



ANNUAL REPORT

1 July 2010 – 30 June 2011

This Annual Report is drafted in terms of the Municipal Finance Management Act, 56 of 2003, and the Municipal Systems Act, 32 of 2000.



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EXECUTIVE MAYOR'S FOREWORD



In terms of protocol, it is expected of the political head of a municipality to present its Annual Report. As the newly elected Executive Mayor of the Drakenstein Municipality with effect from the 31st May 2011, due to the local government elections held during May 2011, I am in the untenable and unique position to have to report on the activities of the previous Council which was in office for the period presently under review.

However, from reading the Annual Report 2010/2011 compiled by the previous Council, I take note of the various achievements as well as the challenges that the previous Council were confronted with.

I would like to acknowledge the previous Council as implementers of the Integrated Development Plan (IDP).

I am acutely aware that we as public representatives and in service of our community have to ensure that we are accountable to public for effective and efficient service delivery, sound political governance, professional management and clean administration.

I, as newly elected Mayor and my team are dedicated to this goal. To give effect to this goal my new Executive Mayoral Committee and myself have during the first 6 months in office clearly, unambiguously and resolutely set out to do this.

We have therefore already embarked on a future policy of:

- zero tolerance for corruption;
- back-to-basics and excellence;
- consumer satisfaction and a change from red-tape to a red carpet;
- clean and effective administration;
- responsible spending of taxpayers money;
- an open-door policy and effective communication with our communities; and
- equal opportunities for all.

May we join hands together to make Drakenstein a great place to live, work and play - indeed an open opportunity society for all, as well as being a destination of choice for tourists and investors thereby ensuring that we all enjoy an excellent quality of life according to world-class standards. My team and I are committed to attain this through hard work, commitment and integrity and shall report back on these goals in the Annual Report 2011/2012.



**HER WORSHIP, THE HONOURABLE EXECUTIVE MAYOR
COUNCILLOR ADVOCATE GMM VAN DEVENTER**

MUNICIPAL MANAGER'S FOREWORD

During the 2010/2011 financial year the Drakenstein Municipality intensified its fight to reduce poverty and unemployment and in providing housing opportunities to many of the Drakenstein citizens. As you read this report it will become evident that the Drakenstein Municipality is excelling in its service delivery endeavours amplifying its outreach to the many poor communities in our area.

Our commitment and dedication is embodied in the hard work of both our officials and Councillors alike. The Drakenstein Municipality, in recognition of this hard work and dedication, has won numerous awards which include the blue drop status for the Municipality's water system servicing the general assumption that local government is underperforming.

The provision of basic services is a responsibility endowed by the Constitution of South Africa to the sphere of local government and one which is further philosophised in the White Paper on Local Government (1998). The White Paper on Local Government clearly states that local government must be *developmental*. This means that local government must continuously seek new and better ways to improve its service delivery footprint in the local community. This effectively means that local government must be innovative. To this end, the Drakenstein Municipality implemented the ISO 9001:2008 Standard for Local Government in the Tourism Unit of the Municipality. This Total Quality Management (TQM) System was duly certified by the South African Bureau of Standards (SABS). Now tourists, businesses and members of the community have a standard with which they can measure the service delivery output of the Tourism Unit. This is a remarkable achievement in the fact that the Drakenstein Municipality is the first municipality in South Africa to have implemented such a system in its tourism unit.

We remain resolute in addressing the many challenges experienced by the Drakenstein Municipality. These challenges which manifest itself in infrastructural backlogs, environmental challenges, safety and security and the provision of housing and basic services will not deter officials and Councillors to ensure that service delivery remains in the fore when planning and executing municipal objectives and strategies.

Good governance practices ensure that that the Drakenstein Municipal Council is accountable, transparent, responsive, effective and efficient, equitable and inclusive and that it follows the rule of law. Informing the community about the Integrated Development Plan (IDP) and their role in contributing to their development are at the premise of the being of the Drakenstein Municipality. Therefore, the Council is operationally geared to assure members of the community and businesses that regular communication takes place, that finances are being managed appropriately (three consecutive unqualified audit reports) and that regular internal audit reports are being sent to the Audit and Performance Audit Committees (AC and PAC) regarding the Municipality's financial and non-financial performance.

This year also brought about political change for the Drakenstein Municipality. These changes in political leadership presented the Municipality with the prospect of being able to draft and present to the community of Drakenstein a new and fresh five-year development plan which will be adopted by the Municipal Council in 2012.

I wish to extend my gratitude to the Executive Mayor, Executive Mayoral Committee and Councillors for their guidance and demonstrating the political will to ensure and assure the Drakenstein community that their needs are well taken care of.

I also extend my gratitude to the Executive Management Team for their professional guidance and assistance and diligence in managing the administration side of the Drakenstein Municipality. My task is being made much easier by the level of eagerness and willingness of our staff members to push the boundaries of development and to ensure that the needs of our community remains significant in our quest to *“working together to create a place of opportunity”*.

Yours faithfully,



D. SMIT
MUNICIPAL MANAGER (ACTING)

PERFORMANCE SUMMARY

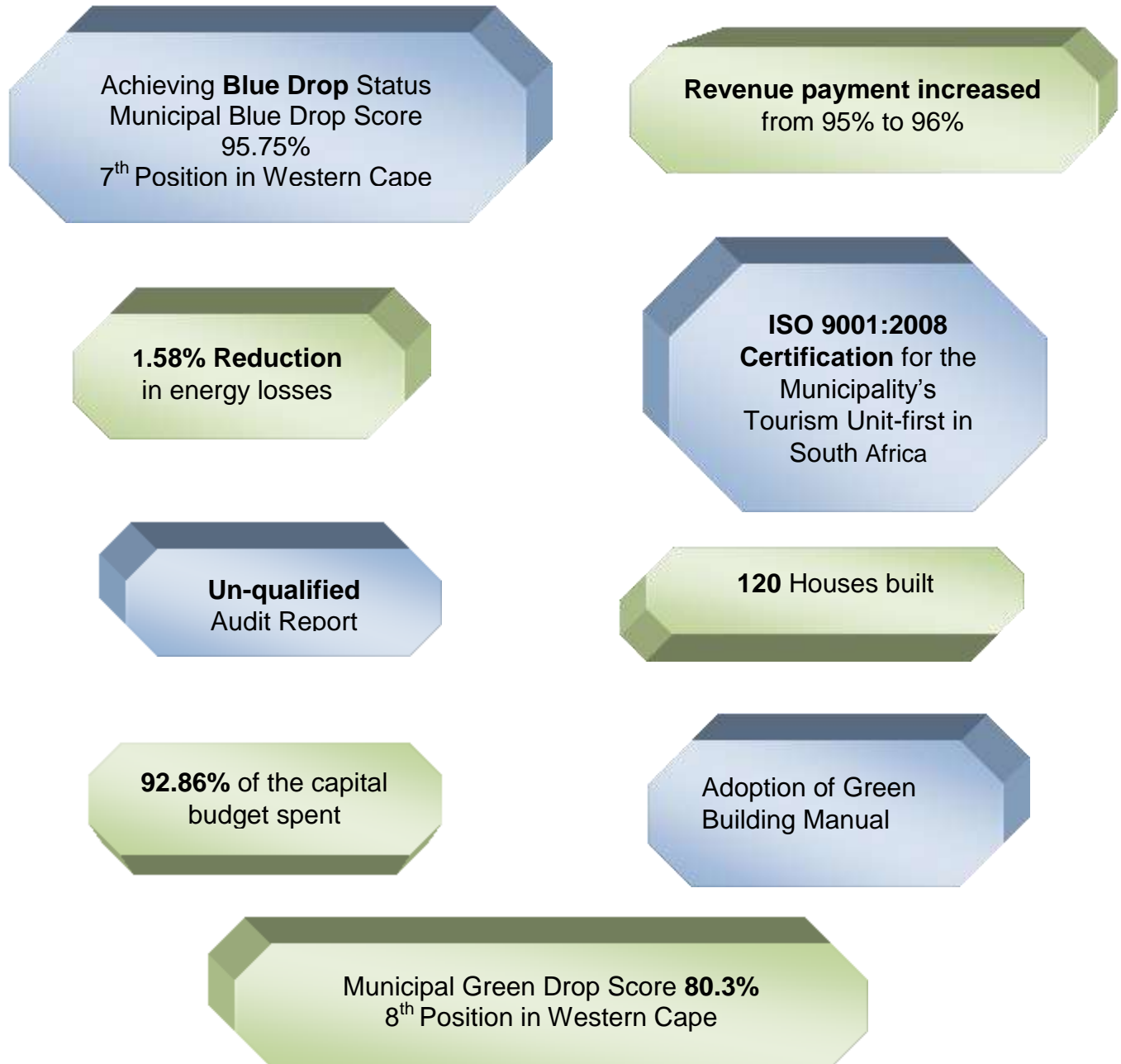


Figure 1: Performance Summary

CHAPTER 1: INTRODUCTION AND OVERVIEW

1. MUNICIPAL OVERVIEW

The Drakenstein Municipality forms part of the Cape Winelands District Municipality (CWDM) (which also includes the Category B Municipalities of Stellenbosch, Breede Valley, Witzenberg and Breede River/Winelands).

The Drakenstein Municipality covers an area of approximately 1 538 km². It stretches from just south of the N1 freeway including Simondium in the south up to and including Saron in the north. The Klein Drakenstein, Limiet and Saron Mountain range from its eastern edge and the agricultural area immediately to the west of the R45 its western border. Paarl and Wellington are the main urban centres in the Municipality located in close proximity to the N1 in the south with smaller rural settlements at Saron and Gouda in the north and Hermon in the mid-west.

Paarl

In the Drakenstein Municipal jurisdictional area Paarl, fondly known as the “Pearl of the Cape”, is the major centre. Paarl is nestled in a fertile valley, along the banks of the Bergrivier. It is traditionally a farming town with many well maintained and attractive Cape Dutch houses, beautiful gardens and streets lined with old oak trees. Paarl has the longest main road (±10km) in South Africa, lined with fascinating examples of architectural history. Here you can find scenic drives, hiking trails and the Paarl wine route, with its many wine tasting opportunities and excellent restaurants. The Paarl Rock itself is popular for rock climbers.

Wellington

Wellington is nestled at the foot of Bainskloof Pass. It is famous for its historical architecture, fruit and leather industries, as well as its wines and accommodation. With excellent soils and ideal climate, Wellington is home to most of South Africa’s vine nurseries. Wellington’s economy is centered around agriculture such as wine, table grapes, citrus fruit and a brandy and spirit industry, with an established agro-processing industry. The beauty of the area is best viewed either by foot, by horse or by car to take in the scenery of nature, fynbos, wine, olives and the historical buildings, to name but a few.

Gouda

Gouda is predominantly a residential rural town established in support of the agricultural activities in the surrounding area. The historical coloured eastern portion of the town is characterised by two distinct residential areas – a southern low-density area and the northern higher area dominated by low-income subsidised housing development. Business development in the eastern portion of the town is non-existent with the only economic activity a fruit storage and packaging facility, five shopping facilities and a hotel located in the western portion of town. The town is also marketed for tourists, with the nearby Voëlvlei Dam and Bergriver being excellent venues for swimming,

fishing, canoeing and yacht sailing, while the mountains are perfect for hiking, bird watching and finding wild flowers like proteas and other rare and endangered species, including snakes, baboons, and cheetahs. Gouda cheeses can be bought from local grocery stores, while tourists can enjoy the small town hospitality, tranquility and safety. The local hotel and guesthouses supply ample accommodation and the village has a railway station with a regular train service to and from Cape Town.

Saron

Saron is a historically coloured settlement area and the town is steeped in history. A low-density middle to high-income residential area is located at the entrance and to the north of the only entrance road into town. The older residential area is located in the north-eastern portion of the town with the latest addition, a subsidised residential development of some 600 housing units, located to the south east. Industrial development is non-existent and the business development is limited to eight general dealers spread across the town.

Mbekweni

Mbekweni is a township situated to the north of Paarl. Most of Mbekweni's residents are Xhosa and speak the isiXhosa language. Many of the residents are first generation urban dwellers that call the Eastern Cape home. Most came to the Paarl area in search of jobs and better education, since it is closer to the city. A substantial amount of the people in Mbekweni live in shacks, many no bigger than 10 square meters. The informal sector, particularly trading through mobile and spaza shops, is significant in Mbekweni where there are approximately 250 registered informal traders, but 405 informal traders were counted during an informal street count in Paarl in 2004.

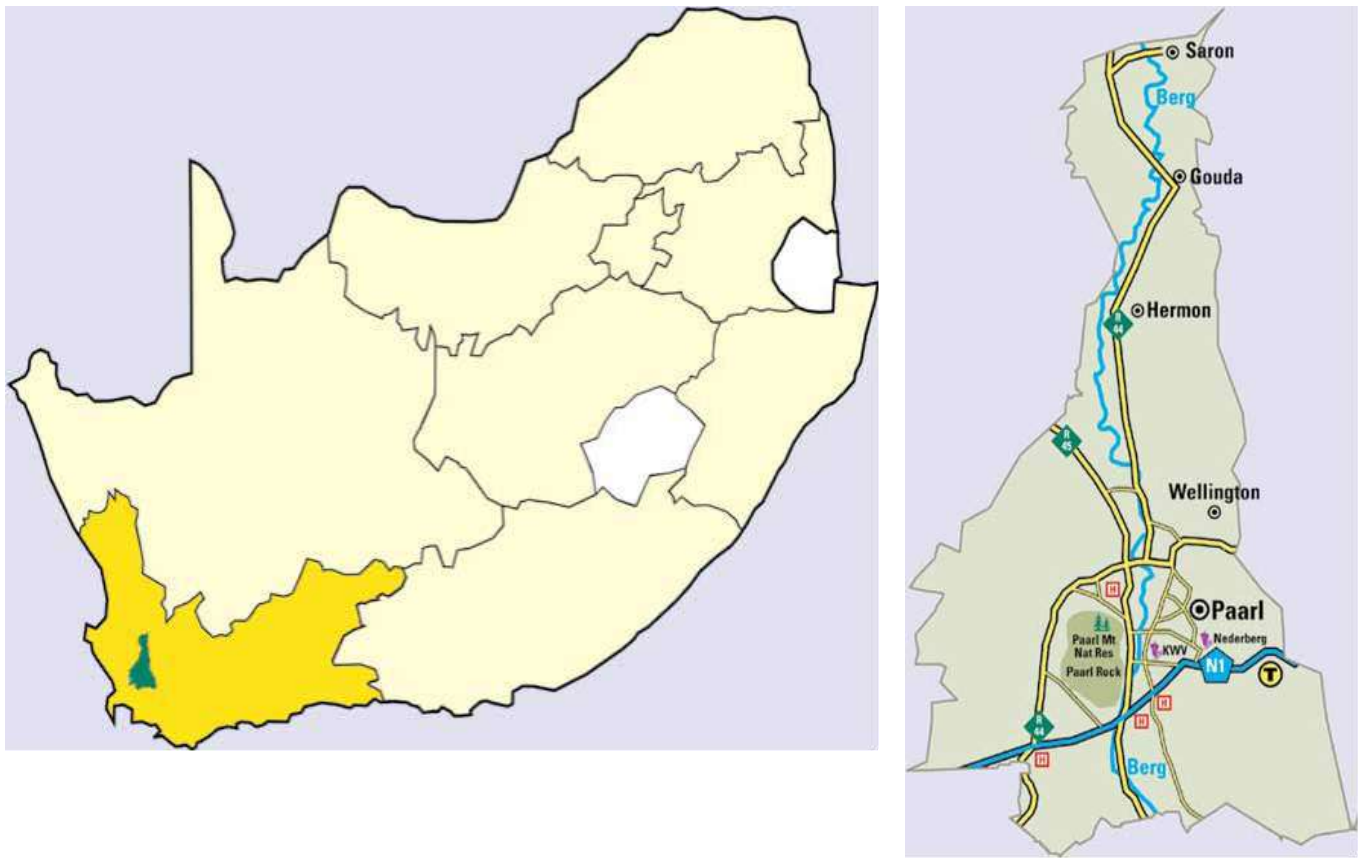


Figure 2: Drakenstein Municipality graphic illustration

1.1 VISION AND MISSION

The Drakenstein Local Municipality committed itself to the vision and mission of:

Vision

“Working together to create a place of opportunity.”

Mission

Develop and grow a sustainable, diverse and equitable Drakenstein, promoting culture and opportunities which:

- Are economically viable and contributes to long term economic prosperity for all;
- Are socially just and contributes to social equality, upliftment and well-being;
- Contribute towards a quality living environment and does not impact on the integrity of the environment.

Values

In achieving the Vision and Mission, Drakenstein Municipality subscribe to the following values and supporting principles that reflects what the organisation views as important in the conducting of its business.

- (a) Foster people development by being orientated towards and responsive to the people's needs, with special reference to vulnerable groups;
- (b) Develop a culture of participatory governance and contribute to building the capacity for such participation;
- (c) To exercise rights and duties within the financial and administrative capacity of the municipality;
- (d) To exercise rights and duties in a transparent and accountable fashion;
- (e) Create sustainable and quality living environments; and
- (f) Effective and efficient administration.

1.2 DEMOGRAPHIC INFORMATION

a) Wards

The Municipality is currently structured into the following 31 Wards:

Ward	Areas
1	Simondium
2	Kerk Street, Farms in Wellington
3	Windmeul Farms
4	Southern Paarl
5	Carterville
6	Silvertown, Mbekweni
7	Bailie Avenue, Van Wyksvlei
8	New Rest
9	Mbekweni
10	Patent Place, Wellington
11	Newton, Van Wyksvlei, Safmarine
12	Thusong Centre, Phola Park, Mbekweni
13	Choppin Avenue, Groenheuwel
14	Dalweide
15	Southern Paarl
16	Drommedaris, Mbekweni, Groenheuwel
17	Northern Paarl, Slot van die Paarl
18	Soetendal, Wellington
19	Northern Paarl
20	Dompass Street, Klein Drakenstein
21	Nederburg, Chicago, Magnolia
22	New Orleans, Charleston Hill, Huguenot
23	Klein Parys, Langvlei
24	Chicago
25	Nederburg, Lantana
26	Paulus, Old Police Station
27	Amstelhof
28	Ronwe, Sonop, Salem
29	Voor Street, Uitsig, Wellington
30	Saron
31	Gouda

Table 1: Municipal Wards

Drakenstein Municipality has the largest population of all the municipalities in the Cape Winelands District Municipal (CWDM) Area. The population of the Drakenstein Local Municipality (DLM) is dispersed across urban and agricultural areas:

- 45.5% of DLM's population resides in Paarl;
- 19.1% of DLM's population resides in Wellington;
- 11% of DLM's population resides in Mbekweni; and
- A small percentage of DLM's population resides in Victor Verster, Saron, Gouda, Drommedaris, and in the Reserve's.

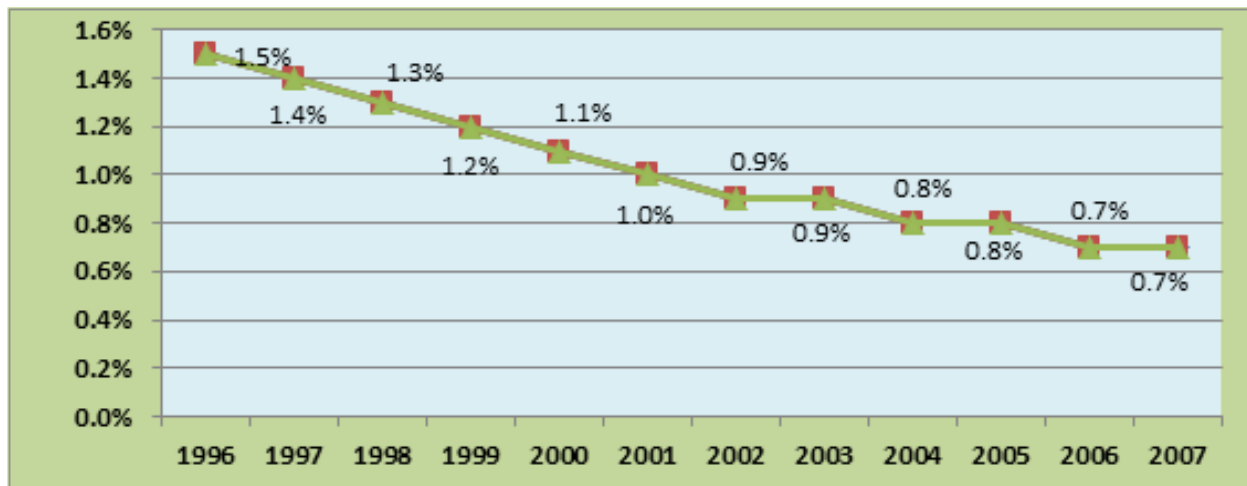
b) Population growth

The population of Drakenstein grew at an annual average rate of 1.9%, from 194 413 in 2001 to 217 089¹ in 2007. Drakenstein’s population grew slightly slower than the 2.1% population growth recorded for the District over the same period.

The projected estimates from the Department of Social Development for 2010 indicate that the population of Drakenstein’s Municipality will increase to approximately 230 934 people or by an average annual rate of 1.93% from 2001 to 2010.

The population growth rate of DLM has depreciated from 1.5% per annum in 1996 to 0.7 % in 2007.

The graph below illustrates the yearly population growth for the municipal area.



Graph 1: Total population growth

¹Note that the total population figures in 2007 differs from the disaggregated totals for males and females i.e. the summation of the total males and females does not equate to the total population figure, due to an anomaly in the database.

c) Households

The total number of households within the municipal area increased from 43 000 households in 2008/2009 financial year to a total of 45 000 households in 2010/2011 financial year

Households	2008/2009	2009/2010	2010/2011
Number of households in municipal area	43 000	44 000	45 000
Number of indigent households in municipal area	11 990	9 723	10 854

Table 2: Total number of households

Area	House	Informal Dwelling	Flat
DLM	68.0%	23.2%	8.8%
Dal Josafat Forest Reserve	99.5%	0.3%	0.2%
Drakenstein	93.2%	3.9%	2.9%
Drommedaris	1.9%	96.7%	1.4%
Gouda	87.5%	11.3%	1.2%
Mbekweni	42.4%	50.6%	7.0%
Paarl	62.6%	23.4%	14.0%
Paarlberg Nature Reserve	81.8%	10.7%	7.5%
Saron	88.0%	5.8%	6.2%
Victor Verster	93.6%	1.5%	4.9%
Wellington	79.7%	16.9%	3.4%

Table 3: Total indigent households within Drakenstein

d) Key Economic Activities

The Community Survey of 2007 highlighted that the biggest specified employment contributors in 2007 were:

Key Economic Activities	%
Agriculture, hunting, forestry and fishing	16.7
Manufacturing	15.1
Community, Social and Personal Services	13.4
Wholesale and retail trade	11.1
Unspecified	19.8
Not adequately defined	5.8

Table 4: Key Economic Activities

1.3 SOCIO ECONOMIC INFORMATION

a) Socio Economic Growth

The socio-economic information for the municipal area is as follows:

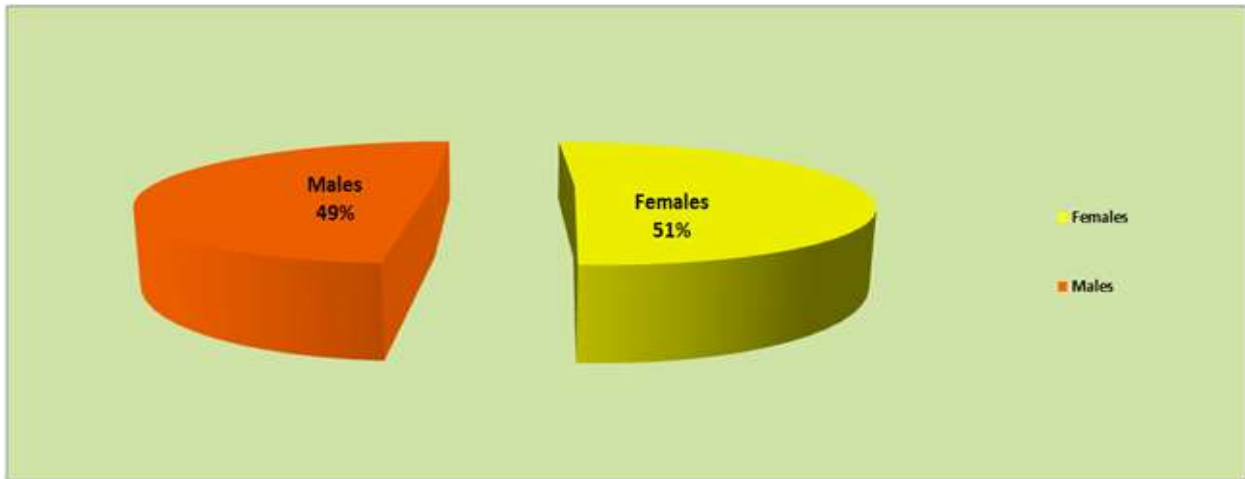
Housing backlog	Unemployment rate	Households with number income	People older than 14 years illiterate	HIV/AIDS prevalence
35%	14.1%	35.2%	26.2%	5.3 %

Table 5: Socio-Economic Information

b) Population by Gender

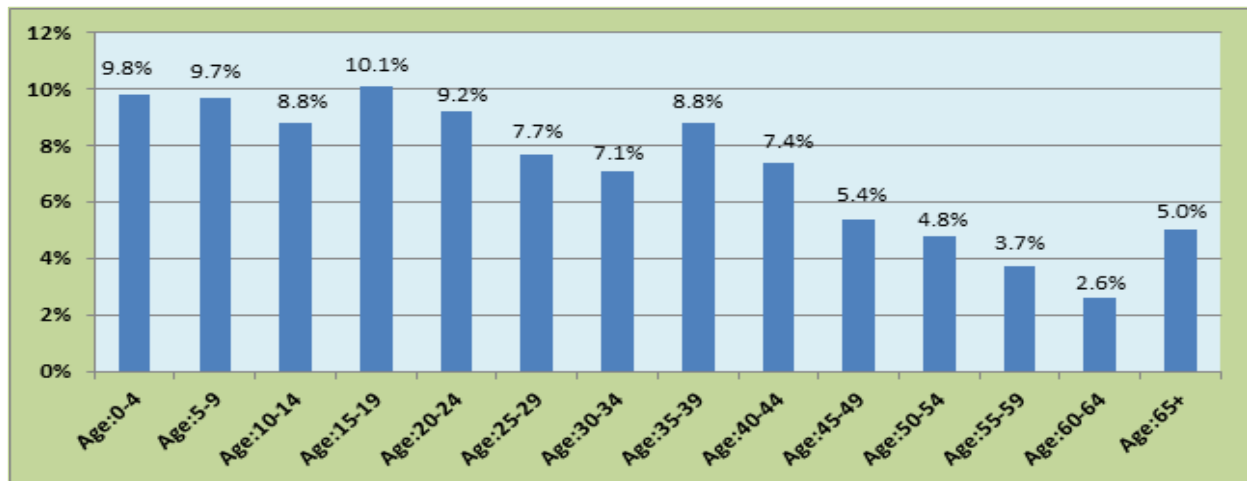
Drakenstein Local Municipality population is closely balanced with **50.9%** representation of females and **49.1%** of males in 2010/2011 as shown below.

The following graph displays the female to male ratio:



Graph 2: Gender population

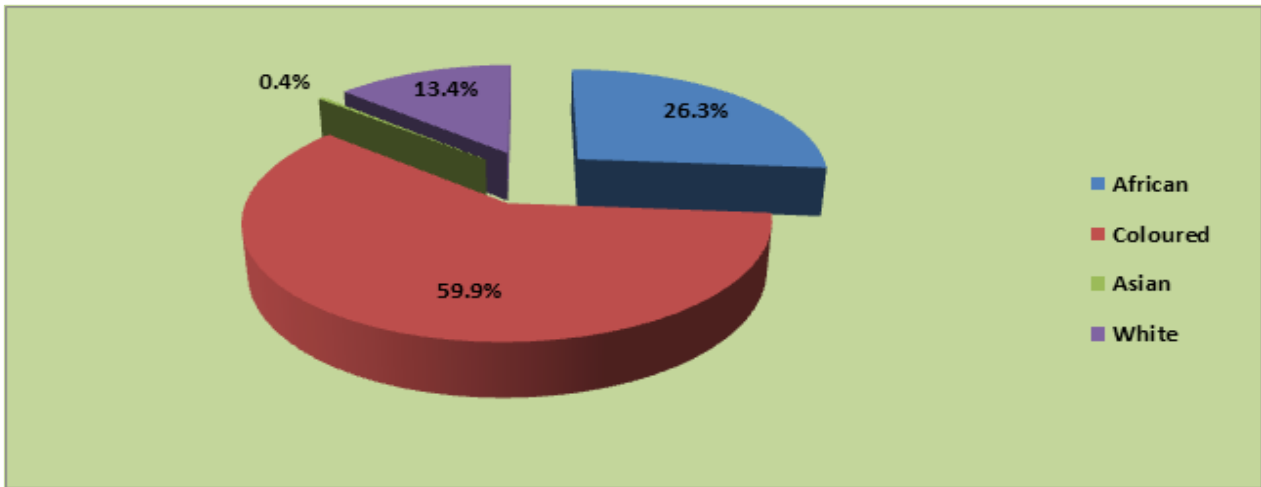
The graph below indicates the population categories by gender/age:



Graph 3: Population categories by gender/age

c) Population by race categories

The graph below shows the population by race.



Graph 4: Population age race

1.4 MUNICIPAL CHALLENGES

The following general challenges are experienced by the municipality:

Challenges	Actions to resolve
Environment	
Increasing number of illegal activities by inhabitation of Drakenstein leading to degradation of the environment.	<p>Increase Law Enforcement actions. Training of peace officers in the identification of illegal environmental activities. Investigate the possibility of dedicated Environmental Law Enforcement personnel.</p> <p>Increase awareness about the environment and actions and activities that lead to environmental degradation.</p>
Lack of co-ordination between Directorates and Departments in Drakenstein in ensuring the protection of the environment.	Strengthen the work of the Environment Management Committee.
Limited capacity for environmental education and awareness raising.	<p>HR to ensure vacant posts is filled as soon as possible.</p> <p>Implement an internship scheme.</p> <p>Partner with Environmental authorities in environmental education and awareness raising efforts.</p>
Infrastructure and Backlogs	
The major challenges within Waste Services are the limited airspace available at the Drakenstein Landfill Facility at Wellington and also the limited hydraulic load at the Wellington Wastewater Treatment Works. This will however be addressed in the 2011/2012 and future financial years.	This will be addressed in the 2011/2012 and future financial years. Pre-feasibility studies and planning is underway
The lack of highly qualified skilled personnel is also a concern especially at the landfill facility, wastewater treatment operations and technical staff.	This will be addressed through career path development and skills programmes.
Delays in Environmental approvals	This must be addressed by National/Provincial authorities.
Infrastructure and Backlogs	
Ever increasing legislative requirements and compliance issues. Over emphasis on compliance versus service delivery.	This must be addressed at National level.
Retention and attraction of scarce skills technical personnel (Engineers, Planners, Technicians, Artisans).	Implementation of Scarce Skills Policy and Remuneration Systems.
Protracted procurement processes (MFMA and SCM).	This must be addressed at National level.
Housing	
The delays with the commencement of the Drommedaris Housing Project and the completion of Housing Scheme 49 (Project 2) and Housing Scheme 59. Delays with the approval of building plans. Community dynamics for example: contractor build or People's Housing Process (PHP), allocation of houses to beneficiaries and the selection of builders.	To complete Housing Scheme 59 and Housing Scheme 49 (Project 2) before the end of the financial year by having regular monitoring and co-ordination processes in place.
Funding constraints and the approval of the additional funding to close projects that commence a few years ago. Delays with the approval of projects by Provincial Department of Housing.	To urgently meet with the Provincial Department of Housing with regard to the funding constraints and the delays with the approval of projects.
Delays with the submission of tender reports to the Evaluation and Adjudication Committee for consideration attributed to construction of Civil Works that commence late and funds carried over. To resolve the problems in the Drommedaris Housing Project urgently or alternatively allocate the funds to other projects in order to spend the housing funds received from Province.	<p>To meet beneficiaries and ward representatives to discuss how the Municipality and them can strengthen the working relationship in order to fast track the delivery of houses.</p> <p>To have interdepartmental meetings on a monthly basis as well as the need occur to discuss delays and how to fast track the submissions and approval of tenders.</p>
Safety and Security	
Law Enforcement: Rendering a 24 hour security service to	To budget for the installation of cameras to serve its purpose

Challenges	Actions to resolve
municipal premises. The installation of high definition cctv cameras with (zoom in facilities) has been identified as a priority. Once installed it would greatly assist law enforcement and create a safer working environment.	and ultimately assist law enforcement. Budget for additional manpower to grow the law enforcement unit.
Traffic: Visible law enforcement to ensure compliance to applicable legislation and to further extend the services effectively throughout the municipal area.	Budget for additional manpower in terms of a definite plan over a 3 - 5 year period.
Fire and Rescue: To grow the staff complement within the different sections in the Fire and Rescue Department in order to deliver an effective service to the community within our area as a whole.	Budget for additional manpower in order to grow the unit.
Disaster Management: Establish a separate unit to manage, coordinate and regulate emergency incidents where a number of services are involved in an effort to normalise the emergency.	The objective would always be to be proactive. Roll out preventative plans regarding specific risks and hazards within the municipal area. Budget for additional staff.
Social and Community Development	
Food insecurity.	Soup kitchens home/patch garden skills training and support, community food gardens.
Youth recreation.	Games, sport and cultural programmes.
Early Childhood Development (ECD).	ECD educator's skills training and ECD programmatic interventions.
Play parks.	Develop new play parks, upgrade and maintain current play parks.
Information.	Displays, exhibitions and ICT corners at Libraries.

Table 6: Municipal challenges

1.5 GOVERNANCE STRUCTURE

1.5.1 POLITICAL GOVERNANCE STRUCTURE

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Executive Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

a) Council

Below is a table that categorised the Councillors within their specific political parties and wards for the period **1 July 2010 – 18 May 2011**:

Name of Councillor	Capacity	Political Party	Ward representing or proportional
Charmaine Magdalene Manuel	Executive Mayor	ANC	Proportional
Matthys Wilhelm Nothnagel	Executive Deputy Mayor	ANC	Proportional
Sikhumbuzo L Mgajo	Speaker	ANC	Proportional
David Kapa Xhaso	Chief Whip	ANC	Ward 12
Billy Zanomwula Adams	Councillor	ANC	Ward 3
Samuel Louis Andrews	Councillor	DA	Proportional
Miriam Maria Adriaanse	Councillor	DA	Ward 23
Joseph Wari Appollis	Councillor	NPP	Proportional
Ruth Belldine Arnolds	Councillor	ID	Ward 7
Ronald Brand	Councillor	VF+	Proportional
Albertus Marthinus Loubser Buckle	Councillor	DA	Ward 18
Lutisia Nancy Daries	Councillor	DA	Proportional
Hendrik Ruben De Goede	Councillor	DA	Ward 19
Caudillo Du Plessis	Councillor	ANC	Ward 10
Thomas André Du Plessis	Councillor	ANC	Ward 22
Bongiwe Fikizolo	Councillor	ANC	Proportional
Geoffrey Harry Ford	Councillor	DA	Proportional
Eva Gouws	Councillor	DA	Proportional
Elizabeth Gayiya	Councillor	WCC	Proportional
Christopher Jochims	Councillor	ID	Proportional
Frans Albertus Kellerman	Councillor	DA	Ward 28
Spasie Kika	Councillor	Independent	Ward 21
Joyce Ann Kroutz	Councillor	DA	Ward 26
Jacobus Francios Le Roux	Councillor	DA	Proportional
Jacobus Adriaan Louw	Councillor	DA	Ward 15
Lungile Morris Magala	Councillor	ANC	Ward 6
Joseph Matthee	Councillor	ACDP	Proportional
Victor Mbubu	Councillor	ANC	Ward 16
Clara Meyer	Councillor	DA	Proportional
Johanna Emily Muller	Councillor	ANC	Ward 13

Name of Councillor	Capacity	Political Party	Ward representing or proportional
William Adré Petersen	Councillor	NNP	Proportional
Cynthia Philander	Councillor	ANC	Ward 14
Conrad James Poole	Councillor	ID	Ward 27
Johannes Gerhardus Rademeyer	Councillor	DA	Proportional
Soudah Ross	Councillor	DA	Ward 24
Solomon Ross	Councillor	ID	Proportional
Sindiswa Ludia Sambokwe	Councillor	ANC	Proportional
Catharina Magrita Smit	Councillor	DA	Ward 29
Jean Pieter Smit	Councillor	DA	Ward 17
Johannes Smit	Councillor	DA	Proportional
Rean Smuts	Councillor	DA	Proportional
James William Solomon	Councillor	DA	Proportional
Johannes Nicolaas Hendricks Stoffels	Councillor	NPP	Proportional
Magda Deborah Syfers	Councillor	ANC	Proportional
Alec Theo	Councillor	WCC	Proportional
Johannes Thomas	Councillor	ANC	Ward 31
Mpelese Alfredo Tshaya	Councillor	ANC	Ward 8
Nkosinathi Tyesi	Councillor	ANC	Ward 5
Erasmus Johannes Van Zyl	Councillor	DA	Ward 4
Colin Clive van der Westhuizen	Councillor	ANC	Ward 1
Helena von Schlicht	Councillor	DA	Proportional
Petrus Johannes von Wielligh	Councillor	DA	Ward 2
Gerald John Witbooi	Councillor	ID	Ward 30
Jan Tobias Basson	Member of Mayoral Committee	ANC	Proportional
Abraham Bekeer	Member of Mayoral Committee	ANC	Ward 20
Sharon Davids	Member of Mayoral Committee	ANC	Proportional
Harisha Dومان	Member of Mayoral Committee	ANC	Proportional
Thulani Michael Kompela	Member of Mayoral Committee	ANC	Proportional
Marthinus J Le Hoe	Member of Mayoral Committee	ANC	Ward 25
Arthob Mzolise Petersen	Member of Mayoral Committee	ANC	Proportional
Agnes Boniswa Sisuba	Member of Mayoral Committee	ANC	Ward 9
Basil Erne Vos	Member of Mayoral Committee	NNP	Ward 11

Table 7: Council 1 July 2010 - 18 May 2011

Below is a table that categorised the Councillors within their specific political parties and wards for the period **19 May 2011 – 30 June 2011**:

Name of Councillor	Capacity	Political Party	Ward representing or proportional
Gesina Maria Magdalena van Deventer	Executive Mayor	DA	Proportional
Conrad James Poole	Executive Deputy Mayor	DA	Ward 27
Jacobus Francois Le Roux	Speaker	DA	Proportional
Renier Adriaan Koegelenberg	Chief Whip	DA	Ward 4
Miriam Maria Adriaanse	Councillor	DA	Ward 24
Amelda Felicity Afrika	Councillor	ANC	Proportional
Mariëtte Bernice Appollis	Councillor	NPP	Proportional
Ruth Bellidine Arnolds	Councillor	DA	Ward 7
Abraham Bekeer	Councillor	ANC	Proportional
Derrick Solomon Blanckenberg	Councillor	PDM	Proportional
Luvuyo Espin Bolani	Councillor	ANC	Proportional
Albertus Marthinus Loubser Buckle	Councillor	DA	Ward 18
Felix Patric Cupido	Councillor	DA	Proportional
Sharon Winona Davids	Councillor	ANC	Proportional
Hendrik Ruben De Goede	Councillor	DA	Ward 19
Jo-Ann De Wet	Councillor	DA	Proportional
Eva Gouws	Councillor	DA	Ward 21
Zuko Lawrence Gwada	Councillor	ANC	Proportional
Vuyani Hlati	Councillor	ANC	Ward 5
Christephine Kearns	Councillor	DA	Ward 10
Daniel Andreas Kotze	Councillor	SAPCO	Proportional
Linda Landu	Councillor	ANC	Proportional
Sonwabo Ernest Lumko	Councillor	ANC	Ward 14
Lungile Morris Magala	Councillor	ANC	Ward 6
Tembekile Christopher Mangena	Councillor	ANC	Ward 9
Charmaine Magdalene Manuel	Councillor	ANC	Proportional
Joseph Matthee	Councillor	ACDP	Proportional
Victor Mbubu	Councillor	ANC	Ward 16
Jerome Clive Mchelm	Councillor	ANC	Ward 31
Clara Meyer	Councillor	DA	Proportional
Mhlangabezi Case Msolo	Councillor	ANC	Ward 12
Nombuyiselo Mtiki	Councillor	ANC	Proportional
Willem Johannes Naudé	Councillor	DA	Ward 23
Lodewyk Wilfred Niehaus	Councillor	DA	Ward 15
Matthys Wilhelm Nothnagel	Councillor	ANC	Proportional
Mziyanda Paliso	Councillor	DA	Proportional
Wendy Felecia Philander	Councillor	DA	Ward 26
Amina Pietersen	Councillor	DA	Ward 25
William Adrè Petersen	Councillor	NPP	Proportional
Samuel Colin Rens	Councillor	ANC	Proportional
Cupido Senior Ross	Councillor	COPE	Proportional
Soudah Ross	Councillor	DA	Ward 13

Name of Councillor	Capacity	Political Party	Ward representing or proportional
Keith Sheldon	Councillor	COPE	Proportional
Wilhelmina Elizabeth Smit	Councillor	DA	Ward 3
Tandiwe Eveline Somgqeza	Councillor	DA	Proportional
Aidan Charles Stowman	Councillor	DA	Ward 11
Mpelese Alfred Tshaya	Councillor	ANC	Ward 8
Colin Clive van der Westhuizen	Councillor	ANC	Ward 1
Reinhardt van Niewenhuyzen	Councillor	DA	Ward 28
Helena Von Schlicht	Councillor	DA	Proportional
Gerald John Witbooi	Councillor	DA	Ward 30
Noel Davids Adams	Member of Mayoral Committee	DA	Proportional
Gert Cornelius Combrink	Member of Mayoral Committee	DA	Proportional
Lutisia Nancy Daries	Member of Mayoral Committee	DA	Ward 22
Lourens Matthys Du Toit	Member of Mayoral Committee	DA	Ward 17
Esther Martha Kearns	Member of Mayoral Committee	DA	Ward 20
Lulama Eunice Ntlemeza	Member of Mayoral Committee	DA	Proportional
Ntobeko Jonathan Qebanya	Member of Mayoral Committee	DA	Proportional
Johannes Gerhardus Rademeyer	Member of Mayoral Committee	DA	Ward 2
Matthys Daniel Jacobus Smith	Member of Mayoral Committee	DA	Ward 29
Rean Smuts	Member of Mayoral Committee	DA	Proportional

Table 8: Council 19 May 2011 - 30 June 2011

b) Executive Mayoral Committee

The Executive Mayor of the Municipality, Cllr G van Deventer, assisted by the Executive Mayoral Committee heads the executive arm of the Council. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in her to manage the day-to-day affairs. This means that she has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Executive Mayoral Committee.

The name and portfolio of each Member of the Executive Mayoral Committee is listed in the table below for the period **01 July 2011 to 18 May 2011**:

Name of member	Portfolio
M W Nothnagel (Executive Deputy Mayor)	Planning
J T Basson	Finance
A Bekeer	Strategic Services and Human Resources
S Davids	Social and Rural Development
H Douman	Local Economic Development
T M Kompela	Sports, Arts, Culture and Recreation
M J Le Hoe	Community Safety
A M Petersen	Housing
A B Sisuba	Infrastructure Development
B E Vos	Corporate Services

Table 9: Executive Mayoral Committee 01 July 2010 - 18 May 2011

The name and portfolio of each Member of the Executive Mayoral Committee is listed in the table below for the period **31 May 2011 to 30 June 2011**:

Name of member	Portfolio
C J Poole (Executive Deputy Mayor)	Agricultural and Rural Development
Dr N D Adams	Social Welfare, Health and Community Development
G C Combrink	Finance
L N Daries	Human Settlements and Land Development
Dr L M du Toit	Integrated Economic Development and Tourism
E M Kearns	Public Complaints and Ombudsman
L E Ntlemeza	Environmental Affairs and Public Spaces
N J Qebanya	Sport, Culture, Youth Development and Student Affairs
J G Rademeyer	Infrastructure and Planning
Dr M D J Smith	Corporate and Strategic Governance
R Smuts	Security and Disaster Management

Table 10: Executive Mayoral Committee 31 May 2011 - 30 June 2011

(Please note that the name and functions of the committees have on numerous occasions been altered due to the change of Council.)

c) Portfolio Committees

Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and make decisions depending on their delegated powers. They advise the Executive Mayor on policy matters and other functional issues. Section 79 committees are permanent or temporary Committees reporting to Council. These Committees do not have decision making powers and are usually set up to investigate or consider a particular issue and make recommendations to Council.

The portfolio committees for the period 1 July 2010 to 18 May 2011 and their Chairpersons were as follows:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to Council	Meeting date
Finance	Cllr J T Basson	80	3	9 Sept.2010; 24 Jan 2011 7 Feb 2011
Corporate, Strategic and HR	Cllr A Bekeer	80	2	13 Sept 2010 15 Nov 2010
Social, Rural and Economic Development	Cllr S Davids	80	1	13 Oct 2010
Housing and Infrastructure	Cllr A M Petersen	80	-	-
Planning	Cllr M W Nothnagel	80	-	-
Sport , Recreation Youth, Culture and Community Safety	Cllr T M Kompela	80	-	-

Table 11: Portfolio Committees

1.5.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Executive Management Team, whose structure is outlined in the table below:

Official	Designation	Performance Agreement signed
		(Yes/No)
 Dr Sidima Kabanyane	Municipal Manager	Yes
 Dr Pravine Naidoo	Executive Director: Strategic Services	Yes
 Mr Khaya Mrali	Executive Director: Corporate Governance	Yes
 Mr Cavin Petersen	Executive Director: Financial Services	Yes
 Mr Leon Coetzee	Executive Director: Infrastructure and Planning	Yes
 Mr Tommy Matthee	Executive Director: Social Services	Yes

Table 12: Administrative Governance Structure

1.6 FINANCIAL HEALTH

Credit rating and financial outlook

- Credit ratings of Drakenstein Municipality has been stable to A3.za which indicates a strong capacity to repay long term liabilities and fulfil short term obligations (liquidity).
- It has retained the same credit rating for two consecutive years, despite of economic difficulties that have an impact on consumers' ability to service their debts.
- The Drakenstein Municipality has an adequate and stable financial position, which underpins the credibility and sustainability of the Municipality.
- Good financial and budgetary control which are the results of good and sound financial management.
- It has a comfortable liquidity position which enables the municipality to meets its long and short term obligations, which is the major backbone of an entity.

CHAPTER 2: GOVERNANCE

2. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimised, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Highlight	Description
IDP Process Plan	Was adopted on time by Council and a notice was given to the public regarding the intended process.
Ward Development Plans	Were developed and revised through Community Based Planning (CBP) methodology and the municipality ensured possible funding for different priorities.
Accredited IDP	The IDP was endorsed by all 31 wards.
ISO 9001:2008	Project was rolled out to the Municipality's Tourism Unit looking at its performance as well as service delivery standards. At the end, Tourism received a certification award from the South Africa Bureau of Standards (SABS).
IDP and Budget Roadshow	The roadshow was successful; valuable input was collected from the community towards the Draft Budget 2011/2014.
MTREF Budget 2011-2014	Our transparent and realistic budget was completed earlier before the elections and approved by Council.
Early Childhood Development(ECD)- Drumming Programme	A Drumming Programme to support physiological, cultural, educational and mental development of children was undertaken in consultation with the ECD Forums. Many ECD Centres have limited space and resources to expand their programmes.
Participatory Democracy – Training of Trainers Programme in Local Government modules	The aim of the programme was to train a group of youth using train the trainer method on The Role of Local Government and Local Government and HIV/AIDS. 20 participants were recruited and trained where after they held workshops with selected ward committees.
Skills Development	Public advertisements were placed in a local newspaper for out-of-school youth to apply for several skills training opportunities. Approximately 300 youth participated.
Youth Festival	17 Drakenstein youth delegates attended the 17 th World Festival of Youth and Students in Pretoria, 13-21 st December 2010.
Drakenstein Youth Council	Several meetings were held during 2010/2011 and the DYC Annual General Meeting was held on 12 - 14 November 2010.
Ward Projects	A meeting was held on 11 August 2010 with the Ward Councillors to explain the process of approval and implementation of ward projects. The Speaker's Office convened ward meetings to receive ward project proposals. The Community Development Section co-ordinated the implementation of ward projects.

Highlight	Description
Mbekweni Thusong Service Centre	The Mbekweni Thusong Service Centre houses the Sweden-Mbekweni Project, Department Social Development, Department Local Government (CDW's) and Drakenstein Community Learning Centre. A further lease agreement with Anova Health institute was approved in November 2010. The hall, computer room, general training room and the elderly room are hired on a regular basis by organisations, private and other government departments.
Fraud Hotline	Successfully implemented a hotline that report directly to the Municipal Manager, Chief Audit Executive and the Chief Risk Officer. This allows transparent reporting and ensures that no reported matters are unattended.
Audit of Performance Information	The Municipality has struggled with this for some time and the Auditor General has noted it. In the past year Internal Audit started by performing a functionality audit of the Performance Management System and then carried out and instruction from the Executive Management Team and the Performance Audit Committee to audit the validity of the evidence supporting reported performance information. In the new year integrity audit will be carried out.

