



Annual Report 2010/11



Table of Contents

TABLE OF CONTENTS	2
LIST OF TABLES	8
LIST OF FIGURES	11
LIST OF GRAPHS	11
FOREWORD – EXECUTIVE MAYOR S LOUW	13
FOREWORD – MUNICIPAL MANAGER	16
CHAPTER 1: INTRODUCTION & MUNICIPAL OVERVIEW.....	19
1.1 MUNICIPAL OVERVIEW	20
1.1.1 <i>Vision & Mission</i>	21
1.1.2 <i>Demographic Information</i>	22
A) MUNICIPAL GEOGRAPHICAL INFORMATION	23
B) POPULATION	24
C) HOUSEHOLDS	24
D) KEY ECONOMIC ACTIVITIES	26
1.1.3 SOCIO ECONOMIC INFORMATION.....	27
A) SOCIO ECONOMIC GROWTH.....	27
B) POPULATION BY GENDER.....	27
C) POPULATION BY GENDER/AGE.....	28
D) POPULATION BY RACE CATEGORIES	29
1.1.4 MUNICIPAL CHALLENGES.....	30
CHAPTER 2: GOVERNANCE	32
2.1 NATIONAL KEY PERFORMANCE INDICATORS – GOOD GOVERNANCE AND PUBLIC PARTICIPATION	33
2.2 PERFORMANCE HIGHLIGHTS – GOOD GOVERNANCE AND PUBLIC PARTICIPATION	33
2.3 CHALLENGES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION	34
2.4 GOVERNANCE STRUCTURE.....	34
2.4.1 <i>Political Governance Structure</i>	34



A) COUNCIL.....	35
B) EXECUTIVE MAYORAL COMMITTEE	37
C) PORTFOLIO COMMITTEES.....	39
2.4.2 <i>Administrative Governance Structure</i>	40
2.5 PUBLIC ACCOUNTABILITY.....	41
2.5.1 <i>Ward Committees</i>	41
2.5.2 <i>Functionality of Ward Committee</i>	42
2.5.3 <i>Representative Forums</i>	43
A) LABOUR FORUMS.....	43
B) IDP FORUM	43
C) RISK FORUM.....	43
2.6 CORPORATE GOVERNANCE	44
2.6.1 <i>Anti-Corruption and Anti-Fraud</i>	44
A) DEVELOPED STRATEGIES	44
B) IMPLEMENTATION OF STRATEGIES	44
2.6.2 <i>Audit Committee/s</i>	45
A) FUNCTIONS OF THE AUDIT COMMITTEE	45
B) MEMBERS OF THE AUDIT COMMITTEE.....	47
2.6.3 <i>Performance Audit Committee</i>	47
A) FUNCTIONS OF THE PERFORMANCE AUDIT COMMITTEE	47
B) MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE.....	48
2.6.4 <i>Internal Auditing</i>	48
2.6.5 <i>Auditor General</i>	51
2.6.6 <i>By-laws and Policies</i>	51
2.6.7 <i>Communication</i>	53
2.6.8 <i>Websites</i>	53
CHAPTER 3: ORGANISATIONAL DEVELOPMENT PERFORMANCE.....	55



3.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	56
3.2 PERFORMANCE HIGHLIGHTS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	56
3.3 CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	57
3.4 INTRODUCTION TO THE MUNICIPAL WORKFORCE	57
3.4.1 <i>Employment Equity</i>	57
A) EMPLOYMENT EQUITY TARGETS/ACTUAL	57
B) EMPLOYMENT EQUITY VS. POPULATION	58
C) OCCUPATIONAL CATEGORIES - RACE	58
D) OCCUPATIONAL LEVELS - RACE	59
E) DEPARTMENTS - RACE	59
3.4.2 <i>Vacancy Rate</i>	60
3.4.3 <i>Turnover Rate</i>	62
3.5 MANAGING THE MUNICIPAL WORKFORCE	63
3.5.1 <i>Injuries</i>	63
3.5.2 <i>Sick Leave</i>	63
3.5.3 <i>HR Policies and Plans</i>	64
3.5.4 <i>Employee Performance Rewards</i>	65
3.6 CAPACITATING THE MUNICIPAL WORKFORCE	65
3.6.1 <i>Skills Matrix</i>	66
3.6.2 <i>Skills Development – Training Provided</i>	67
3.6.3 <i>Skills Development – Budget Allocation</i>	68
3.7 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE	68
3.7.1 <i>Personnel Expenditure</i>	68
CHAPTER 4: STRATEGIC PERFORMANCE	70
4.1 NATIONAL KEY PERFORMANCE INDICATORS – BASIC SERVICE DELIVERY AND LOCAL ECONOMIC DEVELOPMENT	73
4.2 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)	73
4.2.1 <i>Top Level SDBIP – Good Governance and Public Participation</i>	75



4.2.2	<i>Top Level SDBIP - Municipal Transformation and Institutional Development</i>	78
4.2.3	<i>Top Level SDBIP - Municipal Financial Viability and Management</i>	79
4.2.4	<i>Top Level SDBIP - Local Economic Development</i>	80
4.2.5	<i>Top Level SDBIP - Basic Service Delivery</i>	81
4.3	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2011/12	86
4.3.1	<i>To Attain Financial Viability and Sustainability</i>	86
4.3.2	<i>To Create Integrated, Sustainable, Linked and Productive Human Settlements</i>	87
4.3.3	<i>To Deepen and Entrench Good Governance Practices, Including Better Communication and Public Involvement</i>	90
4.3.4	<i>To Foster and Strengthen Strategic Partnerships and Social Development</i>	91
4.3.5	<i>To Grow the Local Economy in Order to Increase Opportunities for Participation and Equity</i>	92
4.4	BASIC SERVICE DELIVERY	93
4.4.1	<i>Basic Services Delivery Performance Highlights</i>	93
4.4.2	<i>Basic Service delivery Challenges</i>	93
4.4.3	<i>Access to Free Basic Services</i>	95
4.4.4	<i>Access to Basic Level of Services</i>	97
A)	CAPITAL BUDGET SPENT ON MUNICIPAL SERVICES	97
B)	PERCENTAGE SPENDING ON TOTAL CAPITAL BUDGET	99
C)	SUMMARY OF BACKLOGS THAT MUST STILL BE ADDRESSED	99
4.4.5	<i>Water and Sanitation</i>	100
A)	WATER SERVICE DELIVERY LEVELS	100
B)	SANITATION SERVICE DELIVERY LEVELS	101
4.4.6	<i>Electricity</i>	103
4.4.7	<i>Housing</i>	105
4.4.8	<i>Refuse Removal</i>	105
4.4.9	<i>Roads</i>	107
A)	TARRED ROADS	107
B)	GRAVELLED ROADS	107



C) COST OF CONSTRUCTION/MAINTENANCE.....	107
4.4.10 Storm water.....	108
A) STORM WATER INFRASTRUCTURE	108
B) COST OF CONSTRUCTION/MAINTENANCE	108
4.5 MUNICIPAL INFRASTRUCTURE AND OTHER GRANTS.....	109
4.6 ADDITIONAL PERFORMANCE	111
4.7 LED	115
4.7.1 Highlights: LED.....	115
4.7.2 Challenges: LED	115
4.7.3 LED Strategy.....	115
4.7.4 Economic Activity.....	116
4.7.5 LED Initiatives.....	116
4.7.6 Social & Welfare Services	119
4.7.7 Trading and Hawkers.....	119
4.8 SERVICE PROVIDERS STRATEGIC PERFORMANCE	120
4.9 SUPPLY CHAIN MANAGEMENT.....	125
4.9.1 Competitive Bids in Excess of R200 000.....	125
A) BID COMMITTEE MEETINGS	125
B) AWARDS MADE BY THE BID ADJUDICATION COMMITTEE.....	126
C) AWARDS MADE BY THE ACCOUNTING OFFICER.....	127
D) APPEALS LODGED BY AGGRIEVED BIDDERS	127
E) AWARDS MADE TO HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI'S), WOMEN AND ENTERPRISES WITHIN THE WITZENBERG MUNICIPAL AREA	127
4.9.2 Formal Written Price Quotations between R30 000 and R200 000.....	128
A) AWARDS MADE TO THE HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI'S), WOMEN AND ENTERPRISES WITHIN THE WITZENBERG MUNICIPAL AREA	128
4.9.3 Deviation from Normal Procurement Processes.....	129
4.9.4 Logistics Management.....	129
4.9.5 Disposal Management.....	130



4.9.6 Performance Management	131
4.9.7 Procurement and Contract Management - Not All Regulation 6 (3) Reports were Submitted.....	132
4.9.8 Procurement and Contract Management - Non-compliance with SCM Policy Section 26 (1).....	133
4.9.9 Procurement and Contract Management - Incorrect Declaration of Interest Made	133
4.9.10 Procurement and Contract Management - Suppliers not Registered for VAT.....	133
4.9.11 Procurement and Contract Management - Monitoring of Contracts not done on a Monthly Basis.....	133
CHAPTER 5: FUNCTIONAL PERFORMANCE	134
5.1 PERFORMANCE HIGHLIGHTS PER FUNCTIONAL AREA	136
5.2 OVERVIEW OF PERFORMANCE	141
5.3 PERFORMANCE PER FUNCTIONAL AREA (DEPARTMENTAL/OPERATIONAL SDBIP)	142
5.3.1 Office of the Municipal Manager.....	142
5.3.2 Corporate Services.....	143
5.3.3 Financial Services.....	144
5.3.4 Community Services.....	145
5.3.5 Technical Services.....	146
CHAPTER 6: FINANCIAL PERFORMANCE	149
6.1 FINANCIAL SUSTAINABILITY	149
A) NATIONAL KEY PERFORMANCE INDICATORS - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	149
6.2 FINANCIAL VIABILITY HIGHLIGHTS.....	149
6.3 FINANCIAL VIABILITY CHALLENGES.....	150
6.4 FINANCIAL SUSTAINABILITY	150
6.4.1 Operating Results	150
6.4.2 Outstanding Debtors.....	152
A) GROSS OUTSTANDING DEBTORS PER SERVICE	152
B) TOTAL DEBTORS AGE ANALYSIS	153
6.4.3 Viability Indicators.....	153



