Planners

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

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### **Overview**

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

### **Description of the Activity**

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

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

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

### **Strategic objectives:**

Local municipalities that are:

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

### Key issues for 2012/2013

Initiatives in the following categories were implemented or were in progress for capacity building and support to local municipalities during the year under review:

#### **1. Institutional**

Under institutional Capacity the focus areas were organization development, Human Resources Management and corporate governance. Activities included the following:

- Update job analysis and job descriptions
- Create and Implement a Workplace Skills Plan (WSP)
- Implement PMS at all levels
- Review policies
- Conduct Good Governance Survey in Koukamma and SRV

#### **2. Financial**

Under financial support the focus areas were financial planning, budget and budgetary controls, annual financial statements, internal audit, audit committees, credit control and debt collection, property rates and procurement, which included:

- Ensure updated indigent register is in place
- Conduct practical MFMA training
- Produce monthly cash flow statements
- Complete and submit annual financial statements
- Ensure asset register is in place and review annually
- Ensure internal audit is in place
- Ensure audit committees are in place
- Develop and implement policy and conduct staff training on Supply Chain Management Policy and Procedures

#### **3. Technical**

Under technical support the focus areas were infrastructure support and engineering support, and included training and support in:

- MIG Implementation
- Development of Infrastructure Plans
- Implementation of a GIS system
- Land Usage and Building Control
- Technical Skills Enhancement
- Maintenance and construction of roads and storm water drain
- Purchase of chlorinators and training of staff in Ikwezi Municipality
- Technical support to Ndlambe Municipality with regards to the Bulk water Project

- EIA's for Erasmuskloof, Baviaans Municipality
- Water demand management project in Kouga Municipality (funding and technical support)
- Development of Waste Management Plans

#### 4. **Planning**

- Review and assess IDPs: All local municipalities were supported both financially and technically
- Develop and implement the Spatial Development Framework

Other capacity building initiatives that were implemented by Departments are reported on in the other Functional Service Delivery reports in this Chapter.

#### **Analysis of Function:**

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

1 Capacity Building Manager - R585 000  
 1 Administrative Officer (Vacant)

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

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**Overview**

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

**Description of activity**

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

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

Cacadu District Municipality (CDM) has three (3) Environmental Health Practitioner's (EHP's) that render Municipal Health Services in Kou-Kamma, Ikwezi and Baviaans Local Municipalities and the services are running smoothly.

The function includes the following activities:

- Water Quality Monitoring
- Food control
- Waste Management
- Health surveillance of premises
- Pauper Burial
- Surveillance and Prevention of Communicable Diseases
- Vector control
- Environmental pollution control
- Disposal of the dead
- Chemical safety
- Environmental Health Education Sessions and Awareness Campaigns/ Programmes

The function as rendered by the Municipality excludes Port Health, Malaria Control and Hazardous Substances which is the function and the competency of the Eastern Cape Department of Health.

The strategic objectives of this function are to improve the health status of communities serviced through the identification, evaluation and control of critical factors that affect the physical, social and mental well-being of communities. MHS/EHS are mainly preventative health services, and are therefore largely protecting public health and preventing health hazards/risks and diseases.

### Key issues for 2012/2013:

- Highlighting and reporting a district overview of water quality in structures such as Mayoral Committee, District Wide Infrastructure Forum, Municipal Managers Forum and the District Mayor's Forum.
- Maintenance of Environmental Health Joint Management Committee with all local municipalities.
- Awareness projects were held in Ikwezi, Kou-Kamma and Baviaans Municipalities on waste management, health and hygiene (water and sanitation) and food hygiene.
- Pest control outreaches were conducted and focused on dogs and cats' vaccination, dipping and deworming in Steytlerville, Wolfefontein and Waterford.
- Training of formal food traders on 5 Keys to Food Safety and Hygiene Practices in Baviaans (Steytlerville and Willowmore), Ikwezi (Klipplaat and Jansenville) and Kou-Kamma.
- Food Gardening Projects in schools and community were initiated and coordinated by EHP's in Klipplaat and Jansenville, one in SRVM (Kirkwood), one in Kou-Kamma (Kareedouw) and two in Steytlerville.
- Waste management and clean-up campaigns were conducted in Ikwezi (one in Jansenville) and one in Baviaans (Rietbron).
- The quality of water and food was monitored through routine inspections and drawing of water and food samples throughout the district.
- Disease outbreak monitoring executed with Local Municipalities in relation to both water-borne and food-borne diseases such Cholera, Shigella Dysentery and Food Poisoning throughout the district.

### Analysis of function

#### Number and cost of personnel associated with Environmental Health Function

Three Environmental Health Practitioners who service Kou-Kamma, Ikwezi and Baviaans Local Municipalities and a Manager: Environmental Health Services are employed by CDM. The Manager: Environmental Health Services is responsible to co-ordinate MHS in the three (3) above-mentioned municipalities and further plays oversight and support role over the six (6) local municipalities that have entered into service level agreements to perform the service in their areas on behalf of the CDM.

The total budget for the Environmental Health Service in the financial year 2012/13 was **R9, 744,700**. This includes the CDM Head Office budget that is also used to service Kou-Kamma, Ikwezi and Baviaans local municipalities and an allocation/subsidy to 6 Local Municipalities that have entered into a service level agreement with CDM.

CDM contributions/subsidy to local municipalities for rendering EHS/MHS has increased substantially over the years from 2006. In the 2011/12 financial year the subsidy was based at R21.96 per capita totaling to an amount of **R7, 086,365.00** from National Treasury, which indicates under funding of this service since the calculation is based on the 2001 Census

population. In the financial year 2012/13 CDM to total contribution to Local Municipalities increased to

**R7, 500,000.00** which is R23.24 per capita.

During the financial year 2012/13, contributions totaling to **R7, 500,000** were paid to the LM's for MHS as follows:

• Kouga	R1,643,178
• Makana	R1,755,791
• BCR	R 813,744
• Camdeboo	R 1,031,324
• Ndlambe	R 1,289,510
• SRV	<u>R 966,452</u>
<b>Total</b>	<b><u>R7, 500,000</u></b>

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

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**Overview**

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

**Description of Activity**

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

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

**Strategic Objectives**

The strategic objectives of this function are:

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

**Key Issues for 2012/2013****Libraries**

- Maintained “Connect with Cacadu” system in 31 libraries throughout the District, which provides access to internet and a range of educational software for use, free of charge, by communities. There are currently approximately 25 000 users of the system

- No funding received from DSRAC for libraries, which is creating a problem with funding for ongoing maintenance of the "Connect with Cacadu" system
- Completed construction of extensions to Kirkwood Library, Sundays River Valley Municipality
- Completed construction of new library in Aeroville, Somerset East, Blue Crane Route Municipality
- Commenced construction of new library in Riebeeck East, Makana Municipality

### **Special Programmes**

- Supported local municipalities with establishment of Forums for Women, Youth and People with Disabilities Empowerment
- Establishment of District structures for Women, Youth and people with Disabilities
- Forming of partnership with sector departments in implementing district wide projects related to empowerment of designated groups
- Hosting of Commemoration days
- Hosting of Empowerment Session for People with Disabilities
- Hosting of Empowerment Session for Women
- Supported newly established SMME and Co-orps with minimal infrastructure to get them started

### **HIV and Aids**

- Provision of support to local municipalities to revive their Local Aids Councils
- Capacity Building for Local Aids Council members and HIV and Aids Coordinators on roles and responsibilities
- Conducting of HCT Campaign across the district
- Hosting of Candle Light memorials across the District
- Hosting of an Internal HCT Drive for CDM employees
- Conducted Community Surveys in Koukamma, Ikwezi and Ndlambe
- Conducted Community Dialogues to create awareness around issues of Gender Based Violence
- Commemoration of the 16 Days of Activism and District World Aids Day in Ikwezi
- Supported 10 Community Based Organizations dealing with HIV and Aids Programmes

### **Analysis of function**

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

Number and cost of personnel associated with the Community and Social Services Function:

- 1 X Special Programmes Officer
- 1 X HIV and Aids Coordinator

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

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**Overview**

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

**Strategic Objectives:**

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

**Description of activity**

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

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

No achievement on this KPA during the period under review.

**KPA 2: Disaster Risk Assessment**

During 2012/13 Kouga, Kou-kamma, Makana, Ndlambe and Sundays River Valley Municipalities were affected by flood disasters.

**KPA 3: Disaster Risk Reduction**

Standardisation of Fire Hydrants from underground, or Bayonet to Pillar was undertaken in Kouga, Makana and Ndlambe Municipalities.

**KPA 4: Disaster Response and Recovery**

Kouga, Kou-kamma, Makana, Ndlambe and Sundays River Valley Municipalities have been affected by floods during 2012/13. Relief in the form of blankets mattresses and food was provided to the affected municipalities. Additional to the relief provided by Cacadu, an amount of R36 844 000 was allocated by National Treasury through the National Disaster Management Centre. This amount was allocated to deal with the immediate infrastructure rehabilitation done by the floods.

### **Enabler 1: Information Management and Communication**

Radios have been installed to improve communication in the following local municipalities:

- Sundays River Valley Municipality
- Ikwezi Municipality

An additional antennae was installed in the Oliphantskop Pass.

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

**Description of projects undertaken, public awareness programmes and how communities were involved.**

Education and Awareness was conducted for Municipal officials during a joint visit with the Provincial disaster management centre.

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**FUNCTION: PUBLIC SAFETY****SUB-FUNCTION: FIRE**

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**Fire Service overview 2012/2013**

The Fire Services function of the District Municipality is located within the Disaster Management Centre. After consideration of the fire functionality assessment report, the District Municipality has opted for the function to be performed by local municipalities as from the 2011/2012 financial year, and has entered into agreements with local municipalities in this regard.

**Description of activity**

In terms of section 84(1)(j) of the Local Government: Municipal Structures Act, the District Municipality is responsible for the following:

- planning, co-ordination and regulation of fire services throughout the Cacadu District
- provision of specialized fire fighting services such as mountain, veld and chemical fires
- co-ordinating of the standardization of infrastructure, vehicles, equipment and procedures
- training of fire officers

In terms of the agreement entered into between the District Municipality and its local municipality, the District Municipality does not directly perform the function of specialized fire fighting services such as mountain, veld and chemical fires.

**Strategic Objectives:**

The main focus of the District Municipality in respect of Fire Fighting Services is to ensure that Capacity is built and maintained at Local Municipality level to ensure that the function is performed. In line with this, the District Municipality provides assistance to Local Municipalities in the following areas of operation:

- Development of fire services plans for their high risk areas.
- Implementation of the fire services plans, based on the fire functionality assessment, with specific emphasis on:
  - establishment of satellite fire stations in identified areas.
  - recruitment and appointment of full time fire officers.
  - recruitment of reservists and/or volunteers.
  - acquisition of fire- fighting equipment, including rescue vehicles and tools.
  - formal training of fire officers, fire fighters, reservists and volunteers.
- Lobby for funding to assist local municipalities with implementation of their fire services plans.
- Make general public awareness of the dangers of fires.

### **The key issues for 2012/2013**

- Implementation of the Section 78 Assessment of Fire Service by entering into Service Level Agreements with Local Municipalities.
- Training of Fire Officers within the District on Fire Fighter 1, Fire Fighter Two, Hazmat Awareness, Hazmat Operations, Level 3 First Aid and Basic Ambulance Assistant courses.
- Improve fire service delivery at local municipalities by:
  - Building of Fire stations at Hankey, Somerset East and Bushman River..
  - Standardization of Fire Hydrants at Makana and Ndlambe Local Municipalities.

### **Funding**

No funding was received from Department of Provincial and Local Government.

CDM has made a total amount of R9 286 600 available for Fire Services for the 2012/2013 financial year.

### **Staff complement in the fire service unit:**

1 x District Fire Services Co-ordinator  
7 x Fire Reservists

**Staff expenditure:**                      R815 000

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**FUNCTION : ENVIRONMENTAL PROTECTION**  
**SUB-FUNCTION : BIODIVERSITY AND LANDSCAPE**

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**Overview**

Includes activities related to the protection of flora and fauna species, the protection of habitats and the protection of landscapes for their aesthetic values.

**Description of the Activity**

The function of biodiversity and landscape is administered jointly by the Economic Development and the Infrastructure & Planning Department. At present the main activities are :

- ensuring participation by local municipalities in biodiversity capacity building programmes; and
- participating in meetings of planning forums such as the Greater Addo (SANParks) Planning forum, the Baviaanskloof Mega-Reserve Steering Committee, the Eastern Cape Biodiversity Implementing Committee, as well as the Coastal Management Steering Committee.

**Strategic Objectives**

To safeguard the District's biodiversity in terms of indigenous plants and animals and the processes that sustain them

**Analysis of Function**

No specific personnel are allocated to this function, which is dealt with by officials within the respective Departments.

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**FUNCTION: ROAD TRANSPORT**  
**SUB-FUNCTION: OTHER (TRANSPORT PLANNING)**

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### **Overview**

Includes all activities related to transport planning for the entire District in accordance with the National Land Transport Act, No. 5 of 2009 (NLTA).

### **Description of Activity**

The road transport function of the municipality is administered by the Department: Infrastructure Services & Planning and includes:

- Review of the Integrated Transport Plan through the provision of a five-year prioritized implementation programme for the improvement of the transportation system within the District.
- Identifying infrastructure and public transport needs in the District
- Lobby for funding for transport infrastructure
- Promote road safety in the District
- Construction of public transport facilities including sidewalks
- Formulate guidelines for transport planning purposes

The Strategic Objectives of this function are to:

- To promote mobility
- Promote non-motorized vehicle usage.
- Promote public transport usage.
- Improve existing public transport facilities.
- Improve CDM road conditions.
- To promote an integration between spatial planning and transportation planning to achieve sustainable human settlements
- To provide technical support to the Local Municipalities

### **Key issues for 2012/2013**

- Mobilizing funding to the Department of Transport for inclusion of the District in the Rural Roads Asset Management System.
- Establishment of the RRAMS through outsourced services of Professional Engineers to development the rural roads data base, facilitate appointment of Technicians and equipment pertaining to the RRAMS programme.
- Refining of the recently developed Road Prioritization Model for the prioritization of roads in the District and packaging of priorities for purposes of lobbying for funding in collaboration with the Department of Roads, Transport and Public Works.

- Provision of Pedestrian walkways in Karee Douw
- Public Transport intercity bus terminus- Facilitate public Participation and stakeholder buy-in.
- Review of the District's Integrated Transport Plan.

### **Analysis of Function**

Statistical information not applicable as function is limited to planning only.

Number of all personnel associated with the road transport function:

1 x Infrastructure Planner

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**FUNCTION: OTHER**  
**SUB-FUNCTION: OTHER : PERFORMANCE MANAGEMENT**

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### **Overview**

Includes all activities related to monitoring the organisational and individual performance of the Cacadu District Municipality and its officials.

### **Description of Activity**

The function of Performance Management within the Municipality is performed in the Office of the Municipal Manager, and includes monitoring the implementation of the Integrated Development Plan (IDP) through the SDBIP and the performance of all employees within the Cacadu District Municipality. The function also performs a supporting role to the Local Municipalities with regards to Performance Management.

Legislation states that key performance indicators and targets must be implemented to enable continual monitoring of the municipality and its administration. These indicators pin-point areas of focus for each financial year as developed through the process of public participation, and are listed in the IDP. Once approved, the IDP is married with the budget in a document called the SDBIP (Service delivery and budget implementation plan) which provides a workable management tool from which to operate under and monitor progress. The SDBIP is then used to develop a personalised performance plan system for each and every official, through the delegation of activities included in the SDBIP, and agreed upon individual performance plans. The SDBIP and performance plans of the Municipal Manager and Directors are published on the Municipal website.

Through quarterly monitoring, performance of each individual is tracked to ensure that progress remains in line with what was originally planned. The final result is included per functional area in the annual report.

### **Strategic Objectives**

To ensure implementation of the Municipality's Integrated Development Plan and continued improvement in the standard of performance of the Cacadu District as a whole through the following: -

- Increased certainty of job roles, accountability and transparency of both officials and the institution
- Increased communication across the institution
- Provision of a platform for learning and development
- Facilitation of decision making through the clarification of goals and priorities

- Provision of early warning signals highlighting underperformance so that timely interventions can steer performance back on track
- Continual assessment of the performance of the Municipality so as to address areas requiring improvement
- Investigation and assessment of outcome indicators to guide strategic direction
- Creation of a culture of performance at CDM amongst all officials including recognizing excellent performance and curtailing and correcting poor performance
- Capacitation of officials at Local Municipalities within the District, to enable the entire District to benefit from the above

#### Key Issues for 2011/2012

- Entrenchment of the CDM performance management system to all employees to ensure continual monitoring of performance through quarterly reviews
- Training of all CDM employees in the above system.
- Fifth final performance reviews for the Municipal Manager and sec 57 Managers held with full performance review panels into the regulation, 2006.
- Continued refinement of the performance management automated system to ensure its efficiency and compliance with legislation and effectiveness of it.
- Regular quarterly performance reporting to Council on individual performance through reviews per department and institutional performance through the SDBIP.
- Continual Performance Management Support to LM's: Makana, Ndlambe, Baviaans, Kouga, Camdeboo and Blue Crane Route supported.
- Workshopping performance management with departments and LM's on a regular basis.
- Implementation (availability) of the CDM Performance Management Automated Systems Tool for all Local Municipalities.
- **Analysis of Function**

One Senior Performance Management Systems Officer is employed to ensure the achievement of the above objectives at a total cost of R491 628 pa.

**CACADU DISTRICT MUNICIPALITY**

**Financial statements  
for the year ended 30 June 2013**

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## General Information

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<u>Legal form of Entity</u>	District Municipality (DC10)
<u>Jurisdiction</u>	Cacadu District
<u>Nature of business and principal activities</u>	Municipal services
<u>Registered office</u>	32 Govan Mbeki Ave Standard Bank Building Port Elizabeth 6001
<u>Postal address</u>	P O Box 318 Port Elizabeth 6000
<u>Auditors</u>	Office of the Auditor-General

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Index

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The reports and statements set out below comprise the financial statements presented to the National Treasury:

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Appropriation Statement	8 - 9
Accounting Policies	10 - 27
Notes to the Financial Statements	28 - 66
Appendixes:	
Appendix A: Analysis of Property, Plant and Equipment, Investment Properties and Intangible Assets	67 - 68
Appendix B: Segmental analysis of Property, Plant and Equipment, Investment Properties and Intangible Assets	69
Appendix C: Segmental Statement of Financial Performance	70
Appendix D: Investment Portfolio	71 - 72

### Abbreviations

CDA	Cacadu Development Agency
CDM	Cacadu District Municipality
DMA	District Management Area
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Officer's Responsibilities and Approval

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The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

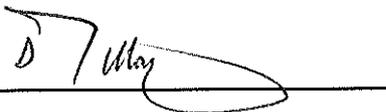
The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and places considerable importance on maintaining a strong control environment. To enable the Municipality to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the financial year and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the spectrum. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on page 4 to 66, which have been prepared on the going concern basis, were approved by the Accounting Officer on 20 November 2013 and signed hereunder.