Table 13: Performance Highlights - Good Governance and Public Participation

2.2 CHALLENGES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Description	Actions to address
Community Participation.	In terms of the requirements of the Municipal Systems Act, not all mechanisms, processes and procedures could be implemented due to less participation by the community.
Sector Representation.	Not all sector groups could be identified due to non-responsiveness of sectors to Municipality calls for representation.
Community understanding of budgets during the participation.	Ongoing educational processes in letting the communities understand the budget of a Municipality.
Community understanding the role of the Municipality.	Ongoing educational processes in letting the communities understand their roles and responsibilities and the actual mandates of a Municipality.
Limited audit coverage due to shortage of staff.	Submission made to address this matter and possible appointments after the adjustment budget and in the new financial year.
Limited awareness on fraud related activities.	Awareness campaign was carried out during the year and will continue as an ongoing activity.
Waste Services.	At-Source recycling and communication via the media, Municipal Website and the Municipal Newsletter and in some stages during municipal strikes radio broadcasting was utilised.
Delays in Environmental approvals.	This needs to be addressed by Provincial and National Departments.

Table 14: Challenges - Good Governance and Public Participation

2.3 DEVELOPMENT PRIORITY: GOOD GOVERNANCE

2.3.1 KPA: GOVERNANCE

The Municipality adopted a five-year plan which was in terms of the Municipal Systems Act, 2000 reviewed during 2009/2010 Process Plan which stipulated steps to be taken during the review cycle.

The Municipality adopted Community Based Planning (CBP) an improved approach to planning and community engagement. CBP in its formation is a forerunner to the IDP and it seeks to promote ownership in municipal planning process by the citizens. IDP processes is also aligned to the Performance Management System of the Municipality. During the review process, Ward-based Plans were used as a basis for measuring and evaluate priorities linked to budget spending.

It also prescribes targets and indicators that must be set against the achievement of performance objectives. After all the determined steps in the Integrated Development Plan (IDP) process plan, Council adopted the final IDP Review Report in May 2010.

The Service Delivery and Budget Implementation Plan (SDBIP) give effect to the Integrated Development Plan (IDP) and budget of the Municipality. The budget gives effect to the strategic priorities of the municipality. The SDBIP therefore serves as contract between the administration, Council and community expressing the goals and objectives set by Council as quantifiable outcomes that can be implemented by the administration over the twelve months.

Drakenstein Municipality's SDBIP was approved by the Executive Mayor in June 2010.

2.3.2 KPA: INTER-GOVERNMENTAL RELATIONS (IGR)

Government at all levels identified the need to work closely and in consultation with each other. In terms of the Intergovernmental Relations Framework Act, various forums were created for this purpose. At Drakenstein Municipality, in line with the Municipality's priorities as identified in the IDP, an IGR Unit was created to co-ordinate, improve and interact with programmes and activities with all spheres of government and parastatals.

The Municipality therefor interact and participate in all intergovernmental forums. This happens through an IGR Forum, comprising all government departments in the Drakenstein Area. The purpose is to co-ordinate, communicate, assist and interact with each other.

Other engagements took place through the year, both on an ad hoc or project based approach by different line departments as well. The Municipality actively participate in forums set up by SALGA as well.

2.3.3 KPA: COMMUNITY PARTICIPATION AND COMMUNICATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the Municipality. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the Performance Management System;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

2.3.3.1 FUNCTIONALITY OF WARD COMMITTEES

The purpose of a ward committee is:

- to get better participation from the community to inform Council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the Ward Councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The Ward Councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the Ward Councillor who makes specific submissions directly to the council. These committees play a very important role in the development and annual revision of the Integrated Development Plan of the area.

The Speaker reported that due to the previous dispensation failing to provide his office with complete records, no complete reporting can be inserted, save to report that the majority of the Ward Committees were dysfunctional and failed to fulfill their mandates as structures representing and working for all the people in their respective wards.

This failure is unacceptable and stringent and monitored measures are presently put in place that this extremely important duty is not again neglected and that the Ward Committees functions properly.

2.3.3.2 COMMUNICATION

Local Government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on Local Government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the abovementioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of **Batho Pele** and this, in simple terms, means that those we elect to represent us (Councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

South Africa has adopted a system of developmental local government, which addresses the inequalities, and backlogs of the past while ensuring that everyone has access to basic services, to opportunities and an improved quality of life.

To be successful, communications must focus on the issues that are shown to impact on the residents' perceptions, quality of service, value for money and efficiencies. They should ideally look to close the communication-consultation loop, i.e. tell people how they can have a say and demonstrate how those who have given their views have had a real impact.

Good customer care is clearly of fundamental importance to any organisation, and analysis here shows that local residents view the municipality's people relations in a negative light. A successful Communication Strategy therefore links the people to the Municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication Unit	Yes
Communication Strategy	Yes
Communication Policy	Yes
Customer Satisfaction Surveys	Yes
Functional Complaint Management Systems	Yes
Newsletters distributed at least quarterly	Yes

Table 15: Communication Activities

2.3.3.3 WEBSITE

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Documents published on the Municipal Website	Date published
• Tariff Policy	02/06/2011
• Credit Control Policy	05/08/2010
• Valuation Policy	02/06/2011
• SCM Policy	22/01/2011
Annual Report (2008/2009)	10/02/2010
Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2009/2010)	15/04/2011
All service delivery agreements (2009/2010)	17/05/2011
All long-term borrowing contracts (2009/2010)	21/10/2010
Information statement containing a list of assets over a prescribed that have been disposed of in terms of section 14 (2) or (4) of the MFMA during 2009/2010	02/06/2011
All quarterly reports tabled in the Council in terms of section 52 (d) of the MFMA during 2009/2010	21/07/2011

Table 16: Website Checklist

2.3.4 KPA: ACCOUNTABLE GOVERNANCE

Corporate Governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.3.4.1 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimise the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), Section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a Supply Chain Management System to minimise the likelihood of corruption and fraud.

a) Developed Strategies

Name of strategy	Developed Yes/No	Date adopted
Fraud prevention strategy /plan Adopted as a policy of Council	Yes	22 September 2009

Table 17: Strategies

2.3.4.2 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an Audit Committee is an independent advisory body which must- (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- Internal financial control;
- Risk Management;
- Performance Management; and
- Effective governance.

a) Functions of the Audit Committee

Council adopted its Audit Charter on 10 March 2009. In terms of the Audit Charter, the Audit Committee is also appointed as the Performance Audit Committee. In terms of the Audit Charter and subject to relevant legislation, the Audit Committee has the following roles with regards to Performance Management:

- To advise Council on the functionality of the Performance Management System (PMS);
- To advise Council whether the PMS complies with the Act ;
- To advise Council on the extent to which the Municipality's performance measures are reliable in measuring performance;
- To advise Council on the effectiveness of the financial administrative system in terms of systems auditing as well as making recommendations with regard to perceived shortcomings;
- To ensure effective functioning of the Internal Audit Unit; and
- To advice Council on the standard of service pertaining to internal audit function.

The Audit Committee have the following functions as prescribed in Section 166 (2) (a-e) of the Municipal Finance Management Act, 2003, Local Government Municipal and Performance Management Regulation, S 2001:

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual DoRA and other applicable legislation.
- Respond to the Council on any issues raised by the Auditor-General in the Audit Report.
- Carry out such investigations into the financial affairs of the Municipality as Council may request.
- To perform such other functions as may be prescribed to it by Council.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- To evaluate the compliance to existing policies and relevant legislation.

- To evaluate Audited Financial Statements and reports with regard to the procurement of items and services.
- The compilation of reports to Council, at least twice during a financial year.
- To review the Performance Management System and make recommendations in this regard to Council.
- To assess whether the performance indicators are sufficient.
- To determine possible reasons for discrepancies between performance and targets.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review significant transactions that does not normally form part of Council's business.
- To review the Disaster Recovery plans.
- To review the Annual Report of the Municipality.
- Investigating cases of fraud, misbehaviour and conflict of interest involving employees.
- To focus on and review changes in the accounting policies.
- Making recommendations to Council and also carrying out its responsibility to implement the recommendations.
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.
- On a regular basis, review its own effectiveness against pre-set criteria.
- Review the plans of the internal audit function and in so doing, ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Review audit results and action plans implemented by management.
- Provide support to the internal audit function.
- Ensure that no restrictions or limitations are placed on the internal audit section.
- Evaluate the activities of the internal audit function in terms of their role as prescribed by legislation.
- Provide Council with comments and recommendations with regard to the proposed budget for the following year.

b) Members of the Audit Committee

Name of member	Capacity	Meeting dates
Ashley Semour	Chairperson	1 July 2010;
Moutie Richards	Ordinary member	25 August 2010;
Rowan Nicholls	Ordinary member	6 October 2010;
Phumla Mpolweni	Ordinary member	2 December 2010;
		17 January 2011;
Mlamli Zenzile	Ordinary member	9 March 2011;
		6 April 2011;
		28 June 2011.

Table 18: Members of the Audit Committee

2.3.4.3 PERFORMANCE AUDIT COMMITTEE

The Regulations require that the Performance Audit Committee is comprised of a minimum of three members, the majority of whom are external (neither a Councillor nor an employee) of the Municipality. Section 14(2) (b) of the Regulations further stipulates that the Performance Audit Committee must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate a member of the Performance Audit Committee who is neither a Councillor nor an employee of the municipality as the chairperson of the committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a Performance Audit Committee. While the regulations preclude the appointment of a Councillor as chairperson of the Performance Audit Committee, the MFMA excludes the involvement of a Councillor in the composition of a Performance Audit Committee entirely.

In accordance with the requirements of Section 14(2)(e) of the Regulations, if the chairperson is absent from a specific meeting of the committee, the members present must elect a chairperson from those present to act as chairperson for that meeting.

Furthermore, Section 14(2) (f) of the Regulations provides that, in the event of a vacancy occurring amongst the members of the Performance Audit Committee, the municipality concerned must fill that vacancy for the unexpired portion of the vacating member's term of appointment.

Section 14(3) (a) of the Regulations requires that the Performance Audit Committee of a municipality must meet at least twice during each financial year. However, additional special meetings of the Performance Audit Committee may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3) (b) of the Regulations.

a) Functions of the Performance Audit Committee

In terms of Section 14(4) (a) of the Regulations the Performance Audit Committee has the responsibility to -

- (i) review the quarterly reports produced and submitted by the internal audit process;
- (ii) review the municipality's Performance Management System and make recommendations in this regard to the Council of the Municipality; and
- (iii) at least twice during each financial year submit a performance audit report to the Council of the Municipality.

b) Members of the Performance Audit Committee

Name of member	Capacity	Meeting dates
James Bill Sewell	Chairperson	23 September 2010
Ronald Morris	Ordinary Member	28 October 2010
Kalvin Whittles	Ordinary Member	30 November 2010
		9 December 2010
		17 January 2011
		9 March 2011
		6 April 2011
		28 June 2011

Table 19: Members of the Performance Audit Committee

2.3.4.4 INTERNAL AUDITING

Section 165 (2) (a), (b)(iv) of the MFMA requires that:

The Internal Audit Unit of a municipality must –

- (a) prepare a Risk Based Audit Plan and an Internal Audit Programme for each financial year;
- (b) advise the accounting officer and report to the Audit Committee on the implementation on the Internal Audit Plan and matters relating to risk and risk management.

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function	Date/Number
Risk analysis completed/reviewed	20 June 2010
Risk based audit plan approved for 2010/11 financial year	1 July 2010
Internal audit programme drafted and approved	1 July 2010
Number of audits conducted and reported on	Four (4) Performance Reports, three (3) Internal Audit Reports including two follow-up audits and 3 Internal Audits finalised early in early 2012 financial year.
Audit reports included the following key focus areas:	
Internal controls	All Internal Audit reports cover assessments. An Internal Audit Report covers these areas in various degrees.
Accounting procedures and practices	
Risk and risk management	
Performance management	
Loss control	
Compliance with the MFMA and other legislation	

Table 20: Internal Audit Functions

2.3.4.5 AUDITOR GENERAL

Drakenstein Local Municipality was audited by the Auditor General of South Africa in terms of Section 188 of the Constitution and Section 4 of the Public Audit Act and Section 126 of the MFMA and the Audit Report for the financial year under review is in Annexure A of this report.

2.3.4.6 BY-LAWS AND POLICIES

Section 11 of the MSA gives Municipal Councils the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of all the by-laws developed and reviewed during the financial year:

By-laws developed/revised	Date adopted	Public Participation Conducted Prior to adoption of By-Laws (Yes/No)	Date of Publication
Establishment of improvement Districts (review)	15 June 2011	Not applicable – no amendments made	n/a
Advisory Board for Nature Reserves (review)	15 June 2011	Not applicable – no amendments made	n/a

Table 21: By-laws developed/revised

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of Policy (Yes/No)
Policy for the use of Landline Telephone System	22 September 2010	No
Debt Collection Policy: Revised	22 September 2010	Yes
Enterprise and Risk Management Policy	24 November 2010	Yes
Electronic Records Management Policy	24 November 2010	No
Information and Communication Technology (ICT) Policy	24 November 2010	No
Sports and Recreation Policy	24 November 2010	Yes
Tree Management Policy	24 November 2010	Yes
Indigent and Provision of Free Basic Services Policy: Revised	20 April 2011	Yes
Credit Control and Debt Collection Policy: Revised	20 April 2011	Yes
Traveling and Subsistence Policy: Revised	20 April 2011	Yes
Grants Policy: Revised	20 April 2011	Yes
Inventory Policy: Revised	20 April 2011	Yes
Supply Chain Management Policy: Revised	20 April 2011	Yes

Table 22: Policies adopted/reviewed

CHAPTER 3: ORGANISATIONAL DEVELOPMENT PERFORMANCE

3.1 PERFORMANCE HIGHLIGHTS - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Highlight	Description
Submission of the Annual Training Report	A report that entails training that has been conducted and offered.
Establishment of Skills Development Directorates Sub-committees	Each Directorate has a Training Committee to discuss training related matters and these are reported to the Training Committee.
Certificate Ceremony	The ceremony acknowledges achievements of candidates that undergone training.
National Skills Audit Project	To identify organisational capacity and gaps in partnership with LGSETA, COGTA, IMATU and SAMWU.
Women's Day 2010	This is an annual event to acknowledge the effort and commitment of women from the municipality.
Employee Wellness 2010	Annual event that promotes wellbeing, healthy life styles and is aimed at motivating employees (changing attitudes) in the workplace.
Employee Excellence Awards	The event for acknowledging and promoting best performance.
Submission of Annual Employment Equity Report	Prescribed by Department of Labour.
HR roadshows and information sessions	To advocate the new collective agreement on Basic Conditions of Services.
Submission of Workplace Skills Plan	Annual plan entailing training to be implemented. This is submitted to the LGSETA.

Table 23: Performance Highlights - Municipal Transformation and Organisational Development

3.2 CHALLENGES - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Challenge	Actions to address
Difficulty in finding suitable candidates for scarce/critical skills. As a result it is difficult to reach our EE targets.	Re-advertisements, negotiation of salary packages.
Equitable nomination of candidates for training.	Skills Development Training with line managers.
Full commitment of employees to undergo skills audit.	Road shows to motivate employees and the involvement of unions in the process.
Full attendance and certification.	Learner commitment forms are signed before attending training.
Shortage of staff at HR.	Usage of temporary staff and students.

Table 24: Challenges - Municipal Transformation and Organisational Development

3.3 DEVELOPMENT PRIORITY: INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT

3.3.1 KPA: HUMAN RESOURCE DEVELOPMENT AND CAPACITY BUILDING

Section 68(1) of the MSA states that the municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

3.3.1.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of employees that received training
MM and Executive Directors	Female	0	0
	Male	6	6
Legislators, Senior Officials and Managers	Female	4	4
	Male	13	13
Associate Professionals and Technicians	Female	2	2
	Male	42	42
Professionals	Female	22	22
	Male	53	53
Clerks	Female	89	89
	Male	35	35
Service and sales workers	Female	5	5
	Male	20	20
Craft and related trade workers	Female	0	0
	Male	44	44
Plant and machine operators and assemblers	Female	1	1
	Male	54	54
Elementary occupations	Female	46	46
	Male	170	170
Sub total	Female	165	165
	Male	441	441
Total		606	606

Table 25: Skills Matrixtable

3.3.1.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilisation and training of staff.

Occupational categories	Gender	Number of employees as at the beginning of the financial year	Training provided within the reporting period						
			Learnerships		Skills programmes and other short courses		Total		
			Actual	Target	Actual	Target	Actual	Required	% Variance
MM and Executive Directors	Female	0	0	0	0	0	0	0	0
	Male	6	0	0	6	6	6	6	0
Legislators, senior officials and managers	Female	62	1	1	3	3	3	3	0
	Male	200	0	0	13	13	13	13	0
Professionals	Female	28	0	0	22	22	22	22	0
	Male	70	0	0	53	53	53	53	0
Technicians and associate professionals	Female	10	0	0	2	2	2	2	0
	Male	99	2	2	40	40	40	40	0
Clerks	Female	155	0	0	89	89	89	89	0
	Male	44	0	0	35	35	35	35	0
Service and sales workers	Female	58	0	0	5	5	5	5	0
	Male	118	0	0	20	20	20	20	0
Craft and related trade workers	Female	0	0	0	0	0	0	0	0
	Male	120	0	0	44	44	44	44	0
Plant and machine operators and assemblers	Female	1	0	0	1	1	1	1	0
	Male	156	0	0	54	54	54	54	0
Elementary occupations	Female	217	0	0	46	46	46	46	0
	Male	506	0	0	170	170	170	170	0
Sub total	Female	531	1	1	168	168	168	168	0
	Male	1 319	2	2	435	435	435	435	0
Total		1 850	3	3	603	603	603	603	0

Table 26: Skills Development - Training provided

3.3.1.3 HR POLICIES AND PLANS

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Approved Policies	
Name of Policy	Date approved/ Revised
Recruitment and Selection/Staffing Policy	27 November 2008
Overtime Policy	26 May 2010
Training Policy	27 November 2008
Employment Equity Plan	30 September 2009
Scarce Skill Policy	02 October 2008
Performance Management Framework	02 October 2008
Code of Conduct	Schedule 2 of the Systems Act 32 of 2000 and Disciplinary Procedure Collective Agreement 01/07/2010 – 30/06/2012
Sexual Harassment Policy	25 October 2007
Policies still to be developed	
Name of Policy	Proposed date of approval
Acting Additional Allowance Policy	October 2011
Bursary Policy	October 2011
Employee Wellness	October 2011

Table 27: HR Policies and Plans

3.3.1.4 EMPLOYEE PERFORMANCE REWARDS

In accordance with Regulation 32, a performance bonus, based on affordability, may be paid to an employee, after -

- (1) the annual report for the financial year under review has been tabled and adopted by the municipal council;
- (2) an evaluation of performance in accordance with the provisions of regulation 23; and
- (3) approval of such evaluation by the municipal Council as a reward for outstanding performance.

The evaluation of the performance of MSA Section 57 Managers forms the basis for rewarding outstanding performance.

The table below shows the total number of MSA S57 that received performance rewards:

Race	Gender	Number of beneficiaries	Total number of employees received performance rewards	% Employees received performance rewards
African	Female	-	-	-
	Male	2	2	33.3%
Asian	Female	-	-	-
	Male	1	1	16.6%
Coloured	Female	-	-	-
	Male	2	2	33.3%
White	Female	-	-	-
	Male	1	1	16.6%
Disability	Female	-	-	-
	Male	-	-	-
Total		6	6	100%

Table 28: Performance Rewards

3.3.1.5 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of **R2 300 000** was allocated to the Workplace Skills Plan and that **100%** of the total amount were spent in the 2010/2011 financial year:

Total personnel budget	Total Allocated	Total Spend	% Spend
R2 300 000	R2 300 000	R2 300 000	100

Table 29: Budget allocated and spent for skills development

3.3.1.6 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

a) Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past three financial years and that the Municipality is well within the national norm of between 35 to 40%.

Financial year	Total Expenditure salary and allowances (R/m)	Total Operating Expenditure (R/m)	Percentage (%)
2008/2009	205 081	777 306	26
2009/2010	234 111	950 236	24.6
2010/2011	271 803	1 403 510	26

Table 30: Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2008/2009	2009/2010	2010/2011		
Description	Actual	Actual	Original Budget	Adjusted Budget	Actual
Councillors (Political Office Bearers) (R/m)					
Salary	12 659	13 691	15 373	14 373	14 198
Pension Contributions	730	877	913	913	959
Medical Aid Contributions	299	291	387	387	260
Sub Total	13 688	14 859	16 673	15 673	15 417
% Increase	-	8.6	12.2	(6.0)	(1.6)
Executive Directors and Head of Departments of the Municipality (R/m)					
Basic Salaries and Wages	4 000	4 926	4 092	9 092	9 490
Pension Contributions	121	369	606	606	815
Medical Aid Contributions	135	797	252	252	364
Motor Vehicle Allowance	797	-	1.080	1 080	1 776
Performance Bonus	0	-	-	-	511
Sub Total	5 053	6 092	4 951	11 030	12 956
% Increase	-	20.6	(18.7)	122.8	17.5
Other Municipal Staff (R/m)					
Basic Salaries and Wages	152 512	180 390	217 588	218 201	198 924
Pension Contributions	22 063	30 657	31 798	31 918	25 852
Medical Aid Contributions	15 865	9 078	14 631	14 671	10 050
Motor Vehicle Allowance	5 600	3 936	5 929	6 019	3 446
Cell phone Allowance	0	0	32	32	30
Housing Allowance	3 333	2 386	4 455	4 462	2 011
Overtime	12 874	14 583	11 385	11 395	15 343
Other benefits or allowances	14 459	23 612	19 366	19 366	17. 69
Sub Total	226 706	264 642	305 184	306 064	255 656
% Increase	-	16.7	15.3	0.3	(16.5)
Total Municipality	245 447	285 593	326 808	332 767	284 029
% increase	-	16.4	14.4	1.8	(14.6)

Table 31: Personnel Expenditure – Senior Officials and Councillors

CHAPTER 4: STRATEGIC PERFORMANCE

This chapter will provide information on the strategic performance of the Municipality and will indicate how well the Municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective, economical and equitable. Municipalities must develop strategic plans and allocate resources for implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required

This chapter addresses strategic performance highlights in terms of the Municipality's IDP, performance on basic service delivery and backlogs addressed the MIG projects as well as the expenditure priorities for the following year. It addresses the communication and public participation processes of the Municipality to give a holistic view of how the Municipality communicates performance to its stakeholders.

4. NATIONAL KEY PERFORMANCE INDICATORS

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators as required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001.

Key Performance Areas (KPA`s) and Indicators	Municipal Achievement	Municipal Achievement	Municipal Achievement
	2008/2009	2009/2010	2010/2011
Basic Service Delivery			
The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal.	Solid Waste:100%	Solid Waste:100%	Solid Waste:100%
The percentage of households earning less than R1 100 per month with access to free basic services.	7 199	11 899	10 854
The percentage of households with access to basic level of water.	98%	98%	98%
The percentage of households with access to basic level of solid sanitation/sewerage.	98%	98%	98%
The percentage of households with access to basic level of electricity.	100%	100%	100%
The percentage of households with access to basic level of solid waste removal.	100%	100%	100%
Municipal Institutional development and transformation			

Key Performance Areas (KPA`s) and Indicators	Municipal Achievement	Municipal Achievement	Municipal Achievement
	2008/2009	2009/2010	2010/2011
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan.	-	5	4
The percentage of a municipality's budget actually spent on implementing its workplace skills plan.	0.62%	0.58%	0.60%
Local Economic Development			
The number of jobs created through municipality's local economic development initiatives including capital projects.	-	±800	1 000
Municipal Financial Viability and Management			
Financial viability as expressed by the following ratios:			
• Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year).	21.9	22.1	35.96
• Service debtors to revenue – (Total outstanding service debtors/ revenue received for services).	16.4	18.3	2.24
• Cost coverage (Available cash+ investments)/ Monthly fixed operating expenditure.	4.7	4.0	2.15
Good Governance and Public Participation			
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan.	95.36%	92.69%	92.86%

Table 32: Performance against National Key Performance Indicators

4.1 GENERAL PRIORITY AREAS

The following table indicates the specific areas in which challenges are experienced by the Municipality. They are categorised in general priority areas that are aligned with the National Key Performance Areas.

National Key Performance Area	Priority Area	Challenges	Actions to address
Municipal Transformation and Institutional Development	Recruitment	Filling of critical positions and reaching EE targets.	Adoption and implementation of Scarce Skills Policy.
		Funding of critical positions.	Prioritising of new posts.
Municipal Financial Viability and Management	Financial Management	Slow spending of the capital budget.	A tender plan has been developed as a monitoring tool and some of the awards have been made for 3 years as to speed up service delivery.
		Increasing debt and not optimising the revenue.	Debt has been unbundled into different categories to identify the different non-payments. Has increased the debt collectors to easily manage the different debtor's book. Continuous educational mechanisms to our consumers by prioritising the municipal payments.
		Insufficient infrastructure capabilities.	Land and infrastructures capabilities to be identified.
		Financing capital needs.	Loans have been acquired to construct suitable and sustainable infrastructure capabilities. Moving faster in finding innovative funding options. To partner with other institutions in the private sector etc. in order to finance capital needs.
Good Governance and Public Participation	Democratic and Accountable Governance	Ward Participatory System (establishment of Ward Committee)	A plan to be developed to ensure that Ward Committees in all wards are established and fully functional.
		Improved public participation	Ward Committees is fully capacitated to give meaningful participation to municipal planning processes.
	Waste Services	Illegal dumping	Vigorous public liaison and law enforcement.

Table 33: General Priority Areas

4.2 BASIC SERVICE DELIVERY

4.2.1 BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

Highlight	Description
Demand Side Management (DSM) Agreement	Demand Side Management (DSM) Agreement was signed with ESKOM and will be implemented in the new financial year.
Supply of electricity in Wellington and Loverslane.	Wellington substation has been upgraded to provide a more stable supply of electricity to the area.
	Installation of bulk infrastructure at Loverslane Informal Settlement. Connections will be made in the new financial year.
Boy Louw Sports Field	New sport field lighting has been installed at Boy Louw Sports Field.
Palmiet Substation	A 3 rd 15MVA transformer has been installed at Palmiet Substation that has significantly strengthened the stability in the Paarl-East Area.
Green Drop Score for Waste Water Systems	A total number of 821 waste water systems from 156 municipalities across South Africa were assessed. The Municipal Waste Water Systems achieved a Green Drop score of 80.3% compared with the national score of 71%. This rating placed Drakenstein Municipality in 8 th position in the Western Cape where 155 systems of 27 municipalities were assessed.
Blue Drop Score for Water Systems	A total number of 914 water systems from 162 municipalities were assessed. The Drakenstein Municipal Water Systems achieved a Blue Drop Score of 95.75% compared with the national score of 72.9%. This rating placed Drakenstein Municipality in 7 th position in the Western Cape where 123 systems of 27 municipalities were assessed. In addition to this, individual Blue Drop Status was awarded to three of the five systems of the Municipality.
Water Supply in the Newton Area	Continuation of phase 2 of Newton 600mm/450mm water supply to improve existing supply and to cater for development in the area.
Water supply in the Simondium Area	Completion of 250mm diameter water pipeline to Simondium to improve existing water supply and cater for development.
Water supply in the Groenheuwel Area	Commencement of 450mm diameter high pressure water pipeline to Groenheuwel Area to improve existing water supply and cater for development.
Bulk Sewer Main Paarl	Upgrading and replacement of the main bulk sewer in Paarl to increase capacity, curb pollution and to cater for new development.
Improvement to sewer system	Improvement and upgrading to the sewer system with the installation and upgrading of 10 550 metres of sewer pipes.
Improvement to Waste Water Treatment Works	Phase 1 of the Paarl Waste Water Treatment Works was opened on 30 November 2010 and improvement of the final effluent quality is eminent.
Improvement to Gouda Waste Water Treatment Works	The Gouda Waste Water Treatment Works, oxidation ponds system, was extended and the pump station upgraded.
Upgrading Saron Waste Water Treatment Pump Station	The Saron Wastewater Treatment Pump Station was upgraded and a stand-by generator was also installed to curb the excessive power failures experienced at the pump station and it positively contributed in less pollution to the immediate water resources.
Pentz Street Sewerage Pump Station Upgrading	The Pentz Street Sewerage Pump Station was also refurbished with specific reference to the mechanical and electrical equipment by improving the efficiency thereof. The Emergency Pons System and the associated Reticulation System were also rehabilitated.
Sidewalks improved to tar standard	39 Sidewalks were improved to tar standard. The total area of sidewalks improved amounts to 28 602 square metres.
Resealing of streets	The resealing of various streets was completed. The total area of resealing work amounts to 52 993 square metres.
Upgrading of gravel road	951 metres of gravel road were upgraded to tar standard.

Highlight	Description
Storm water maintenance	Storm water maintenance and improvement to the storm water system. The open canal at Versailles Street was improved by installing 205 metres of 2.4 x 1.8 metre box culverts.
Waste Services	<p>The At-Source Recycling was launched in Ward 2 on 22 March 2011 with good participation rates of 47%.</p> <p>The At-Source Recycling in Ward 4 and 15 were rolled out on 23 May 2011 and the participation rate currently is 30%.</p> <p>Vigorous Awareness and Education was implemented with various programs targeting the youth and households. The formation of the Waste Minimisation Forum (Consisting of officials, NGO's, Community and Service Providers) gave a catalyst interaction between all stakeholders with a common objective in mind.</p>
Waste Water Treatment Works	Drakenstein hosted the first Process Controllers training and open day for the Western Cape in conjunction with the Water Institute of Southern Africa.
Sewerage Reticulation	<p>Upgrading and replacement of main bulk sewer Paarl to increase capacity and curb pollution.</p> <p>Total length of new and upgraded sewer pipes installed amounts to 10 550 metres.</p>
Water	<p>Construction of Meulwater Water Treatment Works to improve drinking water quality. Achieving Blue Drop Status for drinking water quality. Municipal Blue Drop Score 95.75%, 7th Position in Western Cape.</p> <p>Water losses are 11.41%, which is well within the target set by the President and the Minister of Water Affairs to reduce non-revenue water from 30% to 18% by 2014.</p> <p>Total length of new and upgraded water pipes installed amounts to 17 727 metres.</p>
Roads and Storm Water	951 Metres of gravel roads upgraded to tar standard; 52.993 Square metres of roads resealed; and 13.170 Number potholes repaired.
Supply of Electricity in Wellington	Wellington substation has been upgraded to provide a more stable supply of electricity to the area
Loverslane	Installation of bulk infrastructure at Loverslane informal settlement. Connections will be made in the new financial year
Boy Louw Sports field	New sportfield lighting has been installed at Boy Louw Sports field
Palmiet Substation	A 3 rd 15MVA transformer has been installed at Palmiet substation that has significantly strengthened the stability in the Paarl-east area
Electricity Losses	Electricity losses are 8.73% which is within the target of 10%. Recent EDI report at 33 municipalities has indicated average electricity losses at municipalities of 14.55%.
Environmental Management Committee	<p>Regular meetings were held with participation by local environmentally oriented NGO's taking part; and</p> <p>Environmental awareness raising activities including a stall at the festival of lights, participation at the annual Youth Environmental Expo, Biodiversity Expo and a number of other events with the involvement of learners.</p>
Air Quality Management Plan	An Air Quality Management Plan has been compiled in compliance with the requirements of the Air Quality Act.
State of the Environment Report (SOER)	The successful completion and publishing of the 2009 SOER (2 nd Revision).
River Environmental Management Plan	The successful completion of part one of Phase two the River Environmental Management Plan.
DSM agreement	DSM agreement was signed with ESKOM and will be implemented in the new financial year

Table 34: Basic service delivery highlights

4.2.2 BASIC SERVICES DELIVERY CHALLENGES

Service Area	Challenge	Actions to address
Electricity	Staff shortages.	Address Scarce Skills Policy.
	Non responsive staff structure.	Review and approve new structure.
	Illegal connections.	Introduce Revenue Protection Unit.
	Inadequate budget.	Develop Master Plan with costing.
	Need for a tariff review.	Appoint tariff expert.
Civil Engineering Services (All areas)	Retention/attraction of new staff.	Implement a scarce skills remuneration system.
	Inadequate budget.	Review and increase budget to meet Service Master Plan requirements.
	Staff component is not adequate to meet ever increasing service delivery demands.	Review staff structure.
	Delays in environmental approvals.	This must be addressed by national and provincial structures.
	Protracted procurement processes (MFMA and SCM processes).	This must be addressed by National Treasury.
	Over emphases on compliance versus service delivery.	This must be addressed by national and provincial structures.
Planning Services	Retention/attraction of new staff	Implement a scarce skills remuneration system.
	Staff component is not adequate to meet ever increasing service delivery demands.	Review staff structure.

Table 35: Basic service delivery challenges

4.3 DEVELOPMENT PRIORITY: MUNICIPAL INFRASTRUCTURE AND BASIC SERVICES

4.3.1 KPA: BASIC SERVICES PROVISION AND BACKLOGS

The following table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved Indigent Policy of the Municipality, all households earning less than R2 626 per month will receive the free basic services as prescribed by national policy.

The table below indicates that 34% of the total number of households received free basic services in 2008/2009 financial year whilst it increased to 44% in the 2010/11 financial year:

Financial year	Total no of HH	Number of households							
		Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No Access	%	No. Access	%
2008/2009	43 000	14 507	34.0	30 909	72	11 990	28	11 990	28
2009/2010	44 000	16 456	38.0	31 479	72	9 723	22	9 723	22
2010/2011	45 000	19 700	44.0	32 223	72	10 854	25	10 854	25.0

Table 36: Free basic services to indigent households

The access to free basic services is summarised into the different services as specified in the following table:

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R/m			R/m			R/m
2008/2009	11 990	100	6 535	28 493	0	0	923	100	572
2009/2010	9 723	100	16 407	27 544	0	0	2 029	100	1 401
2010/2011	10 854	100	20 858	25 300	0	0	2 056	100	1 579

Table 37: Free basic electricity services to indigent households

Water						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Unit per HH (kl)	Value	No of HH	Unit per HH (kl)	Value
			R/m			R/m
2008/2009	7 199	10	6 102	12 091	0	0
2009/2010	11 899	10	10 530	12 561	0	0
2010/2011	10 854	10	9 721	12 777	0	0

Table 38: Free basic water services to indigent households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No of HH	R value per HH	Value	No of HH	Unit per HH per month	Value
			R/m			R/m
2008/2009	7 199	55.00	6 678	35 801	0	0
2009/2010	11 899	75.00	11 503	32 101	0	0
2010/2011	10 854	87.50	10 031	31 146	0	0

Table 39: Free basic sanitation services to indigent households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Service per HH per week	Value	No of HH	Unit per HH per month	Value
			R/m			R/m
2008/2009	7 199	1	756	35 801	0	0
2009/2010	11 899	1	1 430	32 101	0	0
2010/2011	10 854	1	1 314	34 146	0	0

Table 40: Free basic refuse removal services to indigent households

4.3.1.1 ACCESS TO BASIC LEVEL OF SERVICES

The following table indicates the number of households that gained access for the first time to the different types of basic services during the 2010/2011 financial year:

Type of service	2008/2009	2009/2010	2010/2011
Water	415	990	280
Sanitation	415	990	280
Refuse removal	4 950	1 200	1 859
Electricity	745	987	326
Streets and Storm Water	All formal erven have access.	All formal erven have access.	All formal erven have access.

Table 41: Access to basic level of services

4.3.1.2 WATER AND SANITATION

Water is probably the most fundamental and indispensable of natural resources – fundamental to life, the environment, food production, hygiene and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 25 liters of potable water per day supplied within 200 meters of a household.

a) Water Service Delivery Levels

The following water and sanitation related investigations were successfully completed during the last financial year:

- Technical reports for the upgrading of Gouda Reservoir, Withoogte-Welvanpas bulk water pipeline, Windmeul Water scheme.
- Updates on the Water Safety Plan were undertaken.
- The continual monitoring of the minimum night flow for Saron, in order to assess the impact of the house hold water leaks project at Saron were undertaken.

Drakenstein Municipality continued with the implementation of its Drinking Water Quality and Effluent Quality Sampling Programmes (both operational and compliance monitoring).

Drakenstein Municipality is performing very well with regards to Drinking Water Quality Management, to the extent where the Drakenstein (Paarl/ Wellington/ Pearl Valley, Val de Vie, Simondium), Gouda and Bainskloof Water Supply Systems were all awarded Blue Drop Status by the Department of Waters Affairs (DWA) for the 2010 assessment, which was done during February 2011. The Municipality also achieved a 91.79% Blue Drop Score for Saron and 88.25% for Hermon Water Supply System. A total number of 914 systems from 162 municipalities across South Africa were assessed of which only 66 water systems (7.2%) were awarded Blue Drop Certification. Drakenstein furthermore achieved a Municipal Blue Drop Score of 95.72% compared with the national score of 72.9%. This rating placed Drakenstein in 7th position in the Western Cape where 123 systems of 27 municipalities were assessed.

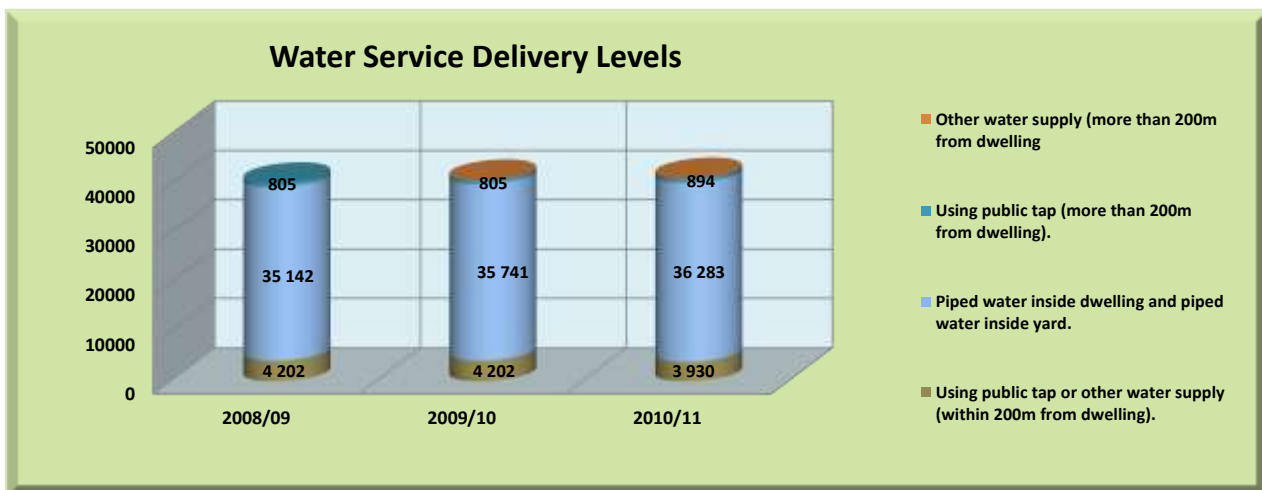
100% MIG expenditure in previous financial year from the DLGH.

Below is a table that specifies the different water service delivery levels per households for the financial years 2008/2009, 2009/2010 and 2010/2011:

Household			
Description	2008/2009 Actual	2009/2010 Actual	2010/2011 Actual
Water: (above minimum level)			
Piped water inside dwelling and piped water inside yard.	35 142	35 741	36 283
Using public tap or other water supply (within 200m from dwelling).	4 202	4 202	3 930
Minimum service level and above sub-total.	39 344	39 943	40 213
Minimum service level and above percentage.	98%	98%	97.8%
Water: (below minimum level)			
Using public tap (more than 200m from dwelling).	805	805	894
Below minimum service level sub-total.	805	805	894
Below minimum service level percentage.	2%	2%	2.2%
Total number of households (formal and informal).	40 149	40 748	41 107

Table 42: Water service delivery levels

The graph below shows the different water service delivery levels per total households and the progress per year



Graph 5: Water Service Delivery Levels

Drakenstein Water Networks – Maintenance and Construction Statistics							
Description	Paarl	Wellington	Saron	Gouda	Hermon/Simondium	Developers	Drakenstein
Construction work (m) per size pipe:							
600mm.	0	780	-	-	0	0	780
400/450mm.	3 715	-	-	-	0	0	3 715
315mm/355mm.	0	-	-	-	0	0	0
250mm.	1 341	-	-	-	1,250	0	2 591
200mm.	0	-	-	-	550	-	550
160mm.	1 199	-	-	-	0	0	1 199

Drakenstein Water Networks – Maintenance and Construction Statistics							
Description	Paarl	Wellington	Saron	Gouda	Hermon/ Simondium	Developers	Drakenstein
100/110mm.	5 664	2 656	-	-	372	0	8 692
50/63mm.	0	0	-	-	0	0	0
32mm.	0	0	-	-	200	-	200
Additional employment created (no. of persons).	30	13	-	-	0	24	67
Connections (new) per size							
600/450/400mm.	0	0	0	0	0	0	0
200/250mm.	0	211	0	0	0	0	211
150mm.	3	0	0	0	0	0	3
100mm.		0	0	0	0	0	0
75/80mm.	4	1	0	0	0	0	5
40/50mm.	7	2	0	0	0	0	9
25mm.	7	1	0	0	1	0	9
20mm.	8	2	0	0	0	0	10
15mm.	206	19	1	0	44	0	270
Water Demand Management							
Investigate applications for exemption from water restrictions.	0	0	0	0	0	0	0
Notices served to transgressors of water restrictions measures.	2	0	0	0	0	0	2
Water Meters							
Replaced.	591	261	43	9	5	0	909
Uncovered/lifted.	88	404	287	48	0	0	827
Removed.	16	2	4	0	0	0	22
Repaired.	26	331	310	140	10	0	817
Tested .	48	7	0	0	0	0	55
Stolen.	120	1	0	0	0	0	121
Water saving devices installed.	7	0	10	0	0	0	17
Investigations into abnormal high/low consumption.	77	25	0	0	0	0	102
Monitoring of water systems with portaflow/ loggers.	0	1	0	0	0	0	1
Schools visited.	0	0	0	0	0	0	0
Investigations into unmetered fire water connections	9	0	0	0	0	0	9
Inspections for Treasury (Meter Reading Section).	40	3	0	0	0	0	43
Investigations into abnormal high/low pressures.	36	48	2	0	0	0	86
Investigations into unmetered water connections	3	0	0	0	0	0	3
Notices to unauthorised water users.	6	2	2	0	0	0	10
Leaks on private property in poor areas repaired.	21	14	15	0	0	0	50
Leaks on municipal water systems repaired.	657	689	233	59	0	0	1 638
Burst pipes.	327	137	14	19	1	0	498
Hydrants repaired.	85	148	54	16	3	0	306
Gate Valves repaired.	150	167	95	24	1	0	437
Water connections repaired.	605	474	252	110	11	0	1 452
Water connections moved.	46	95	92	11	2	0	246
Stopcocks installed.	11	67	39	9	0	0	126

Drakenstein Water Networks – Maintenance and Construction Statistics							
Description	Paarl	Wellington	Saron	Gouda	Hermon/ Simondium	Developers	Drakenstein
Fire hydrant/value boxes constructed	196	84	1	2	2	0	285
Water meter/irrigation boxes constructed	61	20	2	0	1	0	84
Control valaves repaired.	21	2	0	2	0	0	25
Strainers cleaned.	12	155	101	8	0	0	276
Cleaning of servitudes/reservoir sites.	1	58	60	31	1	0	151
Pipelines scoured (no. of locations).	380	195	105	52	4	0	736

Table 43: Drakenstein Water Networks - Maintenance and Construction Statistics

Drakenstein – Rainfall and Water Consumption for 2010/2011				
Description	Year total Paarl	Year total Wellington	Year total Saron/Gouda	Year total Drakenstein
Rainfall(mm): Long term average Paarl=938mm/year				
Rainfall (mm) 2010/2011.	735	617	1 229	2 581
Rainfall (mm) 2009/2010.	871	692	768	2 331
Rainfall (mm) 2008/2009.	1118	854	991	2 963

Table 44: Drakenstein - Rainfall and Water Consumption

Water Demand / Non-Revenue Water 2010/2011							
Distribution System	Paarl	Wellington	Saron	Gouda	Hermon	Bainskloof	Total
Bulk Treated Water Supplied (KI)	12 602 051	4 218 280	592 049	159 918	41 925	4 129	17 618 352
Metered Water Sold (KI)	11 342 267	3 659 612	445 350	132 953	23 560	4 129	15 607 871
Non-Revenue Water (KI)	1 259 784	558 668	146 699	26 965	18 365	0	2 010 481
Non-Revenue Water (%)				11.41%			

Table 45: Water demand / non-revenue water 2010/2011

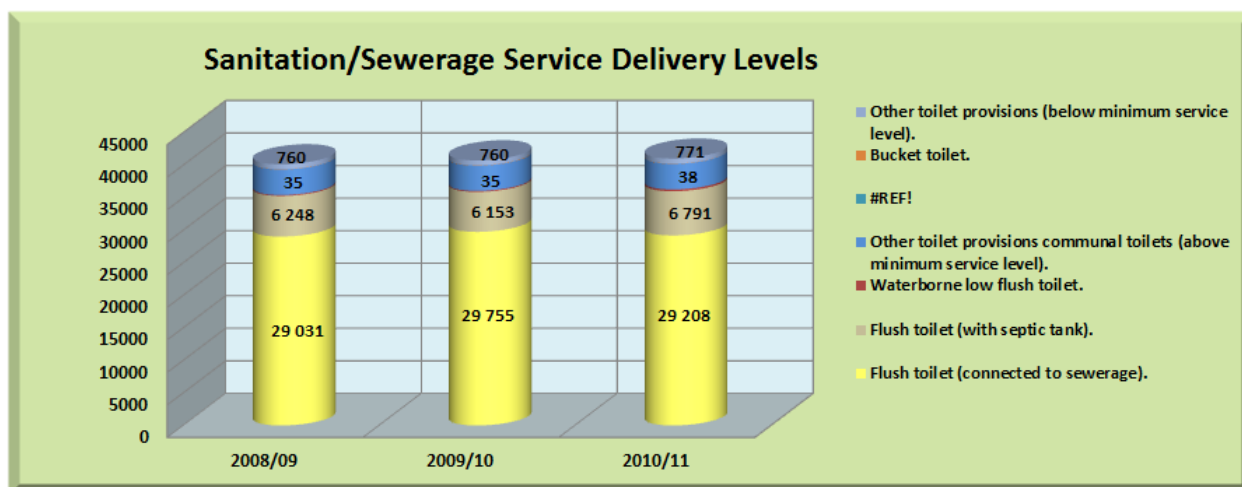
b) Sanitation Service Delivery Levels

Below is a table that specifies the different sanitation service delivery levels per households for the financial years 2008/2009, 2009/2010 and 2010/2011:

Household			
Description	2008/2009	2009/2010	2010/2011
	Actual	Actual	Actual
Sanitation/sewerage: (above minimum level)			
Flush toilet (connected to sewerage).	29 031	29 755	29 208
Flush toilet (with septic tank).	6 248	6 153	6 791
Waterborne low flush toilet.	149	149	288
Other toilet provisions communal toilets (above minimum service level).	3 926	3 896	3 930
Minimum service level and above sub-total.	39 354	39 953	40 217
Minimum service level and above percentage.	98.0%	98.0%	97.8%
Sanitation/sewerage: (below minimum level)			
Bucket toilet.	35	35	38
Other toilet provisions (below minimum service level).	760	760	771
No toilet provisions.	0	0	81
Below minimum service level sub-total.	795	795	890
Below minimum service level percentage.	2.0%	2.0%	2.2%
Total number of households	40 149	40 748	41 107

Table 46: Sanitation service delivery levels

The graph below shows the different sanitation/sewerage service delivery levels per total households and the progress per year.



Graph 6: Sanitation/Sewerage Service Delivery Levels

Note: All formal erven are serviced with a sewer connection. Informal areas serviced by communal toilets. Below minimum service level occur on certain farms.

Maintenance and construction statistics: Drakenstein Sewer Networks 2010/2011

Description	Paarl	Wellington	Saron	Gouda	Hermon/ Simondium	Private Developers	Drakenstein
Construction work							
New manholes.	97	13	0	0	0	0	110
1.650/1500/1050/1200/1000/900mm.	1 909	0	0	0	0	0	1 909
500/600mm pipeline (m).	349	0	0	0	0	0	349
450mm pipeline (m).	204	0	0	0	0	0	204
300/355mm pipeline (m).	222	0	2 320	0	0	0	2 542
250mm pipeline (m) 315mm.	0	0	0	0	0	0	0
200mm pipeline (m).	0	0	0	306	0	0	306
160mm pipeline (m).	1 740	815	0	2 685	0	0	5 240
110mm pipeline (m).	0	0	0	0	0	0	0
Non-return valves installed.	2	0	0	0	0	0	2
Additional employment created (no. of persons).	69	0	56	0	0	62	125
Connections (new)							
Domestic.	19	13	0	1	0	0	33
Industrial/Commercial/ Institutional.	13	8	0	0	0	0	21
Blockages removed							
Private.	263	260	22	23	1	0	569
Main.	1 221	759	80	33	1	0	2 094
High Pressure machine (m).	13 667	5 590	0	0	0	0	19 257
Grit traps cleaned.	682	74	177	24	0	0	957
Maintenance work							
Manholes repaired.	34	23	0	0	1	0	58
Manhole frames replaced.	157	8	0	0	0	0	165
Manhole covers replaced.	167	9	0	0	0	0	176
Connections repaired (m).	107	10	0	1	0	0	118
Mains repaired (m).	22	3	0	0	0	0	25
Pumps/munchers repaired (no.).	0	0	0	0	0	0	0
Point Repair by Contractors.	0	0	0	0	0	0	0
Drainage inspections							
Inspections	285	118	61	5	0	0	469
Fault.	92	37	8	2	0	0	139

No faults.	198	81	53	3	0	0	335
Re-inspections completed.	151	69	2	5	0	0	227
Re-inspections completed.	414	135	14	13	0	0	576
Complaints	257	75	8	4	0	0	344
Court Cases attended.	0	0	0	2	0	0	2
Septic tanks emptied (no.).	3 589	0	52	224	7	0	3 872

Table 47: Maintenance and construction statistics - Drakenstein Sewer Networks

c) Waste Water Treatment Works

The Paarl Wastewater Treatment Works Phase I (Civil and Mechanical) was opened on 30 November 2010 and already an improvement of the final effluent is evident.