A) LEVEL OF RELIANCE ON GRANTS & SUBSIDIES.....	153
B) LIQUIDITY RATIO	154
6.4.4 Audited Outcomes.....	155
6.4.5 Equitable Share vs. Total Revenue	159
6.4.6 Repairs and Maintenance.....	160
6.4.7 Capital Funded by Source.....	161
LIST OF ABBREVIATIONS.....	163
ANNEXURE A: FINANCIAL STATEMENTS	1
ANNEXURE B: REPORT OF THE AUDITOR GENERAL.....	2
ANNEXURE C: REPORT OF THE PERFORMANCE AUDIT COMMITTEE	1

List of Tables

TABLE 1: MUNICIPAL WARDS	23
TABLE 2: DEMOGRAPHIC INFORMATION OF THE MUNICIPAL AREA – TOTAL POPULATION.....	24
TABLE 3: TOTAL NUMBER OF HOUSEHOLDS	25
TABLE 4: OVERVIEW OF THE NEIGHBOURHOODS WITHIN MUNICIPAL AREA	26
TABLE 5: KEY ECONOMIC ACTIVITIES.....	26
TABLE 6: SOCIO ECONOMIC INFORMATION	27
TABLE 7: DEMOGRAPHIC INFORMATION OF THE MUNICIPAL AREA – GENDER.....	27
TABLE 8: DEMOGRAPHIC INFORMATION OF THE MUNICIPAL AREA – GENDER/AGE	28
TABLE 9: DEMOGRAPHIC INFORMATION OF THE MUNICIPAL AREA – RACE CATEGORIES.....	29
TABLE 10: MUNICIPAL CHALLENGES.....	31
TABLE 11: NATIONAL KPIS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION PERFORMANCE.....	33
TABLE 12: GOOD GOVERNANCE AND PUBLIC PARTICIPATION PERFORMANCE HIGHLIGHTS.....	34
TABLE 13: GOOD GOVERNANCE AND PUBLIC PARTICIPATION CHALLENGES	34
TABLE 14: COUNCIL UNTIL 26 MAY 2011.....	35
TABLE 15: COUNCIL AFTER 26 MAY 2011	36
TABLE 16: COUNCIL MEETINGS.....	37
TABLE 17: EXECUTIVE MAYORAL COMMITTEE UNTIL 26 MAY 2011	37
TABLE 18: EXECUTIVE MAYORAL COMMITTEE AFTER 26 MAY 2011	38
TABLE 19: COMMITTEE MEETINGS.....	39
TABLE 20: PORTFOLIO COMMITTEES	40
TABLE 21: ADMINISTRATIVE GOVERNANCE STRUCTURE	40
TABLE 22: WARD CHAIRPERSONS	42
TABLE 23: FUNCTIONING OF WARD COMMITTEES	42
TABLE 24: LABOUR FORUM	43
TABLE 25: RISK FORUM	43
TABLE 26: STRATEGIES	44



TABLE 27: IMPLEMENTATION OF THE STRATEGIES	45
TABLE 28: MEMBERS OF THE AUDIT COMMITTEE	47
TABLE 29: MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE	48
TABLE 30: THREE YEAR STRATEGIC INTERNAL AUDIT PLAN	49
TABLE 31: ANNUAL RISK BASED AUDIT PLAN.....	50
TABLE 32: INTERNAL AUDIT FUNCTIONS.....	50
TABLE 33: BY-LAWS.....	51
TABLE 34: POLICIES	52
TABLE 35: COMMUNICATION ACTIVITIES.....	53
TABLE 36: WEBSITE CHECKLIST	54
TABLE 37: NATIONAL KPIS– MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	56
TABLE 38: PERFORMANCE HIGHLIGHTS– MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	56
TABLE 39: CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT.....	57
TABLE 40: 2010/11 EE TARGETS/ACTUAL BY RACIAL CLASSIFICATION	57
TABLE 41: 2010/11 EE TARGETS/ACTUAL BY GENDER CLASSIFICATION.....	57
TABLE 42: EE POPULATION 2010/11	58
TABLE 43: OCCUPATIONAL CATEGORIES.....	58
TABLE 44: OCCUPATIONAL LEVELS.....	59
TABLE 45: DEPARTMENT - RACE.....	59
TABLE 46: VACANCY RATE PER POST AND FUNCTIONAL LEVEL	60
TABLE 47: VACANCY RATE PER SALARY LEVEL.....	61
TABLE 48: TURNOVER RATE.....	62
TABLE 49: INJURIES.....	63
TABLE 50: SICK LEAVE	64
TABLE 51: HR POLICIES AND PLANS	64
TABLE 52: PERFORMANCE REWARDS.....	65
TABLE 53: SKILLS MATRIX	66
TABLE 54: SKILLS DEVELOPMENT.....	67
TABLE 55: BUDGET ALLOCATED AND SPENT FOR SKILLS DEVELOPMENT	68
TABLE 56: PERSONNEL EXPENDITURE	68
TABLE 57: PERSONNEL EXPENDITURE	69
TABLE 58: NATIONAL KPIS – BASIC SERVICE DELIVERY AND LOCAL ECONOMIC DEVELOPMENT.....	73
TABLE 59: TOP LEVEL SDBIP – GOOD GOVERNANCE AND PUBLIC PARTICIPATION	78
TABLE 60: TOP LEVEL SDBIP – MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	79
TABLE 61: TOP LEVEL SDBIP – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT.....	80
TABLE 62: TOP LEVEL SDBIP – LOCAL ECONOMIC DEVELOPMENT.....	81
TABLE 63: TOP LEVEL SDBIP – BASIC SERVICE DELIVERY	85
TABLE 64: SERVICE DELIVERY PRIORITIES FOR 2011/12 – TO ATTAIN FINANCIAL VIABILITY AND SUSTAINABILITY	86
TABLE 65: SERVICE DELIVERY PRIORITIES FOR 2011/12 – TO CREATE INTEGRATED, SUSTAINABLE, LINKED AND PRODUCTIVE HUMAN SETTLEMENTS	90
TABLE 66: SERVICE DELIVERY PRIORITIES FOR 2011/12 – TO DEEPEN AND ENTRENCH GOOD GOVERNANCE PRACTICES INCLUDING BETTER COMMUNICATION AND PUBLIC INVOLVEMENT.....	91
TABLE 67: SERVICE DELIVERY PRIORITIES FOR 2011/12 – TO FOSTER AND STRENGTHEN STRATEGIC PARTNERSHIP AND SOCIAL DEVELOPMENT	92
TABLE 68: SERVICE DELIVERY PRIORITIES FOR 2011/12 – TO GROW THE LOCAL ECONOMY IN ORDER TO INCREASE OPPORTUNITIES FOR PARTICIPATION AND EQUITY.....	92
TABLE 69: BASIC SERVICES DELIVERY HIGHLIGHTS.....	93
TABLE 70: BASIC SERVICES DELIVERY CHALLENGES.....	94
TABLE 71: FREE BASIC SERVICES TO INDIGENT HOUSEHOLDS	95
TABLE 72: FREE BASIC ELECTRICITY SERVICES TO INDIGENT HOUSEHOLDS	95
TABLE 73: FREE BASIC WATER SERVICES TO INDIGENT HOUSEHOLDS	96



TABLE 74: FREE BASIC SANITATION SERVICES TO INDIGENT HOUSEHOLDS	96
TABLE 75: FREE BASIC REFUSE REMOVAL SERVICES TO INDIGENT HOUSEHOLDS PER TYPE OF SERVICE.....	96
TABLE 76: ACCESS TO BASIC LEVEL OF SERVICES	97
TABLE 77: CAPEX	97
TABLE 78: TOTAL CAPITAL EXPENDITURE ON ASSETS	98
TABLE 79: TOTAL CAPITAL EXPENDITURE	99
TABLE 80: BACKLOGS	100
TABLE 81: WATER SERVICE DELIVERY LEVELS	101
TABLE 82: SANITATION SERVICE DELIVERY LEVELS.....	102
TABLE 83: ELECTRICITY SERVICE DELIVERY LEVELS	103
TABLE 84: HOUSING WAITING LIST.....	105
TABLE 85: HOUSING	105
TABLE 86: REFUSE REMOVAL SERVICE DELIVERY LEVELS	106
TABLE 87: TARRERD ROADS.....	107
TABLE 88: GRAVELLED ROADS.....	107
TABLE 89: COST OF CONSTRUCTION/MAINTENANCE OF ROADS.....	107
TABLE 90: STORM WATER INFRASTRUCTURE	108
TABLE 91: COST OF CONSTRUCTION/MAINTENANCE OF STORMWATER SYSTEMS.....	108
TABLE 92: SPENDING OF GRANTS.....	111
TABLE 93: ADDITIONAL PERFORMANCE.....	114
TABLE 94: LED HIGHLIGHTS	115
TABLE 95: CHALLENGES LED.....	115
TABLE 96: LED OBJECTIVES AND STRATEGIES.....	115
TABLE 97: ECONOMIC ACTIVITY BY SECTOR	116
TABLE 98: LED INITIATIVES.....	118
TABLE 99: SOCIAL AND WELFARE PROJECTS	119
TABLE 100: TRADING AND HAWKERS PROJECTS	120
TABLE 101: SERVICE PROVIDERS PERFORMANCE – OFFICE OF THE MUNICIPAL MANAGER	120
TABLE 102: SERVICE PROVIDERS PERFORMANCE – CORPORATE SERVICES.....	121
TABLE 103: SERVICE PROVIDERS PERFORMANCE – FINANCIAL SERVICES.....	122
TABLE 104: SERVICE PROVIDERS PERFORMANCE – COMMUNITY SERVICES	122
TABLE 105: SERVICE PROVIDERS PERFORMANCE – TECHNICAL SERVICES	124
TABLE 106: BID COMMITTEE MEETINGS	125
TABLE 107: ATTENDANCE OF MEMBERS OF BID SPECIFICATION COMMITTEE	125
TABLE 108: ATTENDANCE OF MEMBERS OF BID EVALUATION COMMITTEE	125
TABLE 109: ATTENDANCE OF MEMBERS OF BID ADJUDICATION COMMITTEE	125
TABLE 110: TEN HIGHEST BIDS AWARDED BY BID ADJUDICATION COMMITTEE	127
TABLE 111: AWARDS MADE BY ACCOUNTING OFFICER.....	127
TABLE 112: HDI BID AWARDS	128
TABLE 113: HDI QUOTATION AWARDS	128
TABLE 114: SUMMARY OF DEVIATIONS	129
TABLE 115: RESTRICTED SUPPLIERS	131
TABLE 116: SCM PERFORMANCE INDICATORS.....	132
TABLE 117: FUNCTIONAL AREAS.....	136
TABLE 118: PERFORMANCE HIGHLIGHTS PER FUNCTIONAL AREA.....	140
TABLE 119: SUMMARY OF TOTAL PERFORMANCE	141
TABLE 120: FUNCTIONAL ALIGNMENT – OFFICE OF THE MUNICIPAL MANAGER	142
TABLE 121: FUNCTIONAL ALIGNMENT – CORPORATE SERVICES.....	144
TABLE 122: FUNCTIONAL ALIGNMENT – FINANCIAL SERVICES.....	144