Municipal Manager  
2013/11/20

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	5	558 293	594 204
Receivables from non-exchange transactions	6	502 841	1 441 762
VAT receivable	7	2 157 317	1 552 772
Deposits paid	8	15 410	22 910
Short-term investments	46	163 000 000	151 000 000
Cash and cash equivalents	9	90 850 366	117 613 446
		<b>257 084 227</b>	<b>272 225 094</b>
<b>Non-Current Assets</b>			
Investment property	10	14 880 500	14 525 500
Property, plant and equipment	11	36 689 350	33 994 421
Intangible assets	12	86 885	86 885
Heritage assets	44	33 357 500	31 907 000
Long-term receivables	4	22 930	7 862
		<b>85 037 165</b>	<b>80 521 668</b>
<b>Total Assets</b>		<b>342 121 392</b>	<b>352 746 762</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	14	9 214 637	10 240 542
Short-term portion of post-employment medical benefit	16	3 765 127	3 674 884
Unspent conditional grants and receipts	13	20 404 622	30 401 453
Provisions	15	1 066 218	930 799
		<b>34 450 604</b>	<b>45 247 678</b>
<b>Non-Current Liabilities</b>			
Long-term portion of infrastructure levies	14	940 456	640 456
Short-term portion of post-employment medical benefit	16	59 716 794	54 374 371
		<b>60 657 250</b>	<b>55 014 827</b>
<b>Total Liabilities</b>		<b>95 107 854</b>	<b>100 262 505</b>
<b>Total assets less liabilities</b>		<b>247 013 538</b>	<b>252 484 257</b>
<b>Net Assets</b>			
<b>Reserves</b>			
Revaluation reserve	17	79 463 054	77 772 303
Unappropriated surplus	18	167 550 484	174 711 954
<b>Total Net Assets</b>		<b>247 013 538</b>	<b>252 484 257</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
<b>Revenue</b>			
Rental of facilities and equipment	22	1 076 549	1 107 673
Government grants & subsidies	21	89 706 218	91 681 555
		<b>90 782 767</b>	<b>92 789 228</b>
<b>Other income</b>			
Actuarial gain on post employment medical benefit	16	-	3 067 385
Fair value adjustments	10	365 578	773 987
Gains on disposal of assets	22	192 110	401 515
Income from agency services		31 871	20 941
Investment interest	22	15 399 324	17 158 977
Other revenue	22	3 857 399	5 172 801
		<b>19 846 282</b>	<b>26 595 606</b>
<b>Operating expenses</b>			
Actuarial loss on post employment medical benefit	16	(3 912 240)	-
Bad debts written off		(3 121)	(1 183 546)
Collection costs		-	(977)
Conditional grant expenditure	26	(11 385 952)	(17 496 177)
Contracted services		(2 796 732)	(2 673 975)
Depreciation	11	(1 314 871)	(1 451 917)
Discounting of post employment medical benefit	16	(4 821 006)	(5 234 074)
Employee costs	23	(42 105 721)	(38 226 621)
General expenses - other		(43 595 193)	(55 307 318)
Impairments		339 948	(169 821)
Increase / Reduction in debt impairment		(11 663)	(21 613 465)
Other grants and subsidies paid	26	(7 795 839)	(8 722 556)
Repairs and maintenance		(388 129)	(573 953)
		<b>(117 790 519)</b>	<b>(152 654 400)</b>
<b>Operating deficit</b>		<b>(7 161 470)</b>	<b>(33 269 566)</b>
Finance costs	25	-	(1 157)
<b>Deficit for the year</b>		<b>(7 161 470)</b>	<b>(33 270 723)</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Unappropriated surplus	Total net assets
Opening balance as previously reported	78 307 028	210 672 303	288 979 331
Adjustments			
Prior year adjustments (refer to note 27)	-	(2 689 626)	(2 689 626)
<b>Balance at 01 July 2011 as restated</b>	<b>78 307 028</b>	<b>207 982 677</b>	<b>286 289 705</b>
Changes in net assets			
Deficit for the year	-	(35 073 223)	(35 073 223)
Revaluations (refer to note 17)	(134 480)	-	(134 480)
Reversal of impairment previously in revaluations (refer to note 17)	(362 500)	-	(362 500)
Prior year adjustments (refer to note 27)	-	1 802 500	1 802 500
Total changes	(496 980)	(33 270 723)	(33 767 703)
<b>Balance at 01 July 2012</b>	<b>77 772 303</b>	<b>174 711 954</b>	<b>252 484 257</b>
Changes in net assets			
Deficit for the year	-	(7 161 470)	(7 161 470)
Revaluations (refer to note 17)	1 690 751	-	1 690 751
Total changes	1 690 751	(7 161 470)	(5 470 719)
<b>Balance at 30 June 2013</b>	<b>79 463 054</b>	<b>167 550 484</b>	<b>247 013 538</b>
Note(s)			17

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
<b><u>Cash flows from operating activities</u></b>			
<b>Receipts</b>			
Grants		79 709 387	83 487 017
Interest income		15 676 298	17 425 441
Other receipts		5 059 132	12 546 283
		<u>100 444 817</u>	<u>113 458 741</u>
<b>Payments</b>			
Employee costs		(41 970 302)	(37 756 097)
Cash paid to suppliers		(21 978 073)	(28 892 708)
Finance costs		-	(1 157)
Other payments		(44 751 848)	(82 171 125)
		<u>(108 700 223)</u>	<u>(148 821 087)</u>
<b>Net cash flows from operating activities</b>	28	<u>(8 255 406)</u>	<u>(35 362 346)</u>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment	11	(3 513 643)	(1 724 752)
Proceeds from sale of property, plant and equipment	11	288 170	250 000
Decrease in deposits		7 500	(1 500)
Decrease in long term receivables		(15 068)	7 741
<b>Net cash flows from investing activities</b>		<u>(3 233 041)</u>	<u>(1 468 511)</u>
<b><u>Cash flows from financing activities</u></b>			
Repayment of other financial liabilities		(3 574 633)	(1 125 740)
Finance lease payments		-	(21 890)
Short-term investments		(12 000 000)	51 000 000
Increase in long-term infrastructure levies		300 000	640 456
<b>Net cash flows from financing activities</b>		<u>(15 274 633)</u>	<u>50 492 826</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(26 763 080)</u>	<u>13 661 969</u>
Cash and cash equivalents at the beginning of the year		117 613 446	103 951 477
<b>Cash and cash equivalents at the end of the year</b>	9	<u>90 850 366</u>	<u>117 613 446</u>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2013</b>											
<b>Financial Performance</b>											
Investment revenue	16 924 000	-	16 924 000	-	-	16 924 000	15 399 324		(1 524 676)	91 %	91 %
Transfers recognised - operational	95 388 613	5 940 608	101 329 221	-	-	101 329 221	89 706 218		(11 623 003)	89 %	94 %
Other own revenue	40 987 053	19 659 071	60 646 124	-	-	60 646 124	5 523 507		(55 122 617)	9 %	13 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>153 299 666</b>	<b>25 599 679</b>	<b>178 899 345</b>			<b>178 899 345</b>	<b>110 629 049</b>		<b>(68 270 296)</b>	<b>62 %</b>	<b>72 %</b>
Employee costs	(44 969 500)	(1 441 042)	(46 410 542)	-	-	(46 410 542)	(36 440 697)		9 969 845	79 %	81 %
Remuneration of councillors	(5 244 800)	(93 400)	(5 338 200)	-	-	(5 338 200)	(5 665 024)		(326 824)	106 %	108 %
Debt impairment	(462 500)	-	(462 500)			(462 500)	(11 663)		450 837	3 %	3 %
Depreciation and asset impairment	(1 135 300)	-	(1 135 300)			(1 135 300)	(974 923)		160 377	86 %	86 %
Transfers and grants	(27 704 320)	6 592 030	(21 112 290)	-	-	(21 112 290)	(11 385 952)		9 726 338	54 %	41 %
Other expenditure	(73 783 246)	(30 657 267)	(104 440 513)	-	-	(104 440 513)	(63 312 260)		41 128 253	61 %	86 %
<b>Total expenditure</b>	<b>(153 299 666)</b>	<b>(25 599 679)</b>	<b>(178 899 345)</b>			<b>(178 899 345)</b>	<b>(117 790 519)</b>		<b>61 108 826</b>	<b>66 %</b>	<b>77 %</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>(7 161 470)</b>		<b>(7 161 470)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>(7 161 470)</b>		<b>(7 161 470)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	(16 110 000)	(6 239 000)	(22 349 000)	-	-	(22 349 000)	(3 513 642)		18 835 358	16 %	22 %
Sources of capital funds	16 110 000	6 239 000	22 349 000	-	-	22 349 000	3 513 642		(18 835 358)	16 %	22 %
Internally generated funds											

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>											
Net cash from (used) operating	1 134 000	(45 036 000)	(43 902 000)	-	-	(43 902 000)	(8 255 406)		35 646 594	19 %	(728)%
Net cash from (used) investing	(16 110 000)	(5 208 000)	(21 318 000)	-	-	(21 318 000)	(3 233 041)		18 084 959	15 %	20 %
Net cash from (used) financing	-	-	-	-	-	-	(15 274 633)		(15 274 633)	DIV/0 %	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(14 976 000)</b>	<b>(50 244 000)</b>	<b>(65 220 000)</b>	<b>-</b>	<b>-</b>	<b>(65 220 000)</b>	<b>(26 763 080)</b>		<b>38 456 920</b>	<b>41 %</b>	<b>179 %</b>
Cash and cash equivalents at the beginning of the year	312 461 741	-	312 461 741	-	-	312 461 741	117 613 446		(194 848 295)	38 %	38 %
<b>Cash and cash equivalents at year end</b>	<b>297 485 741</b>	<b>(50 244 000)</b>	<b>247 241 741</b>	<b>-</b>	<b>-</b>	<b>247 241 741</b>	<b>90 850 366</b>		<b>156 391 375</b>	<b>37 %</b>	<b>31 %</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1. Reporting Entity

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

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

#### 1.1 Basis of Preparation

##### Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) and the International Public Sector Accounting Standards (IPSAS), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practices Board.

These accounting policies have been applied to ensure that the financial statements provide information that is relevant to the decision-making needs of users and are reliable.

##### Basis of measurement

The financial statements have been prepared on the accrual basis.

##### Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes.

Estimates and judgements are made to identify impairments required to made to assets. The condition of the assets are assessed together with the use of the asset to determine whether an impairment is required.

The useful life of an asset is reviewed annually and management assess the condition and the usefulness of the asset at each reporting date to determine the remaining useful life of the assets.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.1 Basis of Preparation (continued)

#### Offsetting

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

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

### 1.2 Presentation of currency

These financial statements are presented in South African Rand.

### 1.3 Going concern assumption

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

### 1.4 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The municipality recognises a heritage asset as an asset 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.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.4 Heritage assets (continued)

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.5 Property, plant and equipment

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

#### Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

#### Initial measurement

Property, plant and equipment is initially measured at cost.

The "initial measurement" of property, plant and equipment, upon its "initial recognition" refers to property, plant and equipment's value when the current basis of accounting was first adopted, i.e. 1 July 2005. The "cost" of property, plant and equipment upon "initial recognition" is either its cost or fair value at initial recognition. The "cost" of land and buildings on 1 July 2005 would constitute its fair value on that date as no cost is available. The "cost" of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amount represents the asset's fair value at 1 July 2005 if the asset was acquired prior to this date.

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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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 asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

#### Depreciation

Property, plant and equipment is depreciated on the straight line basis over its expected useful lives to their estimated residual value.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

On acquisition of items of property, plant and equipment, the useful lives are assessed as follows:

	<u>Years</u>
Buildings	50
Specialised Vehicles	5-20
Electricity	5-30
Motor vehicles	5-10
Water	5-20
Office Equipment	2-10
Sewerage	15-20
Furniture and Fittings	7-15
Bins and Containers	5-10
Specialised plant and equipment	5-15
Computer equipment	2-10

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

#### Impairment

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

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

#### Gains and losses

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.6 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
- and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30 and 31.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.7 Employee benefits

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

#### Defined benefits

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefit contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis, using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

#### Accrued leave pay

The leave pay accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

#### Other short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Municipality as the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

#### Municipality as the lessee

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases and where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and the corresponding liabilities are raised. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

### 1.9 Investments

The municipality classifies its investments as "Loans and receivables".

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables, receivable within 12 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost if material.

#### 1.10 Receivables from exchange and non-exchange transactions

Receivables are classified as "Loans and receivables" and are initially recognized at fair value. Subsequent measurement is at amortised value if material. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified based on an assessment on the recoverability of the receivable. Amounts that are receivable within 12 months from the reporting date are classified as current.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.11 Payables from exchange and non-exchange transactions

Payables are classified as "Liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised value if material.

### 1.12 Revenue

Revenue comprises the cost of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is measured at the fair value of the consideration received or receivable net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the municipality. Revenue is recognised as revenue from exchange transactions and revenue from non-exchange transactions.

### 1.13 Revenue from exchange transactions

Interest and rentals are recognised on a time proportion basis.

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 gazetted tariff.

Income collected on behalf of "principals" is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the service level agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

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

All other revenue is recognised as it accrues.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.14 Revenue from non-exchange transactions

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

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

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to 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 received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

### 1.15 Grants, transfers and donations

#### **Unconditional grants and receipts**

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

#### **Conditional grants and receipts**

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

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.16 VAT

VAT is payable on the receipts basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes.

VAT is paid over to SARS only once payment is received from debtors and claimed from SARS once payment is made to a creditor.

The net VAT is either classified as "Loans and receivables" or "Financial liabilities at amortised cost".

#### Measurement

Initial measurement is at cost. Subsequent measurement is at amortised cost if material.

#### Derecognition

VAT is derecognised when the net payment is paid or received from SARS, whichever is applicable when the VAT return is presented.

### 1.17 Segmental information

The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

The policy is not applicable to the current year.

### 1.18 Unauthorised expenditure

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

### 1.19 Irregular expenditure

Irregular expenditure as defined in section 102 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.19 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned / written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.20 Fruitless and wasteful expenditure

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

### 1.21 Comparative information

Budget information in accordance with GRAP 1 has been provided in the notes to these financial statements.

When the presentation or classification of items in the annual financial statements is amended, the prior period comparative amounts are restated and 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.

### 1.22 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.23 Grants-in-aid

The Council transfers money, from time to time, to individuals, organisations and other sectors of government in accordance with the Municipal Finance Management Act 56 of 2003.

When making these transfers, CDM does not:

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

These transfers are recognised in the Statement of Financial Performance as an expense in the period with which the events giving rise to the transfer occurred.

### 1.24 Investment property

#### Initial recognition

Investment property includes land and a building, or part of a building, or both land or 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.

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.

#### Subsequent measurement - fair value model

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

Revaluation will take place every five years commencing from 1 July 2007. Should the need arise, the valuations would be performed more regularly.

#### Derecognition

Investment property is derecognised (eliminated from the Statement of Financial Position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

#### Gains or losses

Gains or losses arising from the derecognition of investment properties (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.25 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised 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.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost will be measured at fair value at the day of acquisition.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired, impairment to the asset will be made.

Reassessing the useful life of an intangible asset with a finite useful life, after it was classified as indefinite, is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

### 1.26 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.26 Financial instruments (continued)

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Impairment of financial assets

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

#### Cash and cash equivalents

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

Cash and cash equivalents are classified as "Loans and receivables" and are initially measured at cost. Subsequent measurement is at face value or, if material, at amortised value.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.26 Financial instruments (continued)

#### Derecognition:

#### 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 where:

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

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

#### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

### 1.27 Non-current assets held for sale and disposal groups

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

Non-current assets held for sale (or disposal group) are measured at the lower of its 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.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.28 Unutilised conditional grants

#### Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised at cost as unspent conditional grants.
- Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue.
- Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- The cash which backs the unspent portion is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- The unspent grant is classified as "Financial liabilities at amortised cost".

#### Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

#### Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

### 1.29 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

### 1.30 Events after reporting date

Management conducts an assessment on any events occurring subsequent to the end of the reporting date and prior to the finalisation of the financial statements to identify any incidents that would provide the user with additional information that could influence decision-making and the usefulness of the financial statements. This information is then disclosed accordingly in the financial statements.

### 1.31 Effective interest rate

The entity uses the prime interest rate less 0.5% to discount future cash flows.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.32 Capital commitments

Capital commitments disclosed in the financial statements represents the balance committed to capital projects at the reporting date that will be incurred subsequent to the reporting date. The capital commitment disclosed identifies awards entered into by the municipality against the capital projects as well as a commitment upon approval of a budget for a capital project.

### 1.33 Budget information

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

### 1.34 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

All transactions with related parties are disclosed.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

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Figures in Rand	2013	2012
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### 2. Changes in accounting policy

There were no changes in accounting policies during the financial year.

### 3. New standards and interpretations

#### 3.1 Standards and interpretations effective in the current year

The municipality has early adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

<u>Standard/ Interpretation:</u>	<u>Effective date: Years beginning on or after</u>	<u>Expected impact:</u>
GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	A major portion of the municipality's revenue consists of grants and the principles of this standard has been adopted and applied.
GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	The standard has been adopted and applied. However, the information was included in the financial statements as an appendix and will now be included as a note to the financial statements
GRAP 21: Impairment of non-cash-generating assets	01 April 2012	A major portion of the municipality's assets are non-cash generating of nature. As there are no major changes to applying IPSAS 21, the standard has been adopted and applied.
GRAP 26: Impairment of cash-generating assets	01 April 2012	A major portion of the municipality's assets are non-cash generating of nature. As there are no major changes to applying IPSAS 21, the standard has been adopted and applied.
GRAP 104: Financial Instruments	01 April 2012	The effect on the financial statements is limited as the standard has been applied and adopted previously.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand 2013                      2012

### 4. Long-term receivables

Study advances	22 930	7 862
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Classified as a financial asset: Loans and receivables are subsequently measured at amortised cost.

Study advances relates to amounts paid on behalf of employees to tertiary institutions for the furthering of the employees' development. These advances are repaid monthly in terms of the agreements with the applicable employees in the event of the employees not passing their respective modules.

### 5. Receivables from exchange transactions

General debtors	30 192	40 840
Salaries and Wages Debtors	334 317	333 598
Accrued Rent	180 743	213 614
Rental	16 229	6 152
Allowance for impairment	(3 188)	-
	<u>558 293</u>	<u>594 204</u>

#### Receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2013, R 558 293 (2012: R 594 204) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Current (0 - 30 days)	234 996	266 663
31 - 60 days	-	169
61 - 90 days	323 297	327 372

#### Receivables from exchange transactions impaired

As of 30 June 2013, receivables from exchange transactions of R 3188 (2012: R -) were impaired and provided for.

The ageing of these receivables is as follows:

Over 6 months	3 188	-
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### 6. Receivables from non-exchange transactions

General	22 981 181	24 361 627
Prepayments	450 000	-
Department of Housing (housing scheme)	9 231 380	9 231 380
Allowance for impairment	(32 159 720)	(32 151 245)
	<u>502 841</u>	<u>1 441 762</u>

The general receivables from non-exchange transactions includes an amount of R21 987 000 owed to the municipality by National Treasury. This amount was withheld by National Treasury from the equitable share allocation for the 2011/2012 financial year. This relates to the input tax amount which was incorrectly retained in the conditional grant, instead of recognising the input tax as revenue. This has been corrected in the 2011/12 financial year.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
<b>6. Receivables from non-exchange transactions (continued)</b>		
<u>Receivables from non-exchange transactions past due but not impaired</u>		
Receivables which are less than 3 months past due are not considered to be impaired.		
There were no receivables older than 3 months that were not considered to be impaired in the current financial year. However, as at 30 June 2012, there was an amount of R1 468 643 due by East Cape Department of Health that was due but not impaired. The full amount was subsequently received.		
The ageing of amounts past due but not impaired is as follows:		
2 months past due	-	56 093
>3 months past due	-	1 412 550
<u>Receivables from non-exchange transactions impaired</u>		
As of 30 June 2013, receivables of R 32 159 720 (2012: R 32 151 245) were impaired and provided for.		
The equitable share amounting to R21 987 000 has been withheld by National Treasury due to the previously incorrect treatment of VAT. Although National Treasury failed to acknowledge the debt, the municipality will be pursuing the full recoverability of the funds even though the amount is impaired.		
The ageing of these receivables is as follows:		
Current (0- 30 dys)	-	21 987 000
91 - 120 days	-	305 025
over 365 days	32 159 720	9 859 220
<b>7. VAT receivable</b>		
Value added taxation	2 157 317	1 552 772
All VAT returns have been submitted by their due dates throughout the year.		
VAT is accounted for on the invoice basis.		
No discounting was performed.		
<b>8. Deposits paid</b>		
Deposits - Electricity	5 000	5 000
Deposits - Parking	9 000	9 000
Deposits - Parking Grace Street	1 410	1 410
Deposits - Post Office	-	7 500
	<u>15 410</u>	<u>22 910</u>
<b>9. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	6 100	6 100
Bank balances	5 007 479	(506 415)
Short-term deposits	85 836 787	118 113 761
	<u>90 850 366</u>	<u>117 613 446</u>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

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Figures in Rand	2013	2012
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### 9. Cash and cash equivalents (continued)

#### Short-term deposits

Cash and cash equivalents are classified as a financial asset under Loans and Receivables at amortised cost. All short-term deposits mature within 3 months after the reporting date.