Gouda Wastewater Treatment Works, Oxidation Ponds System, was extended and the pump station upgraded.

The Saron Wastewater Treatment Pump Station was upgraded and a stand-by generator was also installed to curb the excessive power failures experienced at the pump station and it positively contributed in less pollution to the immediate water resources.

The Pentz Street Sewerage Pump Station was also refurbished with specific reference to the mechanical and electrical equipment improving the efficiency thereof.

The emergency pond system and the associated reticulation system were also rehabilitated.

Drakenstein Municipality is performing very well with regards to Waste Water Quality Management, to the extent that the waste water systems achieved a Green Drop Score of 80.3% compared with the national score of 71%. This rating placed Drakenstein in 8th position in the Western Cape where 155 systems of 27 municipalities were assessed.

4.3.1.3 REFUSE REMOVAL

The At-Source Recycling was launched in Ward 2 on 22 March 2011 with good participation rates of 47%. Wards 4 and 15 were rolled out on 23 May 2011 and the participation rate currently is 30%. Recycling bins was placed at both Wellington Landfill Facility and Paarl Transfer Station and the following waste stream was focussed upon:

- Glass;
- Paper;
- Automotive oil;
- Automotive oil cartridges;
- Household cooking oil;
- Household pesticides;

- Electronic waste; and
- Scrap metal.

Vigorous awareness and education was implemented with various programmes targeting the youth and households. The formation of the Waste Minimisation Forum (consisting of officials, NGO's, community and service providers) gave a catalyst interaction between all stakeholders with a common objective in mind.

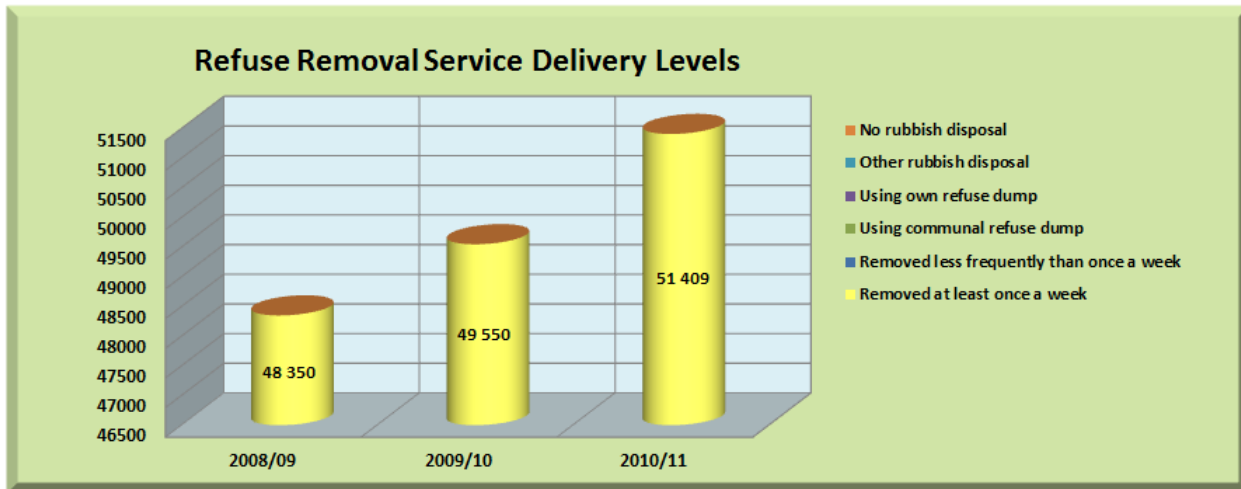
The table below indicates the different refuse removal service delivery level standards within the Municipality:

Household			
Description	2008/2009	2009/2010	2010/2011
	Actual	Actual	Actual
Refuse removal: (minimum level)			
Removed at least once a week.	48 350	49 550	51 409
Minimum service level and above sub-total.	48 350	49 550	51 409
Minimum service level and above percentage.	100%	100%	100%
Refuse removal: (below minimum level)			
Removed less frequently than once a week.	0	0	0
Using communal refuse dump.	0	0	0
Using own refuse dump.	0	0	0
Other rubbish disposal.	0	0	0
No rubbish disposal.	0	0	0
Below minimum service level sub-total.	0	0	0
Below minimum service level percentage.	0	0	0
Total number of households	48 350	49 550	51 409

Table 48: Refuse removal service delivery levels

Note: All formal erven serviced by drum removal service at least once a week. Informal erven serviced by drum or central skip removal at least once a week. Total number of households (refuse removal) indicates total collection points.

The graph indicates the different refuse removal standards which the households are receiving.



Graph 7: Refuse Removal Service Delivery Levels

Note: All formal erven serviced by drum removal service at least once a week. Informal erven serviced by drum or central skip removal at least once a week. Total number indicates total collection points.

Cleansing Services Production Summary			
Description		Unit	Total
Transfer Station			
Garden Refuse.	Through Chipper.	kg	467 920
	Directly Disposed.	kg	2 173 200
Household Refuse.	Ref Rem trucks.	kg	0
	All other.	kg	766 150
General rubbish.		kg	2 487 470
Street refuse.		kg	867 170
Builders rubble.		kg	4 240
Industrial refuse.		kg	1 680 700
Bad food stuffs.		kg	0
Bulk refuse to Wellington.		kg	11 935 300
Chips to WWTW.		kg	0
Recycling to recyclers (paper, glass, metal).		kg	195 564
No of private vehicles.		no	38 524
No of paid loads.		no	7 256
No of cleansing vehicles.		no	1 062
No of other municipal vehicles.		no	959
Wellington Solid Waste Disposal Site (at present estimated quantities)			
Garden refuse.	Through chipper.	kg	1 620 180
	Directly disposed.	kg	1 027 750
Household refuse.	Ref rem trucks.	kg	32 625 868
	All other.	kg	979 890
General rubbish.		kg	22 692 979
Street refuse.		kg	733 370
Builders rubble.	Contaminated.	kg	82 436 036
	Cushed.	kg	10 645 232
Wellington Solid Waste Disposal Site (at present estimated quantities)			
Big trees.		kg	0
Industrial refuse.		kg	2 296 288
Bad food stuffs.		kg	165 587
Sludge.		kg	0
Cover material.		kg	64 166 476
Bulk refuse from Paarl.		kg	11 935 300
Recycling to recyclers (paper, glass, metal).		kg	0

Cleansing Services Production Summary			
Description		Unit	Total
No of private vehicles.		no	31 477
No of paid loads.		kg	2 655
No of cleansing vehicles.		no	4 893
No of other municipal vehicles.		no	3 055
Bulk Container (Skips).	Total no serviced.	no	5 243
	Total no on account. (included above).	no	3 741
Waste by contractors on account (included above).		kg	2 507 000
Refuse service movement (bins issued/reduced for week)			
7 701	Once per week.	no	51 409
	Twice per week.	no	250
2 401	Once per week.	no	1 018
	Twice per week.	no	117
	Three times per week.	no	29
Erf cleaning			
Number of erven.	Paarl	no	259
	Wellington	no	22
	Gouda	no	12
	Saron	no	4
Total area.	Paarl	m ²	1 297 950.2
	Wellington	m ²	18 786 4
	Gouda	m ²	360
	Saron	m ²	0
Street sweeping			
Manual labour.	Paarl	km road	856.92
	Wellington	km road	1 034.55
	Gouda	km road	62.5
	Saron	km road	58
Mechanical sweeper.	Paarl	km road	403.86
	Wellington	km road	213.32
Weedkiller sprayed.	Paarl	m ²	145 6462.6
	Wellington	m ²	11 637
	Gouda	m ²	3 850
	Saron	m ²	
	Hermon	m ²	
Illegal dumping cleanup			
Paarl	Truckloads 6m3.	no	1 318
	Truckloads 10m3.	no	574
Wellington	Truckloads 6m3.	no	18
	Truckloads 10m3.	no	62
Rural areas			
Gouda	Loads	no	0
Saron	Loads	no	0
Cleanup campaigns			
No of bags picked up.	Paarl	no	698 622
	Wellington	no	37 052
	Gouda	no	3 834
Special events			
Refuse received.		kg	2 000
240 l bins issued.		no	421
85 l bins issued.		no	0
Skips issued.		no	16

Table 49: Cleansing Services Productions Summary

4.3.2 KPA: MUNICIPAL INFRASTRUCTURE DEVELOPMENT, UPGRADES AND BACKLOGS

a) Capital budget spent on municipal services

The percentage (%) of the total approved capital budget spent on each municipal service respectively for the 2008/2009, 2009/2010 and 2010/2011 financial years respectively are as follows:

Financial year	Housing (%)	Water (%)	Sanitation (%)	Refuse Removal (%)	Electricity (%)	Streets & Storm Water (%)	Community facilities (%)
2008/2009	98	92	99	82	98	99	83
2009/2010	77	97	98	97	96	84	96
2010/2011	64.72	99.31	99.60	99.97	93.95	86.71	92.82

Table 50: Capex

The following table indicates the total amount of capital expenditure on assets by asset class for the past three financial years:

Description	Total capital expenditure on assets				
	2008/2009	2009/2010	2010/2011		
	Actual R	Actual R	Original Budget R	Adjustment Budget R	Actual Expenditure R
Infrastructure	107 911 696	153 521 879	192 310 000	176 750 770	175 868 484
Infrastructure road transport	15 803 017	19 358 168	28 596 000	27 596 000	40 807 060
Roads, pavements and bridges	3 939 199	19 358 168	25 796 000	24 796 000	40 807 060
Infrastructure electricity	14 862 549	24 189 165	26 060 000	22 660 770	24 601 842
General	-	-	805 000	805 000	-
Transmission and reticulation	14 862 549	24 189 165	24 755 000	21 355 770	24 601 842
Street lighting	-	-	500 000	500 000	-
Infrastructure - water	-	31 945 602	53 731 000	49 651 000	39 196 077
Dams and reservoirs	-	-	1 010 000	1 010 000	-
Water purification	-	-	2 000 000	2 000 000	170 000
Reticulation	33 268 022	31 945 602	50 721 000	46 641 000	39 026 077
Infrastructure - sanitation	43 694 758	78 028 944	81 598 000	74 518 000	68 408 312
Reticulation	43 694 758	78 028 944	81 598 000	74 518 000	68 408 312
Infrastructure - other	283 350	0	2.325.000	2.325.000	2.855.193
Waste management	283 350	0	0	0	0
Other	0	0	2.325.000	2.325.000	2.855.193
Community	62 092 998	13 274 691	29 144 680	31 117 925	12 389 651
Parks and gardens	3 107 669	2 707 336	3 557 000	4 497 000	4 122 433
Sports fields and stadiums	0	0	10 494 142	10 611 535	0
Swimming pools	0	0	5 270 000	4 731 749	0
Community halls	0	0	1 500 000	1 500 000	0
Libraries	1 909 267	1 221 816	2 855 000	2 855 000	3 299 613
Recreational facilities	6 894 087	9 345 539	170 000	2 169 463	4 967 605
Security and policing	0	0	370 000	370 000	0
Museums and art galleries	0	0	0	0	0
Cemeteries	0	0	3 578 538	3 033 178	0
Social renting housing	50 181 975	0	600 000	600 000	0
Other	0	0	750 000	750 000	0
Heritage assets	0	0	0	0	0

Total capital expenditure on assets					
Description	2008/2009	2009/2010	2010/2011		
	Actual	Actual	Original Budget	Adjustment Budget	Actual Expenditure
	R	R	R	R	R
Investment properties	-	0	0	0	0
Other assets	60 761 229	48 073 069	65 422 781	47 067 826	47 448 290
General vehicles	8 868 105	9 445 205	7 435 000	7 435 000	9 520 813
Plant and equipment	0	5 748 027	10 964 483	10 964 483	4 189 760
Furniture and other office equipment	3 121 458	3 161 578	3 794 608	3 205 924	6 141 647
Computers – hardware/equipment	2 822 091	2 963 657	6 594 959	6 594 959	3 564 780
Civic land and buildings	37 558 577	20 703 576	18 863 731	7 301 149	18 773 930
Other buildings	731 875	1 651 027	0	0	5 223 917
Other land	0	4 400 000	16 250 000	10 047 811	0
Other	7 659 124	0	1 520 000	1 518 500	33 443
Agricultural assets	0	0	0	0	0
Biological assets	0	0	0	0	0
Intangibles	2 234 024	989 967	0	0	1 108 399
Total capital expenditure on assets	232 999 947	215 859 607	286 877 461	254 936 521	236 814 824

Table 51: Total capital expenditure on assets

b) Percentage spending on total capital budget

The total percentage (%) of the capital budget for the past three years is indicated in the table below:

Financial year	% of Capital budget spent	Reasons for under spending
2008/2009	95.36	Good
2009/2010	92.69	Good
2010/2011	92.86	Good

Table 52: Total capital expenditure

c) Summary of backlogs that must still be addressed

The following backlogs exist in the municipal area that must still be addressed:

Area	Total nr of households affected	Timeframe to be addressed	Cost to address
			R/m
Water (on site).	All formal erven have individual connections. Informal erven serviced per communal toilets and water points.	Extension of service linked to formal housing programme.	-
Sanitation.	All formal erven have individual connections. Informal erven serviced per communal toilets and water points.	Extension of service linked to formal housing programme.	-
Refuse removal (at least once a week at site).	All formal erven serviced per drum and informal erven serviced per drum or skip removal.	Extension of service linked to formal housing programme.	-
Electricity (in house).	All formal erven have individual connections.	Extension of service linked to formal housing programme.	-
Streets and storm water.	All formal erven have access to roads and stormwater. Upgrading of gravel roads to tar standard required.	>5years	246 735

Table 53: Backlogs

4.4.3 KPA: MUNICIPAL INFRASTRUCTURE ASSET MAINTENANCE AND MANAGEMENT

4.4.3.1 ROADS

All formal erven have access to roads and storm water.

a) Roads and Sidewalk Construction

Thirty nine (39) sidewalks were improved to tar standard.

Of these thirty nine two (2) were constructed as ward projects, two (2) were constructed as Expanded Public Works Programme (EPWP) projects, four (4) were constructed as sidewalks main pedestrian routes and three (3) were constructed as sidewalks over bridges.

The total area of sidewalks constructed amounts to 28 602m².

The tarring work in Van der Stel Street between Meaker Street and Bo Dal Road is 100% complete.

The tarring work in Koopman Street is 100% complete.

b) Street resealing

- Boland Street 3 781m² (230m);
- Distillery Street 523m² (50m);
- Fabriek Street 1 851m² (240m);
- Main Street Hospital to Lady Grey Street 7 423m² (520m);
- Versaille Street 2 999m² (540m);
- Verster Street 2 740m² (380m);
- Main Street Lady Grey to Market Street 6 951m² (840m);
- Jan van Riebeeck Road Mont Vue to Klein Drakenstein Road 15 050m² (1 400m);
- Berg en Dal Street 6 671m² (720m);
- Goosen Street 243m² (44m);
- Terrace Street 118m² (30m)Tarentaal Street 770m² (110m);
- Aster Street 390m² (60m); and
- Eerste Street 810m² (90m).

The total area of resealing work amounts to 52 993m².

c) Ramps for disabled

Ramps for disabled people were constructed in the following streets:

- Frans Street;
- Hermitage Street;
- Rosaki Street;

- Barbarossa Street;
- Pedro Street; and
- Tennant Street.

d) Traffic Engineering

A total of 64 speedbumps were constructed and 10 raised intersections were constructed.

The following tables give an overview of the total kilometers of roads maintained and new roads tarred:

e) Tarred Roads

Financial year	Total km tarred roads	Km of new tar roads	Km existing tar roads re-tarred	Km of existing tar roads re-sheeted	Km tar roads maintained
2008/2009	490.535	0.965	6.54	0.0	Entire municipal area
2009/2010	491.500	0.775	4.72	0.0	Entire municipal area
2010/2011	501.700	0.821	5.40	0.00	Entire municipal area

Table 54: Tarred roads

f) Graveled roads

Financial year	Total km gravel roads	Km new gravel roads constructed	Km gravel roads upgraded to tar	Km gravel roads graded/maintained
2008/2009	51.10	None	0.965	51.10
2009/2010	50.32	None	0.775	50.32
2010/2011	49.50	None	0.821	49.50

Table 55: Graveled roads

g) Cost of construction/maintenance

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New and Replacements R/m	Resealed R/m	Maintained R/m
2008/2009	None	6 468	3 346
2009/2010	None	6 801	3 468
2010/2011	500	12 490	5 982

Table 56: Cost of construction/maintenance of roads

4.4.3.2 STORMWATER

Fifteen (15) construction projects where pipes were laid with diameters that vary from 300mm to 600mm were completed. The biggest project was the closing of the open canal at Versailles Street where 205m box culverts of diameter 2.40m x 1.80m were laid.

The other projects included:

- Solving of drainage projects;
- Alterations to concrete channels; and
- Laying of smaller pipes and building of manholes.

a) Storm water infrastructure

The table below shows the total kilometers of stormwater maintained and upgraded as well as the kilometers of new stormwater pipes installed:

Financial year	Total km stormwater measures	Km new stormwater measures	Km stormwater measures upgraded	Km stormwater measures maintained
2008/2009	352.040	0.960	0.380	Entire municipal area
2009/2010	353.00	0.880	0.973	Entire municipal area
2010/2011	353.880	0.205	1.067	Entire municipal area

Table 57: Stormwater infrastructure

b) Cost of construction/maintenance

The table below indicates the amount of money spend on stormwater projects:

Storm Water Measures		
Financial year	Capital R/m	Maintained R/m
2008/2009	13 232	12 186
2009/2010	20 566	17 202
2010/2011	25 996	22 541

Table 58: Cost of construction/maintenance of stormwater systems

Maintenance and Construction Statistics	Total
A. Construction work	
600mm.	95
450mm.	88
375mm.	158
300mm.	726
Ducts laid (m).	20
Seepage drainage pipes laid (no).	0
Box culverts installed.	204
Roads tarred (tonnes of tar).	0
Sidewalks constructed/tarred (m ²).	28.602

Maintenance and Construction Statistics	Total
Ramps for disabled constructed (no).	9
Stormwater manholes constructed (no).	22
Stormwater catch pits constructed (no).	24
Roof water connections constr. (no): 110mm.	60
Raised pedestrian crossings (no).	1
Mini circles.	0
Raised intersections (no).	10
Speed bumps (no).	64
Bollards erected (no).	544
B. General maintenance	
Resealing of tar roads (m ²).	52.993
Potholes in tar roads repaired (no).	13 171
Other tar works (m ²).	24.811
Kerbing/channels repaired (m).	1.345
Paving repaired.	285
Other departments/Telkom (no. of jobs).	5 830
Trees removed (no).	24
Gravelling work (no. of jobs).	73
Trenches cleaned (no. of jobs).	78
Work done by Grader (no. of jobs).	73
Streets cleaned from oil or other spillages.	76
Sinkholes repaired (no).	34
C. Concrete and tar products manufactured:	
Ready-mix concrete (m ³).	2.921
Kerbing all sizes.	1 351
0.9m Kerbing inlet.	0
Bollards.	697
Water meter boxes.	0
Concrete slabs (all sizes).	289
Edging.	227
Roof water channels.	145
D. Stormwater maintenance:	
Replace cast iron manhole covers.	193
Replace concrete manhole covers.	61
Blockages cleaned.	306
Grids cleaned (times).	34
Manholes repaired.	71
Catch pits/manholes cleaned.	3 356
Monitor of pump stations.	24
Kerb inlets repaired.	93
E. General:	
Services pointed out to other parties	15
G. Traffic Signs and Markings	
Traffic Signs	
Erect stop signs	56
Repair stop signs	107
Erect yield signs	4
Repair yield signs	30
Repair various road signs	315

Maintenance and Construction Statistics	Total
Replace traffic light bulbs	296
Erect special road signs	51
Replace road signs	0
Erect street name signs	42
Road Markings	
Re-paint intersections	37
Paint parking blocks	1 955
Paint bollards	2 057
Paint speed humps	449
Paint stop signs	2 052
Paint yield signs	299
Paint robot poles	165
Paint pedestrian crossings	108
Stop ahead	0

Table 59: Maintenance and construction statistics

4.4.4 KPA: ELECTRICITY DEMAND MANAGEMENT

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of basic services to communities in a sustainable manner for economic and social support.

a) Basic Services Provision and Backlogs

Most of the projects were completed on time. All applications for new supply of electrical connections were completed. All customer complaints and queries were attended to. Power failures were attended to and kept as short as possible. The Municipality experienced a growth of 2.43% in energy usage and the Municipality's Eskom account peaked at R 39.6m in July 2010.

b) Municipal Infrastructure Development, Upgrades and Backlogs

- Eskom completed a 66 kV Substation for firm supply to Wellington.
- Commenced with the installation of 11 kV cables between Eskom substation and Pentz- and Oude Pont substations.
- Upgrading of Newton- and Bain Substations commenced.
- Replaced redundant switchgear at Parys Sportfield and Oosbosch Street.
- Installation bulk services to Lovers Lane (informal settlement) for electrification.
- Installation of floodlights at Boy Louw Sportfields.
- Replaced overhead lines with underground cables around Paarl Hospital.
- Electrification of farm worker houses is ongoing.
- Upgrading of 11 kV lines.

c) Municipal Infrastructure Asset Maintenance and Management

Maintenance remains a problem with the shortage of staff. A Maintenance Policy and plans will be adopted in 2011/2012 to focus on this. The Asset Register was kept up to date in order to facilitate maintenance.

d) Energy Losses

The energy loss for the 2009/2010 financial year was 10.31 % whilst the losses in the 2010/2011 financial year were only 8.75%. This outcome gives an end result of 1.58% reduction in energy losses that is a huge achievement for the Municipality.

e) Electricity Demand Management

An agreement was signed between Eskom and the Municipality that would see the installation of a Demand Side Management System. The system will comprise of a main station that would communicate to load switches, installed in customer premises, which would in turn switch high energy intensive devices off during peak times. This communication would be via GPRS to a concentrator installed at mini substations and via radio frequency into the customer's premises. The project will be completed in 2013 at a current cost of R30m which will be funded entirely by Eskom. The system has the ability to communicate back to the Municipality.

f) Safety

A safety structure is in place, all statutory appointments made and the local safety committee meets monthly. We experienced one serious incident where an employee lost a limb due to circumventing operating procedures. We had an incident where staff was held at ransom by a community member for wanting to perform their duties as well as cable theft incidences.

g) Personnel

The Drakenstein Municipality was fortunate to be able to appoint 5 Electricians this year, but the occupation remains a scarce commodity. The Municipality had difficulty filling other technical positions like an Energy Manager and a Planning Artisan. The Municipality has completed its Skills Development Plan and knows exactly what training to focus on in order to deliver on our mandate. We are in the process of revising our organogram to become more effective.

h) Restructuring of Electrical Industry (RED's)

The restructuring of the electricity distribution industry (REDS) were called off/delayed by National Government and the facilitating company, EDI Holdings, was disestablished. The way forward with this project is uncertain; EDI Holdings conducted a ring fencing exercise and asset valuation on the Electricity Department, just before its closure.

i) Budget

The budget was generally managed well despite the drawn out supply chain processes and shortage of staff. Most of the tenders were adjudicated but three large projects could unfortunately not be completed due to the service provider having difficulty with getting equipment delivered on time.

j) Backlogs

With the decision to electrify informal settlements a sudden backlog developed. Application for R18m was made for electrification projects but the Department of Energy only allocated R2m. An appeal was made and the Municipality is waiting regazetting early in the next financial year. Serious backlogs exist in the area of maintenance and the Municipality plan to pay serious attention to this in 2011/2012.

The table below indicates new connections made during the different financial years:

Household			
All electrical connections at least 20amp			
Description	2008/2009	2009/2010	2010/2011
	Actual	Actual	Actual
Electrical connections: conventional.	81	801	268
Electrical connections: pre-paid.	664	186	58
Minimum service level and above sub-total.	745	987	326
Minimum service level and above percentage.	100%	100%	100%

Table 60: Electricity service delivery levels

Electricity Statistics	Total
New single phase connections.	249
New three phase connections.	77
Overhead connections replaced by underground cables.	28
Preliminary inspections.	157
Final inspections.	116
Trade licences.	63
Pre-paid meters installed and activated.	58
Expansions and improvements	
The erection of transformer stations.	23
Transformer stations upgraded.	8
The construction of high tension overhead lines.	5 446
Mini sub-stations upgraded.	3
The construction of mini sub-stations.	2
Streetlight lamps replaced.	1 726
Streetlight armature.	55
The erection of new streetlights.	285
The installation of high voltage cable.	10 584
The replacement of high voltage cable.	307
The installation of low voltage cable.	15 330
Rebuild of existing overhead lines.	7 661
Complaints	

Electricity Statistics	Total
Reported complaints.	11 114
Cable testing	
Cable routing.	426
Pressure testing.	56
Fault locating.	109
Recordings	
Voltage recording.	271
Current recordings.	0
Meter testing	
Meter testing.	89
Meters with more than 1% inaccuracy.	2
Meter audit	
Pre-paid meters.	27
Meters with more than 1% accuracy.	4
Low tension bulk.	0
Meters with more than 1% inaccuracy.	0
High tension.	17
Meters with more than 1% accuracy.	1
Pre-paid meters tested	
Pre-paid meters tested and split meter.	1 454
Pre-paid meter with mote than 1% accuracy.	2

Table 61: Electricity statistics

4.4.5 MUNICIPAL INFRASTRUCTURE AND OTHER GRANTS

The Municipality had a total amount of **R29 210 000** for infrastructure and other capital projects available that was received in the form of grants from the National and Provincial Governments during the 2010/2011 financial year. The performance in the spending of these grants is summarised as follows:

Description	2008/2009		2009/2010		2010/2011	
	Amount Received R/m	Amount Spent R/m	Amount Received R/m	Amount Spent R/m	Amount Received R/m	Amount Spent R/m
National Government:						
Finance Management Grant	250	911	750	750	1 000	1 000
Municipal Systems Improvement Grant	0	0	735	735	750	750
Municipal Infrastructure Grant	16 789	16 789	21 539	21 539	24 045	24 045
Regional Bulk Infrastructure Grant	-	-	1 000	1 000	6 000	5 998
Integrated National Electrification Programme	800	800	3 550	3 550	3 091	3 090
Provincial Government:						
Library subsidies (Operational)	0	0	898	898	1.123	1.196
Community Development	168	168	168	168	245	245

Description	2008/2009		2009/2010		2010/2011	
	Amount Received R/m	Amount Spent R/m	Amount Received R/m	Amount Spent R/m	Amount Received R/m	Amount Spent R/m
Workers						
Housing	38 013	34 365	62 845	55 370	56 885	22 825
Public Transport Facilities	1 561	1 561	500	500	-	-
Main roads	890	890	956	956	1 025	1 025
Local Economical Development	-	-	500	3	497	244

Table 62: Spending of grants

4.4 DEVELOPMENT PRIORITY: ENVIRONMENT

4.4.1 KPA: ENVIRONMENTAL MANAGEMENT

The Environmental Management System (EMS) based on the International Standard ISO 144001 for Drakenstein Municipality was maintained as far as possible within the staff capacity constraints. The EMS will include an Environmental Policy Framework. The updating of the 2008/2009 State of the Environment Report has been completed and the update for the 2010/2011 has started.

During the year 22 environmental complaints were received and investigated; out of these investigations 11 compliance notices were issued.

The environmental section was integral in 5 awareness raising events during the year.

A total of 86 other environmental reports were dealt with during the period.

4.4.2 KPA: BUILD ENVIRONMENT

a) Spatial Planning

The Drakenstein Municipality commenced with the public participation process for the Draft Spatial Development Framework (SDF) in August 2010. The comments received were incorporated into the final draft SDF. Thereafter, the Spatial Development Framework was approved by full Council on 24 November 2010 in terms of the Municipal Systems Act, 2000 (Act 32 of 2000).

A list indicating the areas earmarked for the compilation of detailed planning frameworks has been incorporated in the approved Spatial Development Framework. The areas have been prioritised and the appointment of service providers to undertake the Simondium Precinct Plan and the Klapmuts Precinct Plan (Phase 1) will commence in the 2011/2012 financial year.

The “Identification of Land for Industrial and Residential Purposes Study: Prioritisation of Identified Land” was approved by the Executive Mayor and Mayoral Committee in November 2010. The study entails the compilation of a database for the prioritisation and ranking of the identified land in terms of the most to the least suitable land for residential or industrial purposes.

Development proposals received during the year were evaluated to ensure that communities have appropriate services and facilities according to appropriate standards. The department evaluated development proposals accordingly. The minimum standards regarding the provision of adequate open space and community facilities within the developments were ensured without affecting the feasibility of the developments detrimentally.

The Green Building Manual was adopted by the Executive Mayoral Committee in June 2010. This document provides guidelines on how to reduce energy and other resources during the construction of buildings. A public awareness programme was developed whereby various articles were placed in the Paarl Post and Community Newsletter, pamphlets were distributed with the municipal accounts, with the launch of the Green Building Manual taking place in the Huguenot Community Hall on 13 May 2011. Promotional items were also distributed to the construction sector, libraries, government institutions and schools within the Drakenstein Municipal Area.

b) Land Survey

During this financial year the Municipality received 26 applications (24 for the previous year) for urban land subdivisions. This indicates minimal growth in the existing stagnant local property market. The Municipality has delegated authority to process and dispose of subdivision applications, provided that the proposal conforms to the Zoning Scheme Regulations and that no objections are received from the public. It should be borne in mind that, apart from the Land Survey Section the Section: Land Use Planning in this department of new subdivisions in cases where rezoning of the land to the appropriate zoning is involved.

During this financial year, the Municipality processed 93 applications for this purchase or lease of municipal land.

The Municipality commented on 29 land use applications, in terms of the applicable provincial and municipal planning policies and guidelines.

c) Valuations

The 3rd and 4th Supplementary Valuation Rolls have been compiled involving total 989 and 1 716 properties respectively. During the 3rd Supplementary Valuation process nineteen (19) valuations were reviewed, but no appeals were lodged. The objection period for properties valued during the 4th Supplementary Valuation started in July 2011.

d) Building Applications

Category	Number of new applications received	Total value of applications received (R)	m ²	Applications outstanding
Residential new	2 826	313 798 122	165 986	1 914
Residential additions	619	54 949 418	40 719	347
Commercial	179	75 184 357	50 642	122
Industrial	3	3 389 344	9 636	3
Other (specify)	265	17 638 079	13 803	142

Table 63: Building applications outstanding

During the 2010/2011 financial year, a total of 3 892 building plan applications with an estimated value of R464 959 320 were submitted for approval. A total 1 625 of these applications were approved. 2 528 applications were processed, but not yet approved due to e.g. outstanding comments not being complied with and plans being withdrawn by architect / owner and not resubmitted for approval.

Furthermore, a total of 1 578 commencement and 1 534 completion of building work inspections were recorded.

A total of 78 notices were served for unauthorised building work and deviation from approved plans and 270 certificates of occupancy were issued.

e) Land Use Planning

The most important tool in Land Use Planning is the Zoning Scheme Regulations. Due to the amalgamation process to create a new Drakenstein Municipality, four (4) sets of Zoning Schemes are applicable to the entire Municipal Area. A process has been embarked upon to develop an integrated Zoning Scheme with the 1st phase of development a GIS based zoning mapping system being completed.

During the 2010/2011 financial year 112 new Land Use Planning Applications, excluding land use parameter departure applications, have been advertised and further processed. 93% of these advertisements have been attended to with the target of 30 days from date of receipt of a complete application (10 days on average).

Fifty six (56) reports have been drafted for delegated decision making purposes, either by the Manager: Land Use Planning or the Head: Planning Services. 88% of these reports were finalised within the target of 45 days after all outstanding comments/information being obtained (21) days on average.

Twenty six (26) reports have been drafted for decision making by the Executive Mayor and Executive Mayoral Committee. 100% of these reports were finalised within the target of 60 days after all outstanding comments/information being obtained (21 days on average).

At the end of the financial year, the Municipality had 389 applications in various stages of processing on its books.

4.4.3 KPA: CULTURAL/HISTORIC HERITAGE

The Heritage Resources Register (inclusive if the comments received during the public participation process) was submitted to the Executive Mayor and Mayoral Committee on 19 January 2011 for final acceptance. A Heritage Report was compiled and finalised in June 2011 in order to proceed with the submission of the Heritage Resources Register to Heritage Western Cape for formal promulgation. It is anticipated that the promulgation will take place during the latter part of the 2011/2012 financial year.

The compilation of heritage resources management plans and the formulation of appropriate by-laws can only be initiated once the Heritage Resource Register has been promulgated by Heritage Western Cape.

Council's heritage/aesthetical advisory committees of Paarl and Wellington scrutinized 160 building plans and proposals, commented on 42 rezoning/consent use/departure applications, considered five (5) demolition applications and scrutinized 15 signage applications.

4.5 DEVELOPMENT PRIORITY: SOCIAL WELL-BEING

4.5.1 KPA: HOUSING

a) Waiting List/Database

The total number of 1 231 new applicants was registered. The waiting list is used for housing allocation. People living in dangerous zones create a challenge when it comes to housing allocation. The National and Provincial Governments have intervened and a Housing Allocation Policy is currently under review to address this problem. The waiting list is fluctuating because of the changing economic and social circumstances of the applicants. The waiting list is being captured on the HSS system of the NDHS since 10 March 2011. The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 35 721 people on the waiting list of which 18 078 have been cancelled and 17 643 are active.

Housing waiting list	Number of people on housing waiting list	% Housing waiting list increase/decrease
2008/2009	27 440	6% increase
2009/2010	34 960	28% increase
2010/2011	35 721	2% increase

Table 64: Housing waiting list

A total amount of **R56 885 458.00** was allocated to build houses during the financial year under review. A summary of houses built includes:

Financial year	Allocation R/m	Amount spent R/m	% spent	Number of houses built	Number of sites serviced
2008/2009	38 243 934	37 817 938	98.90	383	552
2009/2010	62 844 922	56 840 519	89.50	938	2 318
2010/2011	56 885 458	20 144 814	35.40	120	2 011

Table 65: Housing delivered

b) Informal Settlements

The total number of informal settlements in the Municipal Area is 28 and structures are 4 045. There are two informal inspectors that are responsible for monitoring, issuing of notices and arrange demolishing of illegal structures. Lover's Lane Informal Settlement is also electrified. The challenge in Informal Settlements is that it is always increasing. New toilets and water was installed in Brickfields Informal Settlements. All informal settlements in the Municipal Area have basic services.

c) Rental Stock

Housing Stock									
Description	Paarl	Mbekweni	Wellington	Gouda	Saron	Rural	Worker	Official	Total
Houses	210	27	1	0	0	0	0	0	238
Flats	2 542	0	0	0	0	0	0	0	2 542
Houses for employees	30	0	9	0	0	0	0	0	39
Flats for employees	226	0	0	0	0	0	0	0	226
Hostels	0	327	0	0	0	0	0	0	327
Erven	0	213	0	0	0	0	0	0	213

Table 66: Housing rental stock

The Housing Department of the Municipality is currently administrating 3 585 rental stock in the following areas Paarl East, Paarl West, Mbekweni and Wellington. 113 Houses were transferred to new tenants, 22 exchanges and 27 allocations. The Municipality has a challenge of illegal occupants in some of the municipal rental units.

d) Housing Maintenance

This function is currently being done by the Municipality's maintenance team as defects are being reported by the tenants. A total number of 6 131 cases were reported in the last financial year and all were attended to.

Urgent repairs such as burst pipes and blockages are fixed within an hour. Normal repairs such as doors gutters are done within two days. The majority of repairs reported by tenants are cracks, stairs, roof leakage, ceilings, gutters, windows, door-frames, doors, locks, water pipes, cisterns tap or washer, air in pipes, toilet pan leakage, sinks bath geysers, gulley's, sinks, bath, shower and toilet pan.

Project	Blok	Description	Amount
Painting Projects			
Blommedal Flats in Ward 19	Blok A - Blok H	8 Double story building	R240 800 00
Ribbon Street in Ward 21	Blok 1 - Blok 13	7 Double story building	R233 000 00
Daphne and Pointsettia Streets in Ward 20	Blok 2 - Blok 10 Blok 6- Blok 12	9 Double story building	R246 000 00
Solomon Flats Ward 26	Blok A-Blok J	10 Double story building	R251 00 00
Loerie Flats in Ward 27	Blok A - Blok K	11 Double story building	R257 000 00
Repair of Stair Cases			
Magnolia Flats in Ward 21	Blok G - Blok K	5 Triple story	Material = R 35 000 00 Labour = R27 600 00

Table 67: Housing maintenance

4.5.2 KPA: RURAL DEVELOPMENT

Rural Development aims to achieve a change in scenery in rural areas, as is described in the Rural Development Framework (1997) i.e.: 'the sparsely populated areas in which people farm or depend on natural resources, including the villages and small towns that are dispersed through these areas' and where these areas are characterised by high levels of poverty, limited access to services and resources, opportunities for employment, education, social and economic development and a lack of basic services and infrastructure, amongst other things.

Drakenstein Municipality has prioritised these needs of its rural communities as a key performance area. It has as its objectives for Rural Development the promotion and support for rural development initiatives, contributing to the facilitation, empowerment of and capacitating rural and farming communities in order to ensure that the lives of Drakenstein's rural communities are improved.

Although certain goals such as the following were set: opportunities for rural communities in development and service delivery; Land for Redistribution and Agricultural Development (LRAD); Comprehensive Agricultural Support Packages (CASP) and Transformation in Agriculture, its achievement were hampered by a range of challenges.

The fact that the rural development facilitation function was added to the existing functions and shifted between Departments in a short space of time, resulted in outputs not being prioritised and a lack of accountability for these. Furthermore, rural development is transversal in nature and cuts

across structures, functions and departments. The achievement of targets is therefore dependent on the output delivered by other directorates and units.

Rural development is not the mandate of a single organ of state, its own divisions or organisations. Interventions from various agencies are required for successful implementation of rural development. Therefore the Municipality has the developmental duty to participate in the national and provincial development programmes and is required to structure and manage its administration, budgeting and planning process to give priority to the basic needs of the community and to promote the social and economic development of the community, as is enshrined in the Bill of Rights in the Constitution (Act 108 of 1996). By the same token the outcomes and programmes of Rural Development is dependent on co-operation and resources of government departments and other stakeholders, which also poses challenges for prioritisation of support and such resources to the Municipality.

In attempting to achieve and fulfill its role in this regard, land tenure and redistribution programmes such as the Land Redistribution for Agricultural Development (LRAD) of the then Department of Land Affairs (now Rural Development and Land Reform) and the Comprehensive Agricultural Support Package (CASP) of the Department of Agriculture, were identified to be supported. Unfortunately, the implementation of these programmes were affected by factors such as policy and legislative changes and budget shortages resulting in moratoriums being put on the processes, planning and approvals of projects.

The effectiveness and service delivery of Rural Development was furthermore hampered by a budget shortage, for both operational and capital item as well as staff.

Although challenges were experienced, the following were achieved and Municipal driven initiatives can be highlighted as follows:

- A Rural Development Strategy for Drakenstein was developed;
- The Farm Halfgewaagd Nr 412, situated in the division of Tulbagh, with 426,1980 hectares in extent, was acquired as additional commonage for livestock farming;
- Operationalisation of the outcomes of the Drakenstein Business Federation in the form of the Commission on Agricultural Development and Agri-Business;
- Most importantly, the to be established Rural Development Unit was approved following the requisite procedures and a Manager for Rural Development was to be appointed near the end of this reporting period. The necessary preparations were made for the appointment of personnel and the operationalisation of the new unit, in the new financial year, to take ownership, responsibility and to drive the implementation of the said strategy to give effect to the targets/outputs;
- Provide support and facilitate processes, enquiries/related matters regarding evictions, tenure security, agri-village and farming businesses, rural health and literature; and
- Participate and represent the Municipality in rural development forums.

The following are planned to address challenges and improve efficiency and service delivery of Rural Development:

- Good co-ordination and liaison, ensuring prioritisation of needs and adherence to requirements for support;
- Ensure compliance with staffing policies and procedures which informs capacitating and timeous recruitment of staff for the newly established unit;
- Obtain commitment for capital budget for acquisition of items to assist in performance of jobs, accommodate newly reported needs;
- Develop protocols for Rural development and workshop with relevant directorates to create deeper awareness and co-operative agreements;
- Refocus and prioritisation of needs, processes and strategies to address the gaps and implementation of these plans and programmes.

4.5.3 KPA: VULNERABLE GROUPS

a) Library Services

- Visited old age homes weekly to do book circulation and host story telling sessions to ensure that senior citizens become and remain involved with library programmes.
- Visited the local hospital every 2nd week to read and tell stories to both children and adult patients.
- Implemented the “Populate the Parks Campaign” on behalf of the Parks Section at a park nearest to the respective libraries. All demographic groups (elderly to early childhood) were involved in a range of library programmes hosted on public parks.
- Various special programmes and events were hosted and commemorated to entertain senior citizens. These included Valentine’s Day, Music and Fashion Shows and book reading sessions.
- Successfully implemented various HIV/AIDS projects and programmes culminating in the HIV/AIDS theme-based opening of the Groenheuwel Municipal Library.

The HIV/AIDS Programmes:

- Provided continuous access to HIV/AIDS information and knowledge.
- Promoted HIV/AIDS awareness through displays and pamphlets.
- Collected public donations of clothing, food, toiletries etc. for distribution to HIV/Aids organisations.
- Involved visits to clinics, hospitals and institutions for HIV/Aids thematic story-telling, colour-in pictures, board games and face painting sessions with patients.
- Puppet shows were held at the various libraries to make children aware about HIV and AIDS.

b) Parks, Sport and Recreation

- Parks, Sports and Recreation launched the Indigenous Games Programme in March 2011. Community Co-ordinators were recruited and trained in the rules of various games. Indigenous games activities were held at various sites across Drakenstein and attracted 995 children and youth to participate, culminating in the finale on 16 June 2011.

4.5.4 KPA: ADDRESSING POVERTY

Drakenstein Municipality manages 11 soup kitchens across the municipal area to reduce food insecurity. Not all have been fully operational due to various reasons (eg. connection to basic services etc.).

	Area	Progress	Start date	End date	Wards	No. of participants / beneficiaries
Community Kitchens	Gouda	2 Kitchens Assistants appointed and fully operational.	Ongoing	Ongoing	31	±150 daily
	Amstelhof and Sonop Rural Area	2 Kitchen Assistants appointed and fully functional	Ongoing	Ongoing	27, 28	Amstelhof: ± 80 - 120 daily Sonop: ±80 - 100 daily
	Chicago and Klein Nederburg	3 Kitchen Assistants appointed and fully functional	Ongoing	Ongoing	21, 24	Chicago: ± 456 daily Klein Nederburg: ± 190 daily
	Mbekweni – 6 points	4 Kitchen Assistants appointed and fully functional	Ongoing	Ongoing	6, 8, 9,12,16	± 120 per point per day
	New Rest and Surrounds	2 Kitchen Assistants appointed and fully functional	Ongoing	Ongoing	5, 8	New Rest: ±143 daily OR/Noodkamp: ±100 daily Carterville: ±121 daily
	Simondium – 3 Areas	2 Kitchen Assistants appointed and fully functional	Ongoing	Ongoing	1	Simondium: ±100 daily Agter Paarl: ±65 daily Another Area: ±45 daily

Table 68: Community kitchens

4.5.5 KPA: SOCIAL AND COMMUNITY FACILITIES AND SERVICES

Community Development	
Cultivating Community – Groenheuvel and Weltevrede Community Parks	An intra- and- inter-departmental project of the Directorate: Social Services where Community Development Programmes are intended around a multi-functional recreational open space in order to link into the Sustainable Human Settlement Plan.
Paarl East Thusong Service Centre	Construction of the Paarl-East Thusong Service Centre started in 2010/2011 and is in an advanced stage of construction.
Mbekweni Multi-Purpose Thusong Centre	The Provincial Department of Social Services provides various social services to the communities surrounding the facility. The Swedish, Mbekweni Empowerment Project is a Social Democracy Empowerment Project on Early Childhood Development and Gender with the Swedish Government. The Drakenstein Learning Centre provides various ABET services. Anova Health provides HIV/AIDS voluntary counseling and testing services, as well as training

Community Development	
	on health related matters.
Library Services	
Groenheuwel Community Library	Was officially opened in December 2010.

Table 69: Social and community facilities

a) Parks

The following KPI's in the Parks Section refers:

KPI Name	Definition	Baseline	Target Unit	Progress
Complaint/request register	The number of requests attended to within 15 working days.	70%	% complaints attended to within 15 working days	Target achieved
Environmental Awareness Programme	Number of educational programs presented for the year (Nature Reserve) by Community Nature Conservation Officer.	8	Number of programs	Target achieved. Environmental awareness programmes were conducted with teachers and learners (schools) on projects that promoted a.o. biodiversity, conservation, water conservation, etc.
Remove alien invasive	Hectares per quarter	50	Number of hectares	Target achieved
Planting of trees on sidewalks and parks	Number of trees planted per annum	600	Number planted	Target over achieved. A total of 838 trees were planted for the financial year while the baseline was 600. The target should be cumulative as tree-planting is seasonal.
Maintain play parks	Inspect and maintain equipment on a 4 week cycle	30	Number of play parks maintained monthly	Target achieved
Establishment of play parks	Number of parks established per annum	2	# Established	Target achieved. Developed (1) Erf 4018, (Langeni Street, Mbekweni) in Ward 12/16; Erf 20970 (Tarentaal Street, Amstelhof) in Ward 26.
Grass cutting at parks and open spaces	Maintain a 6 week cycle at parks and open spaces	120 areas	# of maintenance completed.	Target achieved.

Table 70: Parks

All the above targets have been met. The two play parks were developed on erf 4018, Langeni Street, and erf 20970, in Tarentaal Street. A total amount of 838 trees were planted.

The following services were rendered to the community:

b) Swimming Pools

The following table shows the amount of visitors to each of the municipal swimming pools for the period 1 October 2008 until 30 April 2011.

Swimming Pool	1/10/2008 -30/04/2009	01/07/2009 - 30/06/2010	01/07/2010 - 30/06/2011
Faure Street (Paarl).	17 989	11245	15 570
Drakenstein (Paarl).	19 462	16 944	10 558
Mbekweni.	8 978	6 337	11 676
Pentz (Wellington).	24 341	17 925	25 160
Weltevrede (Wellington).	9 565	8 800	9 150
Total	80 335	61 251	72 114

Table 71: No of visits to swimming pools

c) Sport

Sport fields and halls in Drakenstein had been prepared for **2 463** events/games for the period 1 July 2010 until 30 June 2011. The following table gives a comparison between 2008/2009, 2009/2010 and 2010/2011 of the different sport codes utilisation of the facilities.

Sport Code	2008/2009	2009/2010	2010/2011	# of fields
Rugby	1 046	954	970	19
Cricket	182	271	284	12
Soccer	1 656	1 391	964	12
Cycling	8	4	3	1
Hockey	18	17	41	4
Athletics	38	41	49	3
Netball	-	191	152	12

Table 72: No of sport codes practiced

d) Cemeteries

The following table shows the amount of burials that took place from 1 July 2008 until 30 June 2011.

Cemetery	01/07/2008 - 30/06/2009	01/07/2009 - 30/06/2010	01/07/2010 - 30/06/2011
Parys (Paarl).	884	801	825
Dal Josaphat (Paarl).	52	48	27
Champagne (Wellington).	369	93	67
Hillcrest (Wellington).	66	334	345
Simondium.	50	68	56

Cemetery	01/07/2008 - 30/06/2009	01/07/2009 – 30/06/2010	01/07/2010 – 30/06/2011
Hermon.	6	9	11
Gouda.	2	0	0
Saron.	20	22	27
Total	1 451	1 380	1 346

Table 73: No of burials

e) Caravan Parks

The amount of visitors to the three municipal caravan parks namely Antoniesvlei (Wellington), Saron Holiday Resort (Saron) and Orleans Caravan Park (Paarl) was 96 522. The total income at the three resorts were **R1 196 321** for the period 1 July 2010 until 30 June 2011.

The following table gives a comparison between the number of visitors during 2008/2009, 2009/2010 and 2010/2011 between the different resorts.