TABLE 123: FUNCTIONAL ALIGNMENT – COMMUNITY SERVICES	146
TABLE 124: FUNCTIONAL ALIGNMENT – TECHNICAL SERVICES	147
TABLE 125: NATIONAL KPI'S FOR FINANCIAL VIABILITY AND MANAGEMENT	149
TABLE 126: FINANCIAL VIABILITY HIGHLIGHTS.....	150
TABLE 127: FINANCIAL VIABILITY CHALLENGES.....	150
TABLE 128: PERFORMANCE AGAINST BUDGETS.....	150
TABLE 129: GROSS OUTSTANDING DEBTORS PER SERVICE	152
TABLE 130: SERVICE DEBTOR AGE ANALYSIS.....	153
TABLE 131: RELIANCE ON GRANTS	153
TABLE 132: LIQUIDITY RATIO	154
TABLE 133: AUDIT OUTCOMES.....	155
TABLE 134: 2008/09 DETAIL ON AUDIT OUTCOMES.....	157
TABLE 135: 2009/10 DETAIL ON AUDIT OUTCOMES.....	158
TABLE 136: 2010/11 DETAIL ON AUDIT OUTCOMES.....	159
TABLE 137: EQUITABLE SHARE VS. TOTAL REVENUE	160
TABLE 138: REPAIRS & MAINTENANCE AS % OF TOTAL OPERATING EXPENDITURE.....	160
TABLE 139: CAPITAL FUNDED BY SOURCE	161

List of Figures

FIGURE 1: WITZENBERG GRAPHIC ILLUSTRATION.....	21
FIGURE 2: WESTERN CAPE AREA MAP	23
FIGURE 3: STRATEGY MAP.....	72
FIGURE 4: SDBIP MEASUREMENT CATEGORIES.....	74

List of Graphs

GRAPH 1: TOTAL POPULATION GROWTH.....	24
GRAPH 2: TOTAL % INDIGENT HOUSEHOLDS WITHIN THE MUNICIPAL AREA.....	25
GRAPH 3: GENDER POPULATION	28
GRAPH 4: POPULATION CATEGORIES BY GENDER/AGE.....	29
GRAPH 5: POPULATION BY RACE	30
GRAPH 6: VACANCY RATE.....	62
GRAPH 7: PERFORMANCE PER NATIONAL KEY PERFORMANCE AREA.....	74
GRAPH 8: WATER SERVICE DELIVERY LEVELS.....	101
GRAPH 9: SANITATION/SEWERAGE SERVICE DELIVERY LEVELS.....	102
GRAPH 10: ELECTRICITY SERVICE DELIVERY LEVELS.....	104
GRAPH 11: ELECTRICITY LEVELS ABOVE MINIMUM STANDARDS	104
GRAPH 12: REFUSE REMOVAL SERVICE DELIVERY LEVELS	106
GRAPH 13: OVERALL PERFORMANCE OF DIRECTORATES	142
GRAPH 14: OFFICE OF THE MUNICIPAL MANAGER SUB-DIRECTORATE PERFORMANCE.....	143
GRAPH 15: CORPORATE SERVICES SUB-DIRECTORATE PERFORMANCE.....	144
GRAPH 16: FINANCIAL SERVICES SUB-DIRECTORATE PERFORMANCE.....	145



GRAPH 17: COMMUNITY SERVICES SUB-DIRECTORATE PERFORMANCE	146
GRAPH 18: TECHNICAL SERVICES SUB-DIRECTORATE PERFORMANCE	147
GRAPH 19: REVENUE.....	151
GRAPH 20: OPERATING EXPENDITURE.....	151
GRAPH 21: DEBT PER TYPE OF SERVICE.....	152
GRAPH 22: RELIANCE ON GRANTS AS %	154
GRAPH 23: REVENUE STREAMS.....	160
GRAPH 24: REPAIRS AND MAINTENANCE AS PERCENTAGE OF OPERATING EXPENDITURE	161
GRAPH 25: CAPITAL FUNDED BY SOURCE.....	162



Foreword - Executive Mayor S Louw



Thank you for reviewing our annual report. Witzenberg Municipality is a municipality burgeoning with investment potential and experiencing rapid rural/urban development. Witzenberg's picturesque landscape consists of Ceres, Wolseley, Prince Alfred's Hamlet, Tulbagh, Nduli, Bella Vista and Op-die-Berg. Development in these areas can largely be attributed to tourism, fruit orchards, viticulture and an emerging commercial sector. However, rural communities serving agrarian regions are often susceptible to seasonal employment, a skills deficit in the workforce and poverty. These social ills also affect parts of Witzenberg Municipality, but this is regarded as an opportunity for economic growth and social transformation as opposed to a dire consequence.

Witzenberg Municipality strives to achieve exceptional service delivery to draw investment to this district and can only achieve maximum efficiency and progress if the public that it serves can enjoy basic living standards and have adequate employment options. I believe that the investment in the self-confidence and self-esteem of our residents is synonymous as the investment in our local economy.

Witzenberg Municipality has launched a board, spear-headed by prominent business leaders, to focus upon and guide the local financial infrastructure thereby creating a forum for positive growth and shared ideas. This step is significant to the expansion of existing markets and the exploration of emerging ones. This board aspires to implement innovative methods to eradicate poverty and provide redress for the historically disadvantaged. Witzenberg is resolute about providing the youth with marketable skills and on-job experience through temporary work schemes and mentorship. Nurturing the spirit of entrepreneurship, Witzenberg offers assistance to local contractors so that they can flourish and become nationally competitive. Witzenberg has also made great strides in service delivery through the improvement of water quality and waste management with the objective of becoming nationally and internationally competitive as a premium tourism destination and a first-rate investment option for the agricultural/business sectors.

Local economic development navigates the cohesion between the public, local business and non-governmental partners towards Witzenberg's financial independence and national competitiveness. Projects to address social difficulties include the Witzenberg Emerging Forum (WEBF), the Community Work Programme, Contractor Development Programme, the creation of the Witzenberg Local Economic Development Board (WLEDB) and the Prince Alfred's Hamlet Walkway.

Witzenberg Emerging Forum (WEBF)

The WEBF aims to mobilise small businesses, emerging farmers and black economic empowerment sectors of Witzenberg to take advantage of the opportunities arising out of local economic development processes. The WEBF is able to provide these sectors with a 'voice' in terms of facilitating an open dialogue between Municipal policies, laws, regulations and practises that affect them, thus creating better relationships with local business sectors. The WEBF also identifies development projects in which emerging businesses and new farmers can participate. The WEBF is a conduit for the Municipality and relevant stakeholders to interact with and ensure that business support services from provincial and national government are channelled equitably to these target groups. The success of the WEBF is attributed to its goal driven focus. It follows a pro-active approach giving strength to local business as a collective, providing activities of relevance and value to its members, assisting with skills development and training for budding entrepreneurs and creating a platform for ethical, transparent and accountable business practice.



Community Work Programme (CWP)

Another programme geared towards skills development is the Community Work Programme (CWP). This initiative offers temporary employment to Witzenberg residents, contributing to their sense of dignity and social inclusion. This form of motivation contributes directly to the eradication of poverty, reduction of unemployment and supplementing household income. CWP has about 370 residents participating in the programme, performing maintenance and cleaning of Municipal resorts, storm water and street cleaning as well as sewage plant work. CWP assists 7 non-profit organisations, promoting volunteerism with activities such as social and home caring, women's support groups, crèche services, HIV care and nutritional maintenance. Future planning for CWP includes skills training in painting and paving, further empowering the youth and the existing labour force.

Contractor Development

Contractor development is an important focus area for Witzenberg Municipality. Thorough research is being conducted to identify the capabilities of local contractors and to classify the criterion on which these contractors are unsuccessful in tender applications. Witzenberg plans to create workshops and training to create awareness and competition within the local business sphere.

Witzenberg Local Economic Development Board (WLEDB)

Witzenberg Municipality passionately believes that it should work in partnership with the private sector as a developmental partner, development agencies as facilitators and communities as beneficiaries. A pivotal strategy in the execution of Witzenberg's LED framework is the establishment of a Local Economic Development Board (WLEDB). This non-statutory board will act as the conveyance for implementing tangible outcomes in the form of large-scale, commercially viable LED projects, playing a catalytic role in expanding Witzenberg's economic base. WLEDB is tasked with developing Witzenberg as a recognised brand, to identify LED projects with predictable success, to create a LED project team to conduct business models, feasibility studies and source funding to support these functions.

Prince Alfred's Hamlet Walkway

Prince Alfred's Hamlet, located in Witzenberg Municipality, is characterised by poverty, unemployment and fetal alcohol syndrome. The National Minister of Rural Development and Land Reform, Gugile Nkwinti, identified an open space in this area to be upgraded into a pedestrian walkway. Upon assessing the needs of the area, Witzenberg Municipality sourced local labour to execute the project and proceeded to design and construct a well-lit walkway, with manicured lawns and flower beds at a cost of R4 million. The walkway provided employment and skills development for the youth, with planning for additional recreational facilities to further improve Prince Alfred's Hamlet. This project transformed a treacherous alley into an attractive and functional walkway, which has become a source of pride and ownership for the community.

Green Drop & Blue Drop Awards

Witzenberg is breaking new ground in the quality management of drinking water and sewerage systems. Witzenberg Municipality was awarded 5 prestigious "Blue Drop" awards for the drinking water systems located in Ceres, Wolseley, Tulbagh, Prince Alfred Hamlet and Op-die-Berg as well as a "Green Drop" award for the Ceres Sewerage Plant and a runner up award in the "Green Drop" Women's Award category. Our Technical Department also received a coveted placement in the National Top Ten for both the "Green Drop" and "Blue Drop" categories, placing third place with a drinking water quality level of 97.56% and placing sixth place with a sewerage quality level of 89.7%. Witzenberg competed against more than 150 municipalities nationwide to attain this achievement.