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

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

No cash deposits were ceded as collateral.

The return on investments for 2013 fluctuated between 4.97% and 5.70%. (2012: 5.45% and 6.75%).

Interest on investments accrued	836 787	1 113 761
Short-term deposits	78 000 000	112 000 000
Call Account Deposits	7 000 000	5 000 000
<b>Total short-term deposits</b>	<b>85 836 787</b>	<b>118 113 761</b>

#### Allocation of external investments

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

Post employment medical benefit	63 481 921	58 049 255
Unspent Conditional Grants and Receipts	20 404 622	30 401 453
Infrastructure projects from Levies	1 674 624	2 575 213
Accrued leave pay	2 226 123	2 149 473
Unappropriated surplus	3 063 076	24 438 052
<b>Total</b>	<b>90 850 366</b>	<b>117 613 446</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

### 9. Cash and cash equivalents (continued)

CDM has the following bank account

Bank details	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA Limited	8 711 698	2 470 872	4 124 669	5 007 479	(506 415)	4 579 622
32 Govan Mbeki Avenue						
Port Elizabeth						
Current Account (Primary account):						
1640-000-062						

**CACADU DISTRICT MUNICIPALITY**  
 Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand

**10. Investment property**

	2013		2012	
	Cost / Valuation	Carrying value	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	14 880 500	-	14 880 500	14 525 500
				Accumulated depreciation and impairment
				14 525 500

**Reconciliation of investment property - 2013**

Investment property	Opening balance	Fair value adjustments	Total
	14 525 500	365 000	14 880 500

**Reconciliation of investment property - 2012**

Investment property	Opening balance	Fair value adjustments	Total
	14 253 500	272 000	14 525 500

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Cacadu District Municipality.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

### 10. Investment property (continued)

#### Details of valuation

Investment Property was valued at 30 June 2013 and 30 June 2012 on the basis of willing buyer and willing seller by Suid Kaap Waardeers, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth.

The properties were valued in terms of Valuation Professionalism and the requirements of the Property Professions Act 47 of 2000 with particular reference to sections 45 and 46. In terms of section 45(1), the properties must be valued in accordance with generally recognised valuation practices, methods and standards, and the provisions of this Act. In terms of section 46(1), the market value of a property is the amount the property would have realised if sold on the date of the valuation in the open market by a willing seller to a willing buyer.

No operating expenditure was incurred by the municipality on the Investment Properties during the current and previous financial year.

Rental revenue received on investment properties for the year is R3 684 (2012: R3 684).

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Cacadu District Municipality.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

### 11. Property, plant and equipment

	2013		2012			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	12 023 500	(3 484 500)	8 539 000	11 782 000	(3 525 000)	8 257 000
Buildings	24 043 260	(6 010 259)	18 033 001	23 499 397	(5 562 897)	17 936 500
Specialised plant and machinery	2 135 591	(1 027 190)	1 108 401	2 512 409	(1 322 422)	1 189 987
Furniture and fixtures	2 055 610	(823 650)	1 231 960	2 006 129	(704 373)	1 301 756
Motor vehicles	7 811 370	(2 491 730)	5 319 640	6 370 465	(2 921 869)	3 448 596
Office equipment	762 635	(438 673)	323 962	776 583	(415 636)	360 947
Computer equipment	4 201 611	(2 239 826)	1 961 785	3 379 054	(2 063 851)	1 315 203
Bins and containers	98 988	(24 456)	74 532	98 988	(16 521)	82 467
Specialised vehicles	275 159	(178 090)	97 069	275 159	(173 194)	101 965
<b>Total</b>	<b>53 407 724</b>	<b>(16 718 374)</b>	<b>36 689 350</b>	<b>50 700 184</b>	<b>(16 705 763)</b>	<b>33 994 421</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Revaluations	Fair value adjustments	Depreciation	Impairment loss	Impairment reversal	Total
Land	8 257 000	-	-	241 500	-	-	-	40 500	8 539 000
Buildings	17 936 500	137 954	-	404 191	10 578	(391 483)	(144 705)	79 966	18 033 001
Specialised plant and machinery	1 189 987	25 181	-	-	-	(106 394)	(373)	-	1 108 401
Furniture and fixtures	1 301 756	87 528	(4 734)	-	-	(146 004)	(6 586)	-	1 231 960
Motor vehicles	3 448 596	2 345 046	(52 317)	-	-	(421 685)	-	-	5 319 640
Office equipment	360 947	19 079	(9 519)	-	-	(45 124)	(1 421)	-	323 962
Computer equipment	1 315 203	898 855	(29 490)	-	-	(191 350)	(31 433)	-	1 961 785
Bins and containers	82 467	-	-	-	-	(7 935)	-	-	74 532
Specialised vehicles	101 965	-	-	-	-	(4 896)	-	-	97 069
	<b>33 994 421</b>	<b>3 513 643</b>	<b>(96 060)</b>	<b>645 691</b>	<b>10 578</b>	<b>(1 314 871)</b>	<b>(184 518)</b>	<b>120 466</b>	<b>36 689 350</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Impairment reversal	Total
Land	8 903 000	-	(44 000)	-	(505 500)	-	(112 316)	15 816	8 257 000
Buildings	17 586 000	-	-	(1 092 526)	(219 979)	(364 174)	(38 924)	2 066 103	17 936 500
Specialised plant and machinery	940 202	451 244	(23 219)	-	-	(178 240)	-	-	1 189 987
Furniture and fixtures	1 265 702	187 455	(69)	-	-	(137 476)	(13 856)	-	1 301 756
Motor vehicles	4 134 709	532 055	(347 604)	(357 501)	-	(513 063)	-	-	3 448 596
Office equipment	386 405	33 826	(64)	(1 001)	-	(57 441)	(778)	-	360 947
Computer equipment	942 733	571 491	(39 453)	-	-	(155 620)	(3 948)	-	1 315 203
Bins and containers	1 082	88 168	-	-	-	(6 783)	-	-	82 467
Specialised vehicles	166 052	-	48 515	(73 482)	-	(39 120)	-	-	101 965
	<b>34 325 885</b>	<b>1 864 239</b>	<b>(405 894)</b>	<b>(1 524 510)</b>	<b>(725 479)</b>	<b>(1 451 917)</b>	<b>(169 822)</b>	<b>2 081 919</b>	<b>33 994 421</b>

#### Disposals/Transfers of Property, Plant and Equipment

Due to the disestablishment of the District Management Area (DMA), all property, plant and equipment allocated to the DMA, were transferred to the various Local Municipalities on 1 July 2011. These assets were derecognised in the prior year.

On 1 January 2011, the Primary Health Care (PHC) function has been provincialised. All PPE utilised in the operations of the PHC has been transferred to the ECDoH on 1 January 2011. These assets were transferred at no cost and had nil book values at 1 January 2011. Vehicles relating to the PHC were still in the name of the CDM as registration in the name of the ECDoH has not occurred in the prior year. These vehicles have been transferred and derecognised subsequently. A loss on derecognition of assets to the value of R8 005 has been recorded in the prior year.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

### 11. Property, plant and equipment (continued)

#### Revaluations

Land and buildings were valued at 30 June 2012 and 30 June 2013 on the basis of willing buyer and willing seller by Suid Kaap Waardeerders, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth, which includes the methods and significant assumptions applied in estimating the properties' fair values.

The carrying value of properties are measured at fair value as these properties were taken at fair value and not at cost. The carrying value of these properties, if measured under the cost model, could not be calculated.

Refer appendix A for more details.

#### Pledged as security

No assets were pledged as security during the current and previous year.

#### Other information

There are no assets on the fixed asset register that are fully depreciated and still in use. All assets that are fully depreciated or impaired are repeatedly located and will be disposed off in terms of a Council resolution.

The fixed asset register is available at the Cacadu District Municipality office for inspection.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

### 12. Intangible assets

	2013		2012		
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	-	86 885	86 885	-	86 885

### Computer software

#### CQS Software

CQS Software (Caseware) is used as an aid in the preparation of the annual financial statements. The implementation of the software consist of two components i.e. template and annual licence fees. The template is an once off purchase and has an infinite lifespan. The annual licence fee is required to operate the template and is expensed annually.

2013	2012
86 885	86 885

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

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Figures in Rand	2013	2012
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### 13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

- National government grants	6 175 633	9 934 747
- Provincial grants and subsidies	13 061 259	19 770 020
- 3rd Party grants and subsidies	1 167 730	696 686
<b>Long-term unspent conditional grants</b>	<b>20 404 622</b>	<b>30 401 453</b>

The application for the conditional grant rollover has been made to National Treasury and the relevant departments for the Municipal Systems Improvement Grant for the current year.

See note 46 and 47 for disclosure requirements in terms of section 123 (1) of the MFMA.

A complete list of all conditions are available at the Cacadu District Municipality during office hours.

### 14. Payables from exchange transactions

Trade payables	677 133	640 180
Sundry creditors	79 948	106 108
Accrued expenses	5 451 643	5 108 861
Employee costs	42 430	297 971
Payments in advance - Other	2 601	2 601
Unidentified deposits	591	591
Accrued leave pay *	2 226 123	2 149 473
Infrastructure levies	734 168	1 934 757
	<b>9 214 637</b>	<b>10 240 542</b>

\* Not financial liabilities.

Normal terms of payment is 30 days and no amortisation was calculated.

The carrying amount of financial liabilities approximates their fair value due to their short-term nature.

#### *Infrastructure levies*

The infrastructure levies included in payables from exchange transactions is short-term in nature and is expected to be utilised within a 12 month period.

The long-term portion of the infrastructure levies is classified under non-current liabilities as the amount is not expected to be utilised within the next 12 months due to uncertainties surrounding the related projects.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand 2013 2012

### 15. Provisions

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	557 264	584 947	(50 188)	(507 076)	584 947
Long service bonus	373 535	481 271	(134 175)	(239 360)	481 271
<b>Balance at end of year</b>	<b>930 799</b>	<b>1 066 218</b>	<b>(184 363)</b>	<b>(746 436)</b>	<b>1 066 218</b>

#### Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	402 582	557 264	(99 572)	(303 010)	557 264
Long service bonus	57 693	373 535	(55 734)	(1 959)	373 535
	<b>460 275</b>	<b>930 799</b>	<b>(155 306)</b>	<b>(304 969)</b>	<b>930 799</b>

#### Performance bonus provision

Performance bonuses are calculated based on performance agreements, which are linked to key performance indicators determined in the Service Delivery and Budget Implementation Plan. Bonuses are expected to be paid during the following financial year dependent on the outcome of the performance reviews and council approval.

#### Long service bonus provision

Long service bonuses are calculated based on SALGA regulations. These bonuses are payable in the financial year in which the employees reach the required number of years of service.

### 16. Post-employment medical benefit

Provision for Post-employment medical benefit	63 481 921	58 049 255
Short-term portion of post -employment medical benefit	(3 765 127)	(3 674 884)
<b>Total Non-Current Provisions</b>	<b>59 716 794</b>	<b>54 374 371</b>

#### Post employment medical benefit

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

#### Retirement fund benefits

Employees and council contribute to the Cape Joint Retirement Fund on the basis of a fixed contribution, which is charged against income as incurred. Additional text

The District Municipality's net obligation in respect of post employment medical benefits was calculated by Independent Actuaries and Consultants as at 30 June 2012 and 30 June 2013. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

90 Principle members are currently covered by the fund (2012 : 93 members)

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

2013

2012

### 16. Post-employment medical benefit (continued)

#### Valuation method

##### Pre-Retirement benefit

The death in-service benefit is regarded as a post-employment liability under the requirements of IAS 19.

##### Post retirement benefits

The method of accrual that has been used in the valuation is based on the length of service at the valuation date relative to total potential service until the expected retirement date. The future-service liability is the difference between the total liability and the past-service liability.

##### Accrued defined benefit obligation

The accrued liability is the value of the employer's share of the contribution - based liability.

##### Current service cost

The current service cost for the following year is determined as the amount assumed to accrue to the member over the next twelve months.

##### Valuation assumptions:

##### Rate of Interest

Medical aid inflation rate	7.69% p.a.
Investment return	7.71% p.a.

The discount rate was deduced from the yield of the R186 government Bond of 7.71% at 31 May 2013 (the R186 government bond is a fixed interest government bond with a maturity date between 2025 and 2027). Where the market in such bonds in a country is limited, the market yield on government bonds is used as the medical aid inflation rate.

A Health Care inflation rate of 7.69% has been assumed. The market's pricing of inflation has been estimated by comparing the yields on index linked government bonds and long term government bonds, adjusting for an inflation risk premium of 0.6% per annum. This implied inflation assumption is therefore 6.19% per annum for future inflation. Future subsidies can be expected to increase in line with medical inflation. It is assumed that medical inflation will exceed general inflation by 1.5% per annum.

The net discount rate has reduced from 1.03% per annum to a rate of 0.02% per annum, which derives from a discount rate of 7.71% and the expected medical inflation rate of 7.69%.

The next contribution increase was assumed to occur with effect from 1 January 2014.

##### Mortality rates

Mortality for pre-retirement benefits has been based on the SA 85-90 mortality table rated down three years for females and on the PA (90) -1 ultimate mortality table for post retirement benefits.

##### Normal retirement age

The Normal Retirement Ages for the Municipality are 65 years for male employees and 60 years for female employees. An average retirement age of 63 years for male employees and 60 years for female employees has been assumed.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
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### 16. Post-employment medical benefit (continued)

#### Family profile

It was assumed that 90% of those in-service members who remain on the health care arrangements will be married at retirement. Further, it has been assumed that in-service husbands will be three years older than their wives and that employees will not have any dependent children once they retire. For current retired members, actual marital status was used and the potential for remarriage was ignored.

Changes in the present value of the defined benefit obligation are as follows:

Balance at beginning of year	58 049 255	59 174 995
Expected benefit payments	(3 574 632)	(3 539 146)
Current service cost	274 052	246 717
Actuarial (gain)/loss	3 912 240	(3 067 385)
Discounting	4 821 006	5 234 074
	<b>63 481 921</b>	<b>58 049 255</b>

The estimated expected timing of resulting outflows of post employment medical benefits are:

Within one year	3 765 127	3 674 884
Later than one year, not later than five years	17 356 314	17 694 016
Later than five years	42 360 480	36 680 355
	<b>63 481 921</b>	<b>58 049 255</b>

The present value of the defined benefit obligation for the current annual period compared to the previous four annual periods are as follows:

Financial period 2008/2009	49 830 455
Financial period 2009/2010	54 272 471
Financial period 2010/2011	59 174 995
Financial period 2011/2012	58 049 255
Financial period 2012/2013	63 481 921

#### Accumulative actuarial gain/(loss)

Balance at the beginning of the year	(10 625 385)	(13 692 770)
Projected during the year	(3 912 240)	3 067 385
Accumulated balance at the end of the year	<b>(14 537 625)</b>	<b>(10 625 385)</b>

#### Withdrawals

Withdrawal rates were not provided as the valuator believes that the membership is too small to derive specific rates of withdrawals.

#### Medical aid contributions at retirement

It is assumed that all of the members will remain members of the medical aid scheme after retirement and that members would be in the same contribution category in all future years as on the valuation date.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand 2013      2012

### 16. Post-employment medical benefit (continued)

#### Contractual obligations

There were no contractual obligations that have arisen during the year from any of the municipality's informal practices.

### 17. Revaluation Reserve

Land and Buildings were valued at 30 June 2012 and 30 June 2013 using the income capitalisation, comparable sales of sectional title office developments and comparable sales methods by Suid Kaap Waardeerders, a registered and independent valuator.

The revaluation surplus is reconciled as follows:

Balance at beginning of the year	77 772 303	78 307 028
Revaluation during the year	1 690 751	(496 980)
<b>Balance at the end of the year</b>	<b>79 463 054</b>	<b>77 772 303</b>

### 18. Unappropriated surplus

The unappropriated surplus is reserved for the following purpose:

General	167 550 484	174 711 954
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The cash backed portion of the unappropriated surplus is ring fenced for the following purpose:

General	120 387 576	127 560 709
Allowance for impairment	32 162 908	32 151 245
Restructuring grant funds allocated to surplus	15 000 000	15 000 000
	<b>167 550 484</b>	<b>174 711 954</b>

### 19. Financial Instruments - Financial assets by category

Financial Instruments are classified into the following categories:

Financial Assets: Loans and Receivables

Financial Liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed

#### 2013

	Loans and receivables	Total
Receivables from exchange transactions	558 293	558 293
Receivables from non-exchange transactions	523 344	523 344
Deposits	15 410	15 410
Short-term investments	163 000 000	163 000 000
Cash and cash equivalents	90 850 366	90 850 366
Intangible assets	-	-
	<b>254 947 413</b>	<b>254 947 413</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand 2013 2012

### 19. Financial Instruments - Financial assets by category (continued)

2012

	Loans and receivables	Total
Receivables from exchange transactions	594 204	594 204
Receivables from non-exchange transactions	1 441 762	1 441 762
Deposits	22 910	22 910
Short-term investments	151 000 000	151 000 000
Cash and cash equivalents	117 613 446	117 613 446
	<b>270 672 322</b>	<b>270 672 322</b>

### 20. Financial Instruments: Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2013

	Financial liabilities at amortised cost	Non financial liabilities	Total
Post employment medical benefit	-	59 716 794	59 716 794
Short-term portion of unspent conditional grants	20 404 622	-	20 404 622
Long-term portion of infrastructure levies	940 456	-	940 456
Provisions	-	1 066 218	1 066 218
Payables from exchange transactions	9 214 637	-	9 214 637
Short-term portion of the post employment medical benefit	-	3 765 127	3 765 127
	<b>30 559 715</b>	<b>64 548 139</b>	<b>95 107 854</b>

2012

	Financial liabilities at amortised cost	Non financial liabilities	Total
Post employment medical benefit	-	54 374 371	54 374 371
Long-term portion of infrastructure levies	640 456	-	640 456
Provisions	-	930 799	930 799
Payables from exchange transactions	10 240 542	-	10 240 542
Short-term portion of unspent conditional grants	30 401 453	-	30 401 453
Short-term portion of post employment medical benefit	-	3 674 884	3 674 884
	<b>41 282 451</b>	<b>58 980 054</b>	<b>100 262 505</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
<b>21. Government grants and subsidies</b>		
Equitable share	71 325 000	67 220 000
Provincial subsidy - pensioners	4 538 001	3 741 623
Grant funding - expenditure reimbursement	13 796 519	19 573 168
Ikwezi Local Municipality - co-funding	46 698	1 146 764
	<b>89 706 218</b>	<b>91 681 555</b>

### Equitable Share

In terms of the Constitution, this grant is used to finance the operations of the institution.

### DORA

Balance unspent at beginning of year	221 180	6 337 253
Current-year receipts	3 250 000	3 040 000
Conditions met - transferred to revenue	(3 191 484)	(9 156 073)
<b>Total Government Grants</b>	<b>279 696</b>	<b>221 180</b>

Conditions still to be met - remain liabilities (see note 13).