Description	Orleans Park (Paarl)	Antoniesvlei (Wellington)	Saron Resort
Day visitors 2008/2009	48 224	37 504	12 014
Day visitors 2009/2010	43 784	19 974	9 648
Day visitors 2010/2011	55 465	28 756	12 301
Income 2008/2009	R509 044 00	R547 545 00	R200 401 00
Income 2009/2010	R592 327 30	R473 076 20	R111 732 40
Income 2010/2011	R642 237 50	R447 983 20	R106 100 00

Table 74: No of visits to caravan parks

f) Paarl Mountain Nature Reserve

A total number of 6 773 people visited Paarl Mountain Nature Reserve and 2 013 hikers hiked the Klipkershout Hiking Trail. The amount of vehicles that was counted in the Reserve and at picnic sites over weekends is 10 682.

g) Street Trees

An amount of 838 new trees were planted, while 7 153 trees were pruned and 65 trees were cut down.

h) Pest Control

Drakenstein Municipality sprayed 941 municipal houses and buildings for cockroaches, mice and rats.

4.5.6 KPA: SOCIAL AND HUMAN CAPITAL DEVELOPMENT

Skills	Number of beneficiaries
CV Writing Course	40
Interview Skills	40
Computer Training	140
Home Based Care Training	40
Welding Training	48
Performance Arts	20

Table 75: Training provided - Skills Development

- Piloted a Participatory Democracy Training of Trainers Programme with youth focusing on two (2) modules viz:
 - The Role of Local Government and
 - HIV/AIDS and Local Government.

Twenty (20) participants underwent the ToT programme and in turn hosted similar workshops with selected ward committees. The programme was completed on 16 April 2011.

- Initiated a drumming programme with Early Childhood Development Centres through the existing ECD Forums to programmatically support the physiological, educational and cultural stimulation of children. Eight (8) ECD Centres and 322 children participated from September 2011 – June 2011.

4.5.7 KPA: COMMUNITY SAFETY

a) Traffic

- Monitoring and collection of outstanding fines;
- Community/Public Awareness;
- Enforcement initiative to decrease incidents affecting traffic safety;
- Attendance to complaints; and
- License and learners waiting period.

b) Law Enforcement

To ensure that the community is adhering to the By-laws of Drakenstein and to create a safe environment.

Foot patrol through the CBD on a daily basis to ensure visibility and joint operations with SAPS to decrease incidents of social crime.

c) Fire and Rescue

Respond to all emergency calls within our municipal area within predetermined times. This standard is achieved all the time due to the fact that we have fire stations strategically located in order to respond to emergencies within good time.

Render a 24/7 emergency control centre.

Conduct risks visits within the municipal area of Drakenstein. A proactive service aimed at addressing potential risk and correcting it before it gets worse.

Conduct Professional Fire Fighter and officers training as well as fire training to industry, volunteers and other municipalities as requested.

Annually review and update the Corporate Disaster Management Plan.

4.6 DEVELOPMENT PRIORITY: ECONOMIC PROSPERITY

4.6.1 LOCAL ECONOMIC DEVELOPMENT (LED) STRATEGY

The LED Strategy along with the LED Process Plan is completed and is being implemented. The Drakenstein Municipality has an established LED Forum comprising of a diverse membership emanating from various sectors of society. The LED Strategy is built around commitment to develop a climate in which economic development and economic growth can prosper. Currently the LED Strategy is in a process of review.

The LED Strategy identifies various issues and strategic areas for intervention such as:

Objectives	Strategies
To grow the economy in order to provide for employment opportunities and growth.	LED Strategy – currently under review.
To market Drakenstein as a premier tourist and investment destination.	Drakenstein Marketing Plan.
To promote investment into the area to create employment opportunities.	Drakenstein Investment Incentive Policy – Draft.

Table 76: LED Objectives and Strategies

4.6.2 ECONOMIC ACTIVITY

The table below identifies the economic activity within the different sectors:

Sector	2001	2009	Average Annual Growth Rate 2001-2009
Agriculture	446 250	532 705	2.2%
Mining	5 527	2 989	-7.4%
Manufacturing	1 389 846	1 397 982	0.1%

Sector	2001	2009	Average Annual Growth Rate 2001-2009
Electricity	63 486	83 645	3.5%
Construction	147 053	298 500	9.3%
Trade	724 614	779 498	0.9%
Transport	411 050	488 792	2.2%
Finance	998 927	1 760 954	7.3%
Community Services	1 143 469	1 504 100	3.5%

Table 77: Economic activity by sector

4.6.3 LED INITIATIVES

With a limited budget for LED Projects and one official assisting with LED implementation the following initiatives have been initiated as set out in the table below which identifies the detail of the various LED initiatives in the municipal area:

Description of project	No of Jobs created	Total Investment R/m	Amount spent to date	Performance Highlights
Construction of Informal trading kiosks	22	840 000	840 000	22 Informal trades received kiosks for daily trade.
Contractor Development Program	200 opportunities	500 000	250 000	200 Potential contractors went through the programme.
Entrepreneurial Seed Fund	45 opportunities	450 000	450 000	45 businesses received funding for their businesses.
Skills Development Programme	50 training opportunities	300 000	300 000	50 people received skills training in catering, computer and electrical.

Table 78: LED Initiatives

4.6.4 LED CHALLENGES

Description	Actions to address
Limited capacity in terms of staff.	Training courses has been offered and a revised organogram has been submitted for consideration.
Limited funding for projects.	Proposed reprioritisation has been submitted to Council.

Table 79: LED Challenges

a) STRATEGIC INVESTMENT PROJECTS

CBD Development

The project entails the redevelopment of the Paarl CBD in order to attract more businesses to the area. Properties of private owners and the Municipality have been out into the development and a Public Private Partnership was established in order to implement the project

Milestones:

- Public Private Partnership registered with National Treasury with views and recommendations.
- Council approval to proceed with the lease agreement with private owners.
- Lease agreement signed with the private owners and phase 1 to start with construction.

Paarl Waterfront Development

The project entails the development retail, commercial and residential development on the Berg River.

Milestones:

- Land allocated to Paarl Waterfront Company.
- Successful negotiations with sports codes for relocation.
- ROD received from the Department of Environmental Affairs (DEA) to commence with the development.

b) TOURISM DEVELOPMENT

Homestays Grading to B&B's and signage

The project entails the development of emerging tourism establishment through the registration of homestays, a lesser form of guesthouse to start entrepreneurs in the tourism sector. From the homestays they are assisted to become full B&B establishment and they are assisted with a SA Tourism Grading as well as signage.

Milestones:

- 10 Homestays assisted and converted to full B&B's.
- B&B's established and is awaiting signage.

Tourism Outreach Programme

Training provided for the development of tourism businesses in Drakenstein and contains 4 levels.

Milestones:

- 20 businesses were taken through the programme on various levels and some of them are also beneficiaries that started their own homestays and are now converted into full B&B's.

c) **SMME DEVELOPMENT PROGRAMMES**

Entrepreneurial Seed Fund

The Entrepreneurial Seed Fund has been established and the fund was advertised in the newspaper and applications have been received from the public. A number of SMME's applied for the fund and the final list of beneficiaries have been finalised for the Executive Mayoral Committee for approval.

Milestones:

- 43 SMME`s will receive financial assistance for their businesses from the Municipality. This project is being implemented for the first time.

Nedbank Contractor Development Programme

The project entails a grant from Nedbank that has been given to the Municipality to implement a Contractor Development Programme. The programme is aimed in assisting entrepreneurs and business people to become better suppliers and contractors when they are taking their products and services to the market. The entrepreneurs were trained in Business Management, Marketing, Financial Management, Operations Management and the CIDB.

Milestones:

- 200 beneficiaries have been through the programme of which many also qualified for the Entrepreneurial Seed Fund

d) **SKILLS DEVELOPMENT INITIATIVE**

The project entails the development of critical skills in the community needed by the economy. The projects aims to give unemployed people access to skills that will make them more employable in the job market.

Milestones:

- 90 unemployed people received training and most of the beneficiaries have either received job, or decided to continue studying, or started their own business.

e) **STRATEGIC LED PROJECTS**

Drakenstein Development Agency

Drakenstein Municipality is in the process to establish a Development Agency in order to provide strategic support with development projects in the Municipality.

Milestones:

- Needs analysis completed in order to look at the desirability to establish an Agency.
- Feasibility study completed and submitted to the Executive Mayoral Committee for approval.
- The proposal recommended approval and submitted to Council.

- Agency enters establishment phase and are in the process to look at finalising funding models and the business plan.

The Establishment of Drakenstein Business Federation

The project entailed the amalgamation of all organised business formations in the Drakenstein Area with the view of establishing a forum where economic stakeholders can be consulted on issued from a centralised basis. The federation did also bring about joint projects to be initiated in co-operation with the Municipality and find shared solutions to our economic issues in the Drakenstein.

Milestones:

- Pre-establishment Committee establish to facilitate the process
- Business Summit held on 20 October 2010.
- Declaration and Pledge signed by all role players.
- Strategic Session held with the new executive of the federation to discuss economic interventions and projects.

External Funding Application for LED Projects

The main budget of the Municipality will never adequately fund all the IDP Projects as outlined by the community. Therefore a process of sourcing external funding has been embarked on with the view to fund strategic LED Projects.

Milestones:

- 25 Applications lodged with various private sector donors.
- 5 Applications lodged with IDC and were successful with an application for funding of R 800 000 to conduct feasibility studies for renewable energy projects.

f) STRATEGIC RESEARCH PROJECTS

The LED Unit initiated various research projects into strategic issues concerning Local Economic Development. Research was done in various areas of development which amongst were Urban Development, Environmental Law, and Town Planning.

Milestones:

- Research completed.
- A case of enhancing existing legislation, policies, procedures, and practices to promote effective, efficient and sustainable LED in Drakenstein Municipality.
- Presentation of Heads of Argument on an inquiry into the legal nature of the provincial and local authority's constitutional powers to approve environmental impact assessments.

4.7 SERVICE PROVIDERS STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPI`s should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. According to AG’s office:

- a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service;
- b) External service provider means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality; and
- c) Service delivery agreement means an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider;
- A comparison of the performance with targets set for and performances in the previous financial year; and
- Measures taken to improve performance.

The purpose of this section is to provide information related to the performance of external service providers. Only services rendered for an amount more than R200 000 are listed.

The table below indicate service providers utilised according to functional areas:

a) Office of the Municipal Manager

Description of services rendered	Term of contract (months)	Performance rating
Implementation of performance process to resolve 2009/2010 Auditor General queries.	Until completion	Good

Table 80: Service Providers Performance - Office of the Municipal Manager

b) Corporate Governance

Description of services rendered	Term of contract (months)	Performance rating
Novell Annual Licensing Renewal	1	Good

Table 81: Service Providers Performance - Corporate Governance

c) Financial Services

Description of services rendered	Term of contract (months)	Performance rating
Raising of external loan	5	Good

Table 82: Service Providers Performance - Financial Services

d) Social Services

Description of services rendered	Term of contract (months)	Performance rating
Erection of new boundary wall between Kingston Town and Magnolia Primary School.	2	Good
Construction of a new camera at Timekeepers Building and at Dal Josaphat Stadium.	4	Good
Lining at Antoniesvlei Swimming Pool.	1	Good
Construction of a new North Pavilion at Faure Stadium.	7	Good
Building of Modular Crypts at Parys Cemetery.	1	Good
Upgrading of Newton, Weltevrede Park and Pelican Park Sports.	2	Good
Supply and fitting of 6 motorised engine room bay doors at Paarl Fire Station.	1	Good
Upgrading of two rugby fields at Daljosaphat Sport Stadium.	2	Good

Table 83: Service Providers Performance - Social Services

e) Infrastructure and Planning

Description of services rendered	Term of contract (months)	Performance rating
Refurbishment of switchgear.	4	Good
Replacement of existing 66/11kv substation.	3	Good
Management and operation of the Paarl material recovery facility.	24	Good
Construction of Meulwater Water treatment Works: mechanical and electrical work.	14	Good
Construction of Newton Water Supply Pipeline - phase 1 (variation order 1).	5	Good
Upgrading of and extensions to Paarl Waste Water Treatment Works (phase 2).	13	Good
Installation of sports field lighting.	2	Good
Bulk sewer to Southern Paarl: phase 1 (variation order 1).	19	Good
Construction of a waterborne sewer network for Gouda South.	3	Good
Upgrading of water distribution system in Simondium.	2	Good
Upgrading and extension of 11kv switchgear: Bain Street Substation, Wellington.	3	Good
Upgrading and extension of 11kv switchgear: Newton Substation, Wellington.	Until completion	Good
Labour intensive construction: New Rest-OR Tambo: upgrading of streets and	6	Good

Description of services rendered	Term of contract (months)	Performance rating
stormwater (phase 3).		
Route establishment, obtaining of servitude, surveying and design of 132kv line and site for 132kv substation.	12	Good
Building of Modular Crypts at Parys Cemetery	1	Good
Construction of bulk sewer to Southern Paarl (phase 2).	5	Good
Construction of electrical substation at Oudepont, Wellington.	3	Good
Repairing of 66/11kv 15 mva transformer at Dalweide Substation.	Until completion	Good
Supply, delivery and installation of 11 kv switchgear.	5	Good
Renovations to toilets at Paarl Civic Centre.	3	Good
Hvac installation at Paarl Community Hall.	3	Good
Construction of internal services for Kingston Town and Lantana Informal Housing Areas (appointment of new contractor).	6	Good
Upgrading of two rugby fields at Daljosaphat Sport Stadium.	2	Good
Construction of new library at Market Street Building, Paarl.	5	Good
Construction of new rising mains from Pentz Street Sewage Dumping Station to Wellington waste water treatment works.	5	Good
Construction of a bulk water pipeline, Bo-dal Josafat Road (phase 1).	4	Good
Construction of Newton Water Supply Pipeline (phase 2).	3	Good
Rehabilitation and replacement of industrial park sewer rising main, Wellington.	3	Good
Upgrading of Hermon drop-off.	1	Good
Hvac installation at Mbekweni Community Hall.	1	Good
Replacement of existing lifts in Paarl Civic Centre.	5	Good

Table 84: Service Provider Performance - Infrastructure and Planning

f) Strategic Services

Description of services rendered	Term of contract (months)	Performance rating
AMK	3	Good

Table 85: Service Providers Performance - Strategic Services

Note: For more detail please refer the Audited Financial Statements (AFS) in Annexure D.

CHAPTER 5: FUNCTIONAL PERFORMANCE

The functional performance of the Municipality provides comprehensive information on the implementation of the SDBIP and relevant Functional Area Reporting Schedules.

The functional breakdown per Directorate is as follows:

Directorate	Functions
Office of the Municipal Manager	<p>The Head of the Administration and the Accounting Officer is responsible for the overall management of the Municipality</p> <ul style="list-style-type: none"> • to ensure that economic growth and development are facilitated, • poverty is alleviated; • efficient and effective services are delivered to all the inhabitants of the Drakenstein area; and • that long-term sustainability of the Municipality is ensured within the requirements of the relevant legislation in achieving the strategic objectives of Council.
Corporate Governance	<ul style="list-style-type: none"> • Section: Property Services • Section: Administration • Section: Legal Services • Section: Information Technology • Section: Human Resources <ul style="list-style-type: none"> ○ Sub-section: Training ○ Sub-section: Personnel Administration ○ Sub-section: Labour Relations
Financial Services	<p>The Directorate: Financial Services is responsible for managing the financial affairs of Drakenstein Council. This directorate aims to ensure efficient and effective financial management for Council. This directorate consists of the following sections:</p> <ul style="list-style-type: none"> • Financial Information: <ul style="list-style-type: none"> - Budget Office and - Financial Statements. • Supply Chain Management (SCM) • Expenditure • Income <p>SECTION: Financial Information</p> <p>Budget Office</p> <ul style="list-style-type: none"> • The key function of this section is the co-ordination and compilation and development of the Annual and Multiyear Budget. • Development of the Operational and Capital Budget. • Compilation of statistics and reports. • Implementing of Budget Reforms. • Developing strategy through budget assumptions and National Treasury and Provincial Treasury allocations. • Improving and linking the Budget to the IDP Strategic Objectives, as well as linkage on a ward basis. <p>Financial Statements</p> <ul style="list-style-type: none"> • Financial management of assets, insurance of municipal assets and bank reconciliations; • Financial management of investments and loans; • Compilation of financial statements and cash flow projections;

Directorate	Functions
	<ul style="list-style-type: none"> • Compilation of statistics and reports; • Financial arrangements regarding project claims and costing; • Restructure and improve financial reporting and compliance reporting; • Improve implementation of GRAP; • Restructure and improve the loan register; and • Restructure and improve financial reporting (monthly, quarterly and annually). <p>SECTION: Income</p> <p>The bulk of the Municipality's income is derived from the sale of electricity and water. There are about 55 000 consumers who receive monthly accounts.</p> <p>SECTION: Expenditure Management</p> <p>This section consists of the following sub-sections:-</p> <ul style="list-style-type: none"> • Creditors; • Cheque Administration; • Salaries; and • Stores. <p>Creditors</p> <p>This section is responsible for the timeous payment of all creditors within 30 days of creditors' statements, as prescribed in Chapter 8 of the Municipal Finance Management Act, No 56 of 2003. Small businesses are paid within 7 days.</p> <p>Cheque Administration</p> <p>This section is responsible for the issuing of all cheques and sending all Nedbank files for electronic payments. Furthermore, responsibilities include the preparation of all payments that are not included in the Creditors System.</p> <p>Salaries</p> <p>This section is responsible for the administration of the payroll for permanent staff, temporary staff, councillors as well as pensioners, with adherence to the legislative framework, including statutory deductions, issuing of IRP5 certificates and reconciliation of salary control votes.</p> <p>Stores</p> <p>This section is responsible for acquisition, safekeeping and issuing of stock items and assets of the municipality. It is also responsible for record keeping of redundant items and tabling the annual stock-take report to Council.</p> <p>SECTION: Supply Chain Management (SCM)</p> <ul style="list-style-type: none"> • A complaints register allows the community and suppliers to report to the Municipal Manager possible disputes of tenders, contracts and quotations that need to be investigated for alleged corruption, nepotism and irregular procurement transactions. • A gift register is maintained within every department to record all gifts received under the amount of R350. • Council sets goals in respect of targets for Historical Disadvantaged Individuals as per Supply Chain Management (SCM) Policy. For 2007/2008 the target was set at 40% and for the period 2009 to 2014 the target is 40% of the total budgeted procurement expenditure.
<p>Social Services</p>	<p>Libraries</p> <p>There are 8 libraries and 6 satellite libraries. Drakenstein Municipality strives to deliver a range of services:</p> <ul style="list-style-type: none"> • Provide access to books and other resources to create and strengthen reading habits in children at an early age; • Provide advice, information and support for self-conducted research in various formats;

Directorate	Functions
	<ul style="list-style-type: none"> • Provide opportunities for personal creative development; • Host regular book education, library orientation and storytelling sessions to stimulate the imagination and creativity of children and young people; • Promote awareness of cultural heritage, appreciation of the arts, scientific achievements and innovations; • Foster inter-cultural dialogue and favoring cultural diversity; • Support the oral tradition; • Support access to information for local enterprises, associations and other interest groups; • Support the development of information and computer literacy skills; • Support and participate in literacy activities and programmes for all age groups and initiating such activities if necessary.
<p>Infrastructure and Planning</p>	<p>The Directorate consist of three Departments namely:</p> <ul style="list-style-type: none"> • Department Civil Engineering Services; • Department Electrical Engineering Services; and • Department Civil Engineering Services. <p>Department Civil Engineering Services:</p> <p>The Department Civil Engineering Services is responsible for providing essential services consisting of water, sewerage, waste management, waste water treatment, roads, storm water and related support services. The department consist of the following sections:</p> <p>Section: Management and Support</p> <ul style="list-style-type: none"> • General Administration manages correspondence, requests and complaints. • Planning and Design is responsible for survey, design and planning of civil engineering projects. • Environmental Management is responsible for environmental issues and environmental reports. • Management Information Systems is responsible for Geographic Information System, CAD drawings and providing computer support to the department. • Contract Administration is responsible for general contract administration and management of external funded projects. <p>Section: Fleet Management and Workshop</p> <ul style="list-style-type: none"> • The main function is to ensure repairs and maintenance of the municipal vehicle fleet and small plant and the upkeep of fleet data. <p>Section: Building Maintenance</p> <ul style="list-style-type: none"> • This section renders technical services regarding maintenance, extensions and renovations to municipal buildings. • Project management, administration and supervision on new building projects. • Performs minor building construction work and maintenance. <p>Section: Roads, Storm Water and Traffic Engineering</p> <ul style="list-style-type: none"> • Is responsible for extending and maintaining roads, streets and sidewalks; • for extending and maintaining storm water systems; and • Traffic engineering relating to road signage, road markings and traffic calming measures. <p>Section: Water and sewerage</p> <ul style="list-style-type: none"> • Extension and maintenance of bulk water supply pipelines and reservoirs and water supply pipelines. • Extension and maintenance of water reticulation pipeline networks including connections and meters. • Treatment of water supply from own sources.

Directorate	Functions
	<ul style="list-style-type: none"> • Extension and maintenance of bulk sewerage pipelines and pump stations. • Extension and maintenance of sewer reticulation pipeline networks including connections and removal of blockages. <p>Section: Waste Services</p> <ul style="list-style-type: none"> • Receive and treat all sewerage and waste water received at the Waste Water Treatment Works. • The laboratory performs control tests on water, waste water and storm water samples. • Responsible for refuse collection services and solid waste disposal and treatment. • Street sweeping and cleaning of open undeveloped municipal erven. <p>Department Electrical Engineering Services</p> <p>The Department Electrical Engineering Services is responsible for providing essential electrical engineering services. The Department consist of the following Sections:</p> <p>Section: Administration</p> <ul style="list-style-type: none"> • Performs administration and support. <p>Section: Planning</p> <ul style="list-style-type: none"> • Monitors networks and plans upgrades and extensions. • Cost estimates for projects and new connections. • Keeping of maintenance schedules. • Manages the Electrical Geographical Information System. <p>Section: Distribution</p> <ul style="list-style-type: none"> • Responsible for operating and maintenance of high voltage and low tension networks. • Maintenance of street lights, radios, traffic lights electrical installations and air conditioners in municipal buildings. • Installation of new service connections and maintenance of existing service connections. <p>Section: Construction</p> <ul style="list-style-type: none"> • Responsible for all capital projects and tenders and externally funded projects. • Oversee and incorporates new developments. <p>Department Planning Services</p> <p>The Department Planning Services is responsible for the management and facilitation of development in the built environment in line with Council policies and the Integrated Development Plan (IDP). The department consist of the following Sections:</p> <p>Section: Spatial Planning</p> <ul style="list-style-type: none"> • Developing policies and strategies guiding long term development. • Identification of land for development. • Attending to land applications. • Management of Heritage Resources. • Management of Geographical Information related to Planning Services. • Co-coordinating technical comments related to new developments and sale/lease of land. <p>Section: Land Use Planning</p> <ul style="list-style-type: none"> • Processing land use applications including rezoning and consent uses. • Processing land use departures. • Applications for house shops. • Attend to farm sub-divisions.

Directorate	Functions
	<p>Section: Land Survey and Valuations</p> <p>The main function of the Land Survey and Valuations Section is to provide a reliable land information service to internal and external clients. This section develops and maintains a land information and valuations management system.</p> <ul style="list-style-type: none"> • Processing sub divisions and encroachments • Updating the land information system. • Attend to closure of street portions and public open spaces. • Management of street names and numbers. • Administration of property records. • Preparation of plans and maps. <p>This section is also responsible for arranging that a General Valuation Roll be compiled every four (4) years as prescribed by the Municipal Property Rates Act, Act No 6 of 2004. At least two (2) Supplementary Valuation Rolls are also compiled each year.</p>
	<p>Section: Building Control</p> <p>The main function of the Building Control Section is to ensure a safe living and working environment by ensuring that buildings constructed meet the requirements of the National Building Regulations and Standards Act (Act 103 of 1997):</p> <ul style="list-style-type: none"> • Scrutinising building plans; • Inspections at buildings/construction sites; • Law enforcement when illegal building works is executed; • Enforcement of draft advertising by-laws; and • Inspections at buildings at which business licenses are applied for.
Strategic Services	<p>The Directorate: Strategic Services renders transversal services to the political leadership and administrative management of the Drakenstein Municipality.</p> <p>The Directorate consists of the following Departments/Units:</p> <ul style="list-style-type: none"> • Unit: Inter-Governmental Relations; • Unit: Strategic Planning; • Unit: Local Economic Development and Tourism; • Unit: Media and Communication; and • Unit: Rural Development.

Table 86: Functional breakdown

5.1 PERFORMANCE HIGHLIGHTS PER FUNCTIONAL AREAS

Directorate/ Functional area	Highlights
Corporate Governance	<ul style="list-style-type: none"> • Employee Excellence Awards. • Submission of Workplace Skills Plan and Report. • Submission of Employment Equity Report. • Annual Employee Wellness Programme. • Awarding of bursaries for external applicants and internal staff.
Financial Services	<p>Overarching Financial Highlights</p> <ul style="list-style-type: none"> • Revenue payment rate has improved from 95% to 96%, which indicates more control environment and stricter revenue collection strategies. • The improved spending of all Government Conditional Grant allocations. • The amendments and tailor making of Supply Chain processes with a view of speeding up service delivery. Such amendments are in line with the SCM policies and other enabling regulations and legislations. • Opening up of tender processes to the public and the media, which underpins transparency and cohesive

Directorate/ Functional area	Highlights
	<p>Excellency and good value proposition to potential service providers.</p> <ul style="list-style-type: none"> • Continuous increasing proportion of contracts held by Black Economic Empowerment (BEE) companies and emerging small businesses. • Actual revenue in 2011 shows an increase of 9% and expenditure approximately increased by 10% as compared to 2009/10 financial year. • The continuous growing property, plant and equipment that increased by 3% underpins the strong asset based entity. The current year purchases were funded mostly from internal funds, grants and donations. • It has been three consecutive years since the Municipality is obtaining an unqualified audit report in 2009/2010. • This demonstrates that the Municipality has once again stayed within the required legal accounting frameworks for government, and complies with all financial requirements. • This is a clear indication that the Municipality's financial administration stays within all legislative parameters.
<p>Social Services</p>	<p>The development of the Paarl East Thusong Service Centre is in an advanced stage of construction and the centre will be managed by the Community Development section. The facility is the second such facility which strives to provide multiple government development services.</p> <p>Section: Libraries</p> <ul style="list-style-type: none"> • The soccer world cup events that started in June till mid-July. During this period libraries organised programmes to keep the children busy during the long holiday period. • Libraries helped various schools to set up their school libraries and also trained people from the community to run the school library. Libraries still provide advice to the school libraries in their respective communities. • As part of the awareness to appreciate our parks, Libraries made Arbor Week displays using the theme eg. Indigenous plants” and also turned this into an inter-library competition. • Drakenstein Library and Information Services won an award of R20 000 for the AIDS project from UKS “Community Helping Hands” initiative. • The Groenheuwel Community Park and the new Groenheuwel Library was officially launched on 01 December 2010 as part of the World Aids Day Commemoration. Libraries once again worked closely with AIDS organisations during that week by means of storytelling sessions. • Disadvantaged kids were invited to the libraries for Christmas parties. • Saron Library received an award for the “Best Customer Service” as part of the Drakenstein Municipality's Excellence Award. • Celebrating of Library Week in March. This time we celebrated library week by joining it with the “Populate the Parks Campaign”. We worked in conjunction with Parks, Protective Services, and Engineering Departments in presenting positive programmes in various parks. 5 298 people attended the programmes launched in the parks. • Libraries are equipped with a garden reading corner which attracts a lot of users. • We entertained a group of senior citizens with a Valentines tea while they listened to romantic poetry. • The Wellington Library (JVR) won the Best Public Library Community Involvement Award presented by The Western Cape Department of Arts and Culture. • Libraries are reaping the fruits with the reading support that they give to children with reading problems. Libraries worked in partnership with CPUT to help those learners. <p>Section: Parks</p> <p><u>Achievements: Capital Projects</u></p> <p>An amount of R 27 929 367 was awarded to the Parks Section for capital projects. Major projects included:</p> <ul style="list-style-type: none"> • Upgrading of tourism focus points and town entrances to the value of R110 000. • Purchase and installation of playground equipment to the value of R450 000. • Developed of three play parks to the value of R550 000. • Upgraded Jan van Riebeeck Road to the value of R75 000. • Started with the construction of a new pavilion at Fairyland Sport Facility to the value of R750 000. • Upgraded tennis facilities at Paarl-East, Du Toit Street and Mbekweni to the value of R370 000. • Constructed a new North Pavilion at Faure Stadium to the value of R3 500 000.

Directorate/ Functional area	Highlights
	<ul style="list-style-type: none"> • Upgraded two rugby fields at Dal Josaphat Stadium to the value of R750 000. • Building of Electronic and Time keepers building at Dajosaphat Stadium to the value of R709 000. • Upgraded Wellington Sport Facilities to the value of R950 000. • Upgraded the rugby field at Saron to the value of R159 000. • Beautifying suburbs to the value of R816 347. • Maintained 217 play parks to the value of R1 287 000. <p><u>Achievements: Operational Projects</u></p> <p>During the period 1 July 2010 until 30 June 2011 the Parks Section has the following operational projects achieved:</p> <p>Traffic</p> <p>Drakenstein Municipality was identified as the only Local Government in the country to host a Circuit Race over 100km. Which included the CBD-Area (26 February 2011) during the Tour de South-Africa. This prestigious live broadcast event was covered in many Countries abroad finally proved that Drakenstein Traffic Service upheld and maintain their status as one of the best to host events of this nature. It must be understood that this event failed twice in Johannesburg (Gauteng) as the riders stopped the race due to unsafe conditions. The same occurred in the Eastern-Cape (Nelson Mandela Metropole). The event organisers participants, sponsors and other stakeholders shared the same view and made the decision that Drakenstein Traffic does have the expertise and experience to ensure the success of the final stage and which we did with flying colours.</p> <p>11 Drivers took part in the Boland DOTY Competition and were elected for the Boland Team that will participate in the Provincial DOTY Competition in September.</p>
Strategic Services	<p>ISO 9001:2008 Certification for the Municipality's Tourism Unit – first in South Africa.</p>
Infrastructure and Planning	<p>Infrastructure General:</p> <ul style="list-style-type: none"> • The Directorate spent 100% of the Municipal Infrastructure Grant allocation. • 96.67% Expenditure on the amount of R196 158 895 allocated for capital projects. <p>Environmental</p> <ul style="list-style-type: none"> • Environmental awareness raising activities including a stall at the festival of lights, participation at the Annual Youth Environmental Expo, Biodiversity Expo and a number of other events with the involvement of learners. • An Air Quality Management Plan has been compiled in compliance with the requirements of the Air Quality Act. • The successful completion and publishing of the 2009 SOER (2nd Revision). • The successful completion of part one of Phase 2 of the River Environmental Management Plan. <p>Water and Sewerage</p> <ul style="list-style-type: none"> • Drakenstein Municipality is performing very well with regards to Water Quality Management. A total number of 914 water systems from 162 municipalities across South Africa were assessed in the Blue Drop Evaluation process by the Department of Water Affairs. The Drakenstein Waste Water Systems achieved a Blue Drop Score of 97,75% compared with the National score of 72.9%. This rating placed Drakenstein in 7th position in the Western Cape where 123 systems of 27 municipalities were assessed. In addition to this, individual Blue Drop Status was awarded to three of the five systems. • Target set by the President and the Minister of Water Affairs to reduce non-revenue water losses from 30% to 18% by 2014. Drakenstein is currently at 11.41% and well within this target. • Improvement and upgrading to the water system with the installation and upgrading of 17 727 metres of water pipes. • Continuation of phase 2 of Newton 600mm/450mm water supply to improve existing supply and to cater for development in the area. • Continuation of construction of the Meulwater Water Treatment Works to improve drinking water quality. • Completion of technical reports for the upgrading of Gouda Reservoir, Withoogte / Welvanpas bulk water pipeline and Windmeul water scheme.

Directorate/ Functional area	Highlights
	<ul style="list-style-type: none"> • Completion of 250mm diameter water pipeline to Simondium to improve existing water supply and cater for development. • Commencement of 450mm diameter high pressure water pipeline to Groenheuwel area to improve existing water supply and cater for development. • Upgrading and replacement of the main bulk sewer in Paarl to increase capacity, curb pollution and to cater for new development. • Improvement and upgrading to the sewer system with the installation and upgrading of 10 550 metres of sewer pipes. • Completion of the technical report of the West bank bulk sewer line. <p>Waste Services:</p> <ul style="list-style-type: none"> • Drakenstein is performing very well with regards to Waste Water Quality Management. A total number of 821 waste water systems from 156 municipalities across South Africa were assessed in the Green Drop Evaluation process by the Department of Water Affairs. The Drakenstein Waste Water Systems achieved a Green Drop Score of 80,3% compared with the National score of 71%. This rating placed Drakenstein in 8th position in the Western Cape where 155 systems of 27 municipalities were assessed. • The Paarl Waste Water Treatment Works Phase 1 was opened on 30 November 2010 and improvement of the final effluent quality is eminent. • The Gouda Waste Water Treatment Works, oxidation ponds system, was extended and the pump station upgraded. • The Saron Wastewater Treatment Pump Station was upgraded and a stand-by generator was also installed to curb the excessive power failures experienced at the pump station and it positively contributed in less pollution to the immediate water resources. • The Pentz Street Sewerage Pump Station was also refurbished with specific reference to the mechanical and electrical equipment by improving the efficiency thereof. The emergency pond system and the associated reticulation system were also rehabilitated. • Drakenstein hosted the first Process Controllers training and open day for the Western Cape in conjunction with the Water Institute of Southern Africa. • At-Source Recycling was launched in Ward 2, 4 and 15. This project will be extended to the entire Drakenstein Area. • The installation of the weighbridge at the Wellington Landfill Site to improve management of the site. • The formation of the Waste Minimisation Forum (Consisting of officials, NGO's, Community and Service Providers) gave a catalyst interaction between all stakeholders with a common objective in mind. <p>Roads and Storm Water</p> <ul style="list-style-type: none"> • 39 Sidewalks were improved to tar standard. The total area of sidewalks improved amounts to 28 602m². • The resealing of various Streets was completed. The total area of resealing work amounts to 52 993m². • 951 Metres of gravel road were upgraded to tar standard. • A total of 13 170 potholes were repaired. • Various traffic calming measures were installed. 64 Speed bumps and 10 raised intersections were completed. • Storm water maintenance and improvement to the storm water system. The open canal at Versailles Street was improved by installing 205 metres of 2.4 x 1.8 metre box culverts. <p>Electricity</p> <ul style="list-style-type: none"> • Recent EDI Report at 33 municipalities has indicated average electricity losses at municipalities of 14.55%. Drakenstein electricity losses are at 8.73% which is within the 10% industry norm. • A 3rd 15MVA transformer has been installed at Palmiet substation which has significantly strengthened the stability of supply to the Paarl East area. • New sportfield lighting has been installed at Boy Louw Sports field. • Installation of bulk infrastructure at Loverslane Informal Settlement. Connections will be made in the new financial year.

Directorate/ Functional area	Highlights
	<ul style="list-style-type: none"> • Wellington Substation has been upgraded to provide a more stable supply of electricity to the area. • Demand Side Management agreement was signed with Eskom and will be implemented in the new financial year. <p>Planning</p> <ul style="list-style-type: none"> • The Green Building Manual was completed and launched. The manual provides guidelines on energy efficiency during various stages of the lifecycle of buildings. • The Urban Edge was approved by Council and submitted to Province.

Table 87: Performance highlights per functional area

CHAPTER 6: FINANCIAL PERFORMANCE

6.1 FINANCIAL SUSTAINABILITY

a) Municipal Financial Viability and Management - National KPIs

KPA and Indicator	2008/2009	2009/2010	2010/2011
Debt coverage - (total operating revenue-operating grants received/debt service payments due within the year)	21.9	22.1	16.7
Service debtors to revenue – (total outstanding service debtors/ revenue received for services)	16.4	18.3	16.6
Cost coverage (available cash+ investments/ monthly fixed operating expenditure)	4.7	4.0	2.2

Table 88: National KPI's for Financial Viability and Management

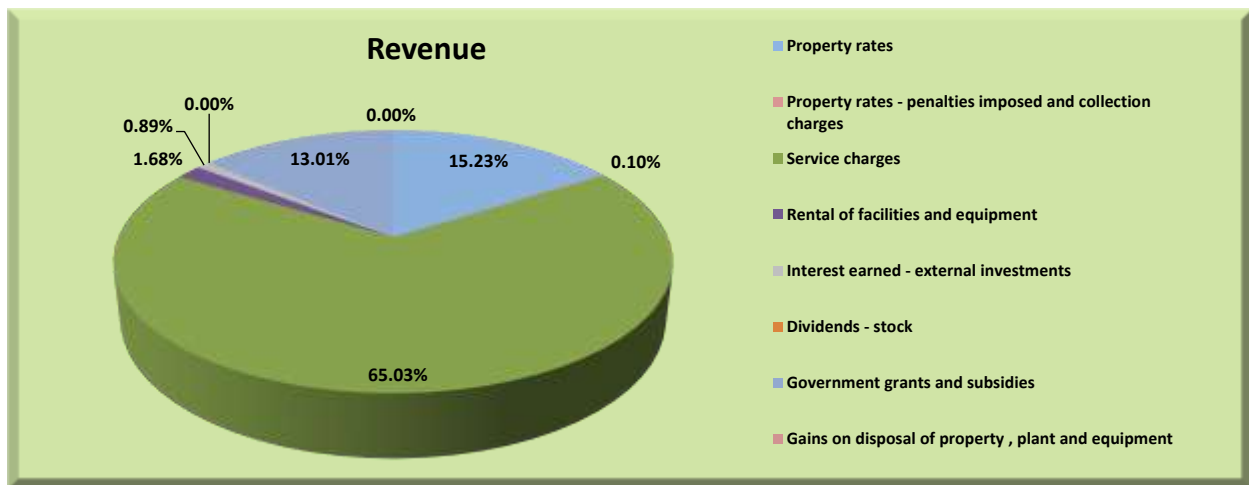
6.1.1 OPERATING RESULTS

The table below shows a summary of performance against budgets

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R/m	R/m	R/m		R/m	R/m	R/m	
2008/2009	-786 352	-824 788	38 435	104.8	786 352	777 306	-9 045	98.8
2009/2010	-979 199	-942 882	-36 316	96.3	1 011 344	948 509	-62 835	93.8
2010/2011	-1 086 063	-1 025 493	-60 475	94.42	1 101 886	1 052 744	49 142	95.5

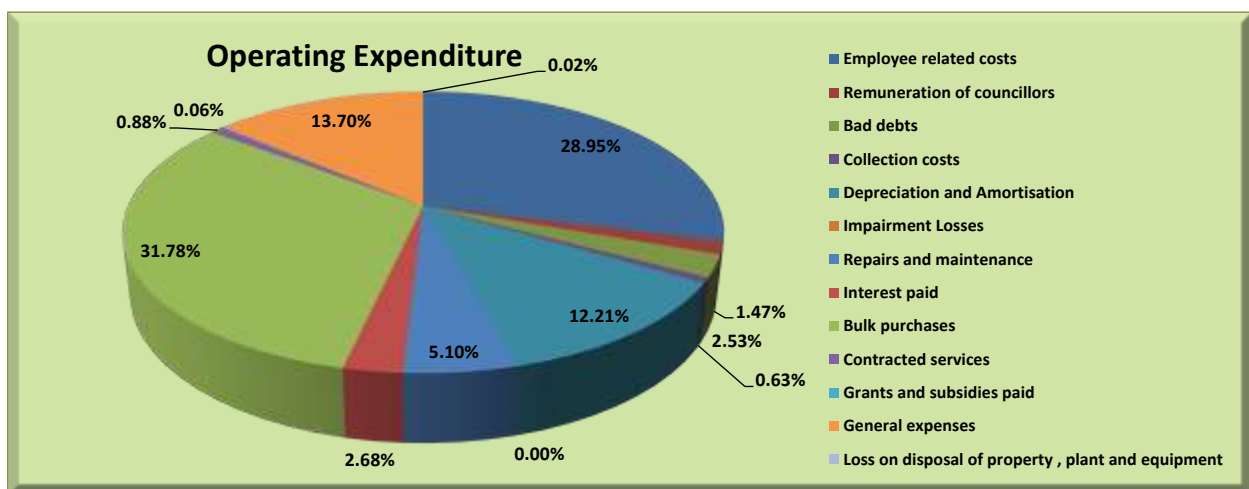
Table 89: Performance against budgets

The following graph indicates the various types of revenue items in the municipal final budget for 2010/2011:



Graph 8: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2010/2011:



Graph 9: Operating Expenditure

6.1.2 OUTSTANDING DEBTORS

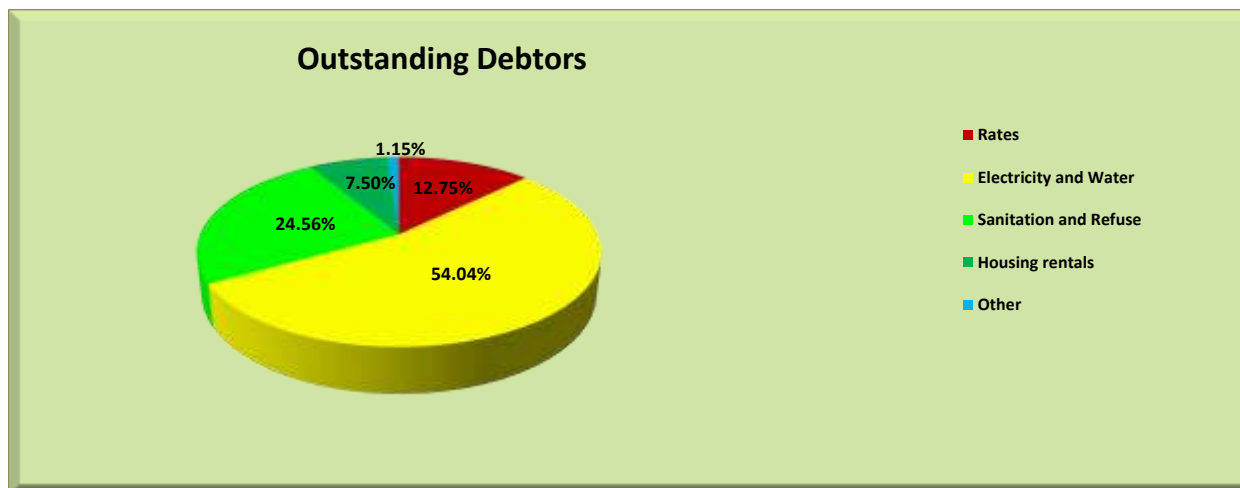
a) Gross outstanding debtors per service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R/m	R/m	R/m	R/m	R/m	R/m
2008/2009	28 607	87 224	68 105	21 480	4 514	209 932
2009/2010	31 528	119 191	77 154	26 400	4 878	259 154
2010/2011	30 363	128 699	58 491	17 870	2 747	238 170
Difference	1 165	9 508	18 663	8 530	2 131	-20 984
% growth year on year	-3.8	7.4	-31.9	-47.73	-77.6	-8.8

Table 90: Gross outstanding debtors per service

Note: Figures exclude provision for bad debt.

The following graph indicates the total outstanding debt per type of service for 2010/2011:



Graph 10: Outstanding Debtors

b) Total debtors age analysis

Financial year	Less than 30 days (R/m)	Between 30-60 days (R/m)	Between 60-90 days (R/m)	More than 90 days (R/m)	Total (R/m)
2008/2009	53 849	9 715	7 427	138 939	209 932
2009/2010	78 398	9 115	7 150	164 489	259 154
2010/2011	95 608	9 269	7 356	125 939	238 174
Difference	17 210	154	206	-38 550	-20 984
% growth year on year	-18	1.66	2.8	-30.6	-8.8

Table 91: Service debtor age analysis

Note: Figures exclude provision for bad debt

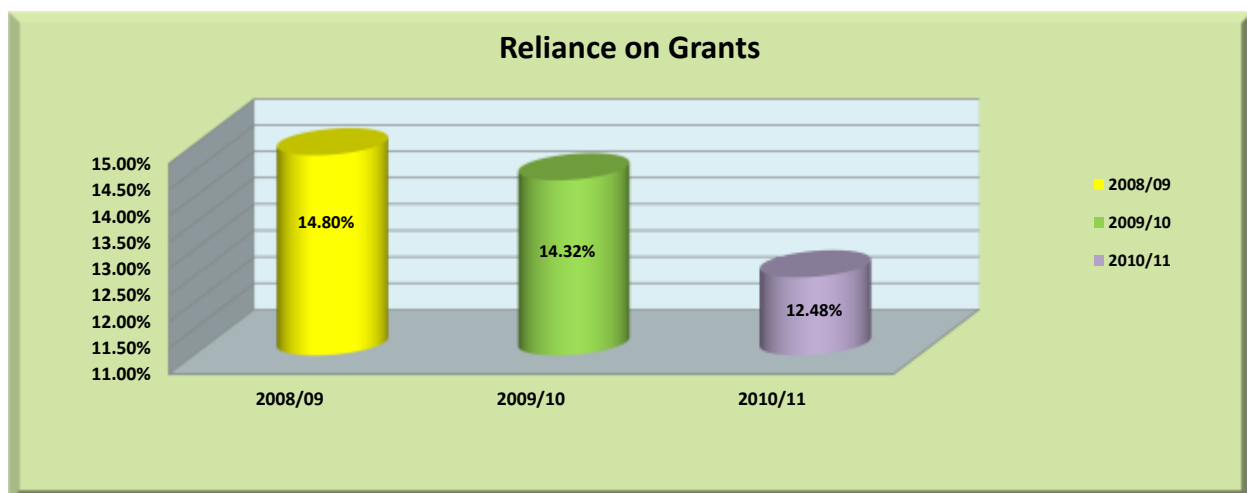
6.1.3 VIABILITY INDICATORS

a) Level of reliance on grants and subsidies

Financial year	Total grants and subsidies received (R/m)	Total Operating Revenue (R/m)	Percentage (%)
2008/2009	122 063	824 788	14.79%
2009/2010	135 061	942 882	14.32%
2010/2011	128 014	1 025 587	12.48%

Table 92: Reliance on grants

The following graph indicates the municipality’s reliance on grants as percentage for the last three financial years



Graph 11: Reliance on grants as %

b) Liquidity Ratio

Financial year	Net current assets (R/m)	Net current liabilities (R/m)	Ratio
2008/2009	181 801	218 205	0.8
2009/2010	190 601	258 825	0.7
2010/2011	166 235	306 635	0.5

Table 93: Liquidity ratio

6.1.4 AUDITED OUTCOMES

Year	2008/2009	2009/2010	2010/2011
Status	Unqualified	Unqualified	Unqualified

Table 94: Audit outcomes

The following table provides the details on the audit outcome for the past two financial years with the correctives steps implemented:

2008/2009	
Issue raised	Corrective step implemented
Emphasis of matter	
Disclosure of prior years.	The correction of material prior errors will be effected retrospectively in the first set of financial statements authorized for issue after their discovery by AGSA.
Change in Accounting Policy – deferred income.	Annual Financial Statements (AFS) with the most updated accounting standards, with specific to non-exchange transactions in this audit finding.
Other important matters	
Non compliance with MSA S45, on performance measurement information.	Internal Audit will perform quarterly audits on the performance information.
Non compliance with Section 11 and 12 of the DoRA.	A compliance monitoring toll has been developed to ensure compliance with the Act.
Internal Audit Charter, non-compliance with MFMA with special reference to S62.	Better control environment will be put in place to mitigate the non-compliance with the Act.
Matter of Governance:	
IT Governance not adequate and complete.	There will be due process to ensure that the IT Governance is adequate and complete by ensuring that the IT policies are approved, that IT strategic plan are completed, service level agreements will in place.
Physical and control environment are not adequate.	Access logs will be monitored, maintenance of UPS, generators, wiring cables and air conditioners will be performed.
Internal Audit Unit not fully compliant.	There will be a process of ensuring that risk process is completed timeously that will serve as a good control environment and also approved by Management.
Audit Committee functioning without a Charter.	Audit Charter will be tabled and approved by Council. There will be control measures approval of documents.

Table 95: 2008/2009 detail on audit outcomes

2009/2010	
Issue raised	Corrective step implemented
Matters affecting the auditor's report	
None auditing of performance information as required by the MSA Section 45.	The correction of material prior errors will be effected retrospectively in the first set of financial statements authorised for issue after their discovery by AGSA.
Other important matters	
Municipal houses and flats are rented out to employees, were it was discovered that the rental charged to staff was not market related. Fringe benefit could not be determined due to the fact that these houses were not valued. Employees that are no longer in the service of Council still appear on the list of rental units.	A valuation of these rental units has been completed and the fringe benefits portion will be calculated. The list will be rectified.
Non compliance with regulatory requirements	
Non approval of the Risk Management Policy as required by section 62(1) of the MFMA, where the Accounting Officer is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps etc.	The Risk Management policy will be tabled to Council for approval.
Non compliance with general reporting obligation as required by Section 74 of the MFMA.	Signed copies of the returns forms for the conditional grant spending were submitted.
Non compliance with S19 dealing with Public notice for Council meetings as required by MSA.	Meetings are published as per the requirements of the MSA.
Non compliance with certain Section 75 of the MFMA dealing with information to be published on the website. Certain information was not published on the website.	There are monitoring mechanisms to ensure that the information is placed on the website.
Non compliance with Section 69(3) that deals with budget implementation, where annual performance agreements submitted timeously to the Mayor.	There is better control environment, where they are monitoring mechanisms to ensure such compliance.
Non compliance with Section 41(b) that deals with targets which are not SMART.	The targets were revised and were set to be SMART as required by the Act.
Performance information evidence file were not easily accessible as audit evidence to the targets that have been met by Directorates.	Portfolio of Evidence Files has been created by each Department and Internal Audit has audited the files to also check existence of such files and also to ensure that the information contained can be used for audit purposes.