Greenest Municipality Competition 2011



The Department of Environmental Affairs and Development Planning (DEADP) awarded Witzenberg Municipality third place in the Western Cape for the Greenest Municipality Competition. The Department of Environmental Affairs and Development Planning runs this event annually and the competition provides an excellent opportunity to promote improved service delivery standards in Witzenberg as well as raise awareness within the community to protect and care for the environment. The competition was run across South Africa, with a high level of participation throughout the country..

National Clean Cities & Towns Launch

The Clean Cities and Towns Programme was launched by the Department of Cooperative Governance and Traditional Affairs in Witzenberg Municipality. This programme works in conjunction with the Community Work Programme (CWP) and was established to assist municipalities and communities to improve methods of waste management and caring for the environment. This programme aims to beautify cities and towns across South Africa, raise awareness around community health and hygiene, encourage job creation and partnerships among public and private sectors.

In conclusion, Witzenberg Municipality believes in a future with prosperity for all. I would like to take this opportunity to thank and acknowledge the Mayoral Council, the Municipal Manager, the Municipal Directorate, our Municipal staff and the residents of Witzenberg Municipality for their commitment, focus and perseverance to develop our home into a flourishing hub of tourism, business development and agricultural expansion. It gives me great pride to serve Witzenberg as Executive Mayor and I welcome the challenges to come as I know that we will overcome them together.



CLLR. STEFAN LOUW
EXECUTIVE MAYOR



Foreword - Municipal Manager



Introduction

The Witzenberg Municipality's annual financial statements were prepared and submitted to the Auditor-General by the deadline of 31 August 2011.

The annual performance report in terms of section 46 of the Local Government: Systems Act (No32 of 2000) has been submitted, for the first time, to the Auditor – General for audit.

Revenue Collection

The municipality's performance for revenue collection increased from 88.61% in 2010 to 92.82% in 2011. We are mindful that the Municipality's financial viability is still crucial for sustainable service delivery and the fulfillment of our constitutional mandates hence our continuous focus on our collections and vigorous application of credit control policy. All debts older than 90 days are handed over to our external service provider for collection.

Material Losses/Impairments

➤ **Electricity**

Significant progress has been made in reducing the energy losses including technical and non-technical losses. The total loss for the financial year was 8% of energy purchased compared to the R8.47% of the previous financial year. The accumulated loss of income amounted to R6 346. 198, 00 which is higher than the 2008/2009 figure of R5 619.666, 00. This is mainly due to the 26.71% Eskom tariff increase for bulk purchases. As part of Council's ongoing program to cut down on energy losses Council has:

- installed bulk meters in all distribution substations in Wolseley
- busy with the auditing of all customers connected to individual substations
- resolved that the GIS data be used to present data graphically
- resolved that remote metering be rolled out to include more customers in the commercial and industrial sectors

➤ **Water Service**



The calculated loss of approximately 34.31% is still outside the accepted level of water losses. This is however lower than the 34.61% that was recorded in the 2009/10 financial year. This is only the third year of the municipality keeping and maintaining reputable records of water losses within its area of jurisdiction. Although, the municipality is not suffering any financial losses, because we are not paying for water, potential income is forfeited and a scarce commodity is being wasted. The Technical department is robust and vigorously improving the effectiveness of water provision by:

- calculating monthly losses of unaccounted water
- installed zoning meters in some areas
- completed a water meter audit for the whole of Witzenberg
- installing water meters at unmetered erven
- replacing and repairing bulk meters
- installing data loggers at strategic sites
- collecting and calculating monthly data
- replacing badly leaking/eroded pipes on a program within certain areas.

Incidents of Theft / Fraud / Gross Negligence

One incident of theft / fraud was uncovered and reported to the Auditor-General and South African Police Services. The outcome of this matter is still awaited from the South African Police Services.

General and Closing Comments

The unbundling of assets in terms of GRAP 17 will be the Council's biggest challenge in the new financial year. The Council is also in the process of investigating the possibility of a PPP for the Municipal Resorts which will greatly assist Management in focusing on only core functions of our Municipal mandate.

Negotiations and talks with DWAF on the future of the Koekedouw Dam are ongoing and a successful outcome will see positive financial spin offs for the Witzenberg community.


A LED forum headed by the big private business within our Municipal jurisdiction and supported by our Council have been established to look at job creation opportunities within the Witzenberg area.



We are proud to mention that we have been selected as pilot for various National Projects, inter alia. The War on Poverty and the Turnaround Strategy. We have received wonderful support from both spheres of government and trust that this assistance will only intensify. The BIG funding to the tune of almost R60 million over 3 years is proof of this support Our Local Intergovernmental Forum is one of our success stories and we believe, as so eloquently stated in our IDP, that through STRATEGIC Partnerships we will turn this Municipality into a “ideal Municipality”.

DAVID NASSON

MUNICIPAL MANAGER



DAVID NASSON
MUNICIPAL MANAGER



Chapter 1

Introduction and Municipal Overview



Chapter 1: Introduction & Municipal Overview

1.1 Municipal Overview

The Witzenberg Local Municipality (LM), founded in 2000, is classified as a Category B municipality and is responsible for basic service provision to the demarcated municipal area that includes the towns of Ceres, Tulbagh, Prince Alfred's Hamlet, Wolseley and Op-Die-Berg. The rural areas within the municipal boundary are Ceres Valley, Koue Bokkeveld, Achter-Witzenberg and the northern portion of Breede River Valley (Land van Waveren).

The climate in Witzenberg is known for its hot and dry summer days. Winds are seasonal and generally North-westerly or South-easterly. The average annual rainfall in Ceres is about 1088 mm and the average temperature range is 2, 4°C to 29, 9°C.

Located in the picturesque and fertile Breede Valley, Witzenberg is best known for its fruit and wine products. The region is also well-known for producing other agriculturally-linked products such as olives and grain, as well as for producing beef and pork products. Horse and cattle stud farms are also found within the municipal area.

The principal socio-economic realities in our region are:

- Seasonal labour and Social Grant dependency
- Unemployment rate: 4 142 people (11%)
- People in poverty: 13 000 (17%)
- Skills Shortage (Illiteracy rate = 36%)
- Youthful population: 57,1% of population is under 30 years of age
- Population concentration: 46.9% Rural; 53.1% Urban

Witzenberg's population stands at 91 222 and the racial breakdown is 66, 7% Colored, 24% Black, 10% White and 0, 2% Asians.

The two largest sector contributors to the GDP are agriculture (35,6%) and the manufacturing sector (20,9%), growing on average at 2,1% and 10,6% respectively per annum. Within the manufacturing sector, the food, beverage & tobacco sub-sector is clearly dominant, representing 69,4% of total manufacturing.

Graphic illustration of spatial elements, potential and constraints:



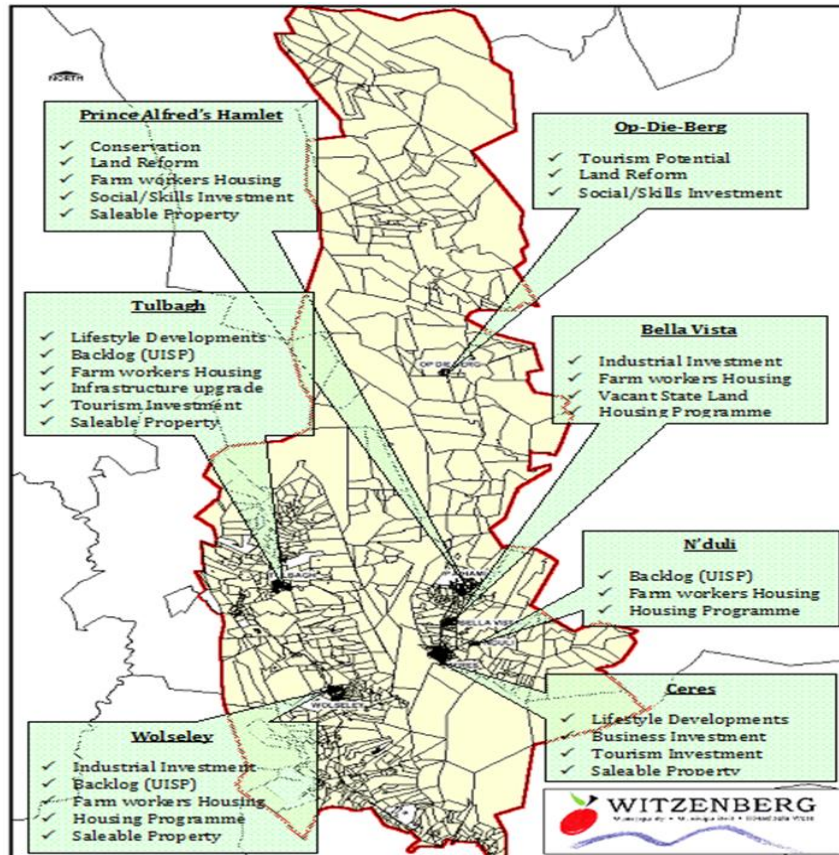


Figure 1: Witzenberg Graphic illustration

1.1.1 Vision & Mission

The Witzenberg Local Municipality committed itself to the vision and mission of -

Vision

“A united, integrated, prosperous municipality progressively free of poverty and dependency”

Mission

“To build a sustainable and environmentally sound Witzenberg that through efficient and effective utilisation of its current resources, establishes a platform for the progressive overcoming of poverty, under development and provides the basis for a prosperous life for all its citizens”



1.1.2 Demographic Information

Witzenberg LM comprises an area of 2 851 km², and is situated about 150 kilometers North-East of Cape Town. The region is surrounded by three mountain ranges: the Obiqua Mountains to the west, the Winterhoek Mountains to the north and the Witzenberg range to the east – mountain ranges which are all often spectacularly covered in snow during the winter months. Witzenberg's natural surroundings are characterized by some selection of fauna and flora, forest wilderness and include the catchment area of three river systems.