The following grants were received through the DORA allocations during the financial year:

- R1 250 000 - Finance Management Grant (FMG)
- R1 000 000 - Municipal Systems Improvement Grant (MSIG)
- R1 000 000 - Expanded Public Works Programme Grant (EPWPG)

All of the conditions of the MSIG has not been met at the reporting date. An amount of R279 696 was therefore not transferred to revenue. The municipality has complied with the Rollover application requirements of National Treasury to ensure that the grant balance can be rolled over into the 2013/14 financial year.

The conditions of the FMG and the EPWPG has been met and the full amounts were transferred to revenue during the year.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

2013

2012

### 22. Total Revenue - includes

#### Other revenue:

Settlement discount received	33 750	-
Contribution from skills development fund	407 711	193 648
Infrastructure projects funded from infrastructure contingency fund	1 947 922	2 631 668
Insurance claims	92 170	29 647
Tender deposits	15 744	17 868
Value added taxation	953 184	645 981
Other	406 918	1 653 989
Total other Revenue	<u>3 857 399</u>	<u>5 172 801</u>

#### Revenue from Exchange Transactions

Rental	1 076 549	1 107 673
Investment interest	15 399 324	17 158 163
Other interest	-	814
Income from agency services	31 871	20 941
Total revenue from exchange transactions (excl VAT)	<u>16 507 744</u>	<u>18 287 591</u>

#### Revenue from non exchange transactions

Government grants and subsidies	89 706 218	91 681 555
Fair value gain on revaluation of investment property	365 578	773 987
Actuarial gain on post employment medical benefits	-	3 067 385
Gain on disposal of assets	192 110	401 515
Other revenue	3 857 399	5 172 801
Total revenue from non exchange transactions	<u>94 121 305</u>	<u>101 097 243</u>

#### Total revenue from exchange and non exchange transactions

110 629 049      119 384 834

Revenue	1 076 549	1 107 673
Other income	<u>109 756 144</u>	<u>118 277 161</u>
Total revenue from exchange and non exchange transactions	<u>110 629 049</u>	<u>119 384 834</u>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
<b>23. <u>Employee costs</u></b>		
Remuneration of employees	36 440 697	32 980 758
Remuneration of Councillors (Refer Note 24)	5 665 024	5 245 863
<b>Total Employee Costs</b>	<b>42 105 721</b>	<b>38 226 621</b>

The remuneration of employees are determined in accordance with the task grade and the applicable notch allocated to the employees in their positions. The municipality is graded as a Category 5 municipality which effects the remuneration ranges of positions of employees. The municipality operates in accordance with the Collective Agreements entered into between the municipality and Bargaining Council.

Set out below are the details for remuneration paid to Directorate Heads:

### Remuneration of Municipal Manager

Annual remuneration	961 855	990 871
Car allowance	156 000	156 000
Performance bonuses	50 188	57 140
	<b>1 168 043</b>	<b>1 204 011</b>

Mr T Pillay is the Municipal Manager and was re-appointed on 1 January 2012 for a period of 5 years.

### Remuneration of the Director Finance and Corporate Services

Annual remuneration	816 881	774 674
Car allowance	144 000	144 000
Performance bonuses	-	42 432
	<b>960 881</b>	<b>961 106</b>

Mr D De Lange is the Director : Finance and Corporate Services and was re-appointed on 1 January 2012 for a period of 5 years.

### Remuneration of the Director Infrastructure Services and Planning (8 months : 2012)

Annual remuneration	836 745	514 850
Car allowance	144 000	94 000
	<b>980 745</b>	<b>608 850</b>

Mr B Makedama is the Director : Infrastructure Services and Planning and was appointed on 1 November 2011 for a period of 5 years.

Ms M Nohashe was appointed as Acting Director : Infrastructure Services and Planning for a 7 month period from 1 April 2011 to 31 October 2011. 4 Months of the acting period forms part of the previous financial year.

### Remuneration of the Acting Director Infrastructure Services and Planning - 4 months : 2012

Remuneration	-	238 192
Car allowance	-	23 328
	<b>-</b>	<b>261 520</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
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### 23. Employee costs (continued)

#### Remuneration of the Director Economic Development - Mr P Kate (9 months : 2012)

Annual remuneration	750 541	524 865
Car allowance	120 000	90 000
	<u>870 541</u>	<u>614 865</u>

Mr P Kate is the Director : Economic Development and was appointed on 1 October 2011 for a period of 5 years.

Mr DM Magxwalisa was appointed as Acting Director : Economic Development for a 15 month period from 1 July 2010 to 30 September 2011. 3 Months of the acting period forms part of the previous financial year.

#### Remuneration of the Acting Director Economic Development (3 months : 2012)

Remuneration	-	112 154
Car allowance	-	17 496
	-	<u>129 650</u>

### 24. Remuneration of councillors

Executive Mayor	725 046	681 583
Mayoral committee members	2 667 568	2 556 690
Speaker	564 830	522 157
Councillors	1 707 580	1 485 433
	<u>5 665 024</u>	<u>5 245 863</u>

#### In-kind benefits

The Executive Mayor and the Mayoral committee members are full time Councillors and are provided with offices and secretarial support at the cost of the Council.

The Executive Mayor has use of a council owned vehicle for official duties.

### 25. Finance costs

Finance leases	-	<u>1 157</u>
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During the previous financial period, all three finance lease agreements ended and the rental machines were either returned or are being leased on an operating lease basis.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
<b>26. <u>Conditional grants expenditure and other grants and subsidies paid</u></b>		
Under conditional grant expenditure	11 385 952	17 496 177
Under salaries and wages	1 235 500	1 184 704
Under general expenses	-	50 796
Under salaries maintenance and general (disaster management operating expenses)	-	1 000 000
<b>Total conditional grants and subsidies paid</b>	<b>12 621 452</b>	<b>19 731 677</b>
 <u>Other grants and subsidies paid</u>		
Sundries	123 055	160 308
Koukamma flood damage interest	172 780	327 862
Kouga Development Agency (KDA)	-	1 148 021
Environmental health subsidies	7 500 004	7 086 365
<b>Total other grants and subsidies paid</b>	<b>7 795 839</b>	<b>8 722 556</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand 2013 2012

### 27. Restatement of prior year figures

#### Summary of changes to the surplus opening balance 2012:

Rental adjusted	399
Gain on disposal of assets	48 519
General expenses adjusted	245 386
Impairment loss adjusted	(5 316)
Employee related costs	17 880
Depreciation adjusted	101 630
Other income adjusted	1 394 002
	<u>1 802 500</u>

#### Summary of changes to the financial position

VAT	1 437
Trade and other receivables from non-exchange transactions	(44 897)
Trade and other receivables from exchange transactions	2 617
Reserves	(39 185)
Unspent conditional grants	285 511
Trade and other payables from exchange transactions	2 166 828
Property plant and equipment	(34 525 981)
Heritage assets	31 907 000
Long-term portion of infrastructure levies	(640 456)
	<u>(887 126)</u>

#### Summary of changes to the surplus opening balance 2011:

General expenses adjusted	157 231
Loss on disposal of fixed assets	(2 803 000)
Other income adjusted	(43 857)
	<u>(2 689 626)</u>

#### Details of changes to the surplus opening balance 2012:

Conditional grant expenditure incorrectly allocated to general expenditure	(285 511)
Raise revenue not accounted for in debtors	(989)
Reversal of cheque not presented to bank	10 000
Reversal of rental amount previously raised due to termination of lease	1 037
Infrastructure Creditors Fund balances transferred to Accumulated Surplus as conditions have been met	(1 403 012)
Accumulated depreciation on an asset not accounted for as part of a disposal in the prior year	(48 519)
Auditor General account paid relating to prior year charge	40 125
Reversal of overprovision of WCA	(17 297)
Reversal of VAT incorrectly charged on rental of residential accommodation	(1 436)
Reversal of councillors UIF	(584)
Reversal of depreciation in recognition of heritage assets	(101 630)
Raise impairment on disposal of property, plant and equipment	5 316
	<u>(1 802 500)</u>

#### Details of changes to the surplus opening balance 2011:

Reversal of overprovision of WCA	(157 231)
Reversal of revenue not collectable from Sundays River Valley Municipality	43 857
Raise disposal on properties that was transferred	2 803 000
	<u>2 689 626</u>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
<b>27. Leases (Effects of transitional provisions) (continued)</b>		
<u>Details of changes to the financial position:</u>		
Reversal of VAT charged on residential accommodation		(1 437)
Effect on revaluations on recognition of heritage assets		39 185
Recognition of infrastructure levies long-term liabilities		640 456
Reclassification of infrastructure levies as long-term liabilities		(640 456)
Conditional grant expenditure incorrectly allocated to general expenditure		(285 511)
Infrastructure Creditors Fund balances transferred to Accumulated Surplus as conditions have been met		(1 403 012)
Accumulated depreciation on an asset not accounted for as part of a disposal in the prior year		(48 519)
Reversal of overprovision of WCA		(174 527)
Reversal of debtor amount owed by Sundays River Valley Municipality		43 859
Reversal of amount not presented to the bank		10 000
Invoices paid for prior year expenditure		39 588
Reclassification of property plant and equipment to heritage assets		34 574 500
Recognition of heritage assets		(31 907 000)
		887 126
		-

<u>Revenue</u>	Restated 2012	As previously stated 2012
Rental	1 107 673	1 107 274
Investment interest	17 158 977	17 158 977
Income from agency services	20 941	20 941
Other income	5 172 801	3 778 799
Government grants and subsidies	91 681 555	91 681 555
Gain on disposal of assets	401 515	352 996
Fair value adjustment	773 987	773 987
Actuarial Gain on valuation of Post Retirement benefits	3 067 385	3 067 385
	<b>119 384 834</b>	<b>117 941 914</b>
<u>Expenses</u>		
Employee related costs	38 226 621	38 244 501
Collection costs	977	977
Depreciation	1 451 917	1 553 547
Repairs and maintenance	573 953	573 953
Increase / reduction in debt impairment	21 613 465	21 613 465
Bad debts written off	1 183 546	1 183 546
Contracted services	2 673 975	2 673 975
Conditional grant expenditure	17 496 177	17 496 177
Other grants and subsidies paid	8 722 556	8 722 556
General expenses - other	55 307 318	55 552 704
Discounting of post retirement benefit obligation	5 234 074	5 234 074
Impairment loss	169 821	164 505
Finance costs	1 157	1 157
	<b>152 655 557</b>	<b>153 015 137</b>
<u>Deficit for the year</u>	<b>(33 270 723)</b>	<b>(35 073 223)</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
<b>27. Restatement of prior year figures (continued)</b>		
	Restated	As previously stated
	2012	2012
<b>Assets</b>		
<b>Current Assets</b>		
Short term portions of long-term receivables		
Trade and other receivables from exchange transactions	594 204	591 587
Trade and other receivables from non exchange transactions	1 441 762	1 486 659
VAT	1 552 772	1 551 335
Deposits paid	22 910	22 910
Cash and cash equivalents and short-term investments	<u>268 613 446</u>	<u>268 613 446</u>
	<u>272 225 094</u>	<u>272 265 937</u>
<b>Non-current assets</b>		
Property plant and equipment	33 994 421	68 520 402
Long term receivables	7 862	7 862
Investment property	14 525 500	14 525 500
Heritage assets	31 907 000	
Intangible assets	<u>86 885</u>	<u>86 885</u>
	<u>80 521 668</u>	<u>83 140 649</u>
<b>Total Assets</b>	<u>352 746 762</u>	<u>355 406 586</u>
<b>Liabilities</b>		
Short-term portion of post-employment medical benefit	3 674 884	3 674 884
Payables from exchange transactions	10 240 542	12 407 370
Unspent conditional grants	30 401 453	30 686 964
Provisions	<u>930 799</u>	<u>930 799</u>
	<u>45 247 678</u>	<u>47 700 017</u>
<b>Non-current liabilities</b>		
Long-term portion of post-employment medical benefit	54 374 371	54 374 371
Long-term portion of infrastructure levies	<u>640 456</u>	
	<u>55 014 827</u>	<u>54 374 371</u>
<b>Total Liabilities</b>	<u>100 262 505</u>	<u>102 074 388</u>
<b>Total assets less liabilities</b>	<u>252 484 257</u>	<u>253 332 198</u>
<b>Reserves</b>	77 810 048	77 770 863
Unappropriated surplus	<u>174 674 209</u>	<u>175 561 335</u>
<b>Total Net Assets</b>	<u>252 484 257</u>	<u>253 332 198</u>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
<b>28. <u>Cash used in operations</u></b>		
Deficit	(7 161 470)	(33 270 723)
<u>Adjustments for:</u>		
Depreciation	1 314 871	1 451 917
(Gain) / loss on disposal of property, plant and equipment	(192 110)	(401 515)
Fair value adjustments	(365 578)	(773 987)
Discounting of post employment medical benefit obligation	4 821 006	5 234 074
Impairment	(339 948)	169 821
Debt impairment	11 663	21 613 465
Contributions to provisions	135 419	470 524
Service costs	274 052	246 717
Prior year corrections	(1 439)	(23 913 497)
(Profit) / loss on actuarial valuation for post employment medical benefits	3 912 240	(3 067 385)
<u>Changes in working capital:</u>		
Receivables from exchange transactions	35 911	220 627
Receivables from non-exchange transactions	938 921	841 402
Consumer debtors	(11 663)	-
Payables from exchange transactions	(1 025 905)	(1 390 032)
VAT receivable	(604 545)	5 400 784
Unspent conditional grants and receipts	(9 996 831)	(8 194 538)
	<u>(8 255 406)</u>	<u>(35 362 346)</u>

### 29. Finance Leases Reconciliation

Cacadu District Municipality had no external loans in the form of finance leases during the current year.

### 30. Contingent liabilities

A possible liability exists in respect of an obligation in terms of a development and construction contract. The pleadings in the case have not yet closed.

476 632      476 632

The following contingent liability was transferred to the municipality upon the liquidation of Kouga Development Agency (KDA):

Great Force Investments (Pty) Ltd, the developer appointed by KDA to develop the mandated area, issued a letter to the district municipality whereby the developer seeks to continue with the development of the mandate area and would like the appointment to be honoured. Should the developer not be allowed to continue, the developer indicated that they would institute legal action against the parent municipality, for all damages. To date, no legal action has been instituted and therefore the contingent amount is unknown.

### 31. Contingent Asset

A possible asset exists in respect of a claim in terms of defective workmanship and overpayment for work done.

2 000 000      2 000 000

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
<b>32. <u>Unauthorised, irregular, fruitless and wasteful expenditure</u></b>		
<b>Unauthorised expenditure</b>		
No unauthorised expenditure was incurred in the current and previous financial years.		
<b>Fruitless and wasteful expenditure</b>		
No fruitless and wasteful expenditure was incurred in the current financial year.		
<b>Prior year</b>		
A penalty of R35 000 was charged by the Department of Economic Development and Environmental Affairs for initiating a project prior to receiving the Record of Decision. Council has condoned the fruitless and wasteful expenditure at their council meeting held on 25 January 2012.		
<b>Irregular expenditure</b>		
Refer to Note 45		
<b>33. <u>Additional disclosure in terms of Municipal Finance Management Act</u></b>		
<b><u>Contributions to organised local government</u></b>		
Council subscription	400 000	259 273
Amount paid - current year	(400 000)	(259 273)
Amount paid - 2013/14 year	(450 000)	-
<b>Amount paid in advance (included in receivables)</b>	<b>(450 000)</b>	<b>-</b>
<b><u>External Audit fees</u></b>		
Current year audit fee	1 848 788	2 383 604
Current year audit fee - KDA	136 810	-
Audit Planning fees for the following year	346 969	267 492
Amount paid - current year	(2 332 567)	(2 651 096)
<b>Balance due (included in debtors)</b>	<b>-</b>	<b>-</b>
<b><u>PAYE, UIF and SDL</u></b>		
Current year payroll deductions	7 697 636	7 272 529
Amount paid - current year	(7 697 636)	(7 272 529)
	<b>-</b>	<b>-</b>
<b><u>Pension and Medical Aid Deductions</u></b>		
Current year payroll deductions and Council Contributions	3 156 101	2 944 091
Amount paid - current year	(3 156 101)	(2 944 091)
	<b>-</b>	<b>-</b>
<b><u>VAT</u></b>		
VAT receivable	2 157 317	1 552 772

All VAT returns have been submitted by the due date throughout the year. All returns submitted for the year were VAT input claims and therefore no VAT output payments were made during the year.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

2013

2012

### 34. In-kind donations and assistance

No donations have occurred in the current year.

### 35. Risk management

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

A sensitivity analysis has not been performed and included as the municipality is not exposed to foreign exchange risk or interest rate risk. The municipality does not enter into any foreign exchange transactions and since the municipality effect payment on presentation of invoices, no interest rate charges are applicable. It would thus be misleading to provide a sensitivity analysis.

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

	1-3 months	> 3 months	Between 2 and 5 years	Over 5 years
At 30 June 2013				
Payables from exchange transactions	10 078 757	-	-	-
Other Payables	-	25 235 967	-	-
At 30 June 2012				
Payables from exchange transactions	12 407 370	-	-	-
Other Payables	-	35 292 647	-	-

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

2013

2012

### **35. Risk management (continued)**

#### **Interest rate risk**

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

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

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

Should the prime rate vary by 1% either direction, the effect on the cash balance would be R2.5 million in each way.

#### **Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The municipality only deposits cash with banks which have an equity above R10 billion with a good credit rating.

The most significant concentration of credit risk is the outstanding National Treasury (Equitable Share) and Department of Housing (Housing Scheme) receivables.

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

### **36. Events after the reporting date**

Management is not aware of any events after the reporting date.

### **37. Compliance with the Municipal Finance Management Act**

The Municipality has implemented additional controls to ensure compliance with the MFMA. The area of concentration during the current year was the Supply Chain Management policy. The Municipality has improved the controls significantly during the year to ensure compliance with the policy and regulations. The controls have been implemented and are being implemented and monitored.

Management is not aware of any additional non-compliance by the municipality that would require disclosure in the financial statements.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

2013

2012

### 38. Related parties

#### Kouga Development Agency

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

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

CDM has made no contribution during the current financial year (2012: R1 127 941) towards the operating costs of KDA.

A decision was taken by the council of CDM and Kouga Local Municipality to disestablish the KDA and to form a District Development Agency. The annual financial statements for 2011/2012 financial year has been audited on the liquidation basis. All assets and liabilities were transferred to the Cacadu District Municipality in the prior year.

No transactions was entered into with KDA during the current financial year.

#### Cacadu Development Agency

At the time when the Council of CDM resolved to disestablish KDA, the Council also resolved to establish a District Development Agency.

The Cacadu Development Agency was legally formed in September 2012. The municipal entity will commence operations on 1 July 2013.

At the reporting date, the Cacadu Development Agency had no assets and liabilities.

#### Post retirement medical aid benefit plan

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

The medical aid schemes involved are as follows:

- Bonitas
- Hosmed/ Key Health
- LA Health
- Samwumed

Transactions with these schemes amounted to R1 928 202 (2012: R1 700 664)

#### Councillors and employees

Councillors and employees have declared no interest or gain in or from any transaction entered into with CDM by any organisation or business.