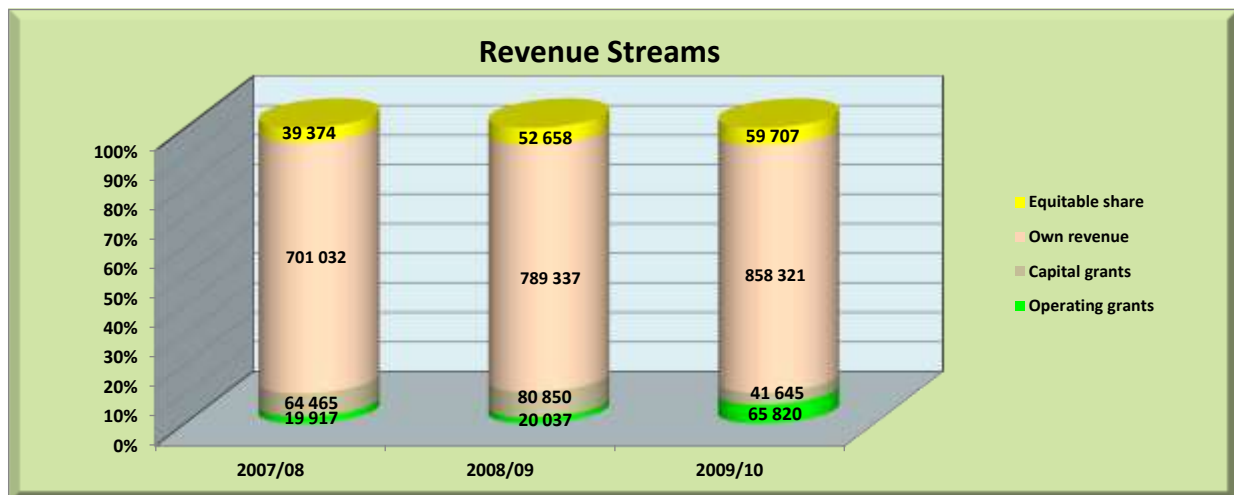
Table 96: 2009/2010 detail on audit outcomes

6.1.5 EQUITABLE SHARE VS. TOTAL REVENUE

Description of revenue	Amount received 2008/2009 (R/m)	Amount received 2009/2010 (R/m)	Amount received 2010/2011 (R/m)
Equitable share	39 374	52 658	67 589
Capital grants	64 465	80 850	41 645
Operating grants	19 917	20 037	24 215
Own revenue	701 032	789 337	892 1371
Total revenue	824 788	942 882	1 025 493

Table 97: Equitable share vs. Total revenue

The following graph indicates the various revenue streams of the municipality for the past three financial years



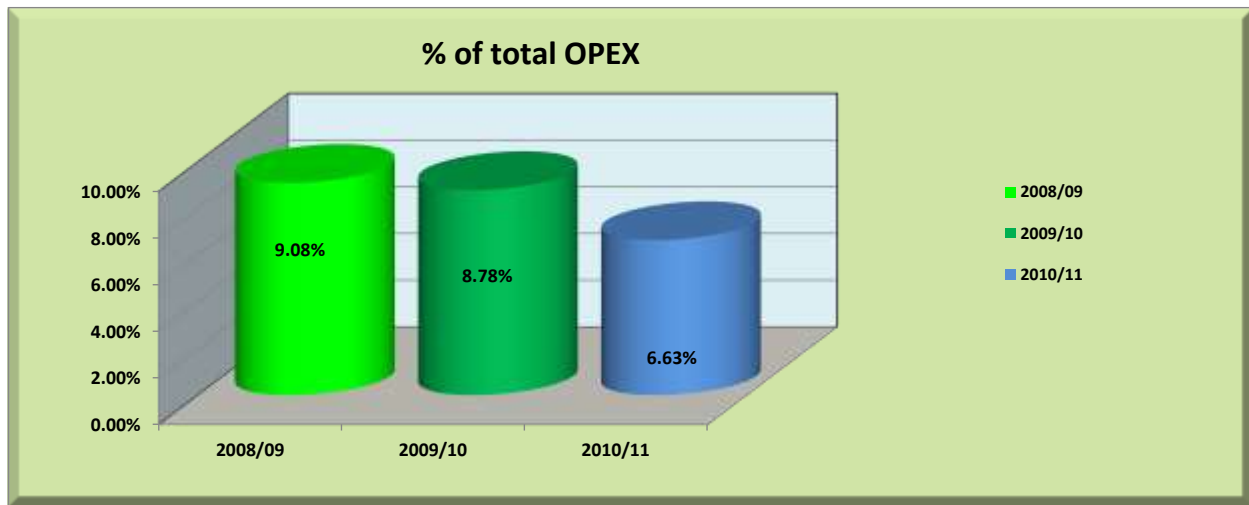
Graph 12: Revenue Streams

6.1.6 REPAIRS AND MAINTENANCE

Description	2008/2009 (R/m)	2009/2010 (R/m)	2010/2011 (R/m)
Total Operating expenditure	777 306	948 509	1 050 039
Repairs and Maintenance	70 617	83 251	53 552
% of total OPEX	9.1	8.8	5.1

Table 98: Repairs and maintenance as % of total OPEX

The following graph indicates the percentage of the budget that was spent on repairs and maintenance in relation to the operational budget



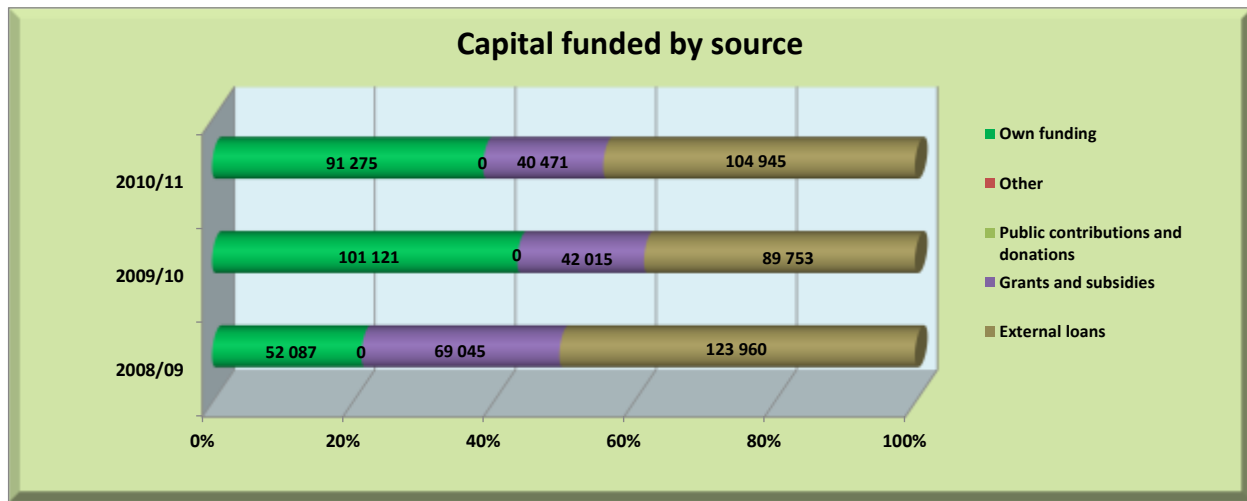
Graph 13: Repairs and Maintenance as percentage of OPEX

6.1.7 CAPITAL FUNDED BY SOURCE

Description Source	2008/2009 (R/m)	2009/2010 (R/m)	2010/2011 (R/m)
External loans	123 960	89 753	105 038
Grants and subsidies	69 045	42 015	40 384
Public contributions and donations	-	-	-
Own funding	52 087	101 121	91 383
Other	-	-	-
Total capital expenditure	245 094	232 890	236 805

Table 99: Capital funded by source

The following graph indicates capital expenditure funded by the various sources:



Graph 14: Capital Funded by Source

6.1.8 FINANCIAL CHALLENGES

Challenge	Action to address
Slow spending of the capital budget.	A tender plan has been developed as a monitoring tool and some of the awards have been made for 3 years as to speed up service delivery.
Increasing debt and not optimising the revenue.	Debt has been unbundled into different categories to identify the different non-payments. Has increased the debt collectors to easily manage the different debtors' book. Continuous educational mechanisms to our consumers by prioritising the municipal payments.
Sufficient infrastructure capabilities	Land and infrastructures capabilities to be identified.
Financing of capital needs	Loans have been acquired to construct suitable and sustainable infrastructure capabilities. Moving faster in finding innovative funding options. To partner with other institutions such as private sectors etc. in order to finance capital needs.

Table 100: Financial Viability Challenges

ANNEXURE A: REPORT OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL OF DRAKENSTEIN MUNICIPALITY REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Drakenstein Municipality which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the as set out on pages 134–220.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No. 12 of 2009) (DoRA), and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Drakenstein Municipality as at 30 June 2011 and its financial performance and cash flows for the year then ended accordance with the SA Standards of GRAP and the requirements of the MFMA and the DoRA.

Emphasis of matters

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

Significant uncertainties

9. With reference to note 49 to the financial statements, a possibility exist that claims may be instituted against the municipality for losses suffered when their buildings was damaged by a fire. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Material losses

10. Material losses to the amount of R60 059 161 were reported by the Drakenstein Municipality as a result of a write-off of irrecoverable consumer debtors as disclosed in note 29 to the financial statements

Restatement of corresponding figures

11. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of errors discovered during 2010-11 in the financial statements of the municipality at, and for the year ended, 30 June 2010.

Additional matters

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

Unaudited supplementary schedules

13. The supplementary information set out on pages 70 to 78 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

14. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 222-243 and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

15. The actual performance reported against 28 targets is not consistent with the annual performance report submitted for audit as a result of subsequent changes. Supporting documentation for the changes could not be provided timely to confirm accuracy, completeness and validity thereof.

Presentation of information

16. The following criteria are relevant to the findings below:
- Performance against predetermined objectives is reported using the National Treasury guidelines.
17. Audit findings:

- Measures taken to improve performance between planned and actual achievement against target for the following objectives were not provided, as required in terms of the relevant reporting guidance. In total 100% of the achievement against targets with major variances did not reflect measures to improve performance.

Reliability of information

18. The following criteria are relevant to the findings below:

- Validity: Actual reported performance has occurred and pertains to the entity
- Accuracy: Amounts, numbers, and other data relating to reported actual performance have been recorded and reported appropriately
- Completeness: All actual results and events that should have been recorded have been included in the annual performance report

19. Audit findings:

- For the selected objectives, 39% of the reported targets were not valid, accurate or complete based on the source information or evidence provided.

Compliance with laws and regulations

Strategic planning and performance management

20. The municipality did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining roles of the different role players as required by section 38, 39, 40 and 41 of the MSA read with regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

Expenditure management

21. The accounting officer did not take reasonable steps to prevent irregular expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act.

Procurement and contract management

22. Awards were made to providers who are persons in service of other state institutions or whose directors are persons in service of other state institutions in contravention of the requirements of SCM regulations 44. Furthermore the provider failed to declare that he/she is in the service of the state as required by SCM regulation 13(c).

23. Sufficient appropriate audit evidence could not be obtained that contracts to the value of R653 892 was procured in accordance with legislative requirements and the SCM policy.

INTERNAL CONTROL

In accordance with the PAA and in terms of General notice 1111 of 2010, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

24. Leadership did not create an enabling environment where quality is understood by all to ensure that the predetermined objectives are in accordance with the required framework and that reporting on the objectives is valid, accurate and complete.
25. There is a lack of assigning roles and responsibilities to ensure accountability by the municipal manager or a delegated executive director for the reporting on predetermined objectives, including compliance with the required framework.
26. The accounting officer did not exercise oversight to ensure that management has met their responsibilities in terms of the review of the report on predetermined objectives and the overall controls in the process of compiling this report.
27. There was a lack of appropriate actions taken by the municipal manager after quarterly internal audit reports was submitted on the report on predetermined objectives and the recommendations made to the municipality by the audit committee to ensure that the matters identified by internal audit are addressed.
28. There is a lack of accountability by the municipal manager and the chief financial officer to ensure that deficiencies identified in the policies and procedures to prevent irregular expenditure during the prior year audit are addressed. The policies and procedures do not adequately address the process of identifying irregular expenditure by assigning responsibility and addressing related corrective measures in instances where irregular expenditure was identified.

Financial and performance management

29. Management has identified incorrect information in the revised targets and the achievement of targets due to incorrect information included in the information system used for reporting on predetermined objectives and has not taken appropriate action to correct the information before submission for audit purposes.
30. Management did not adequately respond to matters identified by internal audit and the audit committees through review of the report on predetermined objectives due to a lack of accepting accountability for the report on predetermined objectives.
31. The compliance checklist implemented was not rolled out to all directorates of the municipality and no person was assigned responsibility to ensure compliance with laws and regulations.

Governance

32. There was a lack of effective communication between the internal audit unit and the municipal manager to ensure timely follow up of matters identified in the quarterly internal audit reports on the report of predetermined objectives.
33. The audit committee did not take effective steps to ensure that financial and performance information presented to them for review was credible through the use of the internal audit function.
34. The audit committee did not adequately follow up on commitments from the municipality to address deficiencies and commitments from internal audit for timely finalisation of reports and reporting this to the municipal council.

OTHER REPORTS

Investigations

35. An investigation was completed to probe the manner in which the 2010 Committee established, complied with the conditions attached to the bid evaluation committee's approval of the branding of Paarl for the FIFA 2009 Confederations Cup and the 2010 Soccer World Cup resulting in irregular expenditure as disclosed in note 43 to the financial statements.

Auditor General

Cape Town

30 November 2011



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

**ANNEXURE B: COMMENTS FROM THE ACCOUNTING OFFICER ON THE REPORT
OF THE AUDITOR GENERAL TO THE WESTERN CAPE PROVINCIAL
LEGISLATURE AND THE COUNCIL OF DRAKENSTEIN MUNICIPALITY ON
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

COMMENTS FROM THE ACCOUNTING OFFICER ON THE REPORT OF THE AUDITOR GENERAL TO THE WESTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL OF DRAKENSTEIN MUNICIPALITY ON FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2011, IN TERMS OF SECTION 121(4)(e) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO.56 OF 2003

Kindly note that these comments provided should be read together with the above-mentioned report from the Auditor General for the year ended 30 June 2011. Herewith, comments of the Accounting Officer of Drakenstein Municipality on the above-mentioned report.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interest of the local community, mainly in the Drakenstein area, and operates principally in South Africa.

The operating results for the year were satisfactorily. The financial position of the municipality is also satisfactorily.

Net deficit of the municipality was R 24,451,518 and (2009: deficit R 3,007,899).

2. Going concern

We draw attention to the fact that at 30 June 2011, the municipality had an accumulated surplus of R 2,511,708,764 and that the municipality's total net assets amounts to R3,273,029,469 and the total liabilities amount to R734,703590. This is a clearly indication that there are no threats to the going concern.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continues to procure funding for the ongoing operations for the group.

3. Subsequent events

The accounting officer has evaluated the events after year end, and no matter or circumstance arising since the end of the financial year will have an impact on the current annual financial statements.

4. Accounting Officer's interest in contracts

None.

5. Accounting Policies

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003).

6. Management Comments and Corrective Action to be instituted on the matters raised in the Report of the Auditor General to Council on the Annual Financial Statements of Drakenstein Municipality for the year ended 30 June 2011 in Terms of Section 121(4) of the Municipal Finance Management (Act 56 of 2003)

The unqualified audit report contains certain issues for which comments are provided below, where relevant. The paragraph references correspond with the references in the Audit Report and paragraphs for which no comments are provided are for readers' interest only.

Significant uncertainties

Paragraph 9 – “a possibility exists that claims may be instituted against the municipality for loss suffered when their buildings were damaged by a fire. The ultimate outcome of the matter could not be determined at year end, and no provision for any liability that may result has been made in the financial statement”.

We have disclosed the contingent liability as required by GRAP 19, Provision, Contingent Liabilities and Contingent Assets, where it stipulates that certain information should be disclosed in the notes of the financial statements to enable users to understand their nature, timing and amount. We have done accordingly.

Material Losses

Paragraph 10 – “As disclosed in note 29 to the financial statements the municipality incurred material losses of R60 059 161 due to the write off of irrecoverable consumer debtors”.

Council has reviewed and unbundled the debt and identified the debt that is irrecoverable due to various factors that were taken into cognizance to write off the irrecoverable long outstanding. This debt was mainly written off for the indigent consumers who are pensioners and unemployed consumers that falls within the ambit of indigent category. Although the auditors might view it as loss but for Council it was mainly an informed and well thought decision.

Predetermined Objectives

Paragraph 16 – “The actual performance reported against 28 out of 91 targets is not consistent with the annual performance report submitted for audit as a result of subsequent changes. Supporting documentation for the changes could not be provided timely to confirm accuracy, completeness and validity thereof”.

Predetermine objectives information has been analyzed and reviewed by management where corrective measures has been implemented by re looking at the KPI's and Top Layer SDBIP to ensure that it represents SMART principles. Each directorate has developed a portfolio of evidence files in order to substantiate the input information inserted in the SDBIP that will represent the performance information of the municipality against the SDBIP's. There have been some continuous improvements of the Performance Information and management undertook to continue improving the short comings on the Performance Information. And all the assertions mentioned above will be addressed through this process.

Procurement and Contract Management

Paragraphs 24 – “Awards were made to providers who are persons in the service of other state institutions or whose directors are persons in service of the other state institutions in contravention of the requirements of SCM Regulations”.

Although the auditors has identified this as a findings, but the municipality does not have the facilities or functionality or tools to be able to detect or to screen such persons who are in the service of state or other state institutions but National Treasury has exempted the municipalities from such. SCM section has also lodged a query with National Treasury in this regard and it is evident that the vetting of service providers to verify whether they are in the service of the state or not, remains a laborious process. Supplier vetting is done against CIPRO, National Treasury restrictions database, etc. but is limited, because the vetting cannot detect whether service provider is in the service of the state. The municipality rely on the honesty of service providers to complete the declaration of interest and the supplier registration form makes provision for declaring under oath at a Commissioner of Oats, that not in the service of the state.

Paragraph 25 – ‘Sufficient appropriate audit evidence could not be obtained that contracts to the value of R653 892 were procured in accordance with legislative requirements and SCM policy’. This relates to two different tenders where the original documents could not be produced, but all other documentation reflecting the advertising, evaluation and adjudication of the tenders could be produced for audit purposes. In one instance only the original bid document of the successful bidder could not be produced, however a copy of the document was presented for audit purposes. The other tender documents that related to that tender was all produced for audit purposes.

In the other instance the bids documents could not be obtained due to movement from office to another and was therefore misplaced. Currently all tender documents are kept centrally in a safe in order to mitigate and limit the risk of such an occurrence of lost documents in future.

7. Accounting Officer

The Accounting Officer of the Municipality, during the year and to the date of this report is, as follows:



D SMIT
ACTING MUNICIPAL MANAGER

ANNEXURE C: REPORT OF THE AUDIT COMMITTEE (AC)

REPORT OF THE AUDIT COMMITTEE 2010/2011

The Committee presents its report for the financial year ended 30 June 2011

Audit Committee Members and Attendance

The Committee consisting of the members listed below is mandated to meet at least 4 times during the financial year as per its approved terms of reference although additional special meetings may be called as the need arises. During the year under review there were 5 meetings held including one special meeting. The following members served on the Audit Committee and attendance for the period was as follows.

Meeting	25/7/10	6/10/10	2/12/10	17/01/11	9/03/11	6/04/11	28/06/11	Total	Empl/dates
Mr A Seymour Chairperson	√	√	√	√	√	√	√	7	01/04/2009
Ms P Mpolweni	√	√	√	√	√	√	√	7	01/04/2009
Mr M Richards	√	√	√	√	√	√	√	7	01/04/2009
Mr M Zenzile					√	√	√	3	26/01/2011
Mr RG Nicholls					√	√	√	3	26/01/2011

Audit Committee Responsibility

The Committee fulfils its responsibilities in terms of S.166 (a) of the MFMA1 Act as well as its terms of reference and has as far as possible complied with its responsibilities. Included below we report certain significant areas where full compliance with our mandated responsibilities was not possible. The Audit Committee acts in an advisory and oversight capacity and therefore assists by making objective and independent recommendations to support Internal Audit, Municipal Manager, Mayoral Committee and the Council of the Municipality.

The Audit Committee is mainly responsible for the oversight of:

- Internal controls and risk management practices
- Financial reporting
- Compliance with regulatory matters
- Monitor ethical conduct of Councillors and officials.

The Audit Committee does not relieve management of their responsibilities but can assist them by making objective and independent recommendations.

Review and Evaluation of the Financial Statements

The Committee notes that the Auditor-General issued an unqualified audit opinion on the annual financial statements of the Municipality for the year ended 30 June 2011. These financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in accounting policy note 1 and in a manner required by the MFMA. The committee draws attention to the matters of significance raised in the Auditor General's report. We are in agreement with these findings and believe that they need urgent prioritised attention.

Efficiency and effectiveness of internal control and internal audit

The Audit Committee has extensively reviewed quarterly financial and performance reporting together with findings from the Auditor General and Internal Audit. These findings have been discussed with management at our meetings. Positive correction is still needed for many of these issues.

The Audit Committee reports no improvements in the Internal Audit Department's capacity and its impact on the risk environment and therefore requires urgent intervention and resolution as this compromises the efficiency and effectiveness of internal control, governance as well as the Audit Committee's ability to fulfill its mandate. The Audit Committee concludes that Internal Audit has not been efficient or fully effective during the reporting year mainly due to severe capacity constraints as well as incidents during the period which sought to undermine the independence of the Internal Audit function.

A Council decision in 2009 to separate the Audit Committee governance function into two separate Audit Committees' namely an Audit Committee and a Performance Audit Committee was in effect during the current year. The Audit Committee will remain responsible for oversight as detailed further in this report while the Performance Audit Committee will be responsible for oversight on performance management and implementation as well as performance auditing in accordance with the requirements of the MFMA.

Performance Management

The Audit Committee notes with concern the continuing lack of urgency in the development and implementation of the Performance Management System (PMS) and its impact on the effectiveness and efficiency of the PMS and by implication on quality service delivery. A separate report by the Performance Audit Committee is included in the Annual Report which highlights the various areas of continuing concern.

Risk Management

The Audit Committee notes a lack of progress in the effectiveness of the fraud prevention strategy, awareness strategy, prevention of unethical behavior as well as a fraud response plan to deal with unethical behaviour and the work of the Fraud Prevention Committee to drive prevention initiatives. The function of Enterprise Risk Management remains the responsibility of management and the Audit Committee exercises oversight in respect of this function. Management initiatives to introduce a Risk Management Committee increase the capacity in the Risk Officer section and employment of a Fraud Response Officer were not in place or functioning at financial year end. This aspect needs further urgent prioritised attention to ensure that the Council Risk Management complies with official requirements and delivers mitigation of high risks.

Conclusion

The Municipality has maintained an unqualified audit opinion from the Auditor General for the past financial year which is expected for a high capacity municipality. In addition this, together with further progress made in other areas of governance, are noted by the Committee. However, included in the Auditor General's findings are areas of concern and previously raised in this report includes:

- Non-compliance with supply chain management regulations involving significant amounts during this period and which may require further investigation.
- Material findings noted on the performance management systems of the municipality and the auditing of performance management systems.

We further note:

- Under achieving Internal Audit and Risk management functions.

The Committee has received reports from the Internal Audit function and accepts and concurs with the conclusions of the Internal Audit Function in its control environment assessment reports. The Committee supports and concurs with the Auditor-General overall findings on the Annual Financial Statements for the year ended 30 June 2011 and the other key findings. The Committee therefore recommended the Annual Financial Statement read together with the Auditor-Generals' Report to Council for acceptance.

During the review period the Committee experienced considerable challenges to achieve its statutory mandate and with the tone at the top. To this end the Committee sought and gained the intervention of the Provincial Treasury to further support good governance at the Municipality. The Committee looks forward to a combined assurance approach and seeks to support Council by appropriately exercising its oversight role with even more vigour and commitment and reporting in the 2012 financial year.

Ashley C Seymour CA(SA)
Chairperson

ANNEXURE D: REPORT OF THE PERFORMANCE AUDIT COMMITTEE (PAC)

REPORT OF THE PERFORMANCE AUDIT COMMITTEE 2010/2011

1. Why Performance Auditing?

The Drakenstein Council, its Mayoral Committee and Management are required by law to prepare integrated development plans in consultation with the communities they serve; to allocate resources for efficient and effective implementation, regularly monitoring and evaluating the results achieved. The International Institute of Internal Auditors describes 'the promise of performance auditing' as *Honest, Competent Government*. Performance

Management audit information indicates how well the Municipality is meeting its governance, service standards and socio-economic developmental objectives; and which policies and processes are achieving required results, in terms of Council's democratic mandate. This mandate is defined in the White Paper on Local Government (1998) as '*local government committed to working with citizens and groups within the community, to find sustainable ways to meet their social, economic and material needs; and to improve the quality of their lives*'.

2. Legal Framework for Performance Management and Audit

These national policy and legislative requirements define the purpose and scope of performance management in the South African local government sphere:

- **Constitution of the Republic of South Africa, 1996**

The Constitution paves the way for performance management with the requirements for an "accountable government". The democratic values and principles of Section 195(1) of the Constitution define the need for performance management, with reference to the promotion of economic, efficient, and effective use of resources, ensuring transparency by making information available, with responsiveness to community needs.

- **Municipal Systems Act, 2000 and Municipal Finance Management Act, 2003**

The Municipal Systems Act highlights results-based management requirements and principles of democratic accountability. Section 11(3) specifically states that a municipality exercises its legislative and executive mandate by *inter alia*, "the setting of targets for delivery; monitoring and regulating municipal services; monitoring the effectiveness and impact of any services, policies, programmes or plans; and establishing and implementing performance management systems". This legislation requires that the Municipality must establish a Performance Management System (PMS); the Council, Executive Mayor and Municipal Manager must promote a culture of results based management among political office bearers, councillors and its administration, manage its affairs in an efficient, effective and accountable manner; take steps to improve service and developmental performance, and maintain a citizen-friendly process of regular performance reporting and evaluation of service standards.

3. Performance Audit Committee Roles and Responsibilities

In terms of the Charter approved by the Drakenstein Municipal Council, the Performance Audit Committee (PAC) is an independent entity, accountable to Council for the watchful scrutiny of internal risk and performance audit plans, management effectiveness, public governance standards and developmental performance reporting. The PAC does not relieve Council, Mayoral

Committee or Management of their specific responsibilities, but assists them by making recommendations for improvements in results-based public governance.

4. Performance Audit Committee Members and Attendance

As required by its Charter, the Performance Audit Committee consisting of the members listed below, must meet at least four times per year; although additional meetings may be called as the need arises. Five meetings were held during the year under review, in co-operation with the (financial) Audit Committee, and a quorum of members was always present. Committee members also monitored the performance evaluation reviews of the Municipal Manager and Executive Directors. The following members served on the Performance Audit Committee for the period to June 2011:

Name Number of meetings attended

Mr W J Sewell (Chairperson) 5

Dr K Whittles 5

Mr R Morris 5

5. Internal Audit and Risk Unit Capacity

The Drakenstein Internal Audit and Risk Management Unit carried out practical audits of the Performance Management System (PMS) in the year 2010/11, reviewing compliance with legislation and regulations, especially the Municipal Systems Act. Significant procedural shortcomings were again noted for urgent Management action. It has not yet been possible to verify the evidence of accuracy and cost-effectiveness of Council and Management's strategic plans and actions for measurable performance information. In the year ahead, the Internal Audit and Risk Management Unit will need to implement regular audits of quarterly performance management reports and action. Despite our previous recommendations regarding the need to enhance capacity of the Unit's staff complement to ensure meaningful audits of the organisational and management results. No progress has been noted to strengthen staff capacity. We again urge Council to ensure that the Unit becomes cost effectively capacitated, so that citizen-friendly performance can be promoted and verified for Drakenstein residents and stakeholders.

6. Assessment of Drakenstein Performance Management System

Based on our independent observations and assessment, in comparison with neighbouring municipalities, organisational results-based management has not been effectively implemented by Drakenstein Council, Mayoral Committee, and Municipal Management in the year under review. The challenge remains for the Mayoral Committee and senior management to strengthen leadership commitment, management competence and staff buying, define clear work standards and outputs required, enhance timeliness of reporting and corrective action, towards promoting a results-based culture of 'service excellence' in all departments. Management has again committed to "rolling out" performance management tools and processes in the year ahead, with active involvement of heads of departments and staff union representatives. This will require building staff and team performance scorecards, recognition of performance excellence, skills development and teamwork. Other key aspects needing development in the year ahead are effective 'citizen-friendly' community consultation on service prioritisation; with regular performance reporting to

Council, Ward Committees, residents and local stakeholder groups. The need for improved public participation was taken up with the Speaker and Municipal Manager in the year under review, and we recommend continuing focus on this democratic goal.

7. Report by Auditor General On Drakenstein Performance Management System

The Performance Audit Committee has carefully considered the Auditor-General's Report on Drakenstein Municipality Performance Management criteria and effectiveness in 2010/11. The Committee concurs with the findings of the Auditor General that effective management practices are not yet fully functional to required national standards. The Committee again draws attention to these issues highlighted in the year under review:

- Lack of strategic leadership by the Council and Mayoral Committee, to promote the processes of organisational performance planning, measurable targeting and reporting, resource optimising, monitoring and evaluation, motivation and recognition of results.
- Limited management initiatives during 2010/2011 towards building a culture of departmental results in terms of quality, quantity, deadlines and cost-effectiveness. We urge the use of meaningful and measurable objectives, verifiable evidence of results, teamwork and staff skills development in the year ahead, for sustainable progress.
- Internal Audit and Risk Unit resource constraints, which need to be reviewed, budgeted and innovatively resolved, to empower Council and Municipal Management to achieve their assurance of "*Honest, Competent Government*" for the people of Drakenstein.

We wish the Drakenstein Municipal Council, Executive Mayor, Municipal Management, Chief Audit Executive and staff success in building on the results-based lessons of the past year. We also appreciate the professional co-operation of the Audit Committee members in promoting the best interests of Drakenstein Municipality's "combined assurance" of financial and non-financial performance and public governance standards, and look forward to working together in one united, cost-effective Audit Committee in the year ahead.



W J SEWELL

Chairperson : Performance Audit Committee

ANNEXURE E: AUDITED FINANCIAL STATEMENTS

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

The municipality has once again delivered a strong set of financial results for the year ended 30 June 2011 despite the increased demands made on the financial resources of the municipality. It is worth mentioning that the changes in the latest accounting standards being the Generally Recognized Accounting Standards (GRAP) as set by the Accounting Standards Board (ASB) were fully implemented and operated effectively during the 2010/11 financial year.

The arrear debtors has improved substantially after the formulation of a effective debt collection project team which has improved the cash flow management of the municipality and thereby allowing service delivery initiatives to be achieved. The municipality has written off+- R 60 million rand debt of Indigent debtors

With regards to the approved capital budget, the municipality has successfully spent 92.91% in 2010/11 compared to 92.69% in 2009/2010 thereof on service delivery and community infrastructure improvements effectively, efficiently and economically. The financial activities of the year are reviewed in the sections of the report.

OPERATING RESULTS

The overall summarized operating results for the Municipality as at 30 June 2011 are shown below. The Statement of Financial Performance reflects a summary of income and expenditure, whilst the segmental operating results per service are shown in Appendix D to the annual financial statements.

	2010	2011			2010 to 2011 Growth %
	Actual R	Actual R	Budget R	Variance R	
REVENUE					
Property rates	146,675,756	156,232,341	158,747,483	2,515,142	7%
Service charges	566,026,434	666,967,589	667,206,664	239,075	18%
Rental of facilities and equipment	15,982,109	17,198,487	17,271,849	73,362	8%
Government grants and subsidies	153,545,776	133,450,060	178,543,936	45,093,876	-13%
Interest earned – Investments	11,622,718	9,163,180	8,922,061	-241,119	-21%
Other	49,030,160	43,935,414	55,371,477	11,436,063	-10%
	942,882,953	1,026,947,071	1,086,063,470	59,116,399	9%
EXPENSES					
Employee-related costs	234,111,977	271,803,274	271,453,424	-349,850	16%
Remuneration of councillors	14,859,005	15,417,212	15,472,910	55,698	4%
Bad Debts	20,974,458	26,540,663	25,648,325	-892,338	27%
Depreciation and amortization expense	119,009,862	128,447,114	146,115,728	17,668,614	8%
Interest paid	21,638,152	28,113,298	27,851,814	-261,484	30%
Bulk purchases	264,033,541	333,721,498	319,405,094	-14,316,404	26%
Repairs and Maintenance	83,251,335	79,640,726	88,287,254	8,646,528	-4%
Other expenses	192,357,850	160,446,968	207,651,987	47,205,019	-17%
	950,236,180	1,044,130,753	1,101,886,536	57,755,783	10%
Surplus/(Deficit) for the year		(17,183,682)			
Statement of Changes in Net Assets		4,990,869			
Net results for the year		12,192,813			
Accumulated Surplus at beginning of year		2,515,442,569			
Accumulated Surplus at end of year		2,503,249,757			

Included in the aforementioned table as net movement of Changes in Nett Assets, the following contributions were made to the capital replacement fund:

Depreciation on assets financed from Own Funds	<u>101,712,238</u>
Total Contributions	<u><u>101,712,238</u></u>

Actual revenue has increased by approximately 9% and is mainly due to an increase on Service Charges (18%) in

the 2010/2011 financial year, whilst expenditure increased by approximately 10% between the respective financial years.

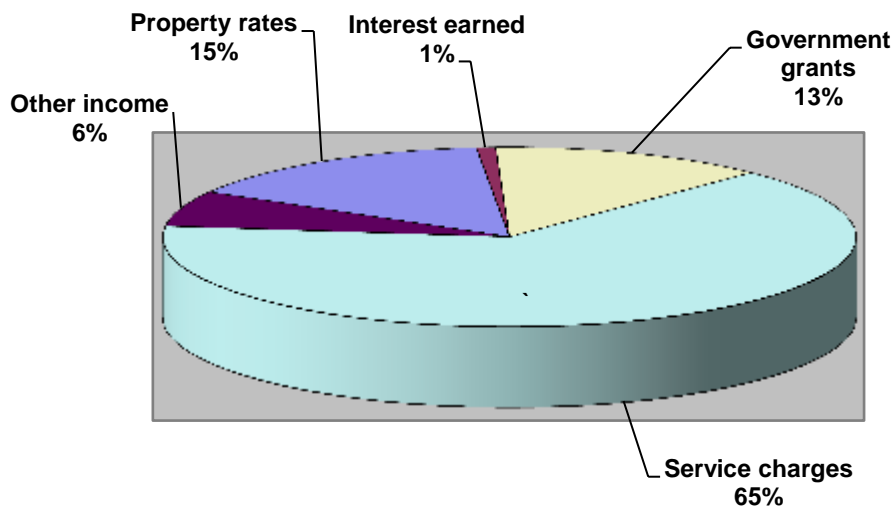
A comparison of actual results to the approved budget, and explanations of material differences, are set out in the annual financial statements as per appendix E(1).

2.1 Operating Revenue

The major revenue streams that supported the programmes and activities of the Municipality were:

- Property Rates;
- Service Charges made up as follows
 - Electricity sales
 - Water sales
 - Waste water management (sewerage and sanitation)
 - Waste management (solid waste);
- Government grants; and
- Other

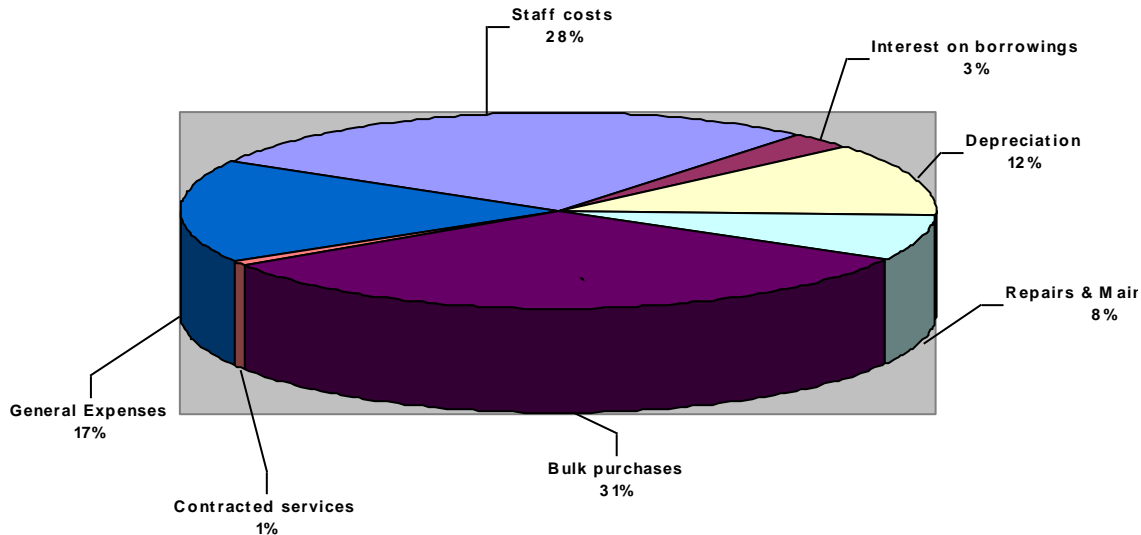
The Municipality experienced a total revenue growth of 9% on the amounts realised in the previous financial year. Collection levels expressed as a percentage of monthly billings have stabilised above the 94% mark for the major part of the year. As at June 2011 the moving annual average was 96%. The following graph indicates the main categories of income.



Further detail of service charges is contained in note 23 of the financial statements.

2.2 Operating Expenditure

The following graph indicates the main categories of expenditure for the year under review. The pro-active management control and containment of cost increases remains a key priority of the municipality. Staff costs is still the main category of expenditure is approximately 28% of total expenditure.



Further detail is contained in notes 28 to 35 to the financial statements.

3. OPERATING RESULTS PER SERVICE

The following is a summary of the operating results of the various services.

3.1 Rates and General Services

Rates and General Services	Budget 2011 R	Actual 2011 R	Variance 2011 R	Variance Actual/ Budget %
Income	224,218,230	209,398,120	14,820,110	6.61%
Expenditure	(392,469,893)	(374,026,841)	(18,443,052)	-4.70%
Surplus (deficit) for the year	(168,251,663)	(164,628,721)	3,622,942	-2.15%

3.2 Housing Service

Housing Service	Budget 2011 R	Actual 2011 R	Variance 2011 R	Variance Actual/ Budget %
Income	73,484,441	38,502,913	34,981,528	47.60%
Expenditure	(105,575,462)	(71,025,671)	-34,549,791	-32.73%
Deficit for the year	(32,091,021)	(32,522,758)	431,737	-1.35%

3.3 Trading Services

Electricity Service

Electricity Service	Budget 2011 R	Actual 2011 R	Variance 2011 R	Variance Actual/ Budget %
Income	537,803,399	532,493,970	5,309,429	0.99%
Expenditure	(428,651,019)	(427,470,918)	-1,180,101	0.28%
Surplus for the year	109,152,380	105,023,052	4,129,328	3.78%

3.4 Waste Management (Solid Waste)

Waste Management	Budget 2011 R	Actual 2011 R	Variance 2011 R	Variance Actual/ Budget %
Income	70,337,612	65,886,032	4,451,580	1.01%
Expenditure	(58,180,780)	(57,078,130)	-1,102,650	10.63%
Surplus for the year	12,156,832	8,807,901	3,348,931	27.55%

3.5 Water Service

Water Service	Budget 2011 R	Actual 2011 R	Variance 2011 R	Variance Actual/ Budget %
Income	93,361,180	99,110,664	-5,749,484	-6.16%
Expenditure	(61,952,604)	(60,452,052)	-1,500,552	2.42%
Surplus for the year	31,408,576	38,658,576	-7,250,000	-23.08%

3.6 Sewerage

Water Service	Budget 2011 R	Actual 2011 R	Variance 2011 R	Variance Actual/ Budget %
Income	86,858,608	80,722,100	6,136,508	7.06%
Expenditure	(55,056,778)	(54,077,105)	-979,673	1.78%
Surplus for the year	31,801,830	26,644,995	5,156,835	16.22%

4. CAPITAL EXPENDITURE AND FINANCING

Capital expenditure incurred during the year amounted to R 236, 804,825 which represented 92.91% (2010: 92.69%) of the approved capital budget. Of the amount spent, 38.59% was funded from own funds, 44.36% from external loans and 17.05% was funded from government grants and subsidies. Contributing factors to the excellent expenditure percentage was the implementation of a Tender Plan as well as tenders awarded for 3 years in respect of capital projects.

Capital Expenditure per Service	Budget 2011 R	Actual 2011 R	Variance Actual/ Budget	Variance Actual/ Budget %
Executive and Council	253,449	159,994	93,455	36.87%
Budget and Treasury Office	698,688	601,876	96,812	13.86%
Corporate Services	22,436,188	21,056,555	1,379,633	6.14%
Planning and Development	1,151,233	991,126	160,107	13.91%
Health	380,963	263,820	117,143	30.75%
Community and Social Services	15,500,106	14,401,287	1,098,819	7.09%
Housing	10,444,849	6,759,419	3,685,430	35.28%
Public Safety	1,991,640	1,765,893	225,747	11.33%
Sport and Recreation	20,803,636	15,369,638	5,433,998	26.12%
Waste Management	4,025,000	4,023,909	1,091	0.03%
Waste Water Management	83,010,500	82,674,944	335,556	0.40%
Road Transport	25,996,000	22,541,057	3,454,943	13.29%
Water	39,686,000	39,410,605	275,395	0.69%
Electricity	28,508,270	26,784,703	1,723,567	6.05%
Total Capital expenditure	254,886,522	236,804,825	18,018,697	7.09%

- Corporate Services includes the following sub-functions; Municipal Fleet, Municipal Buildings and Administration
- Planning and Development includes the following sub-functions; Local Economic Development, Strategic Planning Unit (IDP)

- and Planning Services
- Community and Social Services includes the following sub-functions; Library Services, Cemeteries and Community Development.

The aforementioned fixed assets were financed from the following sources.

Source of Finance	Budget 2011 R	Actual 2011 R	Variance Actual/ Budget %	Variance Actual/ Budget %
Capital replacement Reserve	107,507,420.00	91,383,435	16,123,985	15.00%
External Loans	105,734,000.00	105,037,600	696,400.00	0.66%
Government Grants and subsidies	41,645,101.00	40,383,790	1,261,311.00	3.03%
Total Source of Finance	254,886,522	236,804,825	18,018,697.00	7.09%

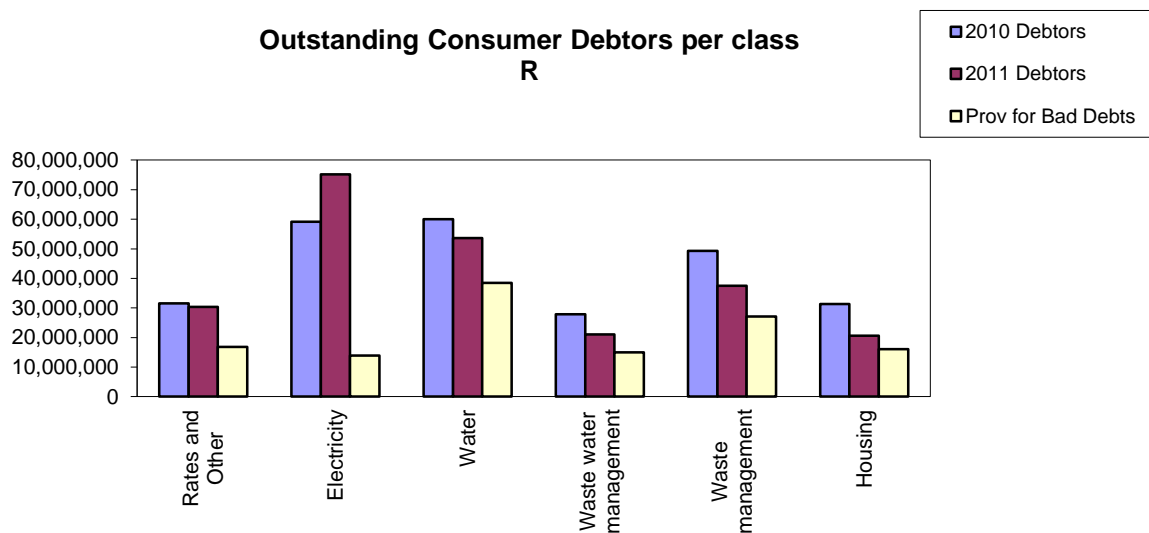
A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix C whilst Appendix B reflects details as per asset classes. More details regarding external loans used to finance fixed assets are shown in Appendix A.

6. CONSUMER DEBTORS

Outstanding consumer debtors at 30 June 2011 were R 238,171,159. The amounts included in the consumer debtor balances considered to be doubtful are covered by an impairment provision for bad debts of R 127,336,973 which represents 53% of the total.

The debtors payment rate has increased to 96% for 2010/11. Additional information regarding consumer debtors is contained in Note 19.

The outstanding consumer debtors as at 30 June 2011 are represented graphically below, reflecting also the coverage by the bad debts reserve.



7. CREDITORS

Trade creditors payable amounted to R134, 454,495 on 30 June 2011. The increase in creditors payable from the prior year is mainly due to the additional accruals in respect of water and electricity services estimate based on consumptions up until the 30 June 2011 of R 51,475,595. Other significant creditor provisions relate to existing capital projects currently ongoing and includes amongst others, the waste water treatment works projects.

8. OFFSETTING OF DEPRECIATION

The depreciation on assets financed from grants and subsidies, as well as the capitalisation reserve are not made as a charge to the statement of financial performance but directly to the accumulated surplus as required by GRAP 17

9. EXTERNAL LOANS, INVESTMENTS AND CASH

External Loans outstanding on 30 June 2011 amounted to R 334,133,285 as set out in Appendix A. During the year, loans of R 108,534,000 were taken up and R 25,392,165 was repaid.

Investments (longer than 12 months) on 30 June 2011 amounted to R 112,000. The Call Investment deposits amounted to R 156,074,889 (shorter than 12 months) and the Cash book balance on 30 June 2011 amount to a positive balance of R 10,146,425. In 30 June 2010 there was a positive cashbook balance of R27, 287, 301.

The total Bank and Cash is allocated as follows:

	<u>2011</u>	<u>2010</u>
Capital replacement Reserve	26,622,203	15,255,000
Self Insurance Reserve	2,372,875	2,065,745
Consumer Deposits	8,750,350	8,250,350
Creditors	87,931,643	119,729,602
Unspend conditional grants and receipts	28,217,577	34,569,571
Cash invested for repayment of long-term liabilities	12,340,567	10,730,713
Total Investments, Bank and Cash	166,235,215	190,600,981

More information regarding loans and investments is disclosed in notes 5, 14 and 21 as well as Appendix A to the financial statements.

The Housing Development Fund amounts to R37 581 268. This fund is not cashed backed because of housing debtors outstanding. The Capital Replacement Reserve (R26, 622,203) and Insurance Reserve (R2, 372,875) are cashed backed. The Government Grants and Subsidies as well as the revaluation reserve is linked to the assets financed from these grants. Additional information regarding funds and reserves is disclosed in Notes 1, 2, 3 and 4 and detailed information is reflected in the Statement of Nett Assets.

10. APPLICATION OF ACCOUNTING STANDARDS

In the 2010/11 financial year under review the Municipality produced a set of financial statements which is fully compliant with the accounting standards.

11. EXPRESSION OF APPRECIATION

I wish to convey my sincere appreciation to Her Worship the Executive Mayor, Mayoral Committee, the Chairperson and the members of the Finance Portfolio Committee, the Audit Committee, Municipal Manager and Executive Management Team for their support and co-operation received during the year.

A special word of gratitude to all financial staff especially the accounting staff for their contribution and to the staff of the Auditor-General, the auditors appointed by him, and their staff, for conducting the external audit and for their assistance, support and co-operation during the year.

Finally, a further word of thanks to everybody for the months of hard work, sacrifices and concerted effort during the year to enable the Municipality to finalise these financial statements within the prescribed period.