The Witzenberg Municipal area is characterised by:

- Urban development – low intensity & density, large under-utilized land in prosperous areas.
- Lower income areas – high density, under-provision of formal business development.
- Towns characterised by segregation in settlements – duplication of services, different levels of development due to historic development patterns.
- Commonage with eco-tourism potential.

From a spatial perspective, some of the challenges facing the various areas of the municipality are:

- (Op-die-Berg and the Koue Bokkeveld): Limited space for human settlement expansion due to bio-physical conditions and the competition for land for the various social and agricultural needs.
- (Prince Alfred Hamlet): A low overall density of development, with definite bio-physical constraints to expansion such as the need to protect biodiversity resources.
- (Ceres): Low density development with limited opportunities for densification.
- (N'duli): The scarcity of land to address social needs, and conflict with surrounding agricultural uses.
- (Wolseley): Located on a watershed complicates the provision of services, and the wetland area is unsuitable for development.



A) Municipal Geographical Information

Wards

The Municipality is currently structured into the following 11 Wards:

WARD	AREAS
1	N'Duli – Polo Cross & Primary School
2	Wolseley – WF Loots, Petra, Dwarsriver
3	Ceres – Primary School, Town Hall, Fairfield School
4	Prince Alfred Hamlet – Town Hall, Bella Vista High School, Ceres Aartappels
5	Ceres – Vallei Church Hall, Bothashalt School, Achtertuin Primary School
6	Bella Vista – URC Hall & Community Hall
7	Wolseley – Primary & Secondary School. Tulbagh – Community Hall
8	Koue Bokkeveld – Mōrester, Bronaar, Kromfontein, Rocklands
9	Op-Die-Berg – Tandfontein, Wydekloof, Voorsorg
10	Prince Alfred's Hamlet – Phase 4, Agter Witzenberg, Koelfontein
11	Tulbagh – Town Hall, Werkestoer, De Agen, Twee Jonge Gezellen

Table 1: Municipal Wards

Below is a map of the Western Cape that indicates the location of the Municipality in the Cape Winelands District area:



Figure 2: Western Cape Area map



B) Population

The municipality is estimated to account for **13,6%** or **91 222** of the Cape Winelands District's population of **670 129** in 2009.

a) Total Population

The table below indicates the total population within the municipal area:

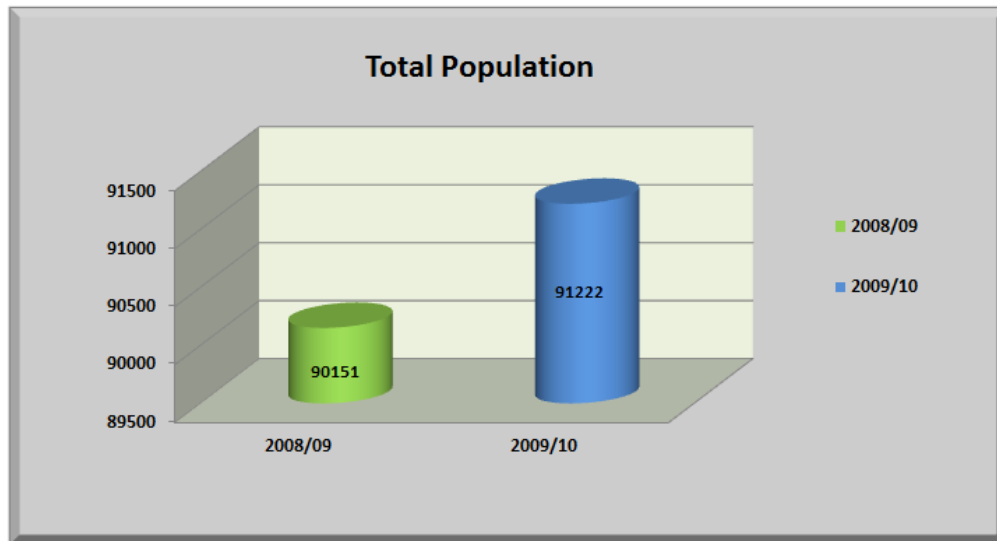
Population	2008/09	2009/10
	90 151	91 222

Table 2: Demographic information of the municipal area – Total population

Source: Global Insight 2009

According to Global Insight's data, the compound population growth rate between 1996 and 2008 was **1.7%**

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



Graph 1: Total Population Growth

C) Households

The total number of households within the municipal area increased from **23 539** households in 2008/09 financial year to a total of **23 892** households in 2010/11 financial year. This indicates an increase of **1.5%** in the total number of households within the municipal area over the two years.

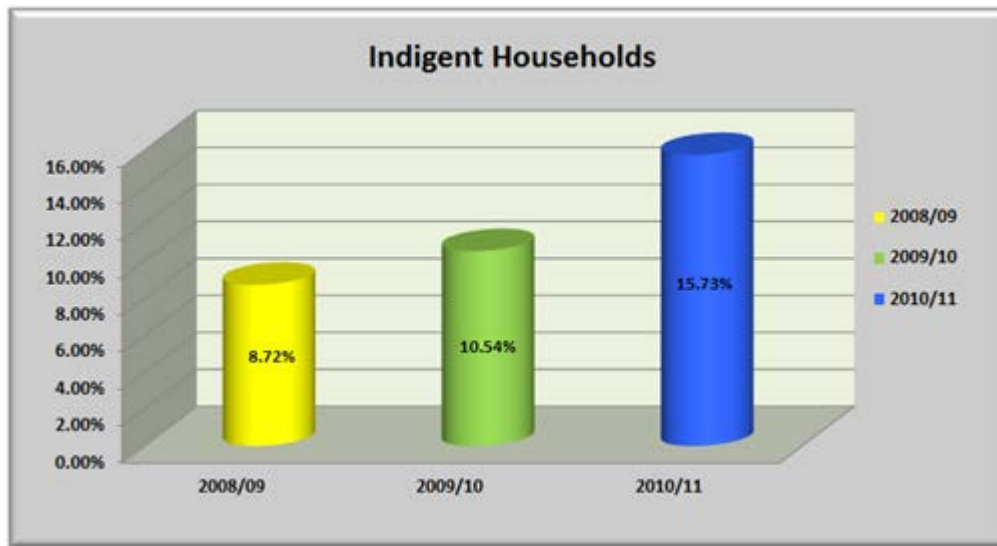


Households	2008/09	2009/10	2010/11
Number of households in municipal area	23 539	23 892	23892
Number of indigent households in municipal area	2052	2518	3759

Table 3: Total number of households

Source: Global Insight 2009

The graph below shows that the total number of indigent households increased from **8.72%** in 2008/09 to **15.73%** in 2010/11 financial year.



Graph 2: Total % indigent households within the municipal area

The following table shows the overall population within the specific settlement types namely: towns, townships, rural settlements and informal settlements:

Settlement Type	Population (#)
Towns	
Ceres	17 404
Wolseley	15 710
Tulbagh	7 326
Prince Alfred's Hamlet	5 034
Sub-Total	45 474
Townships	



Settlement Type	Population (#)
Bella Vista	11 147
N'Duli	3 695
Op-Die-Berg	7 535
Sub-Total	22 377
Rural settlements	
Koue Bokkeveld	11 253
Sub-Total	11 253
Informal settlements	
Wolseley - informal (Pine Valley)	4 428
Prins Alfred's Hamlet - informal (Phase 5)	610
N'Duli - informal (Polo cross)	3 940
Tulbagh - informal (Chris Hani)	3 140
Sub-Total	12 118
Total	91 222

Table 4: Overview of the neighbourhoods within municipal area

D) Key Economic Activities

The local economy is highly dependent upon agriculture 25% with deciduous fruit being the kingpin.

Key Economic Activities	Description
Agriculture	Fruit production (deciduous fruit)
Manufacturing	Fruit packaging and processing
Tourism	Marketing and branding, expo's, lifestyle development, eco-tourism (trout, olives)

Table 5: Key Economic activities



1.1.3 Socio Economic Information

A) Socio Economic Growth

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

Housing Backlog	Unemployment Rate	Households with No Income	People older than 14 years illiterate	HIV/AIDS Prevalence	Urban/rural household split
	%	%	%	%	
7 247	11	17	36	15.4	53/47

Table 6: Socio Economic information

The principal socio-economic realities in our region are:

B) Population by Gender

Witzenberg Local Municipality population is closely balanced with **50.3% (45 906)** representation of females and **50.7% (45 316)** of males as shown below.

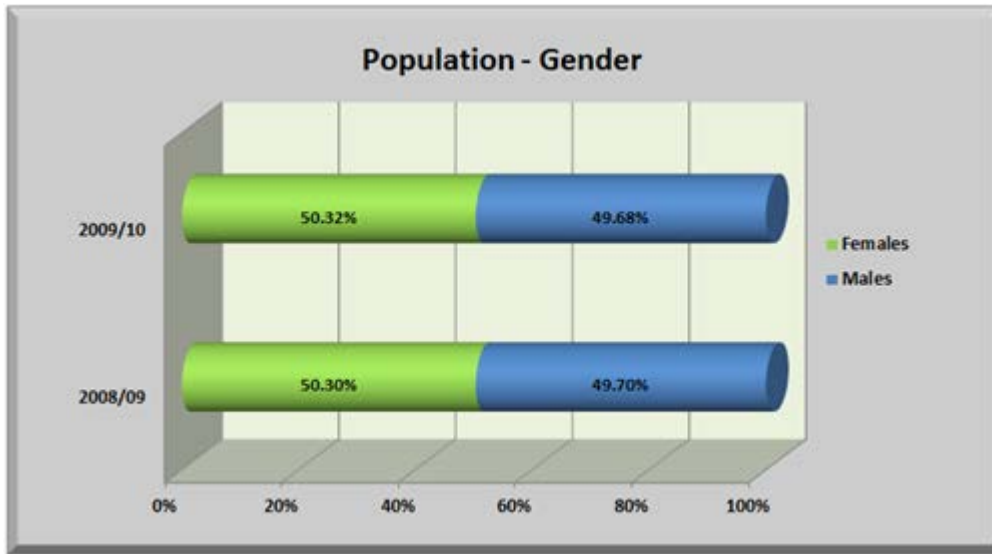
Population - Gender	2008/09	2009/10
Females	45 348	45 906
Males	44 803	45 316
Total	90 151	91 222

Table 7: Demographic information of the municipal area – Gender

Source: Global Insight 2009



The following graph displays the female to male ratio.