The following interests in institutions have been declared, but no transactions have been entered into:

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

2013

2012

### 38. Related parties (continued)

<u>Staff Member/ Councillor</u>	<u>Entity Name</u>	<u>Transactions</u>
Mr and Mrs de Lange	Humerail Bed and Breakfast CC	None
Mrs M Nohashe	Empuma Investment Partners	None
	Empuma Consortium	None
	Molo Namhla Trading	None
Mrs UF Bokveldt	Fezudumo Trading CC t/a M&M DVD Rentals	None
Mr P Mtengwane	At Your Sport Trading CC	None
Mrs T Mafongosi	Endleleni Liquor Stores	None
Mr R Lorgat	RNL Business & Property Consultants	None
	RNL Investments (Pty) Ltd	None

### Key management personnel

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipality, directly or indirectly, including any director of Cacadu District Municipality:

Executive Mayor  
Speaker  
Mayoral Committee members  
Councillors  
Municipal Manager  
Director: Infrastructure Services and Planning  
Director: Economic Development  
Director: Finance and Corporate Services

### 39. Significant estimates and judgements

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

#### Judgements

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

Bridging funding for housing projects is judged to be virtually irrecoverable from the Department of Provincial Housing due to problems locating and obtaining "happy letters" from participants in these projects. The amount of R 9 231 380 (2012: R 9 231 380) was included in the provision for bad debts.

The municipality has impaired the debt amounting to R21 987 000, owed to the municipality by National Treasury, in the prior year. The municipality has not written off the debt as irrecoverable as the municipality has confirmed that the debt is owed to the municipality by National Treasury. The impairment was however not reversed as the timing of the settlement of the debt is unknown.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

2013

2012

### 39. Significant estimates and judgements (continued)

#### Estimates and assumptions

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

#### Post Employment Medical Benefit

The cost of post employment medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, medical aid inflation rate, future salary increases, mortality rates and future medical aid premiums, future subsidies payable to dependants, working life time of employees, gender and spouse assumptions and child dependence and withdrawals. Such estimates are subject to significant uncertainty relating actuarial assumptions. The net employee liability at 30 June 2013 is R 62 481 921 (2012: R 58 049 255). Further details are given in Note 16.

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

#### Residual values

Residual values of property, plant and equipment are based on the nature of the assets, quotes obtained from suppliers and management's estimation of the condition of the assets. Limited changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand

2013

2012

### 40. Standards of GRAP issued but not yet effective

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

GRAP 18:	Segment reporting
GRAP 25:	Employee Benefits
GRAP 105:	Transfer of functions between entities under common control
GRAP 106:	Transfer of functions between entities not under common control
GRAP 107:	Mergers

#### GRAP 18: Segment reporting

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

#### GRAP 25: Employee Benefits

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

#### GRAP 105: Transfer of functions between entities under common control

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

#### GRAP 106: Transfer of functions between entities not under common control

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

#### GRAP 107: Mergers

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

### 41. Irregular expenditure

Opening balance	50 925 021	27 822 897
Add: Irregular Expenditure - current year	16 646 705	9 554 701
Add: Irregular Expenditure - prior year	-	13 547 423
Less: Expenditure certified as irrecoverable / written off by Council	(67 571 726)	-
	-	<u>50 925 021</u>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand	2013	2012
<b>41. Irregular expenditure (continued)</b>		
<u>Details of irregular expenditure</u>		
For purchases between R2 000 to R30 000, the supply chain management policy requires certain declarations and information to be supplied before appointing the service provider. 93 Suppliers were not registered on the database where all the required information was provided and declared and thus important information was not submitted. Only quotations were considered in terms of pricing.	-	674 671
Preferential procurement points were not used for 16 purchases between R30 000 to R200 000. Procurement only considered the lowest prices quoted.	-	1 178 404
For purchases between R2 000 to R10 000, the supply chain management policy requires certain declarations and information to be supplied before appointing the service provider. 9 Suppliers were not registered on the database and thus important information was not submitted. Quotations were only considered in terms of pricing.	-	66 465
1 transaction where 3 quotes was not obtained.	-	10 000
Tenders of a long term nature that were not advertised for at least 30 days.	3 132 669	2 530 181
Tenders that were not evaluated in accordance with the preferential procurement points system. The correct formulae was not applied to 1 award.	-	562 014
The evidence for tender specifications committee was not available for 1 tender.	-	897 341
Bids awarded in prior years did not comply with the supply chain management regulations as follows: Bids of a long term nature that was not advertised for at least 30 days. Bids were not evaluated in accordance with the preferential procurement points system. The evidence for bid specifications committee was not available.	13 489 526	17 183 048
1 Quote awarded not fully compliant to the supply chain management regulations ie. advert not placed on website	24 510	-
	<b>16 646 705</b>	<b>23 102 124</b>

# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

Figures in Rand 2013 2012

### 42. Deviations

The following deviations from the supply chain management policy were approved by the municipal manager during the financial year:

<u>Reasons for deviating</u>	<u>No. of incidents</u>		
Emergency	11	678 721	95 110
Goods or services are produced or available from a single provider	21	488 904	1 246 775
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	77	6 693 406	10 337 358
		<b>7 861 031</b>	<b>11 679 243</b>

### 43. Change in estimate

#### Property, plant and equipment

The municipality has reassessed the useful lives and residual values of property, plant and equipment which resulted in certain furniture and fittings' remaining useful lives being reduced to 2 years based on the condition of the assets. The residual values of certain assets have been reassessed and adjusted accordingly. The effect of the change in accounting estimate has resulted in an increase in depreciation amounting to R 56 663 for the current period (2012: R 78 046). The effect on future periods could not reasonably be determined.

### 44. Heritage assets

	2013			2012		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Conservation areas	32 953 500	404 000	33 357 500	31 907 000	-	31 907 000

### 45. Short-term investments

All short-term deposits that will mature more than 3 months after the reporting date is classified as short-term investments and do not form part of cash and cash equivalents.

Short-term deposits	163 000 000	151 000 000
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# CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

## Notes to the Financial Statements

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Figures in Rand	2013	2012
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### 46. Commitments

#### Authorised capital expenditure

#### Approved and contracted for

- Property, plant and equipment 19 015 168      12 208 039

#### Approved, but not yet contracted

- Property, plant and equipment 19 842 788      1 762 720

This committed expenditure relates to plant and equipment and will be financed by conditional grants and retained surpluses.

## CACADU DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2013

### Notes to the Financial Statements

Figures in Rand

#### 47. Conditional grants and receipts, grants and receipts

	UNSPENT BALANCE 30 JUNE 2012 RAND	CONTRIBUTIONS/ ADJUSTMENTS RAND	INTEREST ALLOCATED RAND	VALUE ADDED TAXATION RAND	CURRENT YEAR RECEIPTS RAND	TRANSFER TO REVENUE RAND	CONTRIBUTIONS /TRANSFERS RAND	UNSPENT BALANCE 30 JUNE 2013 RAND
CAMDEBOO: ERADICATION OF VIP TOILETS	1 848 939	-	-	-	-	-	-	1 848 939
DBSA LED: STRATEGY AND INSTITUTIONAL	-	-	-	-	1 167 730	-	-	1 167 730
DEPARTMENT OF HEALTH	1 114 246	-	-	-	-	-	-	1 114 246
DROUGHT RELIEF 2010/2011	2 949 180	-	-	-124 025	-	-1 724 302	-	1 100 853
FINANCE MANAGEMENT GRANT	-	-	-	-	1 250 000	-1 250 000	-	-
GIS SUPPORT TO CDM BY DWAF	84 370	-	-	-	-	-	-	84 370
HOUSING PROJECTS	842 068	-	-	-	-	-	-	842 068
IDP SUPPORT GRANT FOR LM'S AND DM'S	422 800	-	-	-	-	-412 000	-	10 800
KOU KAMMA LM TURNAROUND PLAN - INTEREST	1 770 933	-	-	-	-	-747 617	-	1 023 316
KOU KAMMA STRENGTHENING THE CAPACITY	232 880	-	-	-	-	-	-	232 880
KOUKAMMA - WOODLAND FLOWER PROJECT	497 090	-	-	-	-	-497 090	-	-
LED FUNDING	50 346	-	-	-6 183	-	-44 163	-	-
LIBRARIES - MUNICIPALITIES	5 756 304	-	-	-592 288	-	-4 895 351	-	268 666
MIG-KOUKAMMA	3 041 813	-	-	-	-	-258 456	-	2 783 357
MULTIANNUAL ACTION PLANS - MAAP	1 508 190	-	-	-35 175	-	-251 250	-1 221 765	-
MUNICIPAL GRANT LED	275 407	-	-	-	-	-	-	275 407
MUNICIPAL PERFORMANCE MANAGEMENT	94 681	-	-	-11 627	-	-83 054	-	-
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	221 180	-	-	-74 411	1 000 000	-867 073	-	279 696
PASSENGER TRANSPORT PLANS AND FACILITIES	1 128 418	-	-	-	-	-75 000	-	1 053 418
PEOPLE HOUSING PROJECT	7 521 412	-	-	-	-	-	-	7 521 412
RAIN HARVESTING PATERSON	550 000	-	-	-	-	-136 688	-	413 312
YOUTH CENTRE - SOMERSET EAST	180 112	-	-	-6 608	-	-47 200	-	126 304
KOUKAMMA INFORMATION SYSTEMS	257 850	-	-	-	-	-	-	257 850
EXPANDED PUBLIC WORKS PROGRAMME	-	-	-	-	1 000 000	-1 000 000	-	-
JANSENVILLE WATER TREATMENT - IKWEZI CONTI	53 236	-	-	-6 538	-	-46 698	-	-
	30 401 453	-	-	-856 855	4 417 730	-12 335 942	-1 221 765	20 404 622

**CACADU DISTRICT MUNICIPALITY**

Financial Statements for the year ended 30 June 2013

**Notes to the Financial Statements**

Figures in Rand

**48. Disclosure of grants and subsidies in terms of section 123 of MFMA, 56 of 2003**

Name of Grant	Name of Organ of state	2012/2013						Reason for delay/ withholding funds	Reason for non compliance		
		Sept		June		2012/2013					
		Rand	Rand	Rand	Rand	Grants and Subsidies Delayed/withheld	Comply to DORA Y/N				
DBSA: LED Strategy and Institutional	Other	77 214	-	1 090 515	-	-	-	N/A	Yes	N/A	
Drought Relief	Provincial Government	-	-	-	764 396	648 382	95 705	-	N/A	Yes	N/A
Finance Management Grant	National Government	1 250 000	-	-	98 429	795 132	176 336	-	N/A	Yes	N/A
Jansenville water treatment - Ikwezi contribution	Local Municipality	-	-	-	53 236	-	-	-	N/A	Yes	N/A
Koukamma LM turnaround Plan - Interest	National Government	-	-	-	-	-	747 617	-	N/A	Yes	N/A
Koukamma Information Systems	Provincial Government	-	-	-	-	309 500	187 590	-	N/A	Yes	N/A
Libraries - Municipalities	Provincial Government	-	-	-	1 472 640	1 970 596	1154580.66	-	N/A	Yes	N/A
MIG - Kou Kamma	National Government	-	-	-	-	258 456	-	-	N/A	Yes	N/A
Multi Annual Action Plan - MAAP	National Government	-	-	-	171 855	-	114 570	-	N/A	Yes	N/A
Passenger Transport Plans and Facilities	Provincial Government	-	-	-	-	-	75 000	-	N/A	Yes	N/A
Municipal Performance Management	Provincial Government	-	-	-	-	-	94 681	-	N/A	Yes	N/A
Municipal System Improvement Grant	National Government	-	-	-	53 363	76 001	812 120	-	N/A	Yes	N/A
Rain harvesting Paterson	Provincial Government	-	-	-	-	65 636	71 052	-	N/A	Yes	N/A
Youth Centre Somerset East	Provincial Government	-	-	-	53 808	-	-	-	N/A	Yes	N/A
IDP Support Grant For LM's and DM's	Provincial Government	-	-	-	-	-	412 000	-	N/A	Yes	N/A
Expanded Public Works Programme	National Government	400 000	300 000	300 000	476 258	90 103	-	-	-	-	-
LED Funding	Provincial Government	-	-	-	-	-	50 346	-	N/A	Yes	N/A
		1 727 214	300 000	1 390 515	1 000 000	2 068 499	4 213 807	3 991 597	-	-	-

**CACADU DISTRICT MUNICIPALITY**  
**APPENDIX B**

June 2013

**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, HERITAGE, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2013**  
**Accumulated Depreciation**

	Opening Balance Rand	revaluations Rand	Additions Rand	Disposals/ transfers Rand	Closing Balance Rand	Opening Balance Rand	Depreciatio n Rand	Depr on sale Rand	Impairment Rand	Closing Balance Rand	Carrying Value Rand
<b>Land</b>											
Investment Property	13 913 000	370 000	-	-	14 283 000	-	-	-	-	-	14 283 000
PPE	11 646 000	241 500	-	-	11 887 500	3 525 000	-	40 500	3 484 500	8 403 000	
Take - On Heritage	136 000	-	-	-	136 000	2 274 000	-	404 000	1 870 000	136 000	
	31 428 000	532 500	-	-	31 960 500	-	-	-	-	30 090 500	
<b>Buildings</b>											
Investment Property	612 500	-15 000	-	-	597 500	-	-	-	-	-	597 500
PPE	23 499 398	184 022	137 954	-	23 821 374	5 562 898	391 482	166 007	5 788 373	18 033 001	
Heritage	3 071 313	572 130	-	-	3 643 443	318 313	59 847	1 717	376 443	3 267 000	
<b>Furniture and Fixtures</b>											
PPE	2 006 130	-	87 528	38 047	2 055 610	704 373	146 004	33 314	-6 586	823 650	1 231 961
<b>Specialised Vehicles</b>											
PPE	275 159	-	-	-	275 159	221 712	4 897	-	48 519	178 090	97 069
<b>Office Equipment</b>											
PPE	776 583	-	19 079	33 027	762 635	415 637	45 123	23 509	-1 422	438 673	323 962
<b>Computer Equipment</b>											
Intangible Asset	86 885	-	-	-	86 885	-	-	-	-	-	86 885
PPE	3 379 054	898 855	76 299	76 299	4 201 611	2 063 851	191 350	46 809	-31 433	2 239 826	1 961 785
<b>Bins and Containers</b>											
PPE	98 988	-	-	-	98 988	16 521	7 935	-	-	24 456	74 532
<b>Motor Vehicles</b>											
PPE	6 370 465	2 345 046	904 141	904 141	7 811 370	2 921 869	421 685	851 824	-	2 491 730	5 319 640
<b>Specialised Plant and Machinery</b>											
PPE	2 512 410	25 181	402 000	402 000	2 135 591	1 322 422	106 394	401 998	-371	1 027 190	1 108 400
	99 811 885	1 885 152	3 513 642	1 453 514	103 757 166	19 346 597	1 374 717	1 357 454	620 929	18 742 931	85 014 235

**APPENDIX B**  
June 2013

**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, HERIATGE, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2013**  
Cost/Revaluation  
Accumulated Depreciation

	Opening Balance Rand	revaluations Rand	Additions Rand	Disposals/ transfers Rand	Closing Balance Rand	Opening Balance Rand	Depreciatio n Rand	Depr on sale Rand	Impairment Rand	Closing Balance Rand	Carrying Value Rand
Land	57 123 000	1 144 000	-	-	58 267 000	-	-	-	444 500	5 354 500	52 912 500
Buildings	27 183 211	741 152	137 954	-	28 062 317	-	451 329	-	167 724	6 164 816	21 897 501
Furniture and fittings	2 006 130	-	87 528	38 047	2 055 610	704 373	146 004	33 314	-6 586	823 650	1 231 961
Specialised vehicles	275 159	-	-	-	275 159	221 712	4 897	-	48 519	178 090	97 069
Office equipment	776 583	-	19 079	33 027	762 635	415 637	45 123	23 509	-1 422	438 673	323 962
Computer equipment	3 465 939	-	898 855	76 239	4 288 496	2 063 851	191 350	46 809	-31 433	2 239 826	2 048 670
Bins and containers	98 988	-	-	-	98 988	16 521	7 935	-	-	24 456	74 532
Motor vehicles	6 370 465	-	2 345 046	904 141	7 811 370	2 921 869	421 685	851 824	-	2 491 730	5 319 640
Specialised Plant and machinery	2 512 410	-	25 181	402 000	2 135 591	1 322 422	106 394	401 998	-371	1 027 190	1 108 400
<b>Total</b>	<b>99 811 885</b>	<b>1 885 152</b>	<b>3 513 642</b>	<b>1 453 514</b>	<b>103 757 166</b>	<b>19 346 597</b>	<b>1 374 717</b>	<b>1 357 454</b>	<b>620 929</b>	<b>18 742 931</b>	<b>85 014 235</b>

**CACADU DISTRICT MUNICIPALITY**  
**APPENDIX C**  
 June 2013

**SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, HERITAGE, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2013**

	Cost / Revaluations				Accumulated Depreciation				
	01 July 2012	30 June 2013	01 July 2012	30 June 2013	01 July 2012	30 June 2013	01 July 2012	30 June 2013	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Opening Balance									
Revaluation									
Additions									
Impairment									
Disposals									
Closing Balance									
Opening Balance									
Depreciation									
Impairment									
Disposals									
Closing Balance									
Carrying Value									
01 July 2012	Rand								
30 June 2013		Rand							
Executive and Council	3 320 651	1 083 493	1 614 637	3 679 034	214 725	-10 567	699 465	1 140 464	2 538 570
Finance and Admin	89 236 488	1 885 152	13 906 071	91 869 793	762 892	637 197	197 178	13 834 589	78 035 204
Housing	40 135	-	30 312	40 135	710	-321	-	31 343	8 792
Planning and Development	3 070 455	-	1 675 564	3 250 990	121 668	-1 003	268 656	1 529 580	1 721 410
Public Safety	4 123 217	-	2 102 459	4 896 255	274 239	-4 197	192 155	2 188 741	2 707 514
Roads	14 022	-	13 020	14 022	132	-178	-	13 330	692
Water	6 937	-	4 533	6 937	351	-	-	4 884	2 053
<b>Total</b>	<b>99 811 886</b>	<b>1 885 152</b>	<b>19 346 597</b>	<b>103 757 166</b>	<b>1 374 717</b>	<b>620 929</b>	<b>1 357 454</b>	<b>18 742 931</b>	<b>85 014 235</b>

# CACADU DISTRICT MUNICIPALITY

## APPENDIX C

June 2013

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	2012		2013		2013 Surplus/ (Deficit) Rand
	Actual Income Rand	Actual Expenditure Rand	Actual Income Rand	Actual Expenditure Rand	
	6 454 419	31 120 101	4 822 489	29 537 067	(24 714 578)
	93 158 244	52 571 002	92 255 784	34 425 854	57 829 930
	6 524 782	22 853 537	3 908 138	18 142 103	(14 233 965)
	(15 909)	9 457 457	-	9 532 883	(9 532 883)
	3 825 637	5 179 777	5 180 861	6 294 261	(1 113 400)
	103 947	438 565	-	345 442	(345 442)
	-	14 477 085	-	10 945 847	(10 945 847)
	-	536 128	-	69 522	(69 522)
	-	486 896	-	158 244	(158 244)
	4 891 207	6 711 931	1 081 073	3 738 748	(2 657 675)
	4 442 507	8 823 078	3 380 704	4 600 548	(1 219 844)
<b>Total</b>	<b>119 384 834</b>	<b>152 655 557</b>	<b>110 629 049</b>	<b>117 790 519</b>	<b>(7 161 470)</b>