HP BARNARD

ACTING EXECUTIVE DIRECTOR: FINANCE (CFO)
31 August 2011

**DRAKENSTEIN MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011**

	Note	2011 R	2010 Restated R
NET ASSETS AND LIABILITIES			
Net assets		3,273,029,469	3,267,222,142
Housing Development Fund	1	37,581,268	34,712,927
Reserves	2	723,739,437	701,910,486
Accumulated Surplus / (Deficit)	3	2,511,708,764	2,530,598,729
Non-current liabilities		428,067,687	347,906,050
Long-term liabilities	5	298,336,162	225,604,729
Retirement Benefit Obligation	6	101,764,070	94,726,369
Non-Current Provisions	7	27,967,455	27,574,952
Current liabilities		306,635,903	258,825,163
Consumer deposits	8	19,562,942	18,192,133
Creditors	9	215,031,952	173,047,244
Unspent conditional grants and receipts	10	28,217,577	34,569,571
Current portion of long-term liabilities	5	35,881,062	25,688,643
Current portion of Retirement Benefit Obligation	6	6,013,895	5,534,156
Current Provisions	7	1,928,475	1,793,416
Total Net Assets and Liabilities		4,007,733,059	3,873,953,356
ASSETS			
Non-current assets		3,639,081,844	3,503,302,852
Property, plant and equipment	11	3,588,509,648	3,451,556,797
Intangible Assets	12	4,584,697	4,931,623
Investment property	13	40,450,000	40,450,000
Non current assets classified as held for sale	4	1,447,895	1,447,895
Investments	14	112,000	112,000
Long-term receivables	15	3,977,605	4,804,537
Current assets		368,651,211	370,650,504
Assets classified as held for sale	16	0	0
Inventory	17	40,758,422	31,283,259
VAT	18	38,767,784	30,701,431
Consumer debtors	19	110,834,185	100,164,061
Other debtors	20	11,795,952	17,601,080
Current portion of long-term receivables	15	259,654	299,693
Cash and cash equivalents	21	166,235,214	190,600,981
Total Assets		4,007,733,059	3,873,953,356

**DRAKENSTEIN MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011**

Budget			Actual	
2010 Revised R	2011 Revised R		2011 R	2010 Restated R
		REVENUE		
149,746,127	158,747,483	Property rates	22 156,232,341	146,675,756
1,636,845	1,759,608	Property rates - penalties imposed and collection charges	998,169	1,201,915
558,059,657	667,206,664	Service charges	23 666,967,589	566,026,434
14,773,656	17,271,849	Rental of facilities and equipment	24 17,198,487	15,982,109
11,250,430	8,922,061	Interest earned - external investments	25 9,163,180	11,622,718
0	15,120	Dividends - stock	25 15,120	15,120
9,699,336	8,172,838	Interest earned - outstanding debtors	25 6,380,589	7,120,608
15,086,608	10,639,929	Fines	6,547,058	14,931,128
9,857,704	9,522,020	Licences and permits	9,979,748	8,738,257
186,783,207	178,543,936	Government grants and subsidies	26 133,450,060	153,545,777
19,305,673	21,261,962	Other income	27 18,608,771	17,004,151
3,000,000	4,000,000	Gains on disposal of property , plant and equipment	46,435	18,982
<u>979,199,243</u>	<u>1,086,063,470</u>	Total Revenue	<u>1,025,587,546</u>	<u>942,882,953</u>
		EXPENDITURE		
237,895,991	271,453,424	Employee related costs	28 303,992,839	266,714,590
14,958,090	15,472,910	Remuneration of councillors	28 15,417,212	14,859,005
26,053,056	25,648,325	Bad debts	29 26,540,663	18,124,440
5,426,294	5,544,000	Collection costs	6,611,895	6,004,143
152,066,318	146,115,728	Depreciation and Amortisation	30 128,253,886	117,514,552
87,228,225	88,287,254	Repairs and maintenance	53,552,701	50,648,721
21,671,813	27,851,814	Interest paid	32 28,113,298	21,638,152
264,753,459	319,405,094	Bulk purchases	33 333,721,498	264,033,541
10,484,536	9,942,778	Contracted services	9,200,137	9,062,845
575,228	618,368	Grants and subsidies paid	34 618,348	577,361
190,231,886	191,546,841	General expenses	35 143,833,500	176,445,255
0	0	Loss on disposal of property , plant and equipment	183,089	268,245
<u>1,011,344,896</u>	<u>1,101,886,536</u>	Total Expenditure	<u>1,050,039,064</u>	<u>945,890,851</u>
<u>-32,145,653</u>	<u>-15,823,066</u>	Surplus / (Deficit) for the year	<u>-24,451,518</u>	<u>-3,007,899</u>
		Refer to Appendix E(1) for explanation of variances		

DRAKENSTEIN MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Housing	Revaluation Reserve	Accumulated Surplus						Total Accumulated Surplus	Total
			Government Grants	Capitalisation Reserve	Capital Replacement Reserve	Donations and Public Contributions	Self-Insurance Reserve	Accumulated Surplus due to results of operations		
	R	R	R	R	R	R	R	R	R	
Adjustment due to Vat on impairment of debtors								12,306,142	12,306,142	12,306,142
2009										
Balance at 30 June 2009	33,342,898	460,588,146	243,273,153	662,983,775	19,846,771	0	821,910	1,563,604,453	2,490,530,063	2,984,461,107
Net surplus for the year								(7,353,227)	(7,353,227)	(7,353,227)
Transfer to CRR	0	0	0	0	85,636,139	0	0	(69,625,744)	16,010,395	16,010,395
Property, plant and equipment purchased	0	0	0	0	(89,237,943)	0	0	89,237,943	0	0
Intangible assets purchased	0	0	0	0	0	0	0	0	0	0
Intangible assets purchased	0	0	0	0	(989,967)	0	0	989,967	0	0
Capital grants used to purchase PPE	0	0	39,261,221	0	0	0	0	(39,261,221)	0	0
Contribution to / (from) Insurance Reserve	0	0	0	0	0	0	1,243,835	0	1,243,835	1,243,835
Asset Disposals	0	(75,624)	0	0	0	0	0	75,624	75,624	0
Asset Transfers from PPE to Investment property	0	(22,997,030)	(165,414)	0	0	0	0	23,162,444	22,997,030	0
Fair value adjustment on PPE		2,549,017	0	0	0	0	0	0	0	2,549,017
Transfer to Housing Development Fund	1,370,029	0	0	0	0	0	0	(97,828)	(97,828)	1,272,201
Offsetting of Depreciation	0	(4,342,819)	(10,693,690)	(24,610,667)	0	0	0	39,647,176	4,342,819	0
Balance at 30 June 2010	34,712,927	435,721,691	271,675,271	638,373,108	15,255,000	0	2,065,745	1,600,379,587	2,527,748,711	2,998,183,329
Asset funding sources corrections (Refer note 39)	0	0	(3,127,999)	(128,870)	0	0	0	3,256,869	0	0
Adjustment on depreciation due to valuation (refer note 39)								1,495,310	1,495,310	1,495,310
Adjustment due to valuation (Refer note 39)		264,693,486								264,693,486
Adjustment due vat on impairment (refer to note 29)								2,850,018	2,850,018	2,850,018
Adjustment on depreciation due to valuation (refer note 39)		1,495,310						(1,495,310)	(1,495,310)	
Restated balance at 30 June 2010	34,712,927	701,910,486	268,547,271	638,244,238	15,255,000	0	2,065,745	1,606,486,474	2,530,598,729	3,267,222,142



Annual Report 2010/2011

2010												
Net surplus for the year								(24,451,518)	(24,451,518)	(24,451,518)		
Transfer to CRR	0	0	0	0	101,712,238	0	0	(101,712,238)	0	0		
Property, plant and equipment purchased	0	0	0	0	(89,166,637)	0	0	89,166,637	0	0		
Intangible assets purchased	0	0	0	0	(1,108,399)	0	0	1,108,399	0	0		
Capital grants used to purchase PPE	0	0	40,383,790	0	0	0	0	(40,383,790)	0	0		
Contribution to / (from) Insurance Reserve	0	0	0	0	0	0	307,129	0	307,129	307,129		
Asset Disposals	0	(112,125)	(90,837)	0	0	0	0	153,344	62,505	(49,620)		
Asset Transfers from PPE to Investment property	0	0	0	0	0	0	0	0	0	0		
Library Books	0	0	0	0	0	0	0	1,021,951	1,021,951	1,021,951		
Fair Value Adjustment	0	27,285,615	0	0	0	0	0	0	0	27,285,615		
Fair value adjustment on PPE	0	0	0	0	0	0	0	0	0	0		
Transfer to Housing Development Fund	2,868,341	0	0	0	0	0	0	(1,174,571)	(1,174,571)	1,693,770		
Offsetting of Depreciation	0	(5,344,539)	(11,420,497)	(26,988,543)	0	0	0	43,753,578	5,344,539	0		
Balance at 30 June 2011	37,581,268	723,739,437	297,419,727	611,255,695	26,692,203	0	2,372,875	1,573,968,265	2,511,708,764	3,273,029,470		

DRAKENSTEIN MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	<u>2011</u>	<u>2010</u>
		- R	- R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	36	153,251,473	167,390,225
Interest and dividends received		9,163,180	11,622,718
Interest paid		(28,113,298)	(21,638,152)
NET CASH FROM OPERATING ACTIVITIES		134,301,355	157,374,790
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(235,696,426)	(214,869,640)
Purchase of Intangible assets		(1,108,399)	(989,967)
Proceeds on disposal of property, plant and equipment		202,962	340,163
Decrease/(Increase) in non-current receivables		866,971	(1,218,436)
Decrease/(Increase) in call investment deposits	21	(7,226,892)	2,347,509
NET CASH FROM INVESTING ACTIVITIES		(242,961,784)	(214,390,371)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		82,923,852	64,579,425
Increase in consumer deposits		1,370,809	1,235,749
NET CASH FROM FINANCING ACTIVITIES		84,294,660	65,815,174
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(24,365,769)	8,799,593
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		190,600,981	181,801,390
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	166,235,214	190,600,981

**DRAKENSTEIN MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2011**

	2011 R	2010 R
HOUSING DEVELOPMENT FUND		
Realised Housing Proceeds		
Balance at beginning of the year	28,452,859	26,115,311
Plus : Interest & Redemption & Other on Housing Schemes	3,029,843	3,160,914
Plus : Net Loss / (Surplus) on letting schemes	(1,174,571)	97,828
Less : Housing Subsidies Expenditure	(595,982)	(921,194)
Balance at the end of the year	32,061,292	28,452,859
Unrealised Housing Proceeds		
Balance at beginning of the year	6,260,068	7,227,587
Long term Housing Loans	(740,091)	(967,520)
Balance at the end of the year	5,519,977	6,260,068
TOTAL	37,581,268	34,712,927
The Housing Development Fund is represented by the following assets and liabilities		
Property plant and equipment (see note 11)	273,154,857	281,789,155
Housing selling schemes loans (see note 15)	5,519,976	6,260,067
Housing selling schemes Debtors (see note 19)	401,968	781,941
Housing rental schemes Debtors (see note 19)	4,129,044	4,970,969
Sub-Total	283,205,844	293,802,132
Creditors (Unspent grants)	(8,978,771)	(3,254,424)
Re-valuation Reserve	(36,051,221)	(37,437,806)
Bank Overdraft	(200,594,584)	(218,396,974)
Total Housing Development Fund Assets and Liabilities	37,581,268	34,712,928
2. REVALUATION RESERVE		
Re-valuation Reserve	723,739,437	701,910,486
Total Reserves	723,739,437	701,910,486

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Revaluation Reserve can be made where they are in accordance with the requirements of the municipality's accounting Policy and relevant case law. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's Accounting



policy. These restrictions do not apply to any amounts transferred to Accumulated Surplus. The Council do not currently intend to make any distribution from the Revaluation Reserve.

Refer to Statement of Changes in Net Assets for more detail and the movement on Reserves.

3 ACCUMULATED SURPLUS

Capital Replacement Reserve	26,692,203	15,255,000
Capitalisation Reserve	611,255,695	638,244,238
Self-insurance Reserve	2,372,875	2,065,746
Government grant and subsidies	297,419,727	268,547,271
Accumulated Surplus due to the results of Operations	1,573,968,265	1,606,486,474
Total Accumulated surplus	<u>2,511,708,764</u>	<u>2,530,598,729</u>

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Capitalisation Reserve** equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Capital Replacement Reserve and the Self-Insurance Reserve is fully funded and invested in ring-fenced financial instruments.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

4. NON CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

Other Assets held for sale	1,447,895	1,447,895
Total Assets classified as Non Current Assets Held-for-Sale	<u>1,447,895</u>	<u>1,447,895</u>

5. LONG-TERM LIABILITIES

Annuity Loans	334,133,285	250,991,447
Finance Leases	83,942	301,926
Sub-total	<u>334,217,224</u>	<u>251,293,373</u>
Less : Current portion transferred to current liabilities	(35,881,062)	(25,688,643)
Annuity Loans	(35,797,120)	(25,470,659)
Finance Leases	(83,942)	(217,984)
Total Long-term liabilities (Refer to Appendix A for more detail)	<u>298,336,162</u>	<u>225,604,729</u>

5.1 Summary of Arrangements

Annuity Loans are repaid over periods varying from 5 to 10 (2010: 5 to 10) years and at interest rates varying from 6.75% to 15.00% (2010: 10.54% to 16.95%) per annum. Annuity Loans are not secured.



Capitalised Lease Liabilities relates to Equipment with lease terms of 3 (2010: 3) years. The effective interest rate on Finance Leases is between 13% and 15% (2010: 13 to 15%). Capitalised Lease Liabilities are secured over the items of vehicles and equipment leased.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

5.2 Obligations under Finance Leases

The Municipality as Lessee:

Finance Leases relate to Property and Equipment with lease terms not more than 5 years. The municipality has options to purchase the Equipment for a nominal amount at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	2011	2010
Amounts payable under finance leases:				
	R	R	R	R
Payable within one year	92,030	259,464	83,942	217,984
Payable within two to five years	0	83,942	0	83,942
Payable after five years	0	0	0	0
Present value of lease obligations	92,030	343,406	83,942	301,926
Less: Amounts due for settlement within 12 months			(83,942)	(217,984)
Amount due for settlement after 12 months			0	83,942

Finance leases have been entered into for certain items of plant and equipment. The period of the leases are 5 years. Interest rates are fixed at the inception of the agreements. No arrangements have been entered into for contingent rental payments. The leased term for these equipment is for the major part of the economic life of the asset even if Ownership is not transferred.

6. RETIREMENT BENEFIT OBLIGATION

	2011 R	2010 R
Post Employment Health Care Benefits	100,346,801	93,494,107
Ex-Gratia Pension Benefits	7,431,164	6,766,418
	<u>107,777,965</u>	<u>100,260,525</u>
Less: Transfer to Current Obligations	(6,013,895)	(5,534,156)



Post Employment Health Care Benefits
Ex-Gratia Pension Benefits

(5,640,927)
(372,968)

(5,167,336)
(366,820)

Non-Current defined Benefit Plan Obligation

101,764,070

94,726,369

6.1 Post Employment Health Care Benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2011 by Mr. W. Loots of Independent Actuarial Consultants (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

In-service Members (Employees)
Continuation Members (Retirees)

574 - 551
214 - 209

Total Members

788 - **760**

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

In-service Members
Continuation Members

41,686,000 - 44,689,000
73,900,000 - 59,680,000

Total Liability

115,586,000 - **104,369,000**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Global Health
- LA Health
- Munimed
- Pro Sano
- Samwumed

-
-
-
-
-
-
-

The Future-service Cost for the ensuing year is estimated to be R2 743,617 (2010: R2,827,482) whereas the Interest Cost for the year after is estimated to be R9,928,889 (2010: R9,330,637)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

i) Rates of Interest

Discount Rate

8.59% - 8.94%



Health Care Cost Inflation Rate	7.38%	-	7.30%
Net Effective Discount Rate	1.13%	-	1.53%
		-	
ii) Mortality rates		-	
The PA 90 ultimate Mortality table was used by the actuaries.		-	
		-	
iii) Normal retirement age		-	
Expected Retirement Age is 60 or 65, depending on terms of employment contract.		-	
		-	
The amounts recognised in the Statement of Financial Position are as follows:		-	
Fair value of plan assets	0	-	0
Unrecognised Actuarial Gains / (Losses)	(15,261,295)	-	(10,875,433)
Present value of unfunded obligations	115,586,597	-	104,369,540
		-	
Total Benefit Liability	100,325,302	-	93,494,107
		-	
The amounts recognised in the Statement of Financial Performance are as follows:		-	
Current service cost	2,827,482	-	2,431,831
Interest cost	9,330,637	-	8,573,837
Actuarial losses / (gains) recognised	22,473	-	
		-	
Total Post-retirement Benefit included in Employee Related Costs (Note 28)	12,180,592	-	11,005,668
		-	
Movements in the present value of the Defined Benefit Obligation were as follows:		-	
Balance at the beginning of the year	93,494,108	-	87,353,349
Service costs	2,827,482	-	2,431,831
Interest cost	9,330,637	-	8,573,837
Benefits paid	(5,327,899)	-	(4,864,909)
Actuarial losses / (gains) recognised	22,473	-	0
		-	
Present Value of Fund Obligation at the end of the Year	100,346,801	-	93,494,108
		-	
Movements in the present value of the Defined Benefit Assets were as follows:		-	
Balance at the beginning of the year	0	-	0
Contributions from the employer	5,327,899	-	4,864,909
Benefits paid	(5,327,899)	-	(4,864,909)
		-	
Balance at the end of the year	0	-	0



The history of experienced adjustments is as follows:

	2011 R	2010 R	2009 R	2008 R	2007 R
Present Value of Defined Benefit Obligation	115,586,597	104,369,540	98,549,847	85,484,868	76,015,594
Fair Value of Plan Assets	-	-	-	-	0
Deficit	115,586,597	104,369,540	98,549,847	85,484,868	76,015,594
Experienced adjustments on Plan Liabilities		-	-	0	0

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	Decrease	Decrease
Effect on the aggregate of the current service cost and the interest cost	2,744,000	3,511,000
Effect on the defined benefit obligation	115,587,000	120,149,000

The municipality expects to make a contribution of R5,640,927 (2010: R5,327,899) to the Defined Benefit Plan during the next financial year.

Refer to Note 48 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

6.2 Ex-Gratia Pension Benefits

The Municipality provides pension benefits to all employees that are not members of the Pension - or Provident Funds, that have completed at least 10 years of service at the Council and have reached the age of 60.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2011 by Mr W Loots of Independent Actuarial Consultants (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Ex-Gratia Pension Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service Members (Employees)	364	379
Continuation Members (Retirees)	96	57
Total Members	460	436

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

In-service Members	0	0
Continuation Members	7,683,317	6,827,072
Total Liability	7,683,317	6,827,072



The contribution rate payable is as follows:

For continuation members, the member contribution is 70 % and the Council contribution is 30%. For current employees the contribution rate is 60/40.

The interest-cost for the next year is estimated to be R666,951 (2010: R366,820). Actuaries are of opinion that future service cost need not be determined for pension fund liability as all benefits vests immediately.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

i) Rates of Interest

Discount Rate	8.59%	-	8.94%
Pension increase rate - pensioners	7.38%	-	6.30%
Net Effective Discount Rate	1.13%	-	2.48%

ii) Mortality rates

The PA 90 ultimate Mortality table was used by the actuaries.

iii) Normal retirement age

Expected Retirement Age is 60 or 65, depending on terms of employment contract.

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

Fair value of plan assets	0	-	0
Unrecognised Actuarial Gains / (Losses)	(252,153)	-	(60,654)
Present value of unfunded obligations	7,683,317	-	6,827,072
Total Benefit Liability	7,431,164	-	6,766,418

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

Current service cost	0	-	0
Interest cost	720,528	-	557,488
Actuarial losses / (gains) recognised	436,537	-	1,018,269
Total Post-retirement Benefit included in Employee Related Costs (Note 28)	1,157,065	-	1,575,757

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	6,766,418	-	3,457,182
Service costs	1,232,523	-	3,369,650
Interest cost	720,528	-	557,488
Benefits paid	(1,724,841)	-	(1,636,171)
Actuarial losses / (gains) recognised	436,537	-	1,018,269
Present Value of Fund Obligation at the end of the Year	7,431,165	-	6,766,418

Movements in the present value of the Defined Benefit Assets were as follows:

Balance at the beginning of the year	0	-	0
Contributions from the employer	1,724,841	-	1,636,171
Benefits paid	(1,724,841)	-	(1,636,171)
Balance at the end of the year	0	-	0

The history of experienced adjustments is as follows:

	2011 R	2010 R	2009 R	2008 R	2007 R
Present Value of Defined Benefit Obligation	7,431,164	6,766,418	3,457,182	3,464,521	3,523,360
Fair Value of Plan Assets	0	0	0	0	0
Deficit	7,431,164	6,766,418	3,457,182	3,464,521	3,523,360

Experienced adjustments on Plan Liabilities

- - 0

The effect of a 1% movement in the assumed rate of pension increase inflation is as follows:

	Increase	Increase
Effect on the interest cost	311,000	288,000
Effect on the defined benefit obligation	3,626,000	3,218,000

The municipality expects to make a contribution of R666,951 (2010: R 368,820) to the Defined Benefit Plan during the next financial year.

The transitional Defined Benefit Liabilities for Post-retirement Ex Gratia Pension Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2006 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2006.

Refer to Note 48 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

NON-CURRENT PROVISIONS

7.1. Provision for rehabilitation are reconciled as follows :

18,390,250 **17,627,500**

The movement in Non-current Provisions are reconciled as follows:

Landfill site

Balance at beginning of year	17,627,500	16,025,000
Contributions in current year	1,762,750	1,602,500
Rehabilitation expenditure during the year	(1,000,000)	0
Balance of landfill site	18,390,250	17,627,500



In terms of Grap 19, council will incur rehabilitation cost of R18,390,250 to restore the site at the end of its useful life, estimated to be 2012. Provision has been made for the net present value of this cost using the average cost of borrowing interest rate.

7.2. Provision for Long Service Awards	11,505,680	11,740,868
	11,505,680	11,740,868
Less: Transfer to Current Provisions	(1,928,475)	(1,793,416)
Total Non-current Provisions	9,577,205	9,947,452
The movement in Non-current Provisions are reconciled as follows:		
Long Service Awards		
Balance at beginning of year	9,947,452	9,712,253
Contributions in current year	1,967,896	1,686,954
Over provision for contributions	(174,479)	(356,039)
Increase in provision (employee costs)	1,732,707	2,383,920
Expenditure incurred (benefits paid)	(1,967,896)	(1,686,954)
Actuarial Losses / (gains) recognised	0	734
	11,505,680	11,740,868
Less: Transfer to Current Provisions	(1,928,475)	(1,793,416)
Balance of Non-current Provisions at end of year	9,577,205	9,947,452
Long Service Awards		

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuation of the present value of the defined benefit provision was carried out at 30 June 2011 by Mr. W. Loots of Independent Actuarial Consultants (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 1 699 employees were eligible for Long-services Awards.

The Future-service Cost for the ensuing year is estimated to be R896, 060, whereas the Interest Cost for the year after is estimated to be R988,338.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	8.59%	8.94%
Expected Rate of Salary Increase	6.38%	6.30%
Net Effective Discount Rate	2.08%	2.48%



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

Fair value of plan assets	0	-	0
Present value of unfunded obligations	11,505,680	-	11,740,868
Total Benefit Provision	11,505,680	-	11,740,868

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

Current service cost	930,076	-	960,386
Interest cost	1,049,634	-	960,820
Past service cost	0	-	461,980
Actuarial Losses / (gains) recognised	(247,003)	-	734
Total expense included in Employee Related Costs (Note 28)	1,732,707	-	2,383,920

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	11,740,868	-	11,043,902
Current service costs	930,076	-	960,386
Interest cost	1,049,634	-	960,820
Past-service costs provision raised	0	-	461,980
Benefits paid	(1,967,896)	-	(1,686,954)
Actuarial Losses / (gains) recognised	(247,003)	-	734
Balance at the end of the year	11,505,679	-	11,740,868

Movements in the present value of the Defined Benefit Assets were as follows:

Balance at the beginning of the year	0	-	0
Contributions from the employer	1,967,896	-	1,686,954
Benefits paid	(1,967,896)	-	(1,686,954)
Balance at the end of the year	0	-	0

The municipality expects to make a contribution of R1,928,475 to the defined benefit plan during the next financial year.

8. CONSUMER DEPOSITS

Electricity and Water	19,562,942	18,192,133
Guarantees held in lieu of Electricity and Water Deposits were R 10,195,284 (2010 : R 8,451,104)		

Guarantees held in lieu of Electricity and Water Deposits

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



No interest is paid on Consumer Deposits held.

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

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

9. CREDITORS

Trade creditors	134,454,495	104,162,561
Staff Leave provision	16,515,471	16,529,559
Performance bonus provision	591,157	546,726
Payments received in advance	12,736,705	8,685,933
Other creditors	50,734,125	43,122,464
Total Creditors	<u>215,031,952</u>	<u>173,047,244</u>

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

The total liability in respect of leave amounts to R16,515 million as at 30 June 2011. The full amount is provided for.

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

	26,363,592	32,429,450
Equitable Share	6,512,490	14,394,943
MIG/SMIF/RBIG Grants	3,193,220	563,232
National Government : Budget Reform Programme (FMG - Grant)	169,731	1,028,739
Provincial Government :		
Housing	8,978,771	3,254,424
Provincial Government : Other projects	1,772,222	1,807,883
Other Institutions	5,737,157	11,380,229

Other Conditional Receipts

	1,853,986	2,140,121
Developers Contributions - Water , Sewerage & Electricity	1,145,804	425,585
Developers Contributions - Electricity	583,963	558,840
Developers - Guarantees	124,218	1,155,695

Total Conditional Grants and Receipts

<u>28,217,577</u>	<u>34,569,571</u>
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These amounts are separately invested in terms of section 12 of the MFMA. Refer note 26 for more detail of grants from National and Provincial Government

Refer to Appendix "F" for more detail on Conditional Grants.

11. PROPERTY, PLANT AND EQUIPMENT

	-	-	Cost	Accumulated Depreciation	Carrying Value
	-	-	R	R	R
30 June 2011					
Land and Buildings			723,696,694	13,968,170	709,728,524
Infrastructure			4,466,745,249	2,098,909,578	2,367,835,671
Community			155,984,211	21,920,017	134,064,194
Heritage			1,106,052	0	1,106,052
Other			290,552,556	136,722,019	153,830,537
Leased Assets			832,827	624,543	208,284
Housing Rental Schemes			250,702,465	28,966,080	221,736,385
Total Property, Plant and Equipment			5,889,620,054	2,301,110,406	3,588,509,648
	-	-	Cost	Accumulated Depreciation	Carrying Value Restated
	-	-	R	R	R
30 June 2010					
Land and Buildings			700,669,728	9,960,184	690,709,544
Infrastructure			4,293,702,237	2,000,101,063	2,293,601,174
Community			123,870,886	14,579,021	109,291,865
Heritage			1,106,052	0	1,106,052
Other			263,148,409	128,715,956	134,432,452
Leased Assets			832,827	660,103	172,724
Housing Rental Schemes			242,565,068	20,322,082	222,242,987
Total Property, Plant and Equipment			5,625,895,207	2,174,338,410	3,451,556,797

A reconciliation of the carrying amount at the beginning and end of the period is set out in detail in Appendices B, C and E (2).

Total Property, Plant and Equipment held by the municipality at 30 June 2011 comprised the amounts analyzed as above

11.1 Land and Buildings carried at Fair Value:

Land and Buildings were revalued to fair value at during the prior financial period. The effective date of revaluation was 30 June 2011 and the valuation was performed by registered and independent valuers.

11.2 Assets pledged as security:

No assets have been pledged as security.



11.3 Impairment of Property, Plant and Equipment:

The municipality tested its items of Property, Plant and Equipment for any potential impairment losses on assets. Furthermore, review of the useful lives of items of Property, Plant and Equipment has been performed.

No impairment losses were recognised on other assets as a result of impairment testing.

11.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:

A change in the estimated useful life of various assets of the municipality has resulted in the following (increases)/decreases in depreciation:

Infrastructure Assets	8,001,636	1,178,114
Other Assets: Motor Vehicles	0	22,549,013
Other Assets: Buildings	1,067,570	521,126
Other Assets: Equipment, Furniture and fittings	9,881,683	3,967,295
Total Change in Estimate for Useful Life of Property, Plant and Equipment	18,950,888	28,215,548

The change in estimates will result in an increase of R 6,132,531 in the depreciation expense for the municipality over the next three financial years.

11.5 Revaluation Surplus:

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

The Revaluation Surplus is reconciled as follows:

Balance at beginning of year	701,910,486	460,588,146
Fair value I.r.o. Investment Property	0	2,549,017
Asset Transfers from PPE to Investment property	0	(22,997,030)
Depreciation offset to Accumulated surplus Asset	(5,344,539)	(2,847,509)
Disposals/Transfers/adjustments	27,173,490	264,617,862
Balance at end of year	723,739,437	701,910,486

12. INTANGIBLE ASSETS

	Cost R	Accumulated Amortisation R	Carrying Value R
As at 30 June 2011	8,492,872	(3,908,175)	4,584,697
Website development costs	769,954	(442,013)	327,941
Licences	2,793,453	(1,323,262)	1,470,190
Computer Software and systems	4,929,466	(2,142,899)	2,786,566
As at 30 June 2010	7,384,473	(2,452,850)	4,931,623
Website development costs	769,954	(296,262)	473,692
Licences	2,260,005	(703,997)	1,556,008
Computer Software and systems	4,354,514	(1,452,591)	2,901,923

The movement in intangible assets are reconciled as follows:

	2011	2010
Carrying value at the beginning of the year	4,931,623	4,197,275
Cost	7,384,473	6,394,507
Accumulated amortisation	(2,452,850)	(2,197,232)
Additions resulting from acquisitions	1,108,399	989,966
Amortisation	(1,455,325)	(255,618)
Carrying value at the end of the year	4,584,697	4,931,623
Cost	8,492,873	7,384,473
Accumulated amortisation	(3,908,175)	(2,452,850)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 30).

The amortisation method and useful life of Intangible assets is set out in the accounting policy note of Intangible assets.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

13. INVESTMENT PROPERTY

Vacant Land	0	0
Land and Buildings	40,450,000	40,450,000
	40,450,000	40,450,000

The fair model is applied to Investment property.



Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of Investment property.

The movement in investment properties are reconciled as follows:

Carrying value at the beginning of the year	40,450,000	42,354,000
Fair value	40,450,000	42,354,000
Plus : Additions resulting from transfers from Property Plant & Equipment	0	22,830,982
Additions resulting purchase of new building	0	0
Additions resulting revaluation of property to fair value	0	3,765,018
Minus: Transfers resulting from Investment property to PPE	0	(28,500,000)
Carrying value at the end of the year	40,450,000	40,450,000
Fair value	40,450,000	40,450,000

Method of Asset Valuation 2011

The date of valuation was on 30 June 2011

Each property has been identified and inspected and revalued. Each of the three main methods (investment approach, direct comparison and cost) of valuing property has been adopted depending on the specific property.

A register containing the information required by section 63 of the Municipal management Finance Act is available for inspection at the registered offices of the municipality.

Revaluation of all Investment Property was performed by an accredited valuator Mr E Marais of Erik Marais and Associates (T/A Rhode Valuations Wellington) Reg No 1988/011175/23)

14. INVESTMENTS

14.1. Held to maturity

Listed

Eskom stock at amortised cost

Total listed investments (Available for sale)

112,000	112,000
112,000	112,000

Unlisted

Bank Deposits

Other Short-term Deposits

Total unlisted investments

156,074,889	163,301,780
156,074,889	163,301,780

The fair value of the listed held to maturity investments is estimated at **R155,476.74** (2010: R 150,869.33). Fair value is determined based on discounted cash flow analysis, at a discounted rate of 8.75%. (2010 : 9.24%)

Total held to maturity

Less: current portion maturing within next twelve months - refer note 21

Total held to maturity (non-current)

156,186,889	163,413,780
(156,074,889)	(163,301,780)
112,000	112,000

Listed Shares are investments with a maturity period of more than 12 months and earn fixed interest rates of 13.5% per annum.



The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

15. LONG-TERM RECEIVABLES

	Gross Balances R	Impairment Provision R	Net Balances R
As at 30 June 2011			
Loans to employees	0	0	0
Sporting bodies	61,150	0	61,150
Public organisations	249,851	11,981	237,870
Housing selling scheme loans	5,519,976	1,581,737	3,938,239
	<u>5,830,977</u>	<u>1,593,718</u>	<u>4,237,259</u>
Less: Current Portion transferred to Current Receivables:-			259,654
Loans to employees			0
Sporting bodies			26,777
Public organisations			8,479
Housing selling scheme loans			224,399
Total Long-term Receivables			<u>3,977,605</u>
As at 30 June 2010	R	R	R
Loans to employees	0	0	0
Sporting bodies	87,869	8,554	79,315
Public organisations	263,849	16,975	246,874
Housing selling scheme loans	6,260,067	1,482,026	4,778,041
	<u>6,611,785</u>	<u>1,507,555</u>	<u>5,104,230</u>
Less: Current Portion transferred to Current Receivables:-			299,693
Sporting bodies			22,657
Public organisations			72,644
Housing selling scheme loans			204,392
Total Long-term Receivables			<u>4,804,537</u>

Sporting bodies

To encourage sporting bodies to contribute to the capital expenditure of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at prime rate less 2.5% per annum and are repayable over a maximum period of 20 years.

Public Organisations

Loans to public organisations are granted in terms of the national housing policy. The applicable interest rate and loan repayment periods are determined by the National Minister of Housing. At present these loans attract interest at 1%(buildings) and 11%(infrastructure) and are repayable over 30 years.

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the national housing policy. These loans attract interest, as determined by the National Minister of Housing, currently 13,5% per annum and are repayable over 20 years.

15.1 Reconciliation of the Provision for Impairment

Balance at beginning of year	1,507,555	3,769,337
Impairment Losses recognised	0	0
Impairment Losses reversed	86,163	(2,261,782)



Balance at end of year

1,593,718

1,507,555

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

16. ASSETS CLASSIFIED AS HELD-FOR- SALE

Other Assets held for sale

0

0

Total Assets classified as Held-for-Sale

0

0

17. INVENTORY

Consumable stores

4,892,209

4,435,588

Maintenance materials

32,139,613

25,391,171

Water

3,076,609

713,881

Spare parts for plant & Equipment

116,656

135,682

Plants held for resale

533,335

606,937

Total Inventory

40,758,422

31,283,259

The cost of Inventories recognised as an expense (see note 35) includes R18,849 in respect of write-downs of Inventory to Net Realisable Value.

No inventories were pledged as security for liabilities.

18. VAT

VAT Payable

(9,209,156)

(7,810,496)

VAT Receivable

47,976,940

38,511,927

Net VAT

Receivable

38,767,784

30,701,431

Nett VAT receivable. Only once payment is received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to the Vat Act. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

19. CONSUMER DEBTORS

As at 30 June 2011

Service debtors

Gross

Provision for

Net

Balances

Impairment

Balance

Rates

217,553,625

(111,250,452)

106,303,173

Trade: Electricity

30,363,179

(16,787,739)

13,575,441

Water

75,117,300

(13,868,934)

61,248,366

Waste

53,581,873

(38,434,201)

15,147,672

Management (solid waste)

37,494,498

(27,150,216)

10,344,282

Waste Water Management

20,996,775

(15,009,362)

5,987,413



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(sewerage and sanitation)			
Housing Rental Schemes	17,870,408	(13,741,363)	4,129,044
Housing Selling Schemes	2,747,126	(2,345,158)	401,968
Total	238,171,159	(127,336,973)	110,834,185

As at 30 June 2010	Gross Balances	Provision for Impairment	Net Balance
Service debtors	227,874,512	(133,463,361)	94,411,151
Rates	31,528,843	(19,053,954)	12,474,889
Trade:			
Electricity	59,135,183	(10,925,756)	48,209,427
Water	60,056,283	(45,544,228)	14,512,055
Waste Management (solid waste)	49,300,720	(37,298,873)	12,001,847
Waste Water Management (sewerage and sanitation)	27,853,483	(20,640,551)	7,212,931
Housing Rental Schemes	26,400,963	(21,429,995)	4,970,969
Housing Selling Schemes	4,878,539	(4,096,598)	781,941
Total	259,154,014	(158,989,953)	100,164,061

The average credit period for Consumer Debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter penalties of 10% and interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors.

The average age of these receivables is 105 days (2010: 125 days).

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

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

As at 30 June 2011	Analysis of Consumer Debtors Age in Days					
	Total R	Current R	31 - 60 R	-	61 - 90 R	91 - 120+ R
Rates	30,363,179	9,473,893	1,722,796	-	1,137,003	18,029,487
Electricity	75,117,300	64,998,607	1,587,690	-	723,498	7,807,505
Water	53,581,874	12,419,574	1,952,407	-	1,962,524	37,247,370
Waste Management (solid waste)	37,494,498	4,511,721	1,993,613	-	1,719,487	29,269,677
Waste Water Management (sewerage and sanitation)	20,996,775	2,956,162	1,003,824	-	829,670	16,207,119
Housing Rental Schemes	17,870,408	1,187,217	967,818	-	945,567	14,769,805
Housing Selling Schemes	2,750,126	61,562	41,785	-	38,399	2,608,381
Total	238,174,160	95,608,735	9,269,933	-	7,356,147	125,939,344

**Analysis
of
Consumer
Debtors
Age in
Days**

As at 30 June 2010	Total R	Current R	31 - 60 R	61 - 90 R	91 - 120+ R
Rates	31,528,843	8,824,954	2,159,290	1,303,285	19,241,313
Electricity	59,135,183	49,064,830	1,336,860	774,531	7,958,962
Water	60,056,283	12,516,376	1,722,262	1,669,236	44,148,410
Waste Management (solid waste)	49,300,720	4,032,231	1,888,295	1,635,483	41,744,711
Waste Water Management (sewerage and sanitation)	27,853,483	2,820,871	992,290	822,343	23,217,978
Housing Rental Schemes	26,400,963	1,024,535	915,974	858,215	23,602,239
Housing Selling Schemes	4,878,539	114,694	101,003	87,268	4,575,575
Total	259,154,014	78,398,491	9,115,973	7,150,362	164,489,188

**Reconciliation of Impairment
provision**

	2011 R	2010 R
Balance at beginning of the year	144,939,674	139,599,388
Contributions to provisions	(29,203,385)	5,340,286
Transfers to/(from) provisions	0	0
Balance at 30 June	115,736,289	144,939,674

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

Included in the Allowance for Doubtful Debts are individually impaired Consumer Debtors with a balance of R1,781,892 (2010: R1,490,668) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these Consumer Debtors and the present value of the expected liquidation proceeds. The municipality holds no collateral over these balances .

20. OTHER DEBTORS

Sundries	7,231,552	8,758,158
Sporting bodies	81,305	122,532
Grants & Subsidies	3,385,430	10,617,467
Recoverable Loans	120,483	108,709
Payments in advance	6,078,799	5,178,996
Fruitless and wasteful expenditure	126,665	129,319
Less : Provision for Impairment	(5,228,283)	(7,314,101)
Total Other Debtors	11,795,952	17,601,080

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.



The claims instituted against the municipality's insurance company are supported by valid insurance claims which are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for Other Debtors is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Other Debtors.

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

The fair value of Other Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

Reconciliation of Impairment provision

Balance at beginning of the year	7,314,101	3,802,582
Transfers to/(from) provisions	(2,727,888)	2,613,296
Balance at 30 June	4,586,213	6,415,878

The impairment provision was calculated after individually assessing other debtors and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on other debtors exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

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

21 CASH AND CASH EQUIVALENTS (BANK AND CASH)

The Municipality has the following bank accounts: -

Primary Account	14-9812-1861	16,403,674	34,999,009
Secondary Account	14-9812-1853	0	0
Traffic Fines Bank account	620-715-265-14	3,781	130,256
-	-	16,407,455	35,129,265

All accounts are with Nedbank except the traffic fines account which is with First National Bank. All account balances are cleared on a daily basis to the main account. The municipality have an overdraft facility of R5 million with Nedbank but did not utilised it for this financial year.

Bank statement balance at beginning of year	35,129,265	35,614,400
Bank statement balance at end of year	16,407,455	35,129,265



Cash book balance at beginning of year	<u>27,287,301</u>	<u>20,835,219</u>
Petty Cash / Float	13,900	11,900
Cash at bank	16,407,455	35,129,265
Cashbook overdrawn	<u>(6,261,030)</u>	<u>(7,841,965)</u>
Cash book balance at end of year	<u>10,146,425</u>	<u>27,287,301</u>
Short term Investment deposits.	<u>156,074,889</u>	<u>163,301,780</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>166,235,214</u>	<u>190,600,981</u>

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments less than 12 months.

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

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

22 PROPERTY RATES

Actual	-	-	-		
Residential				108,366,109	100,999,019
Agricultural				32,127,458	29,645,987
Commercial				40,672,925	39,753,154
State				15,820,224	14,292,306
Less : Income forgone				<u>(40,754,374)</u>	<u>(37,675,289)</u>
Total Property Rates				<u>156,232,341</u>	<u>147,015,178</u>
Valuations as at July 2009	-	-	-		
Residential				20,936,439,935	20,794,048,291
Agricultural				6,314,444,101	6,263,696,301
Commercial				4,755,693,699	4,697,991,699
State				<u>1,256,341,957</u>	<u>1,196,587,007</u>
Total Property Valuations				<u>33,262,919,692</u>	<u>32,952,323,298</u>

General Valuations on land and buildings are performed every four years. The last general valuation came into effect on **1 July 2009**. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A uniform rate for the same class and type of property was applied with the implementation of the property rates act. A rate on different categories was applied to property valuations to determine assessment rates. Rebates of 50% are applied to pensioners. A discount of 20% was granted to the state institutions.

Rates are levied monthly on property owners and are payable the 7th of each month for monthly rate payers of Paarl and the 15th for Wellington and other areas and 30th September for annual payers. Interest is levied at the prime rate on outstanding rates amounts.



23 SERVICE CHARGES

Sale of Electricity	524,270,098	431,620,274
Sale of Water	95,116,001	88,310,199
Waste Management (solid waste)	61,760,547	56,467,323
Waste Water Management (sewerage and sanitation)	44,221,345	42,044,793
Other	21,248	19,860
	725,389,239	618,462,449
Less: Income forgone	(58,421,650)	(52,436,015)
Total Service Charges	666,967,589	566,026,434

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

24. RENTAL OF FACILITIES AND EQUIPMENT

Operating Lease Rental Revenue:		
- Investment Property	198,131	123,775
- Other Rental Revenue	17,000,356	15,858,334
Total Rentals	17,198,487	15,982,109

INTEREST AND DIVIDENDS EARNED

25.

Interest - external investments	9,163,180	11,622,718
Dividends - stock	15,120	15,120
Interest - outstanding debtors	6,380,589	7,120,608
Total Interest Receivable	15,558,888	18,758,446

26. GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	67,589,453	52,658,092
Provincial Government : Health	0	0
Other	12,296,435	20,037,575
Operational grants	79,885,888	72,695,667
Conditional grants	53,564,172	80,850,110
MIG/SMIF/RBIG Grants	29,107,956	20,976,523
National Government : Budget Reform Programme	1,894,056	1,282,124
Provincial Government : Highway claims	0	0
Provincial Government : Housing	20,134,971	56,843,239
Provincial Government : Other projects	2,427,190	1,748,225
Total Government Grant and Subsidies	133,450,060	153,545,777

26.1 Equitable Share

Balance unspent at beginning of	(14,394,943)	(22,467,156)
---------------------------------	--------------	--------------



year

Current year receipts	(59,707,000)	(44,585,879)
Conditions met - transferred to revenue	<u>67,589,453</u>	<u>52,658,092</u>
Conditions still to be met - transferred to liabilities (refer note 10)	<u>(6,512,490)</u>	<u>(14,394,943)</u>

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy equal to the basic charges for Electricity, Refuse Removal, Sewerage and Water Services, which subsidy is adjusted as tariffs increase. All residential households receive 10 kl water free every month. Indigent households receive 100 kWh and unemployed 150kWh electricity free every month .

26.2 MIG/SMIF Grants

Balance unspent at beginning of year	(563,233)	(755)
Current year receipts	(32,300,420)	(21,539,000)
Conditions met - transferred to revenue	29,107,956	20,976,523
Amount due in respect of MIG debtor	562,477	0
Conditions still to be met - transferred to liabilities (refer note 10)	<u>(3,193,220)</u>	<u>(563,233)</u>

This grant was used to construct infrastructure assets for the Municipality. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.3 National Government : Budget Reform Programme

Balance unspent at beginning of year	(1,028,739)	(1,476,383)
Current year receipts	(1,035,048)	(834,480)
Conditions met - transferred to revenue	<u>1,894,056</u>	<u>1,282,124</u>
Conditions still to be met - transferred to liabilities (refer note 10)	<u>(169,731)</u>	<u>(1,028,739)</u>

This grant received from National Government are for operational and capital expenditure projects related to budget reform and implementation of the MFMA . Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.4 Provincial Health Subsidies

Balance unspent at beginning of year	0	0
Current year receipts - included in health vote	0	0
Conditions met - transferred to revenue	<u>0</u>	<u>0</u>
Conditions still to be met - transferred to liabilities (refer note 10)	<u>0</u>	<u>0</u>

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 56% until 31 March 2005, and 100% as from 01 April 2005 of total expenditure incurred. This grant has been used exclusively to fund clinic services and Sonstraal Hospital. The conditions of the grant have been met. There was no delay or withholding of the subsidy.

26.5 Provincial Government :

Highway claims

Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions still to be met - transferred to liabilities (refer note 10)	<u>0</u>	<u>0</u>

The Municipality received various grants from PAWC for operational projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.6 Provincial Government :

Housing

Balance unspent at beginning of year	(3,254,424)	(4,853,793)
Current year receipts	(25,859,319)	(55,243,870)
Conditions met - transferred to revenue	20,134,971	56,843,239
Conditions still to be met - transferred to liabilities (refer note 10)	<u>(8,978,771)</u>	<u>(3,254,424)</u>

These grants received from Provincial Government are for the construction of houses . Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.7 Provincial Government :

Other projects

Balance unspent at beginning of year	(1,807,882)	(1,583,670)
Current year receipts	(2,391,529)	(1,972,437)
Conditions met - transferred to revenue	2,427,190	1,748,225
Conditions still to be met - transferred to liabilities (refer note 10)	<u>(1,772,222)</u>	<u>(1,807,882)</u>

These grants received from Provincial Government are for operational and capital expenditure such as , restructuring and other. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.8 Other institutions

Balance unspent at beginning of year	(13,520,350)	(23,445,390)
Current year receipts	(7,455,961)	(11,469,488)
Conditions met - transferred to revenue	12,296,435	20,037,575
Reimbursement of guarantees and levy's	1,088,733	1,356,953
Conditions still to be met - transferred to liabilities (refer note 10)	<u>(7,591,143)</u>	<u>(13,520,350)</u>

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

27 OTHER INCOME

CAMPING COUPONS	476,174	341,647
CAMPING FEES	440,278	336,186
FAIR VALUE IN RESPECT OF INVESTMENT PROPERTY	0	1,216,000
ELECTRICITY : NEW CONNECTION FEES	2,801,312	2,359,114
ENTRANCE FEES	983,455	794,662



GARDEN REFUSE REMOVAL	1,019,473	15,491
LEGAL COSTS RECOVERED	252,783	(2,353)
SUNDRY INCOME	3,080,635	2,422,665
WATER : NEW CONNECTION FEES	451,150	643,211
WATER : BASIC CHARGE	1,876,726	1,744,591
OTHER	7,226,785	7,132,936
	18,608,771	17,004,151

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 23 to 24, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

28. EMPLOYEE RELATED COSTS

Salaries and Wages	208,414,159	184,736,498
Social contributions - UIF, pensions and medical aid etc.	51,930,863	40,104,056
Travel, motor car, accommodation, subsistence and other allowances	11,461,726	10,136,934
Housing benefits and allowances	2,011,109	2,386,207
Overtime payments	15,343,302	14,583,170
Performance bonus	555,595	634,740
Long-service awards	1,755,001	2,383,920
Defined Benefit Plan Expense:	14,401,065	15,768,519
Current Service Cost	4,060,005	5,801,481
Loss on actuarial valuations	459,010	1,218,127
(Gains) on actuarial valuations	(247,003)	(199,858)
Over / (Under) provisions on contributions	77,888	(182,556)
Interest Cost	10,051,165	9,131,325
	305,872,820	270,734,044
Expenditure Recharged	(1,879,981)	(4,019,453)
Recharged to repairs and maintenance	0	0
Recharged to capital projects	(1,879,981)	(4,019,453)
	303,992,839	266,714,590

Total Employee Related Costs

No advances were made to employees.