Graph 3: Gender Population

C) Population by Gender/Age

The following table display the female to male ratio of 50.3:49.7.

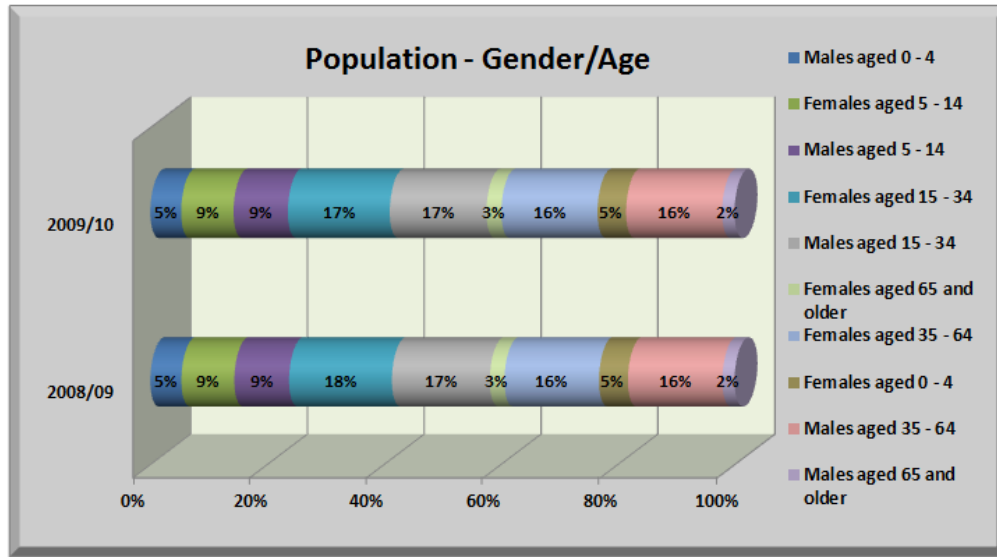
Population - Gender/Age	2008/09	2009/10
Females aged 0 - 4	4 467	4 471
Males aged 0 - 4	4 789	4 811
Females aged 5 - 14	8 172	8 183
Males aged 5 - 14	8 446	8 473
Females aged 15 - 34	15 864	15 913
Males aged 15 - 34	15 110	15 097
Females aged 35 - 64	14 579	15 002
Males aged 35 - 64	14 572	14 991
Females aged 65 and older	2 266	2 336
Males aged 65 and older	1 886	1 945
Total	90 151	91 222

Table 8: Demographic information of the municipal area – Gender/Age

Source: Global Insight 2009



The graph below indicates the population categories by gender/age



Graph 4: Population Categories by gender/age

D) Population by Race Categories

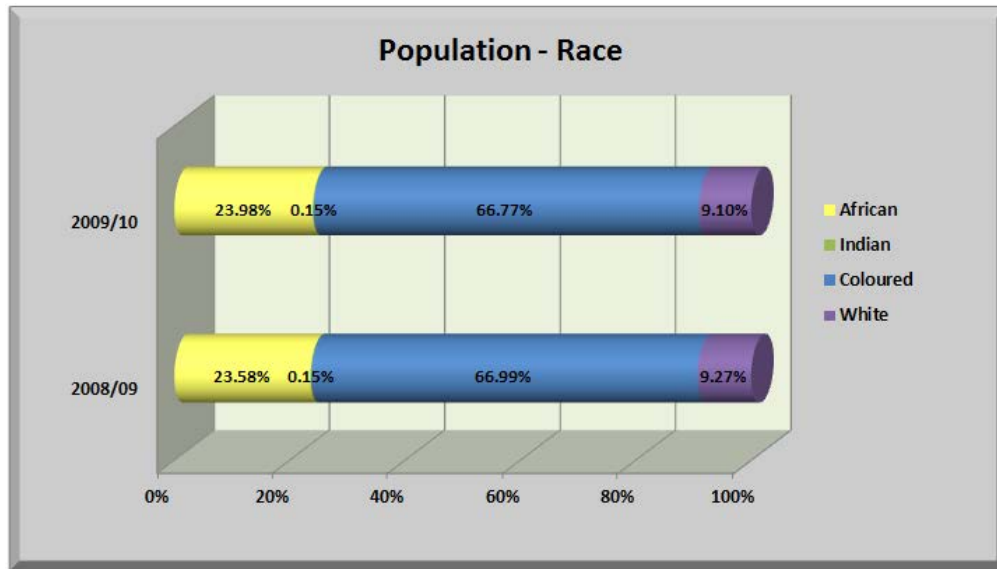
Population - Racial	2008/09	2009/10
African	21 257	21 875
Coloured	60 395	60 905
Indian	138	140
White	8 361	8 302
Total	90 151	91 222

Table 9: Demographic information of the municipal area – Race categories

Source: Global Insight 2009



The graph below shows the population by race.



Graph 5: Population by race

1.1.4 Municipal Challenges

CHALLENGES	ACTIONS TO ADDRESS
No re-allocation facilities for Farm Evictions	<ul style="list-style-type: none"> • Will consult with Farm owners needs to contribute financially when evicting people • Explore external support mechanisms
No re-allocation facilities for Farm Evictions	<ul style="list-style-type: none"> • Will consult with Farm owners needs to contribute financially when evicting people • Explore external support mechanisms
Annual DoRA allocation too small to address the total housing backlog in Witzenberg	Will explore alternative external funding sources
No budget for Disaster Management	Budget for appointment of a Disaster Manger
Management of influx control in informal settlements	Appointment of a Housing Inspector
Development of a Farm Eviction Strategy	Council needs to develop a plan/strategy
Inadequate office space	Explore new building options
Transportation of block projects – to encourage home ownership	Submit quotations for transfers to National Department of Human Settlements
Transportation of current rental stock	<ul style="list-style-type: none"> • Transfer funding needs to be paid by tenants • Tenants needs to be motivated to pay outstanding debts
Increased reliability on indigent support by the poor	<ul style="list-style-type: none"> • Re-visit Indigent Policy



CHALLENGES	ACTIONS TO ADDRESS
	<ul style="list-style-type: none"> • Develop mechanisms to decrease reliance
Maintenance on infrastructure	<ul style="list-style-type: none"> • Increase maintenance budget • Implement maintenance plans
Basic services for informal settlements	Determine priorities to address informal areas through IDP process
Services becoming unaffordable and expensive	<ul style="list-style-type: none"> • Determine different levels of service delivery through IDP • Investigate alternative cost-effective service delivery options through IDP
Ageing fleet influence service delivery	Develop medium-term vehicle replacement programme through IDP

Table 10: Municipal Challenges



Chapter 2

Governance



Chapter 2: Governance

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 minimized, 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 National Key Performance Indicators - Good Governance and Public Participation

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 7146 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & INDICATORS	Municipal Achievement		
	2008/09	2009/10	2010/11
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	80.04	87.75	87.64%

Table 11: National KPIs - Good Governance and Public Participation Performance

2.2 Performance Highlights - Good Governance and Public Participation

Highlight	Description
Thusong Centre	Witzenberg Thusong Centre were opened May 2011
Translation	An appointment of a fully bilingual person was made.
Communications Unit	The appointment of a Manager Communications and a Senior Public relations Officer
Radio broadcasting	Witzenberg municipality has a fixed slot on Valley FM
Speakers Office	After Local Government Elections in May 2011, the Speakers Office was capacitated to bring about effective community participation; this included the appointment of a Public Participation Officer.
Administrative skills	Employees on different levels were enrolled in learner ships and diverse competency courses



Highlight	Description
Tourism	Ceres Zip Slide, the longest Zip Slide in Africa, the development (construction) of community walkways
Empowerment	Facilitated several SMME form engagements, and the War On Poverty Program
Youth - & Cultural Development	We entered in to co-sponsorship with Creative Arts Theatre Group which brought about two productions in Nov 2010 and Apr 2011

Table 12: Good Governance and Public Participation Performance Highlights

2.3 Challenges - Good Governance and Public Participation

Description	Actions to address
Community participation	Develop a Community Participation Strategy
IDP Representative Forum	Establish Ward Committees and nominate IDP Rep forum
IDP Steering Committee	Mobilize Council to actively participate
Mayoral Imbizo's	Develop road map for Mayoral/council Community Walkabouts
Neighbourhood/Area Development Planning	Provincial Government to rollout pilot in August 2011
Ward Committees	Establishing and appropriate induction/training for new committees

Table 13: Good Governance and Public Participation Challenges

2.4 Governance Structure

2.4.1 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 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 before 18 May 2011:

Name of councillor	Capacity	Political Party	Ward representing or proportional
NB Mhlati (15 October 2009-17 September 2010)	The Executive Mayor	UIF	Proportional
MM Geldenhuys(3 December 2010 – 18 May 2011)	The Executive Mayor	NPP	Ward 6
SR Sikondlo	The Deputy Executive Mayor	UIF	Proportional
A Muller	The Speaker	ANC	Proportional
MN Sifile	MAYCO Member	ANC	Ward 1
D Adams, D	MAYCO Member	ANC	Ward 8
MC Du Toit	MAYCO Member	ANC	Ward 9
J Booysen	Councillor	ANC	Ward 10
JC Botha	Councillor	DA	Proportional
C Jacobs	Councillor	ANC	Proportional
E Jooste	Councillor	ANC	Ward 11
SM Joubert	Councillor	DA	Proportional
BC Klaasen	Councillor	DA	Ward 3
JNED Klazen	Councillor	ID	Proportional
S Louw	Councillor	DA	Proportional
KA Robyn	Councillor	ID	Proportional
RE September	Councillor	ID	Proportional
PX Swangaza	Councillor	ANC	Ward 7
D Swart	Councillor	DA	Ward 5
JRF Torr	Councillor	DA	Proportional
JJ Visagie	Councillor	DA	Ward 4
S Warie	Councillor	ANC	Ward 2

Table 14: Council until 26 May 2011

Below is a table that categorised the councillors within their specific political parties and wards after 18 May 2011:



Name of councillor	Capacity	Political Party	Ward representing or proportional
S Louw	Executive Mayor	DA	Proportional
K Adams	Deputy Executive Mayor	Independent	Ward 6
T Godden	Speaker	COPE	Proportional
W Hanekom	MAYCO Member	DA	Ward 3
H Smith	MAYCO Member	DA	Ward 5
R Visagie	MAYCO Member	DA	Ward 4
B Klaasen	MAYCO Member	DA	Proportional
M Saula	Councillor	ANC	Ward 1
D Swart	Councillor	DA	Ward 2
P Herandien	Councillor	DA	Ward 7
L Salmon	Councillor	ANC	Ward 8
M Simpson	Councillor	ANC	Ward 9
P Waterboer	Councillor	DA	Ward 10
E Sidego	Councillor	DA	Ward 11
M Badela	Councillor	ANC	Ward 12
M du Plessis	Councillor	DA	Proportional 3
MC du Toit	Councillor	ANC	Proportional 1
JNED Klazen	Councillor	DCP	Proportional 1
JS Mouton	Councillor	ANC	Proportional 2
JT Phungula	Councillor	ANC	Proportional 3
SM Ndwanya	Councillor	ANC	Proportional 4
J Thomas	Councillor	NPP	Proportional 1
J Veschini	Councillor	VIP	Proportional 1

Table 15: Council after 26 May 2011



Below is a table which indicates the Council meetings attendance for the 2010/11 financial year:

Meeting dates	Number of minutes submitted	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
29 July 2010	0	76.2	23.8
04 August 2010	10	90.5	9.5
25 August 2010	0	90.5	9.5
16 November 2010	10	90.5	9.5
03 December 2010	0	95.2	4.8
14 December 2010	1	95.2	4.8
25 January 2011	3	95.2	4.8
28 February 2011	4	90.5	9.55
17 March 2011	9	95.2	4.8
20 April 2011	0	81	9
30 May 2011	0	100	0
22 June 2011	9	100	0

Table 16: Council meetings

B) Executive Mayoral Committee

The Executive Mayor of the Municipality, Councillor **S. Louw** assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he 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, and 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 Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July to 26 May:

Name of member	Capacity
Cllr. D. Adams	Committee for Corporate Services
Cllr. M. Sifile	Committee for Housing and Infrastructure
Cllr. RS Sikondlo	Committee for Community Development
Cllr. M. du Toit	Committee for Technical Services

Table 17: Executive Mayoral Committee until 26 May 2011



The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 26 May to 30 June 2011:

Name of member	Capacity
Cllr. H. Smith	Committee for Corporate and Financial Services
Cllr. R. Visagie	Committee for Technical Services
Cllr. B. Klaasen	Committee for Rural and Economic development
Cllr. W. Hanekom	Committee for Community Development
Cllr. K. Adams	Committee for Housing Matters

Table 18: Executive Mayoral Committee after 26 May 2011

The table below indicates the dates of the Committee meetings and the number of reports submitted to Council for the 2010/11 financial year:

Meeting date	Number of reports submitted to council
Human Settlement Committee	
22 July 2010	1
9 November 2010	1
7 December 2010	1
17 February 2011	1
24 March 2011	1
29 March 2011	1
13 April 2011	1
4 May 2011	0
Community Development Committee	
21 July 2010	5
30 August 2010	5
15 September 2010	6
17 November 2010	6
16 February 2011	5
Financial Services Committee	
11 August 2010	3
31 August 2010	3
18 November 2010	3
17 February 2011	4
10 May 2011	4
Technical Services Committee	



Meeting date	Number of reports submitted to council
16 July 2010	4
30 August 2010	4
15 November 2010	4
16 February 2011	4
25 February 2011	0
23 March 2011	3
11 May 2011	3

Table 19: Committee Meetings

(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 may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to council. Section 79 committees are temporary and appointed by the executive committee as needed. They are usually set up to investigate a particular issue and do not have any decision making powers. Just like Section 80 committees they can also make recommendations to Council. Once their *ad hoc* task had been completed, Section 79 committees are usually disbanded. External experts, as well as councillors can be included on Section 79 committees.

The portfolio committees for the 2006/11 Mayoral term and their Chairpersons are as follow:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to council	Meeting Date
Committee for Human Settlement	Cllr. M. Sifile	Section 80	8	22 July 2010; 9 November 2010 7 December 2010 17 February 2011 24 March 2011 29 March 2011 13 April 2011 4 May 2011
Committee for Community Development	Cllr. SR Sikondlo	Section 80	5	21 July 2010 30 August 2010 15 September 2010 17 November 2010



Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to council	Meeting Date
				16 February 2011
Committee for Corporate and Financial services	Cllr. D. Adams	Section 80	5	11 August 2010 31 August 2010 18 November 2010 17 February 2011 10 May 2011
Committee for Technical Services	Cllr. M. du Toit	Section 80	7	16 July 2010 30 August 2010 15 November 2010 16 February 2011 25 February 2011 23 March 2011 11 May 2011

Table 20: Portfolio Committees

(Please note that the name and functions of the committees have on numerous occasions due to the change of council)

2.4.2 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 Management Team, whose structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		Yes/No
David Nasson	Municipal Manager	Yes
Raymond Esau	Chief Financial Officer	Yes
Monwabisi Mpeliza	Director: Corporate Services	Yes
Mzwandile Jacobs	Director: Community Services	Yes
Hendrik Krohn	Director: Technical Services	Yes

Table 21: Administrative Governance Structure



2.5 Public Accountability

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 community. 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.

2.5.1 Ward Committees

The ward committee function resorts under the Office of the Speaker. Due to capacity constraints, it was not possible to keep sufficient records during the year under review and the information below is a record of the available information. The ward committees did not function effectively during the year under review, but this will be addressed in the New Year.

The ward chairpersons are as follows:

Ward	Ward Chairperson	Party
1	Ms Mirriam N Sifile	ANC
2	Mr Steven Warie	ANC
3	Mr Barnito Klaasen	DA
4	Mr Joachem J Visagie	ANC
5	Mr Dirk Swart	DA
6	Ms Maria M Geldenhuys	ID
7	Ms Pamela X Swangaza	ANC
8	Mr Deon Adams	ANC
9	Ms Marina du Toit	ANC
10	Mr Jakob Booysen	ANC
11	Ms Elizabeth Jooste	ANC



Table 22: Ward Chairpersons

2.5.2 Functionality of Ward Committee

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 table below provides information on the establishment of Ward Committees and their functionality:

Ward Number	Committee established Yes / No	Number of reports submitted to the Speakers Office	Number meetings held during the year	Committee functioning effectively Yes / No	Actions to address
1	Yes	2	2	No	New committee to be established
2	Yes	1	1	No	New committee to be established
3	Yes	0	0	No	New committee to be established
4	Yes	1	1	No	New committee to be established
5	Yes	1	1	No	New committee to be established
6	Yes	0	0	No	New committee to be established
7	Yes	1	1	No	New committee to be established
8	No	0	0	No	New committee to be established
9	Yes	2	2	No	New committee to be established
10	Yes	1	1	No	New committee to be established
11	Yes	0	0	No	New committee to be established

Table 23: Functioning of Ward Committees



2.5.3 Representative Forums

A) Labour Forums

The table below specifies the members of the Labour forum for the 2010/11 financial year:

Name of representative	Capacity	Meeting dates
Cllr. D. Adams	Chairperson	11 August 2010 02 December 2010 18 April 2011
Cllr. SR Sikondlo	Councillor	
Cllr. A. Muller	Councillor	
Cllr. MM Geldenhuys	Councillor	
Mr D. Nasson	Municipal Manager	
Mr R. Esau	Director Finance	
Mr M. Mpeluza	Director Corporate Services	
Mr M. Jacobs	Director Community Services	
Mr H. Kröhn	Director Technical Services	
Mr B. Senoamali	SAMWU	
Mr A. Zimri	SAMWU	
Mr K. Ntanjana	SAMWU	

Table 24: Labour Forum

B) IDP Forum

Witzenberg has not as yet formally constituted an IDP Representative Forum. Council has resolved that until such time as an IDP Representative Forum is created, the current Ward Committee structures should perform the role and function assigned to the Rep Forum.

C) Risk Forum

Name of representative	Capacity	Meeting dates
Audit Committee	Oversight	30 July 2010
Executive Board and Directors(Risk Management presentation including Strategic risks)	Oversight and review	22 February 2011

Table 25: Risk Forum



2.6 Corporate 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.

2.6.1 Anti-Corruption and Anti-Fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize 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 minimize the likelihood of corruption and fraud.

A) Developed Strategies

Name of strategy	Developed Yes/No	Date Adopted/Reviewed
Fraud prevention strategy /plan Adopted as a policy of council	Yes	28 May 2009

Table 26: Strategies

B) Implementation of Strategies

Strategies to implement	Key Risk Areas	Key measures to curb corruption and fraud
Fraud Prevention Policy	Supply chain management	Roll out of Anti-Fraud and Corruption policy to the internal stake holders through presentations
Ethics Awareness Programme	Possible loss of income at traffic due to inactive follow up on traffic violations	Roll out of Anti-Fraud and Corruption policy to the external stake holders through outreach programmes
Outreach Programme on Fighting Fraud and Corruption	Lack of awareness of fraud amongst staff	Investigation of fraud and corruption cases
Whistle-Blowing Policy	Possible misuse of policy to disclose sensitive information	Monitoring recommendations with regards to Disciplinary, criminal and recovery actions. Effective delegation systems



Table 27: Implementation of the Strategies

2.6.2 Audit Committee/s

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;
- 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 main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003, Local Government Municipal and Performance Management Regulation, 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 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 minimized.
- Investigating cases of fraud, misbehaviour and conflict of interest involving employees.
- To focus on and review changes in the accounting policies.
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.
- 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.



B) Members of the Audit Committee

Name of representative	Capacity	Meeting dates
Mr SA Redelinghuys	Chairperson	30 July 2010 17 August 2010
Mr JP Snyman	Member	29 October 2010 10 December 2010
Mr SP Claassen	Member	25 February 2011 15 April 2011
Mr J George	Member	24 June 2011

Table 28: Members of the Audit Committee

2.6.3 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.

In terms of Section 166(4) (a) of the MFMA, an audit committee must consist of at least three persons with appropriate experience, of who the majority may not be in the employ of the municipality.

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	Experience	Meeting dates
Mr S A Redelinghuys	Chairperson	Extensive experience as Managing Director of corporate company	30 July 2010 17 August 2010 29 October 2010 10 December 2010 25 February 2011 15 April 2011 24 June 2011
		Member of the audit committee since 2007	
Mr J P Snyman	Committee member	Extensive corporate experience	
		Member of the audit committee since 2007	
Mr S.P Claassen	Committee member	Qualifications: B. Com, M Com, CA(SA)	
		38 years' experience in auditing and accounting	
Mr J George	Committee member	Qualifications: B. Com (Honours)	
		19 years' experience in auditing, performance management, accounting and corporate management	

Table 29: Members of the Performance Audit Committee

2.6.4 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 program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
- (c) risk and risk management.