# CACADU DISTRICT MUNICIPALITY

## APPENDIX E

June 2013

### INVESTMENTS PORTFOLIO AS AT 30 JUNE 2013

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2012/2013	BALANCE 30 JUNE 2013
FIRST RAND BANK	71214140271	7	5.67%	07-Dec-11	06-Jul-12	3 000 000	
STANDARD BANK	088430537152	7	5.57%	06-Dec-11	06-Jul-12	3 000 000	
ABSA GROUP	2071925049	7	5.75%	06-Dec-11	09-Jul-12	8 000 000	
NEDCOR BANK	7881501480000114	9	5.69%	18-Oct-11	18-Jul-12	6 000 000	
INVESTEC	DA912290	12	6.08%	28-Jul-11	26-Jul-12	3 000 000	
FIRST RAND BANK	71265602395	12	6.03%	28-Jul-11	27-Jul-12	6 000 000	
NEDCOR BANK	7881501480000112	10	5.74%	27-Sep-11	27-Jul-12	10 000 000	
STANDARD BANK	088430537150	12	6.08%	28-Jul-11	27-Jul-12	5 000 000	
STANDARD BANK	088430537153	8	5.80%	13-Dec-11	12-Aug-12	7 000 000	
ABSA GROUP	2071941538	8	5.78%	13-Dec-11	13-Aug-12	8 000 000	
FIRST RAND BANK	71235652403	8	5.73%	13-Dec-11	13-Aug-12	5 000 000	
INVESTEC	HZ11121300079	8	5.82%	13-Dec-11	13-Aug-12	2 000 000	
NEDCOR BANK	7881501480000117	8	5.75%	13-Dec-11	13-Aug-12	4 000 000	
NEDCOR BANK	7881501480000113	11	5.76%	27-Sep-11	27-Aug-12	10 000 000	
ABSA GROUP	2071925057	9	5.79%	06-Dec-11	06-Sep-12	12 000 000	
FIRST RAND BANK	71201472603	11	5.69%	18-Oct-11	18-Sep-12	8 000 000	
INVESTEC	RK12012402556	8	5.95%	24-Jan-12	24-Sep-12	3 000 000	
STANDARD BANK	088430537154	8	5.73%	24-Jan-12	24-Sep-12	4 000 000	
FIRST RAND BANK	71230113666	6	5.78%	27-Mar-12	27-Sep-12	5 000 000	
NEDCOR BANK	7881501480000115	12	5.74%	18-Oct-11	17-Oct-12	6 000 000	
NEDCOR BANK	7881501480000116	11	5.85%	06-Dec-11	06-Nov-12	6 000 000	
NEDCOR BANK	7881501480000119	6	5.82%	07-May-12	07-Nov-12	6 000 000	
FIRST RAND BANK	71220880423	10	5.94%	24-Jan-12	24-Nov-12	17 000 000	
INVESTEC	RK11120644C77C	12	5.89%	06-Dec-11	04-Dec-12	4 000 000	
ABSA GROUP	2072214398	9	5.89%	27-Mar-12	27-Dec-12	18 000 000	
FIRST RAND BANK	71265602395	3	4.97%	27-Sep-12	27-Dec-12	5 000 000	
INVESTEC	RK12092720506	3	5.08%	27-Sep-12	27-Dec-12	3 000 000	
INVESTEC	RK12071115104	6	5.65%	12-Jul-12	14-Jan-13	1 000 000	
STANDARD BANK	088430537157	10	6.01%	27-Mar-12	27-Jan-13	7 000 000	
ABSA GROUP	2072324872	10	5.87%	07-May-12	07-Feb-13	8 000 000	
ABSA GROUP	2072118188	12	6.03%	21-Feb-12	19-Feb-13	5 000 000	
FIRST RAND BANK	71238977816	12	6.03%	21-Feb-12	19-Feb-13	2 000 000	
INVESTEC	RK12022104544	12	6.08%	21-Feb-12	19-Feb-13	10 000 000	
STANDARD BANK	088430537156	12	6.13%	21-Feb-12	19-Feb-13	6 000 000	
FIRST RAND BANK	71226405019	8	5.65%	27-Jun-12	27-Feb-13	5 000 000	
STANDARD BANK	088430537161	8	5.63%	27-Jun-12	27-Feb-13	6 000 000	
ABSA GROUP	2072389668	9	5.80%	29-May-12	28-Feb-13	9 000 000	
STANDARD BANK	088430537164	7	5.11%	23-Aug-12	23-Mar-13	7 000 000	
FIRST RAND BANK	74371532993	7	5.20%	23-Aug-12	25-Mar-13	6 000 000	
INVESTEC	MM12032707161	12	6.13%	27-Mar-12	26-Mar-13	5 000 000	
NEDCOR BANK	7881501480000118	12	6.12%	27-Mar-12	26-Mar-13	2 000 000	
NEDCOR BANK	7881501480000123	6	5.10%	27-Sep-12	27-Mar-13	3 000 000	

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2012/2013	BALANCE 30 JUNE 2013
INVESTEC	JP12120625394	4	5.22%	06-Dec-12	05-Apr-13	6 000 000	
STANDARD BANK	088430537158	11	6.10%	07-May-12	07-Apr-13	5 000 000	
NEDCOR BANK	7881501480000120	9	5.64%	11-Jul-12	11-Apr-13	4 000 000	
NEDCOR BANK	7881501480000122	8	5.22%	23-Aug-12	23-Apr-13	7 000 000	
STANDARD BANK	088430537159	12	6.18%	07-May-12	05-May-13	10 000 000	
STANDARD BANK	088430537160	12	6.05%	29-May-12	28-May-13	14 000 000	
FIRST RAND BANK	71208232373	10	5.32%	07-Aug-12	07-Jun-13	7 000 000	
FIRST RAND BANK	71214140271	11	5.64%	11-Jul-12	11-Jun-13	9 000 000	
ABSA GROUP	2072638794	10	5.26%	23-Aug-12	24-Jun-13	8 000 000	
ABSA GROUP	2072519310	12	5.70%	11-Jul-12	10-Jul-13		12 000 000
STANDARD BANK	088430537162	12	5.68%	11-Jul-12	10-Jul-13		11 000 000
STANDARD BANK	088430537163	12	5.58%	07-Aug-12	07-Aug-13		5 000 000
NEDCOR BANK	7881501480000121	12	5.36%	07-Aug-12	07-Aug-13		16 000 000
ABSA GROUP	2073048770	7	5.21%	24-Jan-13	26-Aug-13		7 000 000
NEDCOR BANK	7881501480000125	9	5.33%	06-Dec-12	06-Sep-13		5 000 000
ABSA GROUP	2073048615	8	5.25%	24-Jan-13	23-Sep-13		6 000 000
FIRST RAND BANK	71192212978	8	5.24%	24-Jan-13	24-Sep-13		4 000 000
ABSA GROUP	2072743498	12	5.23%	27-Sep-12	26-Sep-13		5 000 000
INVESTEC	JP13030130500	7	5.40%	01-Mar-13	27-Sep-13		7 000 000
FIRST RAND BANK	71238977816	7	5.23%	01-Mar-13	01-Oct-13		3 000 000
FIRST RAND BANK	71201472603	11	5.35%	06-Dec-12	06-Nov-13		20 000 000
NEDCOR BANK	7881501480000124	12	5.27%	15-Nov-12	14-Nov-13		17 000 000
ABSA GROUP	2072924379	12	5.37%	06-Dec-12	05-Dec-13		6 000 000
ABSA GROUP	2073221506	9	5.31%	27-Mar-13	27-Dec-13		5 000 000
FIRST RAND BANK	71185358325	9	5.30%	27-Mar-13	27-Dec-13		13 000 000
INVESTEC	RK13032031648	12	5.53%	24-Jan-13	23-Jan-14		3 000 000
INVESTEC	RK13032732101	10	5.50%	27-Mar-13	27-Jan-14		10 000 000
STANDARD BANK	088430537166	10	5.39%	27-Mar-13	27-Jan-14		10 000 000
ABSA GROUP	2073152949	12	5.33%	01-Mar-13	28-Feb-14		19 000 000
STANDARD BANK	088430537165	12	5.33%	01-Mar-13	28-Feb-14		11 000 000
INVESTEC	JP13041833533	12	5.40%	18-Apr-13	17-Apr-14		5 000 000
NEDCOR BANK	7881501480000126	12	5.32%	18-Apr-13	17-Apr-14		4 000 000
STANDARD BANK	088430537167	12	5.25%	18-Apr-13	17-Apr-14		4 000 000
NEDCOR BANK	7881501480000127	12	5.17%	16-May-13	15-May-14		5 000 000
STANDARD BANK	088430537168	12	5.31%	16-May-13	15-May-14		6 000 000
FIRST RAND BANK	74341532993	12	5.86%	20-Jun-13	19-Jun-14		10 000 000
STANDARD BANK	088430537170	12	5.89%	20-Jun-13	19-Jun-14		12 000 000
							241 000 000

## **ANNEXURES**

1. Performance Report 2012/13 (Page 156-192)
2. Auditor General's report on Annual Financial Statements and Performance (Page193-195 )
3. Management response to the findings of the AG report (Page 196)
4. Audit Committee report (Page197-200)
5. Approved Municipal Structure (Page 201)

**KEY PERFORMANCE AREAS, KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES 2011/2012**

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
<b>DEVELOPMENT PRIORITY 1: INFRASTRUCTURE INVESTMENT</b>						
To Assist LMs to provide adequate potable water and adequate sanitation by 2010	Completed O&M Study by Ndlambe	Adopted O&M Study by Ndlambe	Water	Final report will be available in August 2012.	Complete	Budgeted 2012/13 financial year.
To ensure that there is an adequate bulk sustainable water source in the CDM region.	Rehabilitating the existing 2 reservoirs and installation of 15 bulk meters in Jansenville	Fifteen Bulk Water Meters installed and 2 reservoirs rehabilitated	Water	The programme is on target, two (2) projects have been completed and the final site inspections were held on 19 June 2012. Monies for Retention will be rolled over.	Complete	
	Upgrade and increase the capacity of the waste water treatment plant for the community of Nieu-Bethesda	50% Upgraded and increased capacity treatment plant operational	Water	Delays were encountered on Section 24G Application and EIA Processes from DEA (National & Provincial). EIA process is anticipated to be granted during January 2013.	Lagging	Project can only continue when the EIA has been granted by DEA (National & Provincial). Consultant will finalise in Dec '12.
	Upgrading of sanitation system in the DMA through the construction of VIP Toilet Structures in Miller(14), Vondeling(19), Wolwefontein(12), Kleinpoort(9) and Glenconner(16)	VIP Toilets Operational	Planning & Developm.	All contractors for construction of VIP Structures for Kleinpoort, Miller, Glenconner, Wolwefontein and Vondeling have been appointed, however the contractor for Vondeling absconded. Miller, Wolwefontein, Kleinpoort & Glenconner are complete. Quotations for Vondeling and demolishing of existing structures will be sourced during August 2012.	Lagging	Quotations for Vondeling and demolishing of existing structures will be sourced during August 2012.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Upgrade sanitation system of Nieu-Bethesda from VIP's to waterborne toilets	Project complete	Planning & Developm.	The project is complete. Handover Meeting was to be held on 28 June 2012.	Complete	
	Subdivision and Renovation of transferred settlements to beneficiaries names (depended on the transfer of settlements from Transnet to CDM)	Transfer of houses for Miller, Kleinpoort, Wolwefontein and Vondeling Communities	Housing	This project should be transferred to Department of Finance & Cooperate Services as the Legal Officer is dealing with transfer of DMA Settlement. Thereafter the IS & P Department will subdivide the Ervin and renovate the houses.	Lagging	A Sale Agreement has been signed. We have appointed land surveyors to conduct a subdivision where after the transfer of land will be effected to CDM. Only after that land is transferred to CDM that we will be able to then transfer it to the beneficiaries.
	Provide support to LM's to Improve on project planning, expenditure and implementation through the appointment of a consultant for EIA, Feasibility Studies and Business Plans	100% Funds spent on project planning	Planning & Developm.	Letters were sent to all LMs regarding planning assistance in order to commit the funds fully; however the Applications from LMs were received late. Not all funds will be spent by end June 2012.	Lagging	Projects will be screened by the Department during August 2012 in order to commit the funds fully.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Installation of Rietbron Solar Water Heating	All households in the DMA fitted with Solar Water Heating	Planning & Developm.	Project completed.	Complete	
	Installation of Rainwater Tanks in Paterson	1000 Rainwater Tanks installed in Paterson	Water	The contractor has been appointed for the installation of the 400 units on 1 March 2012 and to date 141 units are fully complete. The remaining 720 units will be done by the local community with the supervision of the District and SRVM. The project encountered several challenges namely: community conflicts, involvement of SRVM, establishment of PSC, delivery of tanks and price increase of material.	Lagging	The Department is planning to advertise for the services of the contractor to install the water tanks instead of appointing the local community directly during August 2012.
To provide effective and sustainable infrastructural maintenance plans	Streets paved and storm water drainage complete	Planning and Infrastructure Services	Roads	Delays encountered due to poor performance of the contractor and slow delivery of pavers by the Supplier.	Lagging	Interventions were made with the Contractor and the Supplier. The project is being fast-tracked.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Upgrade of Reborn roads & storm water infrastructure - EPWP project	500m of internal access roads paved, and 100 work opportunities created	Roads	Project completed.	Complete	
	Finalisation of Housing Transfer & Beneficiary Management in the DMA - Rietbron	500 transfers effected	Housing	There was no performance in this project due to Finance and Corporate and Planning and Infrastructure could not resolve in which department the project must be situated.	Lagging	This project will be dealt with as an operational project in 2012/13 and will not be included in the SDBIP henceforth.
To provide infrastructure development and service delivery support to LMs	Provision of a new Community Library in Reinbeck East	Construction of Library Complete	Planning & Developm.	The project was delayed by the local municipality due to land availability problems. Building Plans have been completed, sent to Makana Municipality during 2011 and awaiting approval. Tender Documentation has been prepared.	Lagging	The Department has been liaising with Makana Municipality and is anticipating advertising for the services of the contractor in August 2012.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Provision of a Community Library in Somerset East	Construction of Library Complete	Planning & Developm.	The project was delayed by BCRM as they wanted to include the library in the Multi-Purpose Community Centre. However the project was advertised and the tender evaluation report has been submitted to BAC and was awaiting approval.	Lagging	The project will be re-advertised in July 2012 as the recommended contractor wanted to increase the tendered amount
	Additions and Alterations of a Community Library in Kirkwood	Extensions and alterations of existing library complete	Planning & Developm.	BAC process delayed as the evaluation report was submitted to BAC during January 2012, however the contract was awarded on 28 March 12. There were not enough funds for tenders received until April 2012. The contractor was appointed on 11 April 2012 and construction commenced during May 2012. The project is 40% complete.	Lagging	The contractor is fast-tracking the construction and it is anticipated that the project will be completed by end September 2012.
To promote an integration between spatial planning and transportation planning to achieve sustainable human settlements	Provision of Inter-City Bus Terminal	Construction of Bus-terminal Complete	Road Transport	Camdeboo informed us that we could not commence with project as another development was being considered on the same site as that of the bus terminus. On 24 May 2012 Camdeboo Municipality informed us that we can go ahead with the project.	Lagging	Delays in the evaluation of this tender due to additional information that was required from the bidder's. The evaluation report is currently being finalised for submission in the next BAC. A service provider for the designs of this project will be selected from this panel for 2012/13 FY.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
<b>DEVELOPMENT PRIORITY 2: CAPACITY BUILDING AND SUPPORT TO LM'S</b>						
Maximise the potential of CDM LMs and District Municipality to effectively and efficiently deliver services to their communities	Provision of assistance to 5 LMs in respect to GAMAP/GRAP compliance (Financial Statements) (Phase 1)	Provide assistance to 5 LM's through 1 training workshops held in GMAPP/GRAP compliance and by making available a financial management improvement plan to the 5 LM's	Finance and Admin	The participating local municipalities now have FMIP'S. SRVLM and Baviaans municipalities withdrew as they had appointed consultants. Monies were diverted late in the financial year to Koukamma and Makana municipalities.	On Target	
	GRAP Tender - Service Provider Appointed (Phase 2)	GRAP Tender - Service Provider Appointed Phase 2 - Implementation of FMIP	Finance and Admin	Caseware budget system introduced as well as budget related policies have been developed. SCM policy developed for the district.	On Target	
To provide infrastructure development and service delivery support to LMs	Water quality monitoring (in conjunction with Environmental Health) of all identified water sources through testing and sampling for all LM's	Monitoring in accordance with DWA Database	Water	Project completed.	Complete	

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Maximise the potential of CDM LMs and District Municipality to effectively and efficiently deliver services to their communities	Collaboration with CSIR on the Road Hierarchy, Road Accident Database and Freight Transport	All 3 Studies complete	Planning & Developm.	No funding received from CSIR for implementation in 2011/12.	Lagging	Project need to be closed AS CSIR do not have funding. A final meeting will be held with CSIR in Oct '12 where a way forward will be decided.
To ensure mainstreaming of designated groups through integrated planning in the Cacadu District	To conduct GGS at BCR, Makana, Camdeboo and Ikwezi	GGS conducted at 4 LM's	Other	GGS conducted at Ikwezi. Fieldwork undertaken, focus groups held and draft report in the next Mayco.	On target	
	Review of HR, ICT and Security Policies at Koukamma	Reviewed policies at 1 LM	Other	Project completed.	Complete	
	Reviewed Rules and Orders, Roles and Responsibilities and development of a Delegations Register for Koukamma, SRV, Camdeboo, BCR, Ndlambe, Ikwezi and Baviaans	Reviewed Rules and Orders, Roles and Responsibilities and development of a Delegations Register for 7 LM's	Other	To move on with the project the LMs needed to be workshopped on the new system amendment act, rules and procedures for appointment of MM and section 57, code of conduct for councillors.	Lagging	Workshops completed and the project will continue in 2012/13 FY. New project plan has been developed.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
To increase effectiveness and promote a district-wide approach to IDPs and performance management	PMS Support to Ikwezi, BCR, Camdeboo and Koukamma to their PMS Support Requirements	Ikwezi, BCR, Camdeboo and Koukamma supported	Other	BCR, Camdeboo, and Koukamma were supported. Ikwezi was not supported. Further support was requested by Koukamma.	Lagging	Ikwezi and Koukamma will be supported in 2012/13.
	To provide Performance Management Support (PMS) Support to the 9 LM's in CDM with the implementation of the Automated CDM PMS System based on readiness for the system.	Performance Management Support (PMS) Support to the 9 LM's in CDM with the implementation of the Automated CDM PMS System based on readiness for the system.	Other	Due to the lack of response by LM's, the system could not be implemented at LM's in 2011/12. Subsequently 5 LM's responded to have the system implemented in 2012/13. BCR, SRV, Kouga, Makana and Camdeboo (not in writing as yet). The other 4 LM's responded in writing.	Lagging	System implementation will start in July 2012/13 at the 5 LM's e.g., BCR, SRV, Kouga, Makana and Camdeboo.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
<b>DEVELOPMENT PRIORITY 3: ECONOMIC DEVELOPMENT</b>						
Achieve Economic Growth by developing Strategic Sectors of the District Economy	Establish and Sustain partnership for Economic Development through engagements with Province, The Metro, other Districts and the CDM area.	Increase in new business and partnership/inkages in the District through Business Conferences	Tourism	Supported National Arts Festival Cacadu Productions programme, Biltong Festival Local Artists development, Commissioned Investment portfolio project packaging.	On Target	Investment portfolio project packaging is on progress.
	Feasibility study and Business Plan developed for establishment of District Development Agency	Council resolve on the Establishment of the District Agent	Planning & Developm.	The new DDA is currently undergoing legal registration as a Private Company. The Council has approved the Business Case and stakeholder's consultations are being rolled-out.	Lagging	As soon as CIPC confirms the registration of the entity the following stages will be pursued:1)Advertisement for the appointment of Board Members and 2) the appointment of the CEO by the Board.
To achieve year-on-year economic growth by developing strategic sectors in the district	Tourism marketing and Trade Investment Promotion in the whole of CDM through Project Management, Implementation and Monitoring	Marketing Strategy implemented	Tourism	Participated at Tourism Indaba, Winter Campaign rolled out on Facebook, Placed advert on Explore SA and Getaway magazines, Supported National Arts and Biltong Festivals, Advertised National Arts, Biltong and Kirkwood Wildlife Festivals in Cape Town Jazz Festival 2012.	On Target	