Remuneration of Executives	Total	Annual Salary	Performance Bonus	Acting Allowance	Car Allowance	Social Contribution
	R	R	R	R	R	R
2011						
Municipal Manager	1,253,454	819,157	106,110	0	120,000	208,188
Executive Director : Finance	1,042,237	756,802	87,602	7,409	132,000	58,424
Executive Director : Social & Community Services	1,056,528	764,144	87,602	21,700	146,700	36,382
Executive Director : Corporate Governance	1,032,384	793,221	71,126	0	132,978	35,058
Executive Director : Strategic Services	1,032,410	813,491	71,122	0	133,008	14,789
Executive Director : Infrastructure & Planning	1,121,210	813,729	87,602	0	132,000	87,880
	6,538,224	4,760,544	511,164	29,108	796,686	440,721



	Total	Annual	Performance	Acting	Car	Social
	R	Salary	Bonus	Allowance	Allowance	Contribution
	R	R	R	R	R	R
2010						
Municipal Manager	1,243,072	751,830	181,976	0	120,000	189,265
Executive Director : Finance	955,257	695,165	79,236	0	132,000	48,856
Executive Director : Social & Community Services	955,257	696,957	79,236	0	146,700	32,364
Executive Director : Corporate Governance	962,957	723,020	80,412	0	132,978	26,546
Executive Director : Strategic Services	969,438	736,563	80,412	0	133,008	19,454
Executive Director : Infrastructure & Planning	1,006,220	742,523	79,236	0	132,000	52,460
	6,092,199	4,346,058	580,509	0	796,686	368,946

Remuneration of Councillors

Executive Mayor	607,709	593,375
Deputy Executive Mayor	489,254	478,120
Speaker	488,582	478,120
Whip	460,095	449,306
Councillors	9,213,537	8,789,652
Executive Mayor committee members	4,158,034	4,070,432
Total Councillors Remuneration	15,417,212	14,859,005

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, and Mayoral Committee members are employed full-time. Each is provided with an office, administrative and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council owned vehicles for ceremonial and official functions.

Executive Committee Councillors are provided with work stations which are appropriately equipped.

Certification by the Municipal Manager:

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

Signed: Municipal Manager



29 BAD DEBTS

Bad Debts

Contribution to Impairment Provision	26,299,415	17,994,030
Contribution from Impairment provision	(59,952,050)	0
Contribution to housing development fund	134,137	130,410
Bad debts written-off	60,059,161	0
	<u>26,540,663</u>	<u>18,124,440</u>

30 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	126,798,561	117,514,552
Amortisation: Intangible Assets	1,455,325	0
	<u>128,253,886</u>	<u>117,514,552</u>

31. IMPAIRMENT LOSSES

31.1 Impairment Losses on Fixed Assets

Impairment Losses Recognised:

Property, Plant and Equipment	0	0
Investment Property	0	0
	<u>0</u>	<u>0</u>

Total Impairment Losses

32 INTEREST PAID

Long-term liabilities	28,071,818	21,566,336
Finance leases	41,480	71,816
Total Interest on External Borrowings	<u>28,113,298</u>	<u>21,638,152</u>

The weighted average capitalisation rate on funds borrowed generally is 11.19% per annum (2010 12.67% per annum).

33. BULK PURCHASES

Electricity	317,410,262	249,317,320
Water	16,311,236	14,716,221
Total Bulk Purchases	<u>333,721,498</u>	<u>264,033,541</u>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from the City of Cape Town



34. GRANTS AND SUBSIDIES PAID

Donation: Animal protection - SPCA	103,662	96,430
Donation: Awards granted during the year	101,772	94,008
Donation: Paarl Musuem	37,562	34,942
Donation: R.D.P (Drakenstein)	242,014	227,945
Donation: Safmarine Centre	87,808	81,682
Donation: Wellington Musuem Association	45,530	42,354
	618,348	577,361

Animal Protection - SPCA

Donations were made to the SPCA for animals that were brought to the shelter by the municipality

Awards granted during the year

The Mayor gives out donations to certain institutions on fundraising occasions depending on the needs of the institution.

Paarl Museum

Donations were made to the Paarl Museum for the preservation and exhibition of historic items.

RDP - Drakenstein

Donations were made to the RDP Drakenstein for community development and social upliftment related projects.

Safmarine Centre

Donations were made to the Safmarine Centre to support the current systems for the upliftment of the community by skills development and other training.

Wellington Museum association

Donations were made to the Wellington Museum for the preservation and exhibition of historic items.

35. GENERAL EXPENSES

NATION BUILDING	289,739	682,537
PUBLIC PARTICIPATION	629,005	371,139
AUDIT COMMITTEE	468,611	54,698
AUDIT FEES	3,400,972	2,961,555
BANK CHARGES	2,377,630	1,735,144
CLEANING TOILET ETC.	1,030,897	868,739
CONSULTANCY FEES	418,998	212,232
DEMOLITION OF STRUCTURES	94,320	377,170
ENTERTAINMENT EXPENSES	540,680	390,663
HIRE : EQUIPMENT	1,077,406	777,644
HIRE : VEHICLES AND EQUIPMENT	9,460,793	8,660,583
HOUSING SCHEMES : INT & REDEMPTION	1,348,746	1,126,987
HOUSING SCHEMES : REFUSE	2,962,364	2,779,897
HOUSING SCHEMES : WATER INSURANCE : VEHICLES SMALL PLANT	3,755,546	4,018,533
MARKETING OF DRAKENSTEIN	553,104	717,644
MEMBERSHIP FEES	587,408	123,776
PETROL AND DIESEL	1,642,515	2,422,206
PLANTS SEEDS AND BULBS	8,962,046	7,398,195
PRINTING AND STATIONERY	96,235	266,595
PRE-PAID VENDING SYSTEM	3,223,970	2,670,178
PROFFESIONAL & LICENCE FEES - VENUS	2,195,815	1,479,215
REFUSE BAGS	1,165,485	503,175
	612,748	406,151



REFUSE BINS	323,685	168,750
RESEARCH PROJECTS	26,812	239,392
SPECIAL CONNECTIONS	2,182,486	3,725,660
STANDARD CONNECTIONS	1,381,853	1,954,959
TELEPHONE COMMUNICATION	6,950,225	6,026,189
TRAINING	2,137,299	1,984,234
TRAINING LEVY	2,423,633	2,165,984
TYRES	1,725,157	1,320,783
UNIFORMS AND CLOTHING	2,041,531	2,206,796
VALUATION EXPENSES	374,933	710,108
X-RAYS	239,401	62,972
B1(4a) - HOUSEHOLD REFUSE		
RECYCLING	713,710	0
B1(4c) - SOLD WASTE MANAGEMENT		
EDUCATION	0	683,709
B4(1) - TOURISM DEVELOPMENT	104,297	995,506
RURAL DEVELOPMENT		
STRATEGY	176,013	388,935
B4(2) - DEVELOP TOURIST		
DESTINATIONS	487,282	37,829
B5(1) - MARKET DRAKENSTEIN	421,358	136,611
B5(2) - QUARTERLY SMME		
EXHIBITIONS	253,380	55,707
SOCCER WORLD CUP 2010	0	2,883,780
C2(1) - NEIGHBOURHOOD BEAUTIFICATION & GARDENS	737,396	249,685
C4(1) - ELECTR CONN - FARM WORKER		
HOUSES	0	151,924
BURSARIES EXTERNAL- MAYOR	192,152	0
ABLUTION FACILITIES FOR		
FARMWORKERS	254,000	0
CUSTOMER SATISFACTION		
SURVEY	211,949	0
WSDP/WSDP AUDIT REPORTS		
ETC.	750,000	0
CLEAN AND GREEN	500,000	0
FOOD PARCELS	268,733	0
CONDITIONAL GRANT		
EXPENDITURE	25,451,312	60,512,775
CONTRIBUTION TO LEAVE		
RESERVE	1,280,184	4,637,095
PROVISION LAND FILL SITES	1,762,750	1,602,500
CLEANSING PROJECT	2,773,938	2,492,359
OTHER EXPENDITURE	40,792,999	40,046,360
	143,833,500	176,445,255

The cost of Inventories recognised as an expense includes R18,849 (2010: R 79,605) in respect of write downs of Inventory to Net Realisable Value.

36 CASH GENERATED BY OPERATIONS

Surplus/(Deficit) for the year	(24,451,518)	(3,007,899)
Adjustment for :-	181,666,269	146,929,165
- Depreciation and amortisation	128,253,886	117,514,552
- Provision Leave	1,280,184	18,124,440



- Provision Landfill	1,762,750	0
- Receipts in advance	(1,359,525)	0
- Contribution to bad debt provision	26,540,663	0
- Contribution to Capital replacement reserve	0	1,025,475
- (Gain)/Losses on disposal of property, plant and equipment	136,654	249,263
- Investment income	(9,163,180)	(11,622,718)
- Interest paid	28,113,298	21,638,152
Operating surplus before working capital changes:	157,214,751	143,921,266
(Increase)/Decrease in inventories	(9,475,163)	1,912,413
(Increase)/Decrease in debtors	(10,670,128)	0
Decrease (Increase) in other debtors	5,805,127	(9,077,802)
Decrease (Increase) in Post retirement benefits	(8,045,002)	3,071,909
(Decrease)/Increase in unspent conditional grants and receipts	(6,351,994)	(19,257,576)
Increase (Decrease) in creditors	32,840,234	52,277,681
Decrease/(Increase) in VAT(net)	(8,066,353)	(5,457,667)
Cash generated by operations	153,251,473	167,390,225

37 DISCONTINUED OPERATIONS

37.1 Health Services discontinued

Statement of Financial Performance at date of discontinuation

Revenue	0	0
Less: Expenditure	0	0
	0	0
Inter-departmental charges	0	0
Deficit for the Year	0	0

Statement of Financial Position at date of discontinuation

NET ASSETS AND LIABILITIES

Net Assets	0	0
Accumulated deficit	0	0
Deficit for the year	0	0
Current Liabilities	0	0
Creditors	0	0
Advances DM	0	0
Total Net Assets and Liabilities	0	0

ASSETS

Non-current Assets	1,447,895	1,447,895
Property, Plant and Equipment	4,000,273	4,000,273
Less: Accumulated depreciation	(2,552,379)	(2,552,379)
Current Assets	0	0
Debtors	0	0
Less: Provision for impairment	0	0
Total Assets	1,447,895	1,447,895



Cash flow Statement at date of discontinuation

Cash flow from operating activities

Cash receipts	0	0
Cash paid	0	0
Cash utilised in operations	<u>0</u>	<u>0</u>

Cash flow from Financing Activities

Increase in advance DM	0	0
Net decrease in cash and cash equivalents	<u>0</u>	<u>0</u>

38 RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel and Councilors

Compensation made to Key Management Personnel and Councilors is disclosed in note 28 above.

Consumer services rendered to Key Management Personnel amount to R 112, 379

Outstanding balances on Key Management Personnel's consumer accounts at 30 June 2011 (Current Accounts) amount to R 10,689 (2010: R 5,471)

Consumer services rendered to Councilors amount to R 747,345

Outstanding balances on Councilors' consumer accounts at 30 June 2011 amount to R 97,177

The consumer services are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Key Management Personnel and Councilors. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Not all persons in the service of the state is seen as related parties as defined in IAS 24, as they do not necessarily control or have an interest that gives them significant influence over the municipality. For disclosure purposes however, awards to close family members of persons in the service of the State are provided below:

Awards to close family members of persons in the service of the State					2011	2010
Supplier Name	Staff Number	Employee Name	Relationship	Department		
D UREN VIBRACRETE	59246	AA Uren	Child	Finance	907,161	263,400
INTER MEDIA PRINTERS	52665	A Brink	Spouse	Finance	477,369	264,798
SIPHAKAME SKILLS DEVELOPMENT CC	52114	N Vacu	Spouse	Strategic Service	180,000	122,180
LA HOME APPLIANCES	60666	L De Roubaix	Spouse	Social Services	0	585
PRINCE NDABUKO CREATIVE SOLUTIONS	58288	Dr ST Kabanyane	Spouse	Municipal Manager	0	25,000
INHLE CLEANERS		L Buziek			0	106,265
					<u>1,564,530</u>	<u>782,228</u>



39 RESTATEMENT OF PRIOR YEAR FIGURES AND ERRORS

The following restatements and errors occurred which are set out below:

	Previously reported 2010 R	Amount of change R	Restated 2010 R
1) Adjustment of opening balances			
Reconciliation of adjustments due to changes in accounting policies and errors			
Statement of financial Performance			
Salaries	234,111,977	32,602,614	266,714,591
Repairs and Maintenance	<u>83,251,335</u>	<u>32,602,614</u>	<u>50,648,721</u>
	<u>317,363,312</u>	<u>65,205,228</u>	<u>317,363,312</u>
Prior year correction due to implementation of GRAP 1 on Labour Charges			
2) Adjustment to Assets due to new valuation			
Reconciliation of adjustments due to changes in accounting policies and errors			
Statement of financial Performance			
Depreciation and Amortisation	<u>119,009,862</u>	1,359,105	<u>117,650,757</u>
	<u>119,009,862</u>	<u>1,359,105</u>	<u>117,650,757</u>
Statement of Financial Position			
Revaluation Reserve	440,064,509	264,693,486	704,757,995
Accumulated Depreciation	<u>(4,342,819)</u>	1,495,310	<u>(2,847,509)</u>
	<u>435,721,691</u>	<u>266,188,796</u>	<u>701,910,486</u>
Prior year correction due to revaluation of land and buildings			
3) Adjustment of impairment provision			
Reconciliation of adjustments due to changes in accounting policies and errors			
Statement of financial Performance			
Working Capital	<u>20,974,458</u>	14,948,501	<u>6,025,957</u>
	<u>20,974,458</u>	<u>14,948,501</u>	<u>6,025,957</u>
Prior year correction due to implementation of GRAP 1 on Labour Charges.			

40 FINANCING FACILITIES

Unsecured Bank overdraft .

- Amount used	0	0
- Amount unused	5,000,000	5,000,000

5,000,000	5,000,000
------------------	------------------

41 OPERATING LEASE COMMITMENTS

The Municipality as Lessee

Future minimum lease payments under non-cancellable operating leases:

Buildings

Payable within one year

Payable within two to five years

773,725

773,725

0

992,436

992,436

0

Equipment

Payable within one year

Payable within two to five years

1,959,300

1,113,194

846,106

1,043,546

457,092

586,454

2,733,025

2,035,982

In terms of the additional guidance from AC 105 (leases), escalations in operating leases are no longer recognised in the periods they actually incurred, but are now charged in the statement of financial performance on a straight-line basis over the term of the lease.

Leased premises are contracted for a period of 3 years.

The Municipality has significant current lease arrangements for photocopy and fax machines over a period of 3 - 5 years without being subject to escalation.

The Municipality as Lessor

At Statement of Financial Performance date the Municipality has contracted with tenants for the following future minimum lease payments.

Payable within one year

Payable within two to five years

198,131

319,092

517,223

123,775

199,340

323,115

The Municipality lets its investment properties under operating leases. Property rental income earned during the year was R 198,131. The properties are maintained by the tenants at their cost. No investment properties have been disposed of since the statement of financial performance date. Properties are leased for periods ranging from 3 to 25 years. Escalations on lease installments are applied on recommendation of an independent valuator and does not exceed 10% pa.

No restrictions have been imposed on the municipality in terms of the operating lease agreements.

42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities raised (see Note 5)

Used to finance property, plant and equipment at cost

Cash set aside for the repayment of long-term liabilities - refer note 21 and 5

Cash invested for repayment of long-term liabilities

334,217,224

(384,129,896)

62,253,240

12,340,567

251,293,373

(297,821,335)

57,258,675

10,730,713

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act.

Sufficient cash has been set aside to ensure that long - term liabilities can be repaid on redemption date.

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE DISALLOWED

43.1 Unauthorised Expenditure

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

43.2 FRUITLES AND WASTEFUL EXPENDITURE

Opening Balance	338,096	335,247
Fruitless expenditure current year	95,943	2,849
Payments received during the year	(2,654)	0
Approved by council	0	0
Closing Balance	431,385	338,096

Incident	Date	Disciplinary steps/criminal proceedings		
Theft of money from cash bag	13/01/2007 - 12/02/2007	Disciplinary hearing 07/05/2007. Person dismissed	1,657	1,657
Theft of safety boots from stores	21/09/2005	Disciplinary hearing. Person dismissed. Attorneys to recover money. Debtor raised	107,331	107,331
Fraud, corruption and theft at mechanical workshop	2005 - 2007	Disciplinary action. Personnel dismissed. Some money recovered. Awaiting final closure	0	0
Theft of cash at Gouda cash office	18/02/2008	Disciplinary action. Person not guilty.	4,834	4,834
Payment to service provider, payment into wrong bank.	19/08/2008	Council attorneys busy to recover money.	17,677	20,331
Purchasing of laptops by ex CFO	2004	Condonement from council awaited	180,419	180,419
Purchasing of curtains for deputy mayor office	2007	Condonement from council awaited	20,675	20,675
Theft of money	10/1/2010	Person dismissed. Money not to be recovered	349	349
Theft of Cable	05 February 2010	Not guilty. Witness not willing to testify.	2,500	2,500
Interest paid to JJ Specks i.r.o a electricy meter that was swapped	21 October 2004 till 20 February 2011	To be put before council for condonement.	5,000	0
Travelling costs paid to boland Travel for an India trip that did not take place.	17-Nov-10	To be put before council for condonement.	59,773	0
Loudhailing equipment that was hired and never returned.	11-Nov-10	To be put before council for condonement.	29,500	0
Travelling claims overpaid to the Chairperson of the Performance Audit Committee.	15 February till March 2011	To be put before council for condonement.	1,670	0
			431,385	338,096

43.3 IRREGULAR EXPENDITURE

Opening Balance	1,119,921	0
Irregular expenditure current year	2,152,722	2,200,440
Payments received during the year	0	0
Approved by council	0	0
Closing Balance	3,272,643	2,200,440

Incident	Date	Disciplinary steps/criminal proceedings		
Cell phone allowances in addition to telephone allowances paid to councillors.	2005	Awaiting opinion from MEC of local government. Provincial treasury assisting council.	0	0
Approved deviation in respect Youth Day expenditure . No formal bidding	30/06/2010	To be put before council for condonement. Deviation already reported to council.	463,966	463,966
Infrastructure & Planning Directorate had a strategic planning session at the farm . Procurement of goods and services (between R2,000.00 and R10,000.00) - Not 3 quotes	30/06/2010	To be put before council for condonement.	4,772	4,772
SCM requested more than 3 quotes from prospective service providers on each instance. At the closing date of request less than 3 quotations was received Procurement of goods and services (between R10,000.00 and R200,000.00) - Not 3 formal written quotes	30/06/2010	To be put before council for condonement.	86,285	86,285
No advertisement on website to invite price quotations (above R30,000.00). Community development projects	30/06/2010	To be put before council for condonement.	311,870	311,870
Procurement of awards to state employees. The director of company was a teacher and did not declare on tender	30/06/2010	To be put before council for condonement.	108,159	108,159
Procurement in contravention of the PPPFA	30/06/2010	To be put before council for condonement.	144,869	144,869
Advertising costs paid without the SCM processes.	Jan_2011	Registered in the Irregular Expenditure Book. Reported to the Accounting officer.	24,624	0
Officials in service of the state		To be put before council for condonement.	124,070	0
Officials in service of the state		To be put before council for condonement.	3,991	0
Officials in service of the state		To be put before council for condonement.	10,000	0
Officials in service of the state		To be put before council for condonement.	5,805	0
Officials in service of the state		To be put before council for condonement.	2,000	0
Three quotations was not obtained		To be put before council for condonement.	25,784	0
Three quotations was not obtained		To be put before council for condonement.	26,620	0
No Tender process		To be put before council for condonement.	931,973	1,080,519
2009 Confederation Cup Flags		To be put before council for condonement.	320,115	0
2010 World Cup Flags		To be put before council for condonement.	677,741	0
			<u>3,272,643</u>	<u>2,200,440</u>

43.4 DISTRIBUTION LOSSES

WATER

Reconciliation of water losses

Kiloliters bought	17,618,352	17,105,595
Kiloliters sold	15,607,871	14,975,675
Kiloliters Lost	<u>2,010,481</u>	<u>2,129,920</u>
Value of losses	<u>1,861,112</u>	<u>1,871,561</u>
Percentage of losses	11.41%	12.45%



Norm of losses 15.00% 15.00%

Reasons for losses:

Burst pipes

Use of unmetered fire water connections at flat buildings and factories.

Open spaces & sports fields that is still unmetered

Undetected leaks underground

Scouring of mainlines and reservoirs as part of the operational procedure to ensure good water quality

ELECTRICITY

Reconciliation of MWh losses

MWh units bought	745,089,039	727,772,737
MWh units sold	680,046,504	655,888,390
MWh units lost	65,042,535	71,884,347
Value of losses	27,709,916	20,344,293
Percentage of losses	8.73%	9.88%
Norm of losses	10.00%	10.00%

Reasons for losses:

Technical losses

Unmetered services

Theft

44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

44.1 Contributions to SALGA

Opening balance	0	0
Council subscriptions	1,619,742	2,106,554
Amount paid - current year	(1,619,742)	(2,106,554)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

44.2 Audit fees

Opening balance	0	0
Current year audit fee	3,400,972	2,961,555
Amount paid - current year	(3,400,972)	(2,961,555)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

44.3 VAT

VAT output payables and VAT input receivables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.



44.4 PAYE

	-	-	-	-	-
Opening balance				0	0
Current year payroll deductions				28,317,370	24,678,443
Amount paid - current year				(28,317,370)	(24,678,443)
Amount paid - previous years				0	0
Balance unpaid (included in creditors)				0	0

44.5 UIF

	-	-	-	-	-
Opening balance				0	0
Current year payroll deductions				3,813,156	3,488,325
Amount paid - current year				(3,813,156)	(3,488,325)
Amount paid - previous years				0	0
Balance unpaid (included in creditors)				0	0

44.6 Pension Deductions

	-	-	-	-	-
Opening balance				0	0
Current year payroll deductions and council contributions				47,837,084	35,276,286
Amount paid - current year				(47,837,084)	(35,276,286)
Amount paid - previous years				0	0
Balance unpaid (included in creditors)				0	0

44.7 Medical Aid Deductions

	-	-	-	-	-
Opening balance				0	0
Current year payroll deductions and council contributions				18,125,091	15,913,978
Amount paid - current year				(18,125,091)	(15,913,978)
Amount paid - previous years				0	0
Balance unpaid (included in creditors)				0	0

44.8 Councilors arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 September 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
SMIT	12,067	0	12,067
TSHAYA , MPELESE ALFRED	12,401	0	12,401
JOCHIMS, STEPHEN CHRISTOPHER	20,145	0	20,145
KIKA	2,595	0	2,595
ADRIAANSE	2,125	0	2,125
MBUBU	1,191	0	1,191
	50,525	0	50,525



The following Councilors had arrear accounts outstanding for more than 90 days as at 31 October 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
SMIT	12,086	0	12,086
TSHAYA , MPELESE ALFRED	12,548	0	12,548
JOCHIMS, STEPHEN CHRISTOPHER	18,508	0	18,508
KIKA	1,657	0	1,657
	44,799	0	44,799

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 November 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
SMIT	12,086	0	12,086
TSHAYA , MPELESE ALFRED	12,688	0	12,688
JOCHIMS, STEPHEN CHRISTOPHER	16,533	0	16,533
	41,307	0	41,307

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 December 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
FORD, JEFFERY HARRY	60	0	60
SMIT	12,126	0	12,126
TSHAYA , MPELESE ALFRED	11,004	0	11,004
JOCHIMS, STEPHEN CHRISTOPHER	12,594	0	12,594
	35,784	0	35,784

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 January 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
FORD, JEFFERY HARRY	200	0	200
SMIT	12,158	0	12,158
APPOLLIS	54	0	54
TSHAYA , MPELESE ALFRED	11,216	0	11,216
JOCHIMS, STEPHEN CHRISTOPHER	12,634	0	12,634
	36,262	0	36,262

The following Councilors had arrear accounts outstanding for more than 90 days as at 28 February 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
FORD, JEFFERY HARRY	341	0	341
SMIT	12,192	0	12,192
APPOLIS	12	0	12
TSHAYA , MPELESE ALFRED	1,907	0	1,907
JOCHIMS, STEPHEN CHRISTOPHER	10,614	0	10,614
	25,066	0	25,066

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 March 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
FORD, JEFFERY HARRY	517	0	517
SMIT	12,364	0	12,364
DU PLESSIS	276	0	276
JOCHIMS, STEPHEN CHRISTOPHER	10,685	0	10,685
	23,842	0	23,842

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 April 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
FORD, JEFFERY HARRY	517	0	517
SMIT	12,537	0	12,537
APPOLIS	149	0	149
JOCHIMS, STEPHEN CHRISTOPHER	10,745	0	10,745
	23,948	0	23,948

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 May 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
VISSER, JOHANNES JACOBUS	829	0	829
FORD, JEFFERY HARRY	1,005	0	1,005
JOCHIMS, STEPHEN CHRISTOPHER	10,806	0	10,806
	12,640	0	12,640

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 June 2011

30th June 2011	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
BLANCKENBERG , DERRICK SOLOMON	20,247	1,337	18,910
CUPIDO , FELIX PATRIC	4,144	1,167	2,977
MANGENA , TEMBEKILE CHRISTOPHER	8,641	326	8,316
MCHELM , JEROME CLIVE	2,511	682	1,829
MTIKI , NOMBUYISELO	6,877	465	6,412
PHILANDER , WENDY FELECIA	5,731	1,268	4,463
ROSS , CUPIDO SENIOR	3,275	1,478	1,797
SOMGQEZA , TANDIWE EVELINE	14,174	1,688	12,486
STOWMAN , AIDAN CHARLES	6,072	547	5,525
TSHAYA , MPELESE ALFRED	2,485	426	2,059
WITBOOI , GERALD JOHN	4,886	460	4,426
Total Councilor Arrear Consumer Accounts	79,044	9,845	69,199

30th June 2010	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
ADRIAANSE, MM	4,525	2,685	1,840
KIKA , Spasie	6,595	2,362	4,234
GOUWS, Eva	3,533	1,310	2,223
ROSS , Solomon	1,818	1,738	79
GAYIYA, Elizabeth	632	178	454
MBUBU, Victor	2,367	1,343	1,024
TSHAYA , Mpelese Alfred	15,549	4,128	11,420
JOCHIMS , Stephen Christopher	24,020	1,163	22,857
POOLE , Conrad James	1,448	1,071	376
THEO, Alec	1,129	208	921
SMIT , Johannes	12,067	112	11,955
LE HOE, Martinus	571	53	518
Total Councilor Arrear Consumer Accounts	74,255	16,353	57,902

Non Compliance to the following sections of chapters of the MFMA :

CHAPTER	SECTION	SUB - SECTION
7	52	(d)
	53	
8	54	(i)
	64	(3)
	66	
	69	(3)
	71	(i) to (v)
	72	(1) to (3)
	74	(1) to (2)
4	75	(1) to (2)
	17	(3)
	24	(c)
	31	
3	11	(4)
12	121	(1)
	125	(2)
	129	(1)
	131	(1)
	129	(1)
	131	

Deviation from, and ratification of minor breaches of, the

45 Procurement Processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

The majority of the items mentioned resulted from flood damage that had to be addressed at short notice and the response times did not allow for the complete procurement process to be followed. The balance of items was due to emergency circumstances and economic benefits for the municipality.

Order Class : Emergency	2,316,893	3,139,872
Order Class : Sole Suppliers	7,168,894	5,347,613
Order Class : Workshop repairs (Strip & Quote)	12,777,449	12,686,489
Order Class : Above R200,000 approved by MM	7,355,720	6,802,376

29,618,956	27,976,350
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46 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for	132,836,598	57,348,615
<i>Infrastructure</i>	120,597,306	23,525,575
<i>Community</i>	0	20,094,691
<i>Land & Buildings</i>	12,239,292	0
<i>Other</i>	0	0
<i>Housing</i>	0	13,728,349
<i>Investment Properties</i>	-	-
- Approved but not yet contracted for	545,360	25,242,680
<i>Land and buildings</i>	545,360	3,250,000
<i>Infrastructure</i>	0	12,100,000
<i>Community</i>	0	9,642,680
<i>Heritage</i>	0	0
<i>Housing Development</i>	0	0
<i>Other</i>	0	250,000
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-
Total	133,381,958	82,591,295
This expenditure will be financed from:		
- External Loans	38,456,048	4,450,000
- Capital Replacement Reserve	26,481,118	77,059,795
- Government Grants	68,444,791	1,081,500
- Other sources	0	0
	133,381,958	82,591,295

47 FINANCIAL INSTRUMENTS

47.1 Classification of Financial Instruments

FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows :

<u>Financial Assets</u>	<u>Classification</u>		
Investments			
Investment in Unlisted shares	Held to maturity	112,000	112,000
		-	-
Long-term Receivables			
Loans to employees	Loans and receivables	0	0
Sporting bodies	Loans and receivables	61,150	79,315
Public organisations	Loans and receivables	237,870	246,874
Housing selling scheme loans	Loans and receivables	3,938,239	4,778,041
		-	-
Consumer Debtors			
Service debtors	Loans and receivables	106,303,173	94,411,151
Housing Rental Schemes	Loans and receivables	4,129,044	4,970,969



Housing Selling Schemes	Loans and receivables	401,968	-	781,941
Other Debtors	Loans and receivables	11,795,952	-	17,601,080
			-	
Current Portion of Long-term Receivables			-	
Loans to employees	Loans and receivables	0	-	0
Sporting bodies	Loans and receivables	26,777	-	22,657
Public organisations	Loans and receivables	8,479	-	72,644
Housing selling scheme loans	Loans and receivables	224,399	-	204,392
			-	
VAT Receivable			-	
VAT Control Accounts	Loans and receivables	23,611,624	-	15,545,271
			-	
Cash and cash equivalents			-	
Bank and cash on hand	Available for sale	10,146,425	-	27,287,301
Other Cash Equivalents	Available for sale	156,074,889	-	163,301,780
			-	
SUMMARY OF FINANCIAL ASSETS			-	
			-	
Held to maturity:			-	
Investments	Listed Investments	112,000	-	112,000
		<u>112,000</u>	-	<u>112,000</u>
			-	
Loans and Receivables			-	
Long-term Receivables	Loans to employees	0	-	0
Long-term Receivables	Sporting bodies	61,150	-	79,315
Long-term Receivables	Public organisations	237,870	-	246,874
	Housing selling scheme loans	3,938,239	-	4,778,041
Long-term Receivables	Service debtors	106,303,173	-	94,411,151
Consumer Debtors	Housing Rental Schemes	4,129,044	-	4,970,969
Consumer Debtors	Housing Selling Schemes	401,968	-	781,941
Consumer Debtors	Other Debtors	11,795,952	-	17,601,080
Other Debtors			-	
Current Portion of Long-term Receivables	Loans to employees	0	-	0
Current Portion of Long-term Receivables	Sporting bodies	26,777	-	22,657
Current Portion of Long-term Receivables	Public organisations	8,479	-	72,644
Current Portion of Long-term Receivables	Housing selling scheme loans	224,399	-	204,392
VAT Receivable	VAT Control Accounts	23,611,624	-	15,545,271
		<u>150,738,675</u>	-	<u>138,714,335</u>
			-	
Available for Sale:			-	
Bank Balances and Cash	Bank Balances	10,146,425	-	27,287,301
Bank Balances and Cash	Short term investment deposits	156,074,889	-	163,301,780
		<u>166,221,314</u>	-	<u>190,589,081</u>
			-	
Total Financial Assets		<u>317,071,989</u>	-	<u>329,415,416</u>

No Loans and Receivables are designated as at Fair Value Through Profit or Loss.

FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	Not valued at FVTPL	334,133,282	250,991,447
Consumer Deposits			
Electricity and Water	Not valued at FVTPL	19,562,941	18,192,133
Creditors			
Trade creditors	Not valued at FVTPL	134,454,495	104,162,561
Staff Leave	Not valued at FVTPL	16,515,471	16,529,559
Payments received in advance	Not valued at FVTPL	12,736,705	8,685,933
Other creditors	Not valued at FVTPL	51,325,281	43,669,191
Unspent Conditional Grants and Receipts			
Conditional Grants from other spheres of Government	Not valued at FVTPL	26,363,592	32,429,450
Other Conditional Receipts	Not valued at FVTPL	1,853,986	2,140,121
Bank Overdraft			
Bank Overdraft	Not valued at FVTPL	0	0
Current Portion of Long-term Liabilities			
Annuity Loans	Not valued at FVTPL	35,797,120	25,470,659
SUMMARY OF FINANCIAL LIABILITIES			
Not valued at Fair Value through Profit and Loss (Amortised cost):			
Long-term Liabilities	Annuity Loans	334,133,282	250,991,447
Consumer Deposits	Electricity and Water	19,562,941	18,192,133
Creditors	Trade creditors	134,454,495	104,162,561
Creditors	Staff Leave	16,515,471	16,529,559
Creditors	Payments received in advance	12,736,705	8,685,933
Creditors	Other creditors	51,325,281	43,669,191
Unspent Conditional Grants and Receipts	Conditional Grants from other spheres of Government	26,363,592	32,429,450
Unspent Conditional Grants and Receipts	Other Conditional Receipts	1,853,986	2,140,121
Bank Overdraft	Bank Overdraft	0	0
Current Portion of Long-term Liabilities	Annuity Loans	35,797,120	25,470,659
Total Financial Liabilities		632,742,871	502,271,054

47.2 Fair Value of Financial Instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values, except for the listed Government stock. In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	2011		2010	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Held to maturity:	112,000	155,477	112,000	150,869
Listed Investments	112,000	155,477	112,000	150,869
Loans and Receivables	150,479,020	150,479,020	138,414,641	138,414,641
Long-term Receivables	3,977,605	3,977,605	4,804,537	4,804,537
Consumer Debtors	110,834,185	110,834,185	100,164,060	100,164,060
Other Debtors	11,795,952	11,795,952	17,601,080	17,601,080
Current Portion of Long-term Receivables	259,654	259,654	299,693	299,693
VAT Receivable	23,611,624	23,611,624	15,545,271	15,545,271
Available for Sale	166,235,214	166,235,214	190,600,981	190,600,981
Bank Balances and Cash	166,235,214	166,235,214	190,600,981	190,600,981
Total Financial Assets	316,826,234	316,869,711	329,127,622	329,166,491

FINANCIAL LIABILITIES

Unsecured Bank Facilities:	298,336,162	298,336,162	225,604,729	225,604,729
- Annuity Loans	298,336,162	298,336,162	225,604,729	225,604,729
- Bank Overdraft	-	-	-	-
Trade and Other Payables:	298,609,591	298,609,591	251,279,607	251,279,607
- Consumer Deposits	19,562,941	19,562,941	18,192,133	18,192,133
- Creditors	215,031,952	215,031,952	173,047,244	173,047,244
- Unspent Conditional Grants	28,217,577	28,217,577	34,569,571	34,569,571
- Current Portion of Long-term Liabilities	35,797,120	35,797,120	25,470,659	25,470,659
Total Financial Liabilities	596,945,752	596,945,752	476,884,336	476,884,336
Total Financial Instruments	(280,119,518)	(280,076,041)	(147,756,715)	(147,717,846)

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

The Fair Value of Long term liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

The Annual Financial Statements include holdings in Listed Government Stock which are measured at amortised cost (note 14). Fair Value is estimated with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

47.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 5; Cash and Cash Equivalents disclosed in Note 21; and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 1 to 3 and the Statement of Changes in Net Assets.



Gearing Ratio

The gearing ratio at the year-end was as follows:

Debt	<u>334,217,224</u>	<u>251,293,373</u>
Equity	<u>3,273,029,470</u>	<u>3,267,222,142</u>
Net debt to equity ratio	10.21%	7.69%

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 5.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

47.4 Financial Risk Management Objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

47.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

47.6 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 47.8 below). No formal policy exists to hedge volatilities in the interest rate market.

47.7 Interest Rate Risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The municipality is not exposed to a high level of interest rate risk on its financial liabilities. All of the Municipality's interest bearing external loan liabilities, as detailed in Appendix A, are fixed interest rate loans. Similarly with financial assets, the Municipality invests

its surplus funds on fixed interest rate deposits with banks for fixed terms not exceeding one year.

No interest rate sensitivity analysis was performed, as the municipality is not exposed to variable interest rates on outstanding liabilities.

The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

47.8 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 JUNE 2011

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Held-to-maturity Investments		7,560	7,560	0	15,120
Eskom Shares	13.50%	7,560	7,560	0	15,120
Unsecured Bank Facilities		(36,503,859)	(69,892,994)	(133,043,469)	(239,440,324)
Loan No 101633/1 DBSA	13.68%	(1,999,528)	(1,999,873)	0	(3,999,401)
Loan No 10618/4 DBSA	10.80%	(1,792,407)	(3,584,815)	(5,377,541)	(10,754,763)
Loan No 10618/4 DBSA	11.48%	(4,219,686)	(8,439,372)	(16,878,743)	(29,537,801)
Loan No 10618/4 DBSA	6.75%	(849,243)	(1,698,486)	(3,396,973)	(5,944,702)
Loan No 00-0001 INCA	9.30%	(2,282,620)	(4,565,240)	(9,130,481)	(15,978,341)
Loan No 00-0001 INCA	10.03%	(1,843,201)	(3,686,402)	(7,372,803)	(12,902,406)
Loan No 30-0868-5982 ABSA	15.00%	(320,098)	-	0	(320,098)
Loan No 30-0868-2071 ABSA	14.21%	(475,344)	(475,343)	0	(950,687)
Loan No NEDBANK	12.65%	(8,794,540)	(17,589,080)	(35,178,160)	(61,561,780)
Loan No 783 103 0646 NEDBANK	10.22%	(859,017)	(1,718,033)	(3,436,066)	(6,013,116)
Loan No 783 103 0646 NEDBANK	10.64%	(6,053,205)	(12,106,410)	(24,212,819)	(42,372,434)
Loan No 072-154-314 STANDARD BANK	10.25%	(3,041,059)	(6,082,119)	(12,164,237)	(21,287,415)
Loan No 072-154-411 STANDARD BANK	10.40%	(3,973,911)	(7,947,823)	(15,895,646)	(27,817,380)
Total Fixed Rate Instruments		(36,496,299)	(69,885,434)	(133,043,469)	(239,425,204)

VARIABLE RATE INSTRUMENTS					
Short-term Investment Deposits		156,074,889	0	0	156,074,889
Bank Balances and Cash		10,146,425	0	0	10,146,425
		-	0	0	0
Total Variable Rate Instruments		166,221,314	0	0	166,221,314

30 JUNE 2011

Description	Average Effective Interest Rates %	Total brought forward R	3- 5 Years R	More than 5 Years R	Total R
FIXED RATE INSTRUMENTS					
Held-to-maturity Investments		15,120	0	0	15,120
Eskom Shares	13.50%	15,120 0	0 0	0 0	15,120 0
Unsecured Bank Facilities		(239,440,322)	(243,267,882)	(22,133,526)	(504,841,731)
Loan No 101633/1 DBSA	13.68%	(3,999,401)	-	0	(3,999,401)
Loan No 10618/4 DBSA	10.80%	(10,754,763)	-	0	(10,754,763)
Loan No 10618/4 DBSA	11.48%	(29,537,801)	(37,977,173)	0	(67,514,974)
Loan No 10618/4 DBSA	6.75%	(5,944,702)	(7,643,189)	0	(13,587,891)
Loan No 00-0001 INCA	9.30%	(15,978,341)	(6,847,860)	0	(22,826,202)
Loan No 00-0001 INCA	10.03%	(12,902,406)	(12,902,406)	0	(25,804,811)
Loan No 30-0868-5982 ABSA	15.00%	(320,098)	-	0	(320,098)
Loan No 30-0868-2071 ABSA	14.21%	(950,687)	-	0	(950,687)
Loan No NEDBANK	12.65%	(61,561,780)	(61,561,780)	0	(123,123,560)
Loan No NEDBANK	10.22%	(42,372,434)	(60,532,048)	(18,159,614)	(121,064,096)
Loan No 783 103 0646 NEDBANK	10.64%	(6,013,116)	(859,017)	0	(6,872,132)
Loan No 072-154-314 STANDARD BANK	10.25%	(21,287,415)	(15,205,296)	0	(36,492,711)
Loan No 072-154-411 STANDARD BANK	10.40%	(27,817,380)	(39,739,114)	(3,973,911)	(71,530,405)
Total Fixed Rate Instruments		(239,425,202)	(243,267,882)	(22,133,526)	(504,826,611)



VARIABLE RATE INSTRUMENTS					
Short-term Investment Deposits		156,074,889	0	0	156,074,889
Bank Balances and Cash		10,146,425	0	0	10,146,425
		0	0	0	0
Total Variable Rate Instruments		166,221,314	0	0	166,221,314

30 JUNE 2010

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 years	Total carried forward
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Held-to-maturity Investments					
Eskom Shares	13.50%	7,560	7,560	0	15,120
Unsecured Bank Facilities					
Loan No 101633/1 DBSA	13.68%	(1,999,528)	(3,999,056)	(1,999,509)	(7,998,092)
Loan No 10618/3 DBSA	10.74%	(311,181)	(311,181)	0	(622,363)
Loan No 10618/4 DBSA	10.80%	(1,792,407)	(3,584,815)	(7,169,629)	(12,546,851)
Loan No 10618/4 DBSA	10.54%	(5,059,079)	(10,118,158)	(20,236,316)	(35,413,554)
Loan No 30-0868-5982 ABSA	15.00%	(320,098)	(640,195)	0	(960,293)
Loan No 30-0868-2071 ABSA	14.21%	(475,344)	(950,688)	(475,344)	(1,901,376)
Loan No NEDBANK	12.65%	(8,794,540)	(17,589,080)	(35,178,160)	(61,561,780)
Loan No 783 103 0646 NEDBANK	10.62%	(865,673)	(1,731,346)	(3,462,693)	(6,059,712)
BANK Loan No 072-154-314 STANDARD	10.25%	(3,035,715)	(6,071,430)	(12,142,859)	(21,250,004)
BANK Loan No 072-154-411 STANDARD	10.40%	(3,966,543)	(7,933,087)	(15,866,174)	(27,765,804)
Total Fixed Rate Instruments		(26,612,549)	(52,921,476)	(96,530,684)	(176,064,709)
VARIABLE RATE INSTRUMENTS					
Short-term Investment Deposits		163,301,780	0	0	163,301,780
Bank Balances and Cash		27,287,301	0	0	27,287,301
		0	0	0	0
Total Variable Rate Instruments		0	0	0	0

	190,589,081			190,589,081

30 JUNE 2010

Description	Average Effective Interest Rates	Total brought forward	2 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Held-to-maturity Investments		15,120	0	0	15,120
Eskom Shares	13.50%	15,120	0	0	15,120
		0	0	0	0
Unsecured Bank Facilities		(176,079,829)	(129,524,690)	(82,477,535)	(388,082,054)
Loan No 101633/1 DBSA	13.68%	(7,998,092)	0	0	(7,998,092)
Loan No 10618/3 DBSA	10.74%	(622,363)	0	0	(622,363)
Loan No 10618/4 DBSA	10.80%	(12,546,851)	(1,792,407)	0	(14,339,258)
Loan No 10618/4 DBSA Loan No 30-0868-5982	10.54%	(35,413,554)	(30,354,474)	(25,292,396)	(91,060,424)
ABSA Loan No 30-0868-2071	15.00%	(960,293)	0	0	(960,293)
ABSA	14.21%	(1,901,376)	0	0	(1,901,376)
Loan No NEDBANK Loan No 783 103 0646	12.65%	(61,561,780)	(52,767,240)	(26,383,620)	(140,712,640)
NEDBANK Loan No 072-154-314	10.62%	(6,059,712)	(2,597,019)	0	(8,656,731)
STANDARD BANK Loan No 072-154-411	10.25%	(21,250,004)	(18,214,289)	(3,035,715)	(42,500,008)
STANDARD BANK	10.40%	(27,765,804)	(23,799,261)	(27,765,804)	(79,330,869)
Total Fixed Rate Instruments		(176,064,709)	(129,524,690)	(82,477,535)	(388,066,934)
VARIABLE RATE INSTRUMENTS					
Short-term Investment Deposits		163,301,780	0	0	163,301,780
Bank Balances and Cash		27,287,301	0	0	27,287,301
		0	0	0	0
Total Variable Rate Instruments		190,589,081	0	0	190,589,081

Ultimate responsibility for liquidity risk management rests with the Council. The Municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the Municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

47.9 Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
30-Jun-11					
Fixed Interest Rate Instruments	11.19%	36,496,299	69,885,434	133,043,469	239,425,202
		36,496,299	69,885,434	133,043,469	239,425,202
30-Jun-10					
Fixed Interest Rate Instruments	11.89%	26,620,109	52,929,036	92,807,369	172,356,514
		26,620,109	52,929,036	92,807,369	172,356,514

Description	Average Effective Interest Rates	Total brought forward	3 - 5 Years	More than 5 Years	Total
	%	R	R	R	R
30-Jun-11					
Fixed Interest Rate Instruments	11.19%	239,425,202	243,267,882	22,133,526	504,826,609
		239,425,202	243,267,882	22,133,526	504,826,609
30-Jun-10					
Fixed Interest Rate Instruments	11.89%	172,356,514	168,077,009	13,853,619	354,287,142



		172,356,514	168,077,009	13,853,619
				354,287,142

The following table details the municipality's expected maturity for its **financial assets**. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
30-Jun-11	%	R	R	R	R
Variable Interest Rate Instruments	5.50%	4,194,969	4,194,968	9,019,183	17,409,120
Fixed Interest Rate Instruments	13.50%	7,560	7,560	7,560	22,680
		4,202,529	4,202,528	9,026,743	17,431,800
30-Jun-10					
Variable Interest Rate Instruments	9.90%	5,500,000	5,500,000	11,825,000	22,825,000
Fixed Interest Rate Instruments	13.50%	7,560	7,560	7,560	22,680
		5,507,560	5,507,560	11,832,560	22,847,680

Description	Average Effective Interest Rates	Total brought forward	2 - 5 Years	More than 5 Years	Total
30-Jun-11	%	R	R	R	R
Variable Interest Rate Instruments	5.50%	17,409,120	-	0	17,409,120
Fixed Interest Rate Instruments	13.50%	22,680	7,560	7,560	37,800
		17,431,800	7,560	7,560	17,446,920
30-Jun-10					
Variable Interest Rate Instruments	9.90%	22,825,000	-	0	22,825,000



Fixed Interest Rate Instruments	13.50%	22,680	7,560	7,560	37,800
		22,847,680	7,560	7,560	22,862,800

The municipality has access to financing facilities, the total unused amount which is R5 million at the balance sheet date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus, as well as the increased use of unsecured bank loan facilities.

47.10 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The Municipality manages credit risk in its borrowing and investing activities by only dealing with well-established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the Municipality's credit control and debt collection policy. The Municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and note 19 to the financial statements.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Investments	112,000	112,000
Long-term Receivables	5,830,977	6,611,785
Consumer Debtors	238,174,160	259,154,014
Other Debtors	11,795,952	17,601,080
VAT receivable	23,611,624	15,545,271
Bank and Cash Balances	166,235,214	190,600,981
Maximum Credit and Interest Risk Exposure	445,759,927	489,625,131

48 RETIREMENT BENEFIT INFORMATION

The Municipality makes provision for post-retirement benefits to eligible Councilors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R27,626,898 (2010: R22,507,157) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

Defined Benefit Scheme

The contribution rate payable under the defined benefit section is 27%, 9% by the members and 18% by their councils. The valuation disclosed an actuarial surplus of R182.733 million, with a funding level of 106.5%, and The fund was certified as being in a sound financial condition as at 30 June 2008 by the actuary.

Defined Contribution Scheme

The actuarial valuation report at 30 June 2010 indicated that the defined contribution scheme of the fund is in a sound financial position, with a funding level of 100.3%.

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (7.5%) and council (19.5%) is sufficient to fund the benefits accruing from the Fund in future. The actuary certified the fund as been in a sound financial condition as at 30 June 2010

SALA PENSION FUND

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme.

The fund was 110% funded at the valuation date, 1 July 2007. The highest contribution rate paid by the members was 9% and by Council 18%. The main contributing factor to the improved funding level was the high fund returns during the period 1 July 2006 to 1 July 2007. The employer contribution has increased by 2.5% to improve the solvency position of the fund. The next statutory valuation is performed every 3 years, being 30 June 2009.

The trustees have subsequently agreed with the Financial Services Board on a revised scheme of arrangement. As part of the new scheme of arrangement, the fund's benefits have been restructured to ease the pressure on the required future service contribution rate.

It is the actuary's opinion that the fund can be regarded as financially sound at the valuation date.

MUNICIPAL COUNCILLORS' PENSION FUND

The Municipal Councilors Pension Fund operates as a defined contribution scheme. The actuarial valuation of the fund was undertaken at 30 June 2009 and was reported to be in a sound financial position. The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified the fund as a whole to be in a sound financial condition. The next statutory valuation is performed every 3 years, being 30 June 2012. Valuation not yet finalised.



NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members (9.00 %) and council (18.00 %). The latest statutory valuation was done on 01 July 2008, and at this date the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The next statutory valuation is 3 years, being 30 June 2011.

49 SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The SAMWU National Provident Fund is a defined contribution scheme. The contribution rate paid by the members (5%) and council (12%) is sufficient to fund the benefits accruing from the fund in the future. The last actuarial valuation of the fund was performed at 30 June 2005 and the fund was certified as being in a financially sound position. The next statutory valuation is due not later than 30 June 2008. Valuation not yet received.

CONTINGENT LIABILITY

Nova Packhouse (Pty) Ltd

Claim for damages

<u>104,746,150</u>	<u>104,746,150</u>
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The Municipality is being sued by Nova Packhouse (Pty) Ltd for losses suffered when a building was severely damaged by fire. Council is waiting for legal advice. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled.