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Install 7 wonders destination branding signage in Jeffrey's Bay for the 4th wonder of our world	Branding sign installed	Tourism	Jeffrey's Bay & St Francis sign installed (4th wonder).	On Target	
	Tourism Statistics System On-line application developed	Online application stats system integrated into travel Cacadu web-site	Tourism	Tourism stats system on-line application developed and functional.	On Target	
	Provision of support Local Municipalities' Tourism Development Initiatives	5 tourism development projects supported	Tourism	Makana and Kouga LMs supported. Sundays River Valley LM project approved by the Mayco.	On Target	Finalising specification for the appointment of service provider to execute the technical plan for SRV.
	Support to LTOs by establishing LTO's legally and Supporting their Tourism Destination Marketing programmes in - SRV - Ndlambe - Koukamma	3 established LTOs at SRV, Ndlambe and Koukamma to be supported for marketing and destination branding support project application	Tourism	Supported Baviaans, Makana, Koukamma, Camdeboo, Blue Crane Route & Ikwezi LTO's, SRV LTO registration completed.	On Target	Funding Agreement for SRV being finalised.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Sustainably managed nature reserves in the District	Maintenance plan of the nature reserves adopted and implemented	Tourism	Rapid Assessment and recommendations submitted to Mayco.	On Target	Mayco requested the project to wait for the completion of the establishment of the CDA.
	Tourism Education and Awareness Programme	Enhancement of service excellence and tourism business growth	Tourism	Training on progress, progress report submitted.	On Target	The programme only ends in July then graduation follows in August.
	SMME and Co-op Support Programme (SMME Strategy)	District-wide and structured strengthening of SMMEs & Co-ops	Planning & Development	CDM hosted the 2011/12 Imbizo in April 2012 - Prepare tender, presented to BAC for appointment of SP for Cooperative development plan, database development and Status quo analysis. Only approved in June 2012. Mayco approved project funding for Mpondo Brick that could not be procured due to year end.	Lagging	SP is appointed. Funding for both projects is rolled over. SP is appointed. On approval of rollover in August 2012, call for quotations to purchase machinery for Mpondo brick will kick-start.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Capacitating Local Agricultural Commodity Group through transferring skills in capacity (project selection, preparing TOR's Selection of mentors and M&E) for the purpose managing the mentorship programme in 6 LM's(Kouga, Camdeboo, Ikwezi, BCR, Ndlambe, Baviaans)	9 Emerging Farmer Projects mentored in 6 LM's	Planning & Developm .	11 emerging farmers projects mentored in 7 Local Municipalities: Aberdeen piggery, Mimosadale (Camdeboo), Bafazi Phambili, Uitkomst, Klipplaat Hydroponics (Ikwezi), Vukuzenzele (BCRM), Rockville, Lamoney (Ndlambe), Khanya (Kouga), Woodlands (Koukamma), Sakkies (Baviaans)	On target	

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Woodlands Communal Property Association's Essential Oil Initiative	Woodlands Communal Property Association producing essential oils	LED	On receipt and on completion of the Business Plan and registration of the Cooperative, CDM presented an ITEM to Mayco to approve the transfer of the grant to the project beneficiaries for the implementation. Project Appraisal meetings with the members and LM has taken place 24th May 2012 in Woodlands, KKM LM. The implementation of this project will be rolled over into the new year. The delay in the implementation has been caused by incapacity in the department due to LED function taking on Acting-Director role for 15 months.	Lagging	Project roll over has been requested. B/plan completed. Mentor appointed. PSC established. Awaiting approval by council on Rollover.
	District-wide LED Institutional Support	LED Support Structure (DST) established and enabled to implement the LED Framework	LED	1 meeting has been undertaken over this period for DST. 5 LED encounters including an international study tour was undertaken by DST members and these encounters proved success.	On Target	Budgeted in the 2012/13

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Development of business plans for at least two agro-processing enterprises	Business plan for at least two agro-processing enterprises developed	LED	(1) Aquaculture agro-processing business plan complete. (2) Grain feasibility delayed due to uncertainty of OR Tambo DM participation (which has been resolved).	Lagging	Feasibility study draft to be submitted October 2012.
To develop and enhance technical and life skills in line with labour market demands of the district in strategic sectors and the region at large	Leather craft in Kleinpoort established and operational	Leather craft project set up	LED	Project is closed due to change of priorities by local communities. CDM has facilitated a process to purchase land and property by SRV LM to use as a means to facilitate a holistic and integrated socio economic plan for the area. This is a result of a project review engagement with the community in January 2012 where it was confirmed that more social pressing needs should be prioritised more importantly access to land. SRV has submitted applications to purchase to the Dept. of Rural Development and Land reform. Application is under consideration Parallel to that there are engagements with commercial farmers to look at still social enterprise initiative for local youth for job creation, skills transfer and poverty alleviation.	Not Started	Project handed over to leadership of SRV Local Municipality.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Pellet Factory established in Reborn	Co funding agreement signed and factory set up	LED	<p>The target for this quarter is still far from attainment. The project requires at least R5m to implement. The appointment of Project Champions to drive and lead the process, design and securing funding is the 1st step. TORs were completed to appoint two resources: Mentor and Project Manager. Call for quotation was submitted as per SCM into an open bid. That closed on the 1 June 2012. Only three prospective bidders tendered.</p> <p>Unfortunately the 2 bidders from the area needed to submit all necessary documents which were posted separately from the fax quotation which delayed evaluation. BAC will consider that item in August.</p>	Lagging	Will appoint two project champions and CLO from Rietbron community by end September 2012.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
To build appropriate internal and external institutional capacity necessary to improve integration, alignment and coordination of economic development programmes	Economic Growth and Development Strategy adopted by Council	Council resolution to adopt reviewed EGDS	Planning & Developm.	Draft strategy approved by Council.	Lagging	Public participation in process. Final draft to be submitted to Council in September 2012 for approval.
	Rolling out SMME support with SEDA according to revised SLA	Rolling out SMME support with SEDA according to revised SLA	LED	The management of this partnership with Seda has been seriously affected by the incapacity of the departments to follow due processes that will ensure the relationship is managed well within agreed milestones and reports are submitted timeously. This did not happen as a result only at the end of the 2nd quarter that SLA was tabled and only at the end of the 4th Quarter that the 1st report for work done by Seda was submitted to CDM for consideration and approval. As a result funds could not be transferred but work has been delivered by the agency. Seda/CDM partnership is now been reviewed and meeting took place between CDM and Seda on the 5th June in EL. CDM/SEDA partnership comes to an end 30 June 2012 as per the current status quo.	Lagging	Funding due to Seda as per the 2011/12 FY are rolled over. Final report submitted to Mayco 8/08/2012 for approval.

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
<b>DEVELOPMENT PRIORITY 4: COMMUNITY AND SOCIAL SERVICES</b>						
To improve the health status of the community as per the principles of the district health system model	Upgrade of Kwazamukucing a clinic in Jansenville	Additions and alterations to clinic complete	Health (PHC)	Project completed.	Complete	
	Implementation of the CDM HIV and Aids Plan Priority Areas of Prevention and mainstreaming	Successful Implementation of identified priority areas	Community & Social Services	In May 2012 an HIV campaign was conducted in Baviaans. Ndlambe, Makana, Kouga, SRV and BCR were also done for 2011/12.	On Target	
To provide effective fire fighting in the district	Restored and standardised Fire Hydrants in the district	Standardised Hydrants in place for 2 LM's	Public Safety	171 fire hydrants have been installed in Kouga Local Municipality. Funds available were a limitation.	Complete	
To ensure mainstreaming of designated groups through integrated planning in the Cacadu District	Empowerment of people with disabilities through linkages with various empowerment institutions	Revive Disability Empowerment Forum in each LM	Community & Social Services	1 disable group were assisted and are registered in Sundays River Valley Municipality. Three additional disability forums were not established due to non-submission of dates from municipalities.	Lagging	The outstanding un-established forums will be established in the new financial year 2012/13 in the first quarter

Objective	Key Performance Indicator (Project)	Annual Target 2011/12	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
	Development of Youth through linkages with various development institutions	Formal partnership with Youth Development Agencies and a Flagship programme in all 9 LM's and Reviving of Forums	Community & Social Services	1 forum was established in Baviaans municipality and Sundays River valley Municipality keep on postponing the dates.	Lagging	Interaction with portfolio councillor for special projects has been done and the forum will be established in the new financial year 2012/13 in the first quarter.
	Women Empowerment through linkages with various women development institutions	Two legacy projects for the district	Community & Social Services	Women's Forums was established in Makana on 10 July 2012. Baviaans was established on 12 July 2012. 2 Legacy projects were identified in Kouga and Ikwezi through donating one container to each LM.	On Target	

**KEY PERFORMANCE AREAS, KEY PERFORMANCE INDICATORS, TARGETS AND VARIANCES  
2012/2013**

Objective	Key Performance Indicator	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
<b>DEVELOPMENT PRIORITY 1: INFRASTRUCTURE INVESTMENT</b>						
To provide support to LMs on planning and implementation of bulk water supply projects, contributing to the reduction of the backlog to 5% by 2017	Drilling of 7 boreholes for augmentation of water supply to Jansenville	7 Boreholes drilled	Water	The project is complete.	Completed	
	Installation of 24 Zone Meters in Jansenville	24 Zone Meters installed	Water	The contractor has been appointed. Project was delayed due to the shortfall of funds promised by Ikwezi Municipality. The project is 40% complete.	Lagging	Construction will be complete by end of August 2013.
	Install 720 Water-tanks in Paterson	720 Water-tanks installed	Water	1115 water tanks have been installed in KwaZenzele & Moreson Locations and the project is complete.	Completed	
	Completed O&M Study by Ndlambe	Submission of O&M Study to Ndlambe for adoption	Water	The project is complete.	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
To provide support to LMs on planning and implementation of bulk water supply projects, contributing to the reduction of the backlog to 5% by 2017	Upgrade and increase the capacity of the Waste Water Treatment Works for the community of Nieu-Bethesda	Appointment of the Contractor	Sanitation	Contractor has been appointed.	On target	
	Connection of 116 houses and 1 school to the sewer system	Connection of 116 houses and 1 school to the sewer system	Sanitation	Project is implemented by Ikwezi LM and funds for implementation have been transferred. The project is anticipated to be complete by mid July 2013.	Lagging	
	EIA's completed for the purpose to eradicate Bucket-system in Makana	EIA's completed	Sanitation	The contractor will be appointed during July by Makana LM.	Lagging	Contractor appointment to be confirmed by Makana LM. Project to be completed by June 2014.
	Installation of Rietbron Solar Water Heating in Rietbron	Subsidised houses in Rietbron fitted with Solar Water Heating	Planning & Development	The project is complete.	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Ensure that WSA/WSP function is correctly placed by 2015	Assessment of WSA function in all 9 LM's	WSA Assessment complete in 9 LM's	Water	Consultant has been appointed.	Lagging	Project will be completed in December 2013.
To ensure that all transport plans for all LMs are in place and are annually reviewed	Complete Reviewal of the ITP and adopted by Council	District ITP Reviewed and adopted by Council	Planning & Development	Consultant was appointed in March 13. However it was decided to put the project on hold and be reviewed on 13/14 financial year. The halt is due to critical information that will assist in project identification that will only be available during October 2013.	Lagging	Project will commence in the 2013/14 financial year after approval of rollover by Council.
To promote integration between spatial planning and transportation planning to achieve sustainable human settlements	1 km of Sidewalks and walkways constructed in Krakeel in Koukamma	500m of Sidewalks and walkways constructed in Krakeel in Koukamma	Roads	Contractor appointed. Delays were due to challenges faced in the finalisation of the tender for a panel of service providers, it was decided that the project be done in-house.	Lagging	Project will be completed in December 2013.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
To promote integration between spatial planning and transportation planning to achieve sustainable human settlements	Provision of Inter-City Bus Terminal in Graaff Reinet	50% Construction of Bus-terminal Complete	Road Transport	Consultant appointed. Concept Layout has been presented to the PSC. Preliminary and detailed Designs will be completed by August 2013.	Lagging	Project will be completed in June 2014.
	Drafting of Spatial Development Framework	Drafting of Spatial Development Framework completed and adopted by Council	Planning & Development	Draft District SDF has been adopted by Council. The delay was due to data being released late by STATS SA in March 2013.	Lagging	Final District SDF will be adopted by next Council Meeting.
To provide roads infrastructure from basic service to a higher level in key strategic areas for at least 10 kms per annum over 5 years	Upgrade of Rietbron Roads & Stormwater Infrastructure	500m of internal access roads paved, and 80 work opportunities created	Roads	Approx. 1200m of internal road complete.	On target	
	Streets paved and storm water drainage complete in Somerset East (Phase 2)	Phase 2 completed	Roads	The project is complete and on retention period.	Completed	
To provide support on cleanliness of the towns and townships and to mitigate health risks posed by each landfill site in all the 9 LMs by 2017	Legal Waste sites Licenced for Kou-kamma and Kouga achieved	2 Legal Waste sites Licenced and completed for Kou-kamma and Kouga	Health	Consultant to be appointed.	Lagging	Develop terms of reference and appointment of consultant by September 2013.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
<b>DEVELOPMENT PRIORITY 2: CAPACITY BUILDING AND SUPPORT TO LM'S</b>						
Improve effectiveness in municipal financial management	Provision of assistance to 5 LMs in respect to GAMAP/GRAP compliance (Financial Statements) (Phase 1)	Provide assistance to 5 LM's through 1 training workshops held in GMAPP/GRAP compliance and by making available a financial management improvement plan to the 5 LM's	Finance and Admin	The audit reports and management letters of all the LM'S were analysed to identify the root causes of the audit outcome. The information was presented to municipalities at workshops where projects were identified relating to issues identified that needs attention to improve audit outcomes. This phase was completed in May2013. Specific GRAP training was done in June 2013. The Ernst and Young teams are at municipalities were they are now providing specific advice and services focused on issues by AG.	On target	Balance rolled over to 2013/14. Project will be completed early in the new financial year.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Improve effectiveness in municipal financial management	GRAP Tender - Service Provider Appointed (Phase 2)	GRAP Tender - Service Provider Appointed Phase 2 - Implementation of FMIP	Finance and Admin	The project was initially delayed due to lack of response by the LM'S. The new approach has been welcomed by municipalities who are benefitting from the focused assistance and support.	Complete	No action required.
Well capacitated Municipalities on Governance and administration as per DLGTA section 46 assessment	Review of HR, ICT and Security Policies at Kouga	Reviewed policies at Kouga	Other	In May the CDM MM met with Director Corporate Services and only then the list of polices was finalised. SC tried to obtain quotes but was not successful. Also the MM of Kouga was requested to submit certain docs but to date nothing was received.	Not started	
	Reviewed Rules and Orders, Roles and Responsibilities and development of a Delegations Register for 5 LM's	Reviewed Rules and Orders, Roles and Responsibilities and development of a Delegations Register for 5 LM's	Other	Project is 95% percent complete.	On Target	
	Review of By Laws at SRV	Reviewed by laws at SRV	Other	Project complete only awaiting invoice from SRV.	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Well capacitated Municipalities on Governance and administration as per DLGTA section 46 assessment	To conduct GGS at Koukamma, SRV and Baviaans	GGS at Koukamma, SRV and Baviaans conducted	Other	Project nearly complete awaiting final report from service provider.	On Target	
	Compilation of Stakeholder Audit Report	Stakeholder Audit and People Assembly Report	Other	Project complete.	Completed	
To assist Municipalities to achieve and sustain clean audits by 2014 and annually thereafter.	Implementation of the Automated CDM PMS System	Performance Management Support (PMS) Support to the 9 LM's in CDM with the implementation of the Automated CDM PMS System based on readiness for the system.	Other	System is available to all LM's. Training was done for LM's: Baviaans, Ndlambe, Makana, SRV, Kouga and Camdeboo. MM and Directors plans are loaded for these LM's. Koukamma, BCR and Ikwezi challenges to be addressed in new FY. However, the project is on-going and support is provided to LM's when required.	On Target	
<b>DEVELOPMENT PRIORITY 3: ECONOMIC DEVELOPMENT</b>						
Increase agricultural income to achieve a 1% year on year growth in the agriculture and agro-processing sectors.	Determine the feasibility of an exotic fruit and / or vegetable agri-incubator in BCRM	Feasibility study complete	REDI	Delays in procurement.	Lagging	Service provider to be appointed, pending approval of budget adjustment in Q1 2013/14.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Broaden economic participation and inclusion by increasing the number and support to small enterprises by 10%	Mobilise Funding Partners for the implementation of the Pellet Factory	To mobilise funding for the Pellet Factory	LED	One application submitted to ECDC Job's stimulus and unsuccessful. An application submitted to Dept. of Rural Development and Land reform, Awaiting results. Enquiry to submit proposals to NDA has been made unfortunately only registered companies can do so. ECDC is currently assisting to register the Pellet Factory as a Cooperative. 2 PSCs been held over this period	Lagging	PSC took place on the 29th January 2013. Social Development could not finalise Project registration as a legal entity as requested. Sighting a concern on Commercial Farmers being members of a COOP. 2nd attempt to call for Quotation for PM of the Pellet Factory also failed. Quotations received exceeded amount available. 2nd funding application attempt also has been placed with Rural Develop. Awaiting response,