Paarl Print

Claim for damages

<u>678,047,358</u>	<u>678,047,358</u>
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Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans. This is partially covered by individual accumulated pensions depending on the years of service. Collateral investments were made in certain cases. The maximum amount of the guarantee in the event of the default is R 57 259 (2008: R57 259)

Fire Fighting Services

Claim for services rendered

<u>1,287,012</u>	<u>1,287,012</u>
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Fire Fighting charges incurred by Cape Winelands District Municipality, on behalf of Drakenstein Municipality.

49.2 Guarantees of employee housing loans

<u>8,787</u>	<u>25,397</u>
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Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans. This is partially covered by individual accumulated pensions depending on the years of service. Collateral investments were made in certain cases. The maximum amount of the guarantee in the event of the default is R 8 787 (2010: R25 397)

50 FINANCIAL RISK MANAGEMENT

Interest rate risk

The Municipality is not exposed to interest rate risk on its financial liabilities. All of the Municipality's interest bearing external loan liabilities, as detailed in Appendix A, are fixed interest rate loans. Similarly with financial assets, the Municipality invests its surplus funds on fixed interest rate deposits with banks for fixed terms not exceeding one year.

Liquidity risk

The Municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the Municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

Credit risk

The Municipality manages credit risk in its borrowing and investing activities by dealing with only A rated financial institutions and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the Municipality's credit control and debt collection policy. The Municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in paragraph 6 of the Chief Financial Officer's report and in note 19 to the financial statements.

Fair value interest rate risk

The Municipality is exposed to fair value interest rate risk on its external loan liabilities which are all fixed interest rate loans.

51 EVENTS AFTER REPORTING DATE

Officials that resigned after the financial year end

Dr S T Kabanyane - Municipal Manager

Mr K Mrali - Executive Director: Corporate services

Mr CM Petersen - Executive Director: Finance

Comparison with the budget

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

52 BIOLOGICAL ASSETS

Due to the fact that the plants are growing in a nature reserve and is protected by the natures conservation act (Act no 19 of 1974) a special permit must be obtained to harvest these seeds. The income on the selling of these seeds are accounted for under vote 465525054500. These plant grow wild and there is no input cost by the municipality in order to enhance the growth of these plants.

No value can be placed on this biological assets due to the fact that the municipality cannot determine the quantity of plants. These plants produce seedlings on a yearly basis that can result in plants and the municipality cannot determine which new seedlings are, furthermore the plants can be destroyed by fire. It would also be impossible to determine the value of the plants due to the fact that they are in all different stages of growth. At this stage no proteas can be harvest as it takes between 3 to 6 years for proteas to form flowers again.



53 REPORTING AGAINST THE FRAMEWORK FOR SCHEDULE 4 DORA ALLOCATIONS

Submit project registrations and detail project implementation plans before the prescribed due dates. Department of provincial and Local Government is monitoring the overall programme implementation.

54 Registered MIG programmes for the 2010/2011 financial year

	Received	Expenditure	Closing Balance
Drakenstein: New Street Lighting	0	0	0
Sports grounds Lighting	1,415,256	1,415,256	0
PMU: Municipal Infrastructure Grant	1,000,000	1,000,000	0
Bulk Gravity Outfall Sewer (Paarl South)	6,180,000	6,180,000	0
Upgrading to Paarl WWTW & WWTW Strategy	495,000	494,999	1
11 ML Newton Reservoir	100,000	100,000	0
Replace Septic Tanks	6,670,000	6,670,000	0
Water Treatment Works (Paarl Mountain)	7,249,744	7,089,881	159,863
Upgrading of Water Supply to Newton	100,000	159,300	(59,300)
Refer to totals in AFS Appendix F	23,210,000	23,109,436	100,564

APPENDIX A
DRAKENSTEIN MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Interest Rate	Loan Number	Redeemable Date	Balance at 30 June	Received during	Capitalised during	Redeemed/ written off	Balance at 30 June
				2010	the period	the period	during the period	2011
				R	R	R	R	R
ANNUITY AND OTHER LOANS								
DBSA	13.68%	101633/1	2012	6,793,026	0	0	3,173,100	3,619,926
DBSA	10.74%	100618/3	2011	575,502	0	0	575,488	13
DBSA	10.80%	100618/4	2014	11,393,655	0	0	2,417,165	8,976,490
DBSA	11.48%	103485/4	2018	46,578,476	0	0	3,183,553	43,394,924
DBSA	6.75%	103485/5	2018	11,332,153	0	0	950,379	10,381,774
ABSA BANK	15.00%	30-0828-5982	2011	828,496	0	0	531,572	296,925
ABSA BANK	14.21%	30-0868-2071	2012	1,597,959	0	0	742,725	855,234
NEDBANK	12.65%	49793540000	2018	86,892,182	0	0	6,804,335	80,087,847
NEDBANK	10.22%	1957327022	2015	6,585,000	0	0	1,061,344	5,523,656
NEDBANK	10.64%	7831030646	2021	0	72,382,001	0	0	72,382,001
STANDARD BANK	10.25%	72154314	2017	29,810,729	0	0	3,058,813	26,751,916
STANDARD BANK	10.40%	72154411	2020	48,604,271	0	0	2,893,691	45,710,580
INCA	9.30%	Loan A	2016	0	17,901,999	0	0	17,901,999
INCA	10.03%	Loan B	2018	0	18,250,000	0	0	18,250,000
TOTAL EXTERNAL LOANS				250,991,449	108,534,000	0	25,392,165	334,133,285



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APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost						Accumulated Depreciation					Carrying Value R	Budget Additions 2011
	Opening Balance R	Transfers/ Adjustments R	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R		
Land and Buildings													
Land	606,868,574	19,420,459	0	0	(112,125)	626,176,908	0	39,640	(39,640)	0	(0)	626,176,908	0
Buildings	93,801,154	3,059,741	0	5,223,917	(4,565,026)	97,519,786	(9,960,184)	(456,172)	(3,551,813)	0	(13,968,169)	83,551,616	5,718,444
	700,669,728	22,480,200	0	5,223,917	(4,677,151)	723,696,694	(9,960,184)	(416,532)	(3,591,453)	0	(13,968,170)	709,728,524	5,718,444
Infrastructure													
Drains	130,899,199	0	0	0	0	130,899,199	(76,776,520)	0	(2,581,160)	0	(79,357,681)	51,541,519	0
Roads	988,129,885	0	9,889,748	30,917,312	0	1,028,936,944	(447,515,947)	0	(27,530,173)	0	(475,046,120)	553,890,824	44,182,350
Electricity Mains	1,540,569,987	0	9,212,118	10,775,970	29,721	1,560,587,797	(769,318,398)	0	(34,116,782)	0	(803,435,180)	757,152,616	21,222,402
Electricity Peak Load Equipment	156,244,440	0	3,325,597	1,288,157	0	160,858,194	(64,301,732)	0	(3,321,788)	0	(67,623,520)	93,234,674	4,677,149
Water Mains & Purification Reservoirs - Water	211,912,320	0	170,000	0	0	212,082,320	(125,239,218)	0	(5,500,524)	0	(130,739,742)	81,342,578	170,000
Water Meters	292,116,100	0	0	0	0	292,116,100	(99,016,590)	0	(6,706,940)	0	(105,723,530)	186,392,570	0
Water Mains Sewerage Mains & Purification	38,742,881	0	0	0	0	38,742,881	(23,231,978)	0	(884,021)	0	(24,115,999)	14,626,882	0
	190,302,964	0	29,357,450	9,668,627	0	229,329,040	(92,486,397)	0	(5,854,402)	0	(98,340,799)	130,988,241	39,277,653
	744,784,461	0	58,065,284	10,343,028	0	813,192,774	(302,214,281)	0	(12,312,726)	0	(314,527,007)	498,665,767	72,035,791
	4,293,702,237	0	110,020,197	62,993,094	29,721	4,466,745,249	(2,000,101,063)	0	(98,808,515)	0	(2,098,909,578)	2,367,835,671	181,565,345
Community Assets													
Parks & Gardens	14,284,996	0		4,112,433	0	18,397,429	(3,588,431)	0	(834,403)	0	(4,422,834)	13,974,595	7,649,831
Libraries	3,731,649	1,021,952		3,299,613	0	8,053,214	(839,426)	0	(1,246,432)	0	(2,085,858)	5,967,356	3,323,738
Recreation Grounds	27,599,880	0		4,967,605	0	32,567,485	(4,623,055)	0	(1,794,990)	0	(6,418,044)	26,149,441	6,027,968
Civic Buildings	78,254,361	(62,208)	4,940,455	13,833,475	0	96,966,083	(5,528,110)	12,590	(3,477,761)	0	(8,993,281)	87,972,802	20,381,373
	123,870,886	959,744	4,940,455	26,213,126	0	155,984,211	(14,579,021)	12,590	(7,353,585)	0	(21,920,017)	134,064,194	37,382,910
Heritage													



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Assets													
Historical Buildings	1,080,913	0			0	1,080,913	0	0	0	0	0	1,080,913	0
Painting & Art galleries	25,139	0			0	25,139	0	0	0	0	0	25,139	0
	1,106,052	0	0	0	0	1,106,052	0	0	0	0	0	1,106,052	0
Housing Rental Stock													
Housing Rental 1	242,565,068	8,242,209		0	(104,813)	250,702,465	(20,322,082)	(114,512)	(8,543,461)	13,975	(28,966,080)	221,736,385	0
	242,565,068	8,242,209	0	0	(104,813)	250,702,465	(20,322,082)	(114,512)	(8,543,461)	13,975	(28,966,080)	221,736,385	0
LEASED ASSETS													
Office Equipment	832,827	0		0	0	832,827	(660,103)	0	35,561	0	(624,543)	208,284	0
	832,827	0	0	0	0	832,827	(660,103)	0	35,561	0	(624,543)	208,284	0
Other Assets													
Landfill Sites	92,155,034	0	2,556,561	298,632	0	95,010,227	(45,170,467)	0	(2,829,049)	0	(47,999,517)	47,010,710	2,855,264
Office Equipment	38,361,197	0		4,824,136	1,098,511	44,283,844	(29,899,096)	0	2,596,517	0	(27,302,578)	16,981,265	5,710,248
Furniture & Fittings	9,713,118	0		1,317,511	0	11,030,630	(5,423,242)	0	(988,802)	0	(6,412,044)	4,618,585	2,189,177
Bins & Containers	4,135,583	0		33,443	0	4,169,026	(3,502,239)	0	542,257	0	(2,959,982)	1,209,044	49,691
Emergency Equipment	14,542,449	0	84,915	4,104,845	0	18,732,209	(5,688,103)	0	(1,901,520)	0	(7,589,623)	11,142,586	4,487,710
Motor Vehicles	84,923,861	0		9,520,813	0	94,444,674	(32,391,206)	724,272	(4,160,653)	0	(35,827,587)	58,617,087	9,755,010
Fire Engines	5,840,275	0		0	0	5,840,275	(1,928,829)	0	(153,169)	0	(2,081,998)	3,758,278	0
Refuse Tankers	2,569,346	0		0	0	2,569,346	(359,720)	0	(207,163)	0	(566,883)	2,002,463	0
Computer Equipment	10,907,546	0	737,327	2,827,453	0	14,472,326	(4,353,054)	0	(1,628,753)	0	(5,981,807)	8,490,519	4,064,323
	263,148,409	0	3,378,804	22,926,833	1,098,511	290,552,556	(128,715,956)	724,272	(8,730,335)	0	(136,722,019)	153,830,537	29,111,423
Total	5,625,895,207	31,682,153	118,339,456	117,356,970	(3,653,732)	5,889,620,054	(2,174,338,410)	205,818	(126,991,789)	13,975	(2,301,110,406)	3,588,509,648	253,778,122

APPENDIX B
ANALYSIS OF INTANGIBLES AS AT 30 JUNE 2011

	Cost						Accumulated AMORTISATION					Carrying Value R	Budget Additions 2011
	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R			
Intangible assets	7,384,473	0	1,108,399	0	8,492,872	(2,452,850)	0	(1,455,325)	0	(3,908,175)	4,584,697	1,108,399	
Total	7,384,473	0	1,108,399	0	8,492,872	(2,452,850)	0	(1,455,325)	0	(3,908,175)	4,584,697	1,108,399	

APPENDIX B
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2011

	Cost						Accumulated Depreciation					Carrying Value R	Budget Additions 2011
	Opening Balance R	Transfers/ Adjustments	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R		
Investment Properties	40,450,000	0	0	0		40,450,000	0	0	0	0	0	40,450,000	0
Total	40,450,000	0	0	0	0	40,450,000	0	0	0	0	0	40,450,000	0
Grand Total	5,673,729,680	31,682,153	118,339,456	118,465,369	(3,653,732)	5,938,562,926	(2,176,791,260)	205,818	(128,447,114)	13,975	(2,305,018,581)	3,633,544,345	254,886,521

APPENDIX B(1)

RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Housing	Other	Finance Leases	Total
	R	R	R	R	R	R		R
Carrying values at 1 July 2010	690,709,544	2,293,601,174	109,291,865	1,106,052	222,242,987	134,432,452	172,724	3,451,556,797
Cost	700,669,728	4,293,702,237	123,870,886	1,106,052	242,565,068	263,148,409	832,827	5,625,895,207
Accumulated depreciation	-9,960,184	-2,000,101,063	-14,579,021	0	-20,322,082	-128,715,956	-660,103	-2,174,338,410
Acquisitions	5,223,917	173,013,291	31,153,581	0	0	26,305,637	0	235,696,426
Transfers/Adjustments	22,480,200	29,721	959,744	0	8,242,209	1,098,511	0	32,810,385
Depreciation	-3,591,453	-98,808,515	-7,353,585	0	-8,543,461	-8,730,335	35,561	-126,991,789
Depreciation Adjustments	-416,532	0	12,590	0	-114,512	724,272	0	205,818
Carrying value of disposals	-4,677,151	0	0	0	-90,837	0	0	-4,767,989
Cost	-4,677,151	0	0	0	-104,813	0	0	-4,781,964
Accumulated depreciation	0	0	0	0	13,975	0	0	13,975
								0
Carrying Values at 30 June 2011	709,728,524	2,367,835,671	134,064,194	1,106,052	221,736,385	153,830,537	208,284	3,588,509,648
Cost	723,696,694	4,466,745,249	155,984,211	1,106,052	250,702,465	290,552,556	832,827	5,889,620,054
Accumulated depreciation	-13,968,170	-2,098,909,578	-21,920,017	0	-28,966,080	-136,722,019	-624,543	-2,301,110,406

APPENDIX B(1)
RECONCILIATION OF CARRYING VALUE OF INTANGIBLES AS AT 30 JUNE 2011

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Housing R	Other R	Intangibles	Total R
Carrying values at 1 July 2010	0	0	0	0	0	0	4,931,623	4,931,623
Cost	0	0	0	0	0	0	7,384,473	7,384,473
Amortisation	0	0	0	0	0	0	(2,452,850)	(2,452,850)
Acquisitions	0	0	0	0	0	0	1,108,399	1,108,399
Depreciation based on cost	0	0	0	0	0	0	(1,455,325)	(1,455,325)
Carrying Values at 30 June 2011	0	0	0	0	0	0	4,584,697	4,584,697
Cost	0	0	0	0	0	0	8,492,872	8,492,872
Amortisation	0	0	0	0	0	0	(3,908,175)	(3,908,175)

APPENDIX B(1)
RECONCILIATION OF CARRYING VALUE OF INVESTMENT PROPERTIES AS AT 30 JUNE 2011

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Housing R	Other R	Investment Property	Total R
Carrying values at 1 July 2010	0	0	0	0	0	0	40,450,000	40,450,000
Fair Value	0	0	0	0	0	0	40,450,000	40,450,000
Other Movements	0	0	0	0	0	0	0	0
Carrying Values at 30 June 2011	0	0	0	0	0	0	40,450,000	40,450,000
Fair Value	0	0	0	0	0	0	40,450,000	40,450,000



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APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost						Accumulated Depreciation					Carrying Value	Budget / Additions 2011
	Opening Balance	Transfers/ Adjustments	Work In Progress	Additions	Disposals	Closing Balance	Opening Balance	Transfers/ Adjustments	Additions	Disposals	Closing Balance		
	R	R		R	R	R	R	R	R	R	R		
Executive & Council	4,270,859	15,128	0	159,994	0	4,445,982	(3,219,792)	(534)	258,173	0	(2,962,153)	1,483,829	253,449
Budget & Treasury	6,821,923	(9,233)	0	601,876	0	7,414,566	(4,689,447)	(133)	358,971	0	(4,330,608)	3,083,958	698,688
Corporate Services	726,028,886	35,063,490	737,327	19,210,828	(3,436,794)	777,603,737	(59,889,862)	(179,646)	(10,595,649)	0	(70,665,157)	706,938,580	21,327,789
Planning and Development	8,884,522	0	0	991,126	0	9,875,648	(3,338,782)	0	(182,483)	0	(3,521,266)	6,354,383	1,151,233
Health Comm. & Social Services	816,397	22,046	0	263,820	0	1,102,263	(115,334)	(919)	(68,548)	0	(184,800)	917,463	380,963
Services	24,665,117	(3,303,273)	4,940,455	9,460,832	0	35,763,131	(5,672,522)	163,960	(1,630,355)	0	(7,138,917)	28,624,214	15,500,106
Housing	436,717,298	(62,208)	4,033,420	2,725,999	(216,938)	443,197,572	(29,156,821)	12,590	(10,119,684)	13,975	(39,249,940)	403,947,632	10,444,849
Public Safety	13,282,899	(217,158)	0	1,765,893	0	14,831,634	(7,338,749)	210,077	36,615	0	(7,092,057)	7,739,577	1,991,640
Sport and Recreation	43,883,152	173,362	0	15,369,638	0	59,426,152	(9,613,784)	423	(3,285,613)	0	(12,898,974)	46,527,177	20,803,636
Waste Management/Solid Waste	101,322,827	0	2,641,477	1,382,432	0	105,346,735	(47,823,279)	0	(3,122,499)	0	(50,945,778)	54,400,957	4,025,000
Waste Water Management/Sewerage	704,422,838	(1,725,023)	54,031,864	28,643,080	0	785,372,759	(301,258,092)	34,500	(12,555,916)	0	(313,779,507)	471,593,252	83,010,500
Road Transport	1,101,236,122	0	9,889,748	12,651,309	0	1,123,777,179	(513,984,143)	0	(29,224,369)	0	(543,208,512)	580,568,667	25,996,000
Water	721,430,825	1,725,023	29,527,450	9,883,155	0	762,566,453	(336,602,159)	(34,500)	(15,964,481)	0	(352,601,140)	409,965,313	39,686,000
Electricity	1,732,111,541	0	12,537,715	14,246,988	0	1,758,896,245	(851,635,644)	0	(40,895,952)	0	(892,531,596)	866,364,649	28,508,270
TOTAL	5,625,895,208	31,682,153	118,339,456	117,356,970	(3,653,732)	5,889,620,055	(2,174,338,410)	205,818	(126,991,789)	13,975	(2,301,110,406)	3,588,509,649	253,778,123

APPENDIX C

SEGMENTAL ANALYSIS OF INTANGIBLES AS AT 30 JUNE 2011

	Cost						Accumulated Depreciation					Carrying Value R	Budget / Additions 2011 R
	Opening Balance	Transfers/ Adjustments	Work In Progress	Additions	Disposals	Closing Balance	Opening Balance	Transfers/ Adjustments	Additions	Disposals	Closing Balance		
	R	R		R	R	R	R	R	R	R	R		
Executive & Council	1,469,130	0	0	0	0	1,469,130	(592,112)	389	(434,229)	0	(1,025,953)	443,177	0
Finance & Admin	63,267	0	0	0	0	63,267	(63,267)	0	0	0	(63,267)	(0)	0
Corporate Services	4,597,148	0	0	1,108,399	0	5,705,547	(1,532,182)	(12,116)	(768,020)	0	(2,312,318)	3,393,229	1,108,399
Planning and Development	832,351	0	0	0	0	832,351	(160,446)	1,491	(166,470)	0	(325,425)	506,926	0
Community Services	120,000	0	0	0	0	120,000	(28,000)	2,000	(24,000)	0	(50,000)	70,000	0
Public Safety	26,767	0	0	0	0	26,767	(13,317)	4,054	(7,444)	0	(16,707)	10,060	0
Sport & Recreation	273,669	0	0	0	0	273,669	(62,384)	3,825	(54,734)	0	(113,293)	160,376	0
Electricity	2,141	0	0	0	0	2,141	(1,142)	357	(428)	0	(1,213)	928	0
TOTAL	7,384,473	0	0	1,108,399	0	8,492,872	(2,452,851)	0	(1,455,325)	0	(3,908,175)	4,584,697	1,108,399

APPENDIX C

SEGMENTAL ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2011

	Cost						Accumulated Depreciation					Carrying Value R	Budget / Additions 2011 R
	Opening Balance	Transfers/ Adjustments	Work In Progress	Additions	Disposals	Closing Balance	Opening Balance	Transfers/ Adjustments	Additions	Disposals	Closing Balance		
	R	R		R	R	R	R	R	R	R	R		
Corporate Services	40,450,000	0	0	0	0	40,450,000	0	0	0	0	0	40,450,000	0
TOTAL	40,450,000	0	0	0	0	40,450,000	0	0	0	0	0	40,450,000	0
TOTAL	5,673,729,681	31,682,153	118,339,456	118,465,369	(3,653,732)	5,938,562,927	(2,176,791,260)	205,818	(128,447,114)	13,975	(2,305,018,581)	3,633,544,346	254,886,522

APPENDIX D



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SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
12,456,179	26,116,665	(13,660,486)	Executive & Council	11,183,421	33,542,066	(22,358,645)
149,440,443	39,608,962	111,190,586	Budget and Treasury office	169,239,700	45,546,238	123,693,462
4,274,739	52,338,747	(48,064,008)	Corporate Services	2,003,056	66,723,617	(64,720,561)
3,785,624	22,511,480	(18,725,856)	Planning and Development	3,695,625	25,784,007	(22,088,382)
1,947	5,582,978	(5,581,031)	Health	1,273	6,058,191	(6,056,918)
2,558,046	18,809,648	(16,251,602)	Comm. & Social Services	2,727,160	20,542,088	(17,814,928)
72,197,600	104,812,422	(32,614,822)	Housing	37,143,388	72,283,648	(35,140,260)
23,705,555	38,824,780	(15,119,225)	Public Safety	16,509,578	44,637,855	(28,128,277)
1,992,233	50,388,735	(48,396,502)	Sport and Recreation	3,472,066	55,813,402	(52,341,336)
59,916,323	47,297,809	12,618,514	Waste Management/Solid Waste	65,886,032	57,430,429	8,455,602
64,284,318	50,408,423	13,875,895	Waste Water Management/Sewerage	80,722,100	54,215,384	26,506,716
366,850	75,603,418	(75,236,568)	Road Transport	566,241	77,350,676	(76,784,434)
104,493,268	51,433,904	53,059,364	Water	99,110,664	61,233,429	37,877,235
443,409,826	363,511,986	79,897,840	Electricity	533,327,242	428,878,034	104,449,208
942,882,953	950,236,179	(3,007,899)	Total	1,025,587,546	1,050,039,064	(24,451,518)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Budget R	Actual R	Variance R	Variance %	Explanation of Variances greater than 5%
EXECUTIVE AND COUNCIL	10,579,907	11,183,421	(603,514)	-5.70%	Higher income in interest on investments than budgeted.
BUDGET AND TREASURY OFFICE	173,091,085	169,239,700	3,851,385	2.23%	Lower income than budgeted due to increase in debtors
CORPORATE SERVICES	6,519,871	2,003,056	4,516,815	69.28%	Lower rental income on community halls and other property
PLANNING AND DEVELOPMENT	6,428,874	3,695,625	2,733,249	42.52%	Lower income on building plan fees and bulk infrastructure levies due to lower development.
HEALTH	820	1,273	(453)	-55.26%	Higher due to increase in the application of trade licenses.
COMMUNITY AND SOCIAL SERVICES	3,097,371	2,727,160	370,211	11.95%	Lower income in entrance fees to holiday resorts.
HOUSING	73,484,441	37,143,388	36,341,053	49.45%	Budgeted Income for housing grant to high
PUBLIC SAFETY	20,185,569	16,509,578	3,675,991	18.21%	Lower income on fines due to lesser fines issued
SPORT AND RECREATION	3,817,113	3,472,066	345,047	9.04%	Lower income on entrance fees to parks, stadiums.
WASTE MANAGEMENT	70,337,612	65,886,032	4,451,580	6.33%	Lower income than budgeted due to increase in debtors
WASTE WATER MANAGEMENT	86,858,608	80,722,100	6,136,508	7.06%	Lower income than budgeted due to increase in debtors
ROAD TRANSPORT	497,620	566,241	(68,621)	-13.79%	Higher income on selling of cement products
WATER	93,361,180	99,110,664	(5,749,484)	-6.16%	More income due higher levies due to higher usage of water.
ELECTRICITY	537,803,399	533,327,242	4,476,157	0.83%	
Total	1,086,063,470	1,025,587,546	(60,475,924)	5.57%	
	2011 Budget Expenditure R	2011 Actual Expenditure R	2011 Variance R	2011 Variance %	
EXECUTIVE AND COUNCIL	33,788,319	33,542,066	246,253	0.73%	
BUDGET AND TREASURY OFFICE	46,172,540	45,668,576	503,964	1.09%	
CORPORATE SERVICES	66,582,452	65,643,870	938,582	1.41%	
PLANNING AND DEVELOPMENT	28,074,371	25,784,007	2,290,364	8.16%	Provision for additional contribution to Cape Joint Pension fund
HEALTH	6,276,789	6,058,191	218,598	3.48%	
COMMUNITY AND SOCIAL SERVICES	23,446,109	20,542,088	2,904,021	12.39%	Provision for additional contribution to Cape Joint Pension fund Provision for additional contribution to Cape Joint Pension fund. Grants expenditure on housing projects
HOUSING	105,575,462	72,283,648	33,291,814	31.53%	
PUBLIC SAFETY	46,575,222	44,637,855	1,937,367	4.16%	Provision for additional contribution to Cape Joint Pension fund
SPORT AND RECREATION	55,696,358	55,199,036	497,322	0.89%	
WASTE MANAGEMENT	58,180,780	57,430,429	750,351	1.29%	
WASTE WATER MANAGEMENT	55,056,778	54,215,384	841,394	1.53%	
ROAD TRANSPORT	85,857,733	79,450,676	6,407,057	7.46%	Provision for additional contribution to Cape Joint Pension fund
WATER	61,952,604	60,705,203	1,247,401	2.01%	
ELECTRICITY	428,651,019	428,878,034	(227,015)	-0.05%	
Total	1,101,886,536	1,050,039,064	51,847,472	4.71%	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(15,823,066)	(24,451,517)	(8,628,451)	54.53%	

APPENDIX E(1)

ACTUAL REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011

	Actual R	Budget R	Variance R	Variance %	Explanation of Variances greater than 5%
REVENUE					
Property rates	156,232,341	158,747,483	2,515,142	1.58%	
Property rates - penalties imposed and collection charges	998,169	1,759,608	761,439	43.27%	Due to stricter credit control measures customers made arrangement for their accounts and therefore less penalties charged.
Service charges	666,967,589	667,206,664	239,075	0.04%	
Rental of facilities and equipment	17,198,487	17,271,849	73,362	0.42%	
Interest - external investments	9,163,180	8,922,061	(241,119)	-2.70%	
Dividends - stock	15,120	15,120	0	0.00%	
Interest earned Outstanding Debtors	6,380,589	8,172,838	1,792,249	21.93%	Due to stricter credit control measures customers made arrangement for their accounts and therefore less interest charged.
Fines	6,547,058	10,639,929	4,092,871	38.47%	Less fines because of location
Licenses and permits	9,979,748	9,522,020	(457,728)	-4.81%	
Government grants and subsidies	133,450,060	178,543,936	45,093,876	25.26%	Actual income less than budgeted due to less indigent grants as well as the financial year difference of the Municipal budget and the Provincial budget.
Other income	18,608,771	21,261,962	2,653,191	12.48%	Due to a drop in new electricity connections and building plan fees their was a decrease in income.
Gains on disposal of property , plant and equipment	46,435	4,000,000	2,594,040	64.85%	There were less properties sold as expected.
Total Revenue	1,025,587,546	1,086,063,470	59,116,399	5.44%	
EXPENDITURE					
Employee related costs	303,992,838	271,453,424	349,850	0.13%	
Remuneration of councilors	15,417,212	15,472,910	(55,698)	-0.36%	
Bad debts	26,540,663	25,648,325	892,338	3.48%	
Collection costs	6,611,895	5,544,000	1,067,895	19.26%	More sale of prepaid electricity points installed which resulted in an increased collection costs.
Depreciation	128,253,885	146,115,728	(17,668,614)	-12.09%	Implementation of GRAP . The municipality review the useful lives of furniture, computers, vehicles and infrastructure which resulted in R19million depreciation written back . Refer note 11 for more detail.
Impairment Losses	0	0	0	#DIV/0!	Implementation of GRAP . The amortisation was included in the budget for depreciation.
Repairs and maintenance	53,552,702	88,287,254	(8,646,528)	-9.79%	Shortage of bitumen and non supply of Tar courses undepend of street maintenance and scarcity/critical skills of electricians leads to underspend in electricity maintenance.
Interest on external borrowings	28,113,298	27,851,814	261,484	0.94%	
Bulk purchases	333,721,498	319,405,094	14,316,404	4.48%	
Contracted services	9,200,137	9,942,778	(742,641)	-7.47%	The variance is mainly due to the security services contracts actual expenditure that was more than budgeted amount.
Grants and subsidies paid	618,348	618,368	(20)	0.00%	
General expenses - other (including abnormal expenses)	143,833,500	191,546,841	(47,713,341)	-24.91%	Grants expenditure less than budgeted. Also linked to other income which is less than budgeted amount.
Loss on disposal of property , plant and equipment	183,089	0	183,089	0.00%	
Total Expenditure	1,050,039,063	1,101,886,536	(57,755,783)	-5.24%	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(24,451,518)	(15,823,066)	1,360,616	100.00%	

APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY , PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of Variances greater than 10% R
Land and Buildings					
Buildings	5,223,917	5,718,444	494,527	8.65%	
	5,223,917	5,718,444	494,527	8.65%	
Infrastructure					
Roads	40,807,059	44,182,350	3,375,291	7.64%	
Electricity Mains	19,988,088	21,222,402	1,234,314	5.82%	
Electricity Peak Load Equipment	4,613,754	4,677,149	63,395	1.36%	
Water Mains	39,026,077	39,277,653	251,576	0.64%	
Sewerage Mains & Purification	68,408,313	72,035,791	3,627,478	5.04%	
	173,013,291	181,565,345	8,552,054	4.71%	
Community Assets					
Parks & Gardens	4,112,433	7,649,831	3,537,398	46.24%	Land for Cemetary not purchased during the year.
Libraries	3,299,613	3,323,738	24,125	0.73%	
Recreation Grounds	4,967,605	6,027,968	1,060,363	17.59%	
Civic Buildings	18,773,930	20,381,373	1,607,443	7.89%	
	31,153,581	37,382,910	6,229,329	16.66%	
Other Assets					
Office Equipment	4,824,136	5,710,248	886,112	15.52%	Goods and Services acquired during the financial year incorrectly allocated as capital expenditure. This was rectified and the expenditure was correctly accounted for as operational expenditure.
Furniture & Fittings	1,317,511	2,189,177	871,666	39.82%	
Emergency Equipment	4,189,760	4,487,710	297,950	6.64%	Less furniture and equipment acquired than budgeted
Motor Vehicles	9,520,813	9,755,010	234,197	2.40%	
Computer Equipment	3,564,780	4,064,323	499,543	12.29%	Less computers acquired than budgeted
	26,305,637	29,111,423	2,805,786	9.64%	
Total	235,696,426	253,778,122	18,081,696	7.13%	

APPENDIX E(2)
ACTUAL VERSUS BUDGET (INTANGIBLES) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of Variances greater than 10% R
Intangible Assets	1,108,399	1,108,399	0	0.00%	
	1,108,399	1,108,399	0	-11.68%	

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

NAME OF GRANT	FUNDER	O/ BALANCE 30/06/2010	QUARTELY RECEIPTS					INTEREST RECEIVED	QUARTELY EXPENDITURE (OPERATIONAL & EXPENDITURE)					C/BALANCE 30/06/2011
			SEPTEMBER	DECEMBER	MARCH	JUNE	TOTAL		SEPTEMBER	DECEMBER	MARCH	JUNE	TOTAL	
Indigent Policy Fund	National Government	(14,394,943)	(21,822,889)	(19,902,475)	(13,093,733)	(4,887,902)	(59,707,000)	0	13,167,900	13,856,903	15,560,481	25,004,169	67,589,453	(6,512,491)
Cmpip Projects Bucket	National Government	(562,477)	(15,565,000)	750,000	(9,554,021)	1,159,021	(23,210,000)	0	0	6,842,491	3,483,463	13,345,959	23,671,914	(100,564)
Eradication: WC056 Water Services	National Government	(755)	0	1	164	(165)	0	0	0	0	0	0	0	(755)
Asset Management	Provincial Government	(326,573)	0	0	0	0	0	(19,676)	0	0	0	0	0	(346,249)
Budget Reform programme - National Treasury	National Government	(1,028,739)	0	(1,000,000)	0	0	(1,000,000)	(35,048)	3,329	798,470	164,729	927,528	1,894,056	(169,731)
Carterville Housing Project	Provincial Government	(956,503)	0	0	0	0	0	0	0	0	0	0	0	(956,503)
1068 Huise WDR	Provincial Government	(920,604)	0	0	0	0	0	0	0	0	0	0	0	(920,604)
Skenking Drommedaris	Provincial Government	(331,947)	0	0	0	(2,202,236)	(2,202,236)	0	0	0	0	2,534,183	2,534,183	0
Street EHP Project 2 - Mbekweni (Housing Scheme 49)	Provincial Government	0	(9,565,806)	10,540	6,382,999	(1,516,840)	(4,689,107)	0	0	5,508,366	2,878,506	(4,637,701)	3,749,172	(939,935)
Housing Project 59 (Fairlyland)	Provincial Government	0	207,076	(1,480,500)	(3,655,226)	(3,298,933)	(8,227,583)	0	0	2,156,586	1,961	6,069,037	8,227,583	0
New Seyayama	Provincial Government	0	(533,689)	0	(11,316,603)	7,696,007	(4,154,285)	0	0	2,442,801	34,331	1,677,152	4,154,285	0
Erf 2220 Emergency Kits : O.R Thambo	Provincial Government	0	0	0	0	(2,758,051)	(2,758,051)	0	0	133,018	66,509	1,270,221	1,469,748	(1,288,304)
Informal Settlement Daljossaphat	Provincial Government	(14,307)	0	0	0	0	0	0	0	0	0	0	0	(14,307)
Transfers	Provincial Government	(453,180)	0	0	0	0	0	0	0	0	0	0	0	(453,180)
Kingstontown	Provincial Government	0	0	0	0	(1,523,158)	(1,523,158)	0	0	0	0	0	0	(1,523,158)
Lantana	Provincial Government	0	0	0	0	(945,550)	(945,550)	0	0	0	0	0	0	(945,550)
Siyashala Amstelhof (Project 35)	Provincial Government	0	0	0	0	(1,349,000)	(1,349,000)	0	0	0	0	0	0	(1,349,000)
Library Personell Grant	Provincial Government	0	(451,842)	(401,416)	(338,070)	(94,672)	(1,286,000)	(2,696)	0	594,477	46,826	555,213	1,196,516	(92,180)
Municipal Systems Improvement Grant	National Government	(301,332)	0	(750,000)	0	0	(750,000)	(9,117)	86,566	167,227	350,408	445,831	1,050,033	(10,416)
Soccerfield	Provincial Government	(238,818)	0	0	0	0	0	(10,582)	0	0	0	126,367	126,367	(123,033)
Library Gouda Mbekweni	Provincial Government	(22,711)	0	0	0	0	0	(696)	0	0	1,094	21,214	22,308	(1,099)
Business Hive Housing	Provincial Government	(348,420)	0	0	0	0	0	(20,992)	0	0	0	0	0	(369,413)
Consumer Education	Provincial Government	(34,732)	(6,000)	0	0	0	(6,000)	(1,653)	4,645	9,127	0	6,825	20,597	(21,788)
Community Development	Provincial Government	0	(69,833)	(175,000)	0	0	(244,833)	(7,033)	0	11,370	0	0	11,370	(240,496)

Workers Land for provision of Industrial & Residential purposes	Provincial Government	(535,298)	0	0	0	0	0	(32,252)	0	0	0	0	0	(567,550)
Abor City Awards	Provincial Government	0	(131,579)	(386,714)	0	(100,000)	(618,293)	(6,693)	388,202	7,929	0	0	396,131	(228,855)
RBIG - Grant	National Government	0	0	(6,000,000)	(1,614,894)	(1,385,106)	(9,000,000)	(90,420)	0	0	4,538,300	1,460,220	5,998,519	(3,091,900)
Cables: 66kv Project Daljosafat Sintetise Atletiekbaan HIV/AIDS Program	Trans Caledon Tunnel Authority	(4,823)	0	0	0	0	0	0	0	0	0	4,823	4,823	0
	BKS Ingenieurs	(759,331)	0	0	0	0	0	(22,922)	0	0	688,388	69,373	757,762	(24,492)
	DBSA Local Government SETA	(38,758)	0	0	0	0	0	(2,335)	0	0	0	0	0	(41,094)
Opleiding Levy Water and sewerage repairs: De Oude Brug	House Owner	(5,995)	0	0	0	0	0	0	0	0	0	0	0	(5,995)
Annual Update of water & Sewerage Masterplans	Provincial Government	(122,454)	0	0	0	0	0	(7,378)	0	0	0	0	0	(129,832)
Bulk Water Resouces Study R2,000,000.00) (Paarl & Wellington)	Provincial Government	(82,792)	0	0	0	0	0	(4,988)	0	0	0	0	0	(87,780)
Annual Update of WSDP (R150,000.00)	Provincial Government Department of Mineral and Energy	(51,370)	0	0	0	0	0	(3,095)	0	0	0	0	0	(54,465)
Electrification Funding	Provincial Government	(18,288)	(4,385,965)	1,313,482	0	0	(3,072,482)	(6,576)	0	1,740,056	394,447	756,267	2,890,770	(206,576)
Sport Facilities Writing Festival (Donor Agency Funding)	Provincial Government Department of Social services	(11,798)	0	0	0	0	0	(560)	0	0	0	5,000	5,000	(7,358)
Lottery Moneys (Saron)	Lotto District Municipality	(4,599)	0	0	0	0	0	(277)	0	0	0	0	0	(4,876)
Swartberg street Concrete for bins Land Audit ((Transferred to 900012010704)	Lotto District Municipality	(208,610)	0	0	0	0	0	(12,569)	0	0	0	0	0	(221,179)
Cape Wineands - ID Campaignh Golf Shirts	Provincial Government	(3,390)	0	0	0	0	0	(204)	0	0	0	0	0	(3,594)
Bergriver Pollution Study	Provincial Government	(12,213)	0	0	0	0	0	(736)	0	0	0	0	0	(12,949)
Pereformance Management System	Other	(44,326)	0	0	0	0	0	(2,671)	0	0	0	0	0	(46,997)
Hermon Water Aansluitings Infrastructure (Cape Wine Lands)	Other	(570)	0	0	0	0	0	0	0	0	0	0	0	(570)
Nedbank Contractor Development TrainingProgram	Provincial Government	(6,500,000)	0	0	0	0	0	(195,813)	0	26,770	0	6,473,230	6,500,000	(195,813)
	Provincial Government District Municipality	(443,910)	0	0	0	0	0	(13,332)	126,184	0	0	319,095	445,279	(11,962)
	District Municipality	(2,965)	0	0	0	(106,400)	(106,400)	(3,384)	0	0	0	0	0	(112,749)
	District Municipality	(1,988,682)	0	0	0	0	0	(119,818)	0	0	0	0	0	(2,108,500)
	Nedbank	(496,028)	0	0	0	0	0	(22,535)	4,000	180,000	60,000	0	244,000	(274,563)



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Stormwater Wasteplan (R2,000,000.00 : Wellington)	Provincial Government	(225,608)	0	0	0	0	0	(13,593)	0	0	0	0	0	(239,201)
Donations for Water week Taring of Sidewalks : O.R Thambo	Other	(3,250)	(9,752)	0	0	(27,000)	(36,752)	0	0	0	0	17,204	17,204	(22,798)
Solid Waste Handling (Turn Around Trade) (Guarentee)	District Municipality	0	0	0	(1,400,000)	0	(1,400,000)	(42,175)	0	0	0	0	0	(1,442,175)
Bulk Sevices Levy - Water and Sewerage	Other	(935,872)	0	0	0	0	0	0	0	0	0	935,872	935,872	0
Bulk Sevices Levy - Electricity	Contractors	(425,585)	(16,726)	(82,097)	0	(628,417)	(727,240)	0	7,021	0	0	0	7,021	(1,145,804)
Ashanti wine sewer system (Guarentee)	Contractors	(558,840)	(4,182)	(11,670)	(5,185)	(14,047)	(35,084)	0	0	0	0	9,961	9,961	(583,963)
Gaussian Resource (Guarentee)	Other	(130,840)	0	0	0	0	0	0	130,840	0	0	0	130,840	0
Invusa Trading riool (Guarentee)	Other	(61,719)	0	0	0	0	0	(3,719)	0	0	0	0	0	(65,438)
John Miller (Subdivision Erf413)	Other	(24,065)	0	0	0	0	0	(998)	0	0	15,000	0	15,000	(10,063)
Sunrise Construction (Guarentee)	Other	(3,199)	0	0	0	0	0	(193)	0	0	0	0	0	(3,392)
	Other	0	0	0	(44,000)	0	(44,000)	(1,325)	0	0	0	0	0	(45,325)
		(34,569,571)	(53,388,650)	(27,238,655)	(34,638,570)	(12,748,544)	(128,014,420)	(734,857)	13,918,687	34,475,592	28,284,443	58,422,549	135,101,270	(28,217,577)

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

NAME OF GRANT	REASON FOR RECEIPT	FUNDING	OPENING BALANCE 30/06/2010	CLOSING BALANCE 30/06/2011
Indigent Policy Fund	Funding of indigent debtors	Ongoing	(14,394,943.09)	(6,512,490.55)
Cmpj Projects	Funding of Infrastructure	Once	(562,477.35)	(100,563.79)
Bucket Eradication: WC056	Bucket Eradication	Ongoing	(754.83)	(754.83)
Water Services Asset Management	Asset Management	Ongoing	(326,572.76)	(346,248.77)
Budget Reform programme - National Treasury	Intern Programme	Ongoing	(1,028,739.39)	(169,731.41)
Health Subsidies	Provision of health services	Once	(0.01)	(0.01)
Carterville Housing Project	Housing Projects	Ongoing	(956,502.59)	(956,502.59)
1068 Huise WDR Skenking	Housing Projects	Ongoing	(920,603.70)	(920,603.70)
Drommedaris Street EHP	Housing Projects	Ongoing	(331,947.13)	0.00
Project 2 - Mbekweni (Housing Scheme 49)	Housing Projects	Ongoing	0.00	(939,934.95)
Unspend money project 59 (guarantee)	Guarantee	Once	(592,190.39)	(592,190.39)
Erf 2220	Housing Projects	Ongoing	0.00	(1,288,303.55)
Emergency Kits : O.R Thambo Informal Settlement	Housing Projects	Ongoing	(14,307.06)	(14,307.06)
Daljossaphat Transfers	Housing Projects	Ongoing	(453,180.00)	(453,180.00)
KINGSTON	Housing Projects	Ongoing	0.00	(1,523,158.40)
LANTANA	Housing Projects	Ongoing	0.00	(945,550.00)
SIYASHALA	Housing Projects	Ongoing	0.00	(1,349,000.00)
AMSTELHOF PROJECT 35	Housing Projects	Ongoing	0.00	(10,347.77)
Library Personell Grant	Creation of satellite libraries	Ongoing	0.00	(92,179.66)
Municipal Systems Improvement Grant	Capacity Building	Ongoing	(301,331.71)	(10,415.89)
Soccerfield	Upgrading of Soccerfields	Once	(238,817.54)	(123,032.95)
Library Gouda	Create Infrastructure	Once	(22,710.54)	(1,099.30)
Mbekweni Business Hive	Construction Work	Once	(348,420.21)	(369,412.53)
Housing Consumer Education	Housing Projects	Ongoing	(34,732.33)	(21,788.37)
Community Development Workers	Community Development	Ongoing	0.00	(240,495.59)
Land for provision of Industrial & Residential purposes	Study	Ongoing	(535,298.09)	(567,549.80)
Abor City Awards	Tree Planting Day	Once	0.00	(228,854.55)
RBIG - Grant	Create Infrastructure	Ongoing	0.00	(3,091,900.09)
Cables: 66kv Project	Create Infrastructure	Once	(4,822.90)	0.00
Daljosafat Sintetise Atletiekbaan	Improvement to track	Once	(759,331.34)	(24,491.92)
Erf 2220: Stormwater upgrade	Upgrading of stormwater	Once	(1.00)	(1.00)
HIV/AIDS Program	HIV/AIDS Program	Once	(38,758.41)	(41,093.60)
Opleiding Levy	Training	Ongoing	(336,160.20)	(238,476.45)
Water and sewerage repairs: De Oude Brug	Create Infrastructure	Once	(5,995.26)	(5,995.26)
Annual Update of water & Sewerage Masterplans	Create Infrastructure	Once	(122,454.25)	(129,832.12)
Bulk Water Resouces Study R2,000,000.00) (Paarl & Wellington)	Study	Once	(82,792.00)	(87,780.22)
Annual Update of WSDP (R150,000.00)	Create Infrastructure	Ongoing	(51,370.11)	(54,465.16)
Electrification Funding	Create Infrastructure	Ongoing	(18,288.02)	(206,575.93)
Sport Facilities	Upgrade Sport Facilities	Once	(11,797.53)	(7,357.71)
Writing Festival (Donor Agency Funding)	Writing Festival	Once	(4,598.63)	(4,875.70)

Lottery Moneys (Saron)	Building Library	Once	(208,609.82)	(221,178.56)
Swartberg street Concrete for bins	Infrastructure	Once	(3,389.91)	(3,594.15)
Land Audit ((Transferred to 900012010704)	Audit	Once	(12,213.13)	(12,948.97)
Cape Winelands - ID Campaign	Campaign	Ongoing	(44,326.09)	(46,996.74)
Golf Shirts	General	Ongoing	(570.00)	(570.00)
Bergriver Pollution Study	Study	Ongoing	(6,500,000.42)	(195,812.95)
	Management			
Performance Management System	Performance	Ongoing	(443,910.12)	(11,962.46)
Hermon Water Aansluitings	Infrastructure	Ongoing	(2,965.19)	(112,749.17)
Infrastructure (Cape Wine Lands)	Infrastructure	Once	(1,988,681.97)	(2,108,500.06)
Nedbank Contractor Development TrainingProgram	Development Training	Once	(496,027.57)	(274,562.73)
Stormwater Mastepplan (R2,000.000.00 : Wellington)	Study	Once	(225,608.20)	(239,201.09)
Donations for Water week	Donations	Once	(3,250.00)	(22,798.48)
Taring of Sidewalks : O.R Thambo	Infrastructure	Once	0.00	(1,442,175.00)
Solid Waste Handling (Turn Around Trade)				
(Gaurentee)	Guarantee	Once	(935,872.10)	0.00
	Bulk Sevices Levy -			
Bulk Sevices Levy - Water and Sewerage	Water	Ongoing	(425,584.98)	(1,145,803.93)
	Bulk Sevices Levy -			
Bulk Sevices Levy - Electricity	Electricity	Ongoing	(558,840.19)	(583,963.27)
Ashanti wine sewer system (Gaurentee)	Guarantee	Once	(130,839.86)	0.00
Gaussian Resource (Gaurentee)	Guarantee	Once	(61,719.18)	(65,437.76)
Imvusa Trading riool (Gaurentee)	Guarantee	Once	(24,065.10)	(10,063.15)
John Miller (Subdivision Erf413)	Guarantee	Once	(3,199.16)	(3,391.91)
Gaurentee : Sunrise Construction	Guarantee	Once	0.00	(45,325.48)
			(34,569,571.36)	(28,217,577.43)

ANNEXURE F: ANNUAL PERFORMANCE REPORT 2010/2011

LIST OF ABBREVIATIONS

AFS	Audited Financial Statements
AG	Auditor-General
AIDS	Acquired Immune Deficiency Syndrome
CAPEX	Capital Expenditure
CASP	Comprehensive Agricultural Support Packages
CBP	Community Based Planning
CDW	Community Development Worker
CFO	Chief Financial Officer
COGTA	Co-operative Governance and Traditional Affairs
CPUT	Cape Peninsula University of Technology
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
DYC	Drakenstein Youth Council
ECD	Early Childhood Development
EE	Employment Equity
GAMAP	Generally Accepted Municipal Accounting Practice
GPRS	General Packet Radio Service
GRAP	Generally Recognised Accounting Practice
HIV	Human Immunodeficiency Virus
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMATU	Independent Municipal and Allied Trade Union
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector Education Training Authority

LRAD	Land for Redistribution and Agricultural Development
MAYCO	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act No. 32 of 2000
MTECH	Medium Term Expenditure Committee
NGO	Non Governmental Organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Association
SAMDI	South African Management Development Institute
SAMWU	South African Municipal Worker`s Union
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLIMS	SITA Library Information Management System