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Broaden economic participation and inclusion by increasing the number and support to small enterprises by 10%	Revise existing Business Plan	Revised existing Business Plan in place	LED	SRV LM appointed SP to revise the project original business focus. A meeting between SRV and CDM took place on the 14th November 2012 and resolved on the following: Formalisation of the Coop; Business Plan establishment and Institutional development support to Kouga Cooperative.	Lagging	CDM will enter into a SLA with SRV to implement the project on our behalf.
	Implementation of the mohair micro-manufacturer business development support	5 micro-manufacturers trained in mohair textile production	LED	Project could not take off due to delays and non-action to resolve the SLA between Ikwezi LM and CSIR.	Lagging	The activity will be re-considered as part of CDM financial support package to the Mohair International Summit proposal.
	Baviaanskloof Tourism Development Plan complete	At least five tourism micro-enterprises identified	REDI	Project completed	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Broaden economic participation and inclusion by increasing the number and support to small enterprises by 10%	5 SMME and Cooperatives development programmes implemented.	2 SMME programmes from LMs supported. 3 Cooperatives developments plans supported.	LED	District Cooperative Conference convened. 9 LCFs established and District Coo Forum launched. 3 LMs projects in Makana, Ndlambe and SMME programme in BCRM is approved and SLAs signed. Funds transferred for implementation.	On Target	Final report to be submitted to Mayoral Committee of the 7th August 2013 establishment of LCFs and DCF's.
Invest in natural capital to contribute to government's target of creating 20,000 "green" jobs by 2020.	Establishment of sustainable institutional arrangements to manage Fonteinsbos NR	Management plan adopted by Camdeboo Municipality Council	REDI	Project implementation action plan complete and submitted to DEDEAT.	On target	The implementation of the project is the responsibility of Camdeboo Municipality, as the funding for implementation from DEDEAT was transferred directly to Camdeboo Municipality.
	Council resolution on ownership and expression of interest solicited through open tender and cons with LMs	Nature Reserve ownership declared. PPP/ or LMs	Tourism	A decision was taken by the Council to transfer this project to the CDA. The implementation of the project will commence when the CDA is suitably capacitated to commence operations.	Lagging	The CDA will be responsible for the implementation of this action, as per the Council Resolution.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Invest in natural capital to contribute to government's target of creating 20,000 "green" jobs by 2020.	Determine the feasibility of an integrated waste to energy cluster	Feasibility study complete	REDI	Agreement with Nelson Mandela Bay Municipality in process and therefore delay in procurement.	Lagging	Service provider to be appointed, pending approval of budget adjustment in Q1 2013/14.
	To support at least 1 tourism infrastructure projects by installing signage for the Greater Addo Tourism Route	1 tourism infrastructure projects supported- Greater Addo Tourism Route	Tourism	Project rolled-over to 2013/14 financial year.	Lagging	To be implemented in 2012/13 after phase 1 has been carried out.
	To conduct review and implementation of tourism marketing strategy	Tourism marketing strategy reviewed and implemented	Tourism	Some activities were executed in-house.	On target	Service Provider appointed in April 2013, Participated in Tourism Indaba 2013, Winter campaign Rolled-out, Kirkwood Wildlife, Biltong and National Arts Festivals, 7 wonders winter piloted in Social Media, Biltong and Wildlife Festivals.
	To support at least 3 LTO's i.e. Preference be given to Koukamma, Ndlambe & SRV LTO's	Three LTO's supported	Tourism	Most time spent on formerly establishing SRV, Koukamma and Ndlambe LTO's (establishment done in house). Reviving and re-institutionalising Kouga LTO.	Completed	Kou-kamma, Ndlambe and Sundays River Valley LTO's supported. The programme extended to Baviaans, Camdeboo, Makana, Ikwezi, Blue Crane Route, Kouga, LTO's.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Invest in natural capital to contribute to government's target of creating 20,000 "green" jobs by 2020.	Install billboard in Tsitsikamma	Billboard installed	Tourism	Proposals received not in line with specifications.	Lagging	Calling other companies to submit proposals.
	To host one tourism month domestic awareness event/tour	Domestic awareness event/tour hosted	Tourism	Project completed in September 2012.	Completed	Project completed in September 2012.
	Funding Support to Wilderness Foundation Training Programme (Umzi Wethu) for 6 district participants	Umzi Wethu supported through transfer of funding for skills development and capacity building	Tourism	Agreement signed with Wilderness Foundation, funds transferred.	Completed	Agreement signed with Wilderness Foundation, funds transferred.
	To collect tourism stats in Ndlambe, Sundays River Valley, Blue Crane	Visitor Information uploaded in tourism statistics system	Tourism	Project rolled-over to 2013/14 financial year.	Lagging	Project rolled-over to 2013/14 financial year.
Regenerating at least four core towns as service and economic hubs	Establish a local multi-stakeholder partnership in Kirkwood	Local multi-stakeholder partnership SLA signed	REDI	SRV SMME & IGR Forum established.	On target	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Building local and regional networks and collaboration through the creation of partnerships with (a) government, (b) the private sector and (c) education / research.	3 LATs are established. 2 Learning encounters including one study visits	3 LATs are established. 1 Learning encounters including one study visit conducted.	LED	Target not fully achieved.	Lagging	Support Koukamma LM for establishment of its LED forum/LAT in 1st Q and work with Makana LM to resurrect its LAT and provide support. Reinforce the recently launched SRV IGR structure with the LAT elements/character. Respond to Kouga only by invitation.
	Establish working relationship with NMMU and Rhodes University	Signed MOA with two HEI	REDI	MOA with NMMU signed.	On target	Meetings with NMMU and Rhodes University scheduled for April 2013.
	Establish a working relationship with the private sector in Cacadu	Establishment of district-wide business platform	REDI	Meetings convened in Camdeboo Municipality.	Lagging	Graaff-Reinet Small Town Development Initiative to be continued upon appointment of the Camdeboo Municipality's Municipal Manager post (owing to the current void in LED function).
	Host Investors Conference	Successful Investors Conference hosted	Trade and Investment	Investment portfolio complete	Lagging	CDA to fulfil investment promotion function.

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
Developing skills and education base by increasing the number of semi-skilled and skilled by 10%.	Mentorship programme institutionalized and evaluated in 6 LMs	12 Emerging farmers projects mentored in 7 LM and experiences documented	Planning & Development	2 projects are delayed due to Land/Commonage SLA not signed.	Lagging	
Create opportunities for designated groups to participate in Local Economic and Rural Development	Cooperative Registration, Financial and Project Management in 3 LM's	Registration of cooperatives for young people in all 3 Local Municipalities.	Other	Project completed	On Target	
Improving connectivity infrastructure in all nine local municipalities	Provision of a New Community Library in Riebeeck East	Construction of Library Complete	Planning & Development	The project is 65% complete and the project was delayed due to the Contractor having problems with SARS.	Lagging	The project is anticipated to be completed by end September 2013.
	Provision of a Community Library in Somerset East	Construction of Library Complete	Planning & Development	The project was completed during April 2013.	Completed	
	Provision of a New Community Library in Alexandria	Construction of Library Complete	Planning & Development	Project advertised however bidders did not meet the specification.	Lagging	Project will re-tender for during August 2013.
	Additions and Alterations of a Community Library in Kirkwood	Extensions and alterations of existing library complete	Planning & Development	The project was completed during March 2013.	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
<b>DEVELOPMENT PRIORITY 4: COMMUNITY AND SOCIAL SERVICES</b>						
To provide effective fire fighting to all LMs in the district by 2017	Restored and standardised Fire Hydrants in Kouga and Ndlambe	Standardised Hydrants in place for Kouga and Ndlambe	Public Safety	The project is complete.	Completed	
	Satellite station upgraded	Refurbishment of a satellite station Complete	Public Safety	Architect appointed and designs developed. Challenges were faced in the finalisation of the tender for a panel of service providers, it was then decided that a separate quotation be advertised for this project.	Lagging	The project is anticipated to be advertised in August 2013 and construction to commence in October 2013.
	Construction of fire station in BCRM	Fire station Constructed	Public Safety	The contract has been awarded. Challenges were faced in the finalisation of the tender for a panel of service providers.	Lagging	Construction will commence in September and be completed in June 2014.
Enhance understand of CDM communities around the 5KPA of the district annually	Implementation of POA of MRM	100% Implementation of POA of MRM	Other	Project also most complete, only outstanding is the MRM payments. To date only 4 out of 9 LMs were completed.	On Target	
To facilitate HIV Counselling and Testing (HCT) of 87 000 community members in all LMs annually	100% Implementation of the HIV and AIDS Plan	Implementation of the HIV and AIDS Plan	Other	Project completed.	Completed	

Objective	Key Performance Indicator (Project)	Annual Target 2012/13	GFS	Actual & reason for variance	Performance Redress	
					State if Project is Complete, On Target, Lagging or Not Started	State Brief Plan of Action to address Projects Lagging and Not Started
<b>DEVELOPMENT PRIORITY 5: INSTITUTIONAL DEVELOPMENT</b>						
To improve performance management system to include organizational performance by 2013	PMS Support to 9 LM's	PMS Support to 9 LM's to their support requirements	Other	CDM committed to support Koukamma and Ikwezi to the amounts of 25k and 65k respectively. However, after numerous reminders and discussions with the two LM's MM's, no appointments of service providers were appointed by them.	Lagging	This support will be put in abeyance until further communication for the support is received from the 2 LM's.

## PERFORMANCE TARGETS 2013/14

Objective	Key Performance Indicator (Project)	Annual Target 2013/14	GFS
<b>DEVELOPMENT PRIORITY 1: INFRASTRUCTURE INVESTMENT</b>			
To provide support to LMs on planning and implementation of bulk water supply projects, contributing to the reduction of the backlog to 5% by 2017	Installation of 24 Zone Meters in Jansenville	24 Zone Meters installed	Water
To support LMs in ensuring that all communities have access to decent sanitation by 2017	Demolishing of old dry toilet systems in the former DMA	100% demolish of dry toilet system	Sanitation
	Upgrade and Increase the capacity of the Waste Water Treatment Works for the community of Nieu-Bethesda	Waste water treatment works extended	Sanitation
	Makana settlement areas (infill's) with reticulated sewer network	Sewer reticulation 75% Complete	Sanitation
Ensure that WSA/WSP function is correctly placed by 2015	Assessment of WSA function in all 9 LM's	WSA Assessment complete in 9 LM's	Water
To promote integration between spatial planning and transportation planning to achieve sustainable human settlements	500m of Sidewalks and walkways constructed in Kareedouw in Koukamma	500m of Sidewalks and walkways constructed in Kareedouw in Koukamma	Roads
	Develop an SDF	An SDF of Cacadu developed	Planning & Development
	Construction of Inter-City Bus Terminal in Graaff Reinet	75% Construction of Bus-terminal Complete	Road Transport
To provide roads infrastructure from basic service to a higher level in key strategic areas for at least 10 km's per annum over 5 years	Upgrade of Rietbron Roads & Stormwater Infrastructure	500m of internal access roads paved, and 80 work opportunities created	Roads
	Streets paved and storm water drainage complete in Somerset East (Phase 2)	Phase 2 completed	Roads
	Rural Roads Asset Management System set up.	Visual Assessments and Inventory surveys complete	Roads

To provide support on cleanliness of the towns and townships and to mitigate health risks posed by each landfill site in all the 9 LMs by 2017	Legal Waste sites Licenced for Kou-kamma, and Ndlambe achieved	EIA applications submitted to DEDEA for Kou-kamma, and Ndlambe	Health
<b>DEVELOPMENT PRIORITY 2: CAPACITY BUILDING AND SUPPORT TO LM'S</b>			
To Improve effectiveness in municipal financial management	Provision of assistance to 5 LMs in respect to GRAP compliance and improve Audit Outcomes	Provide assistance through 1 training workshops held in GRAP compliance and new standards by making available financial management support to deal with issues raised in the LM's AG's management letter	Finance and Admin
	Financial Management and Compliance improvement Plan	Review CDM's financial policies and implement controls and improve legislative compliance	Finance and Admin
	Implementation of Records Management System at CDM	Fully effective Records Management System at CDM implemented	Other
To assist Municipalities to achieve and sustain clean audits by 2014 and annually thereafter.	100% Implementation of the Automated CDM PMS System in all LM's	Performance Management Support (PMS) Support to the 9 LM's in CDM with the implementation of the Automated CDM PMS System.	Other
<b>DEVELOPMENT PRIORITY 3: ECONOMIC DEVELOPMENT</b>			
Broaden economic participation and inclusion by increasing the number and support to small enterprises by 10%	Mobilise Funding Partners for the implementation of the Pellet Factory	To mobilise funding for the Pellet Factory	LED
	4 SMME and Cooperatives development programmes implemented.	2 SMME programmes from LMs supported. 2 Cooperatives supported.	LED
	3 REDI projects implemented Grain strategy, Project profiling, CSAP)	Projects implemented	REDI
Invest in natural capital to contribute to government's target of creating 20,000	Determine the feasibility of an integrated waste to energy cluster	Feasibility study complete	REDI

"green" jobs by 2020.	To support at least 1 tourism infrastructure projects by installing signage for the Greater Addo Tourism Route	1 tourism infrastructure projects supported- Greater Addo Tourism Route	Tourism
	To conduct review and implementation of tourism marketing strategy	Tourism marketing strategy reviewed and implemented	Tourism
	To support at least 3 LTO's	3 LTO's supported	Tourism
	Install billboard in Makana and Baviaans	Billboards installed	Tourism
	Funding Support to Wilderness Foundation Training Programme (Umzi Wethu) for at least 6 district participants	Umzi Wethu supported through transfer of funding for skills development and capacity building	Tourism
Developing skills and education base by increasing the number of semi-skilled and skilled by 10%.	Mentorship programme institutionalized and evaluated in 7 LMs	12 Emerging farmers projects mentored in 7 LM and experiences documented	Planning & Development
Improving connectivity infrastructure in all nine local municipalities	Provision of a New Community Library in Riebeeck East	Construction of Library Complete	Planning & Development
	Provision of a New Community Library in Alexandria	Construction of Library Complete	Planning & Development
<b>DEVELOPMENT PRIORITY 4: COMMUNITY AND SOCIAL SERVICES</b>			
To provide effective firefighting to all LMs in the district by 2017	Restored and standardised Fire Hydrants in Koukamma, Camdeboo and Kouga	Standardised Hydrants in place for Kouga and Koukamma, Camdeboo	Public Safety
	Satellite station upgrade completed	Refurbishment of a satellite station Complete	Public Safety
	Construction of Koukamma Fire Station	50% of construction complete	Public Safety
	Construction of fire station in BCRM	Fire station Constructed	Public Safety
<b>DEVELOPMENT PRIORITY 5: INSTITUTIONAL DEVELOPMENT</b>			















**REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL  
LEGISLATURE AND THE COUNCIL ON THE CACADU DISTRICT MUNICIPALITY**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the financial statements of the Cacadu District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement and the appropriation 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 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 the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor-General's responsibility**

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

**Opinion**

6. In my opinion the financial statements present fairly, in all material respects, the financial position of the Cacadu 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.

### **Additional matters**

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

### **Unaudited supplementary schedules**

8. The supplementary information as set out on pages xx to xx does not form part the financial statements. I have not audited these schedules and accordingly I do not express an opinion there-on.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

9. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following matters 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**

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
11. 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 priorities. 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 priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

12. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

#### **Additional matters**

13. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters below.

#### **Achievement of planned targets**

14. Only 51% of the planned targets were achieved during the year under review. This was mainly due to poor planning and monitoring of projects.

#### **Material adjustments to the annual performance report**

15. Material audit adjustments in the annual performance report were identified during the audit, all of which were corrected by management.

### **Compliance with laws and regulations**

16. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My finding 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 is as follows:

### **Annual financial statements**

17. 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 non-current assets, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### **Internal control**

18. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matter reported below under the fundamentals of internal control is limited to the finding on compliance with laws and regulations included in this report.

### **Financial and performance management**

19. The financial statements and underlying records submitted for audit purposes were not appropriately reviewed for accuracy and completeness, resulting in the identification of material audit adjustments that were corrected by management. The misstatements were mainly due to management not interpreting the relevant GRAP requirements correctly.

*Auditor General*

East London

29 November 2013



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Management Response to the Report of the Auditor – General to the Eastern Cape Provincial Legislature and the Council on the Financial Statements and Performance Information of Cacadu District Municipality for the Year Ended 30 June 2013**

Management's response will be provided with reference to the relevant paragraphs in the Audit Report.

### **1. Audit Opinion**

Paragraph 6 Opinion.

The Auditor – General has concluded:

*“In my opinion, the financial statements present fairly, in all material respects, the financial position of the CDM and its subsidiary as at 30 June 2013 and its financial performance and cash flows for the year then ended, in accordance with GRAP and the requirements of the MFMA and DORA”.*

The fact that the Municipality has been able to maintain its unqualified audit opinion for seven consecutive financial years in spite of many challenges is a remarkable achievement. Each financial year presents new challenges which have to be carefully managed to ensure that the Municipality achieves a clean audit. During the financial year under review the Auditor – General raised no matters of emphasis, and compliance to legislation improved significantly. These are all signs that the municipality is laying the foundation for a clean audit outcome.

### **2. Report on Other Legal and Regulatory Requirements**

#### **2.1 Paragraph 10 – Predetermined Objectives**

The Auditor – General concluded that:

*“There were no material findings on the Annual Performance Reports concerning the usefulness and reliability of the information”.*

The Auditor – General drew attention to the fact the 49% planned targets were not achieved during the financial year and that material adjustments were identified in the Annual Performance report which were corrected by Management.

Various steps and internal controls have been implemented by Management to improve planning, monitoring and reporting in respect of projects.

#### **2.2 Paragraph 17 – Annual Financial Statements**

The Auditor – General's findings relating to the Municipality's incorrect interpretation of GRAP relating to heritage assets and other disclosure errors were corrected in the Annual Financial Statements.

#### **2.3 Paragraph 18 – Internal Controls**

Management is confident that the municipality's internal controls and governance systems will assist in it achieving a clean audit outcome in 2014.

# **REPORT OF THE AUDIT COMMITTEE FOR THE YEAR** **ENDED 30 JUNE 2013**

## **PURPOSE**

The Audit Committee serves as an independent advisory body which advises the municipal council, the political office-bearers, the accounting officer and the management staff of the 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 annual Division of Revenue Act and any other applicable legislation; and
- Performance evaluation and
- Any issues referred to it 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 four independent, outside members and meets at least six times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

During the 2012/2013 financial year five meetings were held.

Name of member	Qualifications	Period served	Meeting attendance				
			24-Jul-2012	27-Aug-2012	29-Nov-2012	29-Jan-2013	06-Jun-2013
Mr S G Zamisa (Chair)	MBA	01/07/04 - 30/06/13	✓	✓	✓	✓	✓
Prof F E Prinsloo	MCom (Accounting) CA(SA)	01/07/04 - 30/06/13	✓	✓	✓	✓	✓
Prof A Singleton	MCom (Taxation) CA(SA)	01/07/08 - 30/06/13	✓	✓	✓	✓	✓
Prof R Snelgar	PhD	01/07/07 - 30/06/13	✓	✓	✓	x	✓

The Municipal Manager, the Director: Finance and Corporate Services, Directors of Infrastructure Services and Economic Development respectively, and representatives from the external and internal auditors 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.

## REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed the audited annual financial statements;
- Reviewed management responses to the management report of the Auditor-General; and

- Concluded that the going concern premise is appropriate in preparing the annual financial statements.

The Audit Committee has noted the unqualified opinion expressed by the Auditor-General in his report on the Annual Financial Statements, and that this is the seventh year in a row that CDM has achieved such opinion.

The Audit Committee also noted that 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 identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion. It was noted that these misstatements related mainly to the following:

- Short term investments incorrectly classified as cash and cash equivalents in terms of GRAP 2.08
- Capital commitments not disclosed as required by GRAP 17 par 80 (c)
- Property incorrectly classified as Property, Plant and Equipment instead of Heritage Assets
- The fixed asset register included properties which had been transferred to local municipalities
- Budget Appropriation statement not included in the Annual Financial Statements as required in terms of GRAP 24.

The other matters raised in the balance of the report, as well as in the related management report, have been noted by the Committee, as have the measures identified by management to address these. During the 2013/2014 financial year the Audit Committee will monitor progress with the implementation of these remedial measures.

## **EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROLS**

The matters reported in the reports of Internal Audit (received quarterly) and the Auditor-General; as well as matters brought to the attention of the Accounting Officer, by way of informal queries and management letters, indicate that whilst there is always room for improvement, the internal checking and control measures generally functioned adequately during the year under review.

The committee further emphasised the need to discuss with the Auditor-General what additional mechanisms can be put in place for the Audit Committee to more effectively oversee the financial statement approval process.

## **PERFORMANCE MEASUREMENT**

The municipality is monitoring and comparing actual to targeted progress on a regular basis according to a framework. The Service Delivery and Budget Implementation Plan (SDBIP) report is used which reflects planned completion dates for all projects. The Committee has noted with concern that only 51%

of the planned targets were achieved during the year under review. This was mainly due to poor planning and monitoring of projects.

The Committee has confirmed with management that the SDBIP is discussed at every Mayoral Committee meeting as part of the monitoring over achievement of targets. In addition reporting and monitoring is taking place as expected and progress on performance management is discussed at each audit committee meeting. Performance Measurement is a standing item on the Committee's agenda.

The Committee has authorised Internal Audit to perform a gap analysis review over the project management function during 2013/2014 to help identify specific areas which require improvement in order to increase the achievement of planned targets.

## **CONCLUSION**

The Audit Committee accepts the conclusions of the Auditor-General on the annual financial statements for the year ended 30 June 2013 and recommends that the audited annual financial statements should be adopted by the council.

## **APPRECIATION**

On behalf of the Audit Committee, I would like to extend sincere appreciation to the municipal staff for their assistance and support during the financial year under review.

**Prof F Prinsloo**  
**Acting Chairman**

**10 December 2013**

*Glossary:*

<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practices
<b>GAAP</b>	South African Statements of Generally Accepted Accounting Practice
<b>PAA</b>	Public Audit Act, 2004 (Act 25 of 2004)