The internal audit function is currently outsourced to Ernst & Young.



Risk register and three-year strategic plan

A risk Assessment was performed during June/July 2010 and all relevant risks were populated into a new Risk Register for Witzenberg Municipality. This Risk Assessment forms the basis of the 2010/11 to 2012/2013 Risk Based Audit Plan. The results of the 3-year strategic internal audit plan are included below:

Audit Activity	Year 1 2010/11 (Revised)	Year 2 2011/12	Year 3 2012/13
Income & Debtors (Application to Cash & credit risk)	√		√
Supply Chain Management	-	√	
Human Resources (Including Leave and Training)		√	√
Asset Management		√	√
General Ledger & Budgets		√	
Treasury: Cash Management (Refer to order to cash and MFMA compliance)	-	-	-
Treasury: Investments	-	-	-
Inventory		√	
Statutory Audits*			
MFMA compliance (Including other relevant Acts)	√	√	√
DORA compliance	√	√	√
Performance Management System	√	√	√
Loss control	√	√	√
Additional audits after 2010 Risk Assessment			
Maintenance Management	-	√	
Project & Contract Management	√		
Indigent Management	√		
Building Control			√
Integrated Development Planning		√	
Secretariat			√
Audits brought forward from 2009/201			
Supply Chain Management (Contract payments)	√		
GRAP –Implementation review	√		

Table 30: Three year strategic internal audit plan



Annual Risk Based Audit Plan

Internal Audit coverage plan for the period 2010/11 which was executed based on resources available:

Audit Activity	Hours	Timing
Income & Debtors-(Water, electricity and credit control)	150	3 rd quarter
Division of Revenue Act 2010	60	4 th quarter
Performance Management System audits (PMS)	176	Quarterly
Indigent management	87	1 st quarter
IT general controls	120	2 nd quarter
Provision of legal compliance to be included at very audit	30	On-going
Total	763	-

Table 31: Annual risk based audit plan

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

Report	Date/Number
Risk Assessment report	September 2010
Risk based audit plan approved for 2010/11 financial year	October 2010
Number of audits conducted and reported on	6
Audit reports issued:	
Indigent Management	November 2010
IT General Controls	February 2011
Income and Debtors Management	April 2011
Division of Revenue Act	June 2011
Performance Management - 1 st quarter	February 2011
Performance Management - 2 nd & 3 rd quarter	June 2011
Progress report - Implementation of Internal Audit Findings	June 2011

Table 32: Internal Audit Functions



2.6.5 Auditor General

Witzenberg 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 B of this report.

2.6.6 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 reviewed	Public Participation Conducted Yes/No
Credit Control By-law	20 April 2011	Yes
Debt Collection By-law	20 April 2011	Yes
Property Rates By-law	20 April 2011	Yes

Table 33: By-laws

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
Tariff Policy	20 April 2011	Yes
Property Rates Policy	20 April 2011	Yes
Credit Control Policy	20 April 2011	Yes
Cash Management and Investment Policy	20 April 2011	Yes
Investment Policy	20 April 2011	Yes
Consumer Payment Incentive Policy	20 April 2011	Yes
Municipal Supply Chain Policy	20 April 2011	Yes
Petty Cash Policy	20 April 2011	Yes
Indigent Policy	20 April 2011	Yes
Budget Policy	20 April 2011	Yes
Veriment Policy	20 April 2011	Yes
Asset Management Policy	20 April 2011	Yes



Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Funding and Reserve Policy	20 April 2011	Yes
Occupational Health and Safety Policy	4 August 2010	Yes
Private Work and Declaration of Interests Policy	4 August 2010	Yes
Relocation Policy	4 August 2010	Yes
Sexual Harassment Policy	4 August 2010	Yes
Incapacity due to poor work Performance Policy	4 August 2010	Yes
Internal Bursary Policy	4 August 2010	Yes
Employees under the Influence of Intoxicating Substances Policy	4 August 2010	Yes
Legal Aid Policy	4 August 2010	Yes
Attendance and Punctuality Policy	4 August 2010	Yes
Employment Equity Policy	4 August 2010	Yes
Employment Practice Policy	4 August 2010	Yes
HIV/AIDS Policy	4 August 2010	Yes
Incapacity Due to Ill Health/Injury Policy	4 August 2010	Yes

Table 34: Policies



2.6.7 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.

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	Part of the Strategy
Customer satisfaction surveys	No
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	Yes

Table 35: Communication Activities

2.6.8 Websites

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
Current annual and adjustments budgets and all budget-related documents	23 August 2011
Budget implementation policy: Tariff policy	23 August 2011
Budget implementation policy: Credit control policy	23 August 2011
Budget implementation policy: Valuation policy	23 August 2011
Budget implementation policy: SCM policy	23 August 2011



Documents published on the Municipal website	Date Published
Annual report for 2008/09	11 April 2011
Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act for 2009/10	17 September 2010
All service delivery agreements for 2009/10	n/a
All long-term borrowing contracts for 2009/10	30 July 2010
All supply chain management contracts above the prescribed value for 2009/10	n/a
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 2009/10	n/a
Contracts agreed in 2009/10 to which subsection (1) of section 33 of the MFMA apply, subject to subsection (3) of that section	n/a
Public-private partnership agreements referred to in section 120 of the MFMA made in 2009/10	n/a
All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA during 2009/10	15 September 2010

Table 36: Website Checklist



Chapter 3

Organisational Development Performance



Chapter 3: Organisational Development Performance

3.1 National Key Performance Indicators - Municipal Transformation and Organisational Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & INDICATORS	Municipal Achievement		
	2008/09	2009/10	2010/11
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	4	2	4
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.13	0.13	0.59

Table 37: National KPIs– Municipal Transformation and Organisational Development

3.2 Performance Highlights - Municipal Transformation and Organisational Development

Highlight	Description
Corporate support to Council	Successfully done transitional support of: Re-constitution of new council which include the Induction, IT, boundary marking, get to know your area and upgrading of Councillor offices.
Human capital management	Organising wellness days for employees which encouraged inter departmental relations, enhancing wellness so that employees are aware of their health. This reduces high absenteeism and low productivity

Table 38: Performance Highlights– Municipal Transformation and Organisational Development



3.3 Challenges - Municipal Transformation and Organisational Development

Challenge	Actions to address
Employment Equity and Disabled Applicants	Strict Compliance ito less deviations
Scarce Skills for Strategic Positions (Engineering)	Introducing a Scarce Skills Policy and

Table 39: Challenges – Municipal Transformation and Organisational Development

3.4 Introduction to the Municipal Workforce

The Witzenberg Municipality currently employs **498**(excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality’s objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

3.4.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: “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”

A) Employment Equity Targets/Actual

African			Coloured			Indian			White		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
4	1	25%	0	1	100%	0	0	100%	0	2	200%

Table 40: 2010/11 EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
4	4	100%	4	0	0%	0	0	100%

Table 41: 2010/11 EE targets/actual by gender classification



B) Employment Equity vs. Population

Description	African	Coloured	Indian	White	Total
Population numbers	21 875	60 905	140	8 302	91 222
% Population	23.98	66.77	0.15	9.10	100
Number for positions filled	145	388	3	34	570
% for Positions filled	25.4	68.1	0.5	5.96	99.96

Table 42: EE population 2010/11

C) Occupational Categories - Race

Below is a table that indicate the number of employees by race within the specific occupational categories:(including councillors):

Posts filled									
Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	6	16	1	8	2	7	0	1	41
Professionals	1	8	0	2	1	12	1	0	25
Technicians and associate professionals	4	7	1	1	0	2	0	0	15
Clerks	8	30	0	2	7	41	0	10	98
Service and sales workers	3	10	0	1	0	1	0	0	15
Craft and related trades workers	5	19	0	4	0	0	0	0	28
Plant and machine operators and assemblers	25	65	0	1	0	0	0	0	91
Elementary occupations	55	117	0	1	12	23	0	0	208
Total permanent	107	272	2	20	22	86	1	11	521
Non- permanent	4	10	0	2	12	20	0	1	49
Grand total	111	282	2	22	34	106	1	12	570

Table 43: Occupational Categories



D) Occupational Levels - Race

The table below categories the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	2	2	0	1	0	0	0	0	5
Senior management	1	4	0	5	0	3	0	0	13
Professionally qualified and experienced specialists and mid- management	1	7	0	1	1	11	0	0	21
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	9	59	0	9	5	21	0	4	107
Semi-skilled and discretionary decision making	29	78	0	0	5	29	0	9	150
Unskilled and defined decision making	54	109	0	1	12	26	0	0	202
Total permanent	96	259	0	17	23	90	0	13	498
Non- permanent employees	4	10	0	2	12	20	0	1	49
Grand total	100	269	0	19	35	110	0	14	547

Table 44: Occupational Levels

E) Departments - Race

The following table categories the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	1	2	0	0	0	1	0	0	4
Corporate Services	2	7	0	1	1	13	0	1	25
Financial Services	1	17	0	2	3	20	0	8	51
Community Services	30	87	0	4	13	49	0	2	185
Technical Services	62	146	0	10	6	7	0	2	233
Total permanent	96	259	0	17	23	90	0	13	498
Non- permanent	4	10	0	2	12	20	0	1	49
Grand total	100	269	0	19	35	110	0	14	547

Table 45: Department - Race



3.4.2 Vacancy Rate

The approved organogram for the municipality had **612** posts for the 2010/11 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. **70** Posts were vacant at the end of 2010/11, resulting in a vacancy rate of **12.9%**.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant
MM & MSA section 57 & 56 (Top Management)	5	0
Senior Management	13	5
Professionally qualified and experienced specialists and middle management	21	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	107	15
Semi-skilled and discretionary decision making	150	8
Unskilled and defined decision making	202	41
Total	498	70
PER FUNCTIONAL LEVEL		
Functional area	Filled	Vacant
Municipal Manager	4	4
Corporate Services	25	12
Financial Services	51	1
Community Services	185	36
Technical Services	233	17
Total	498	70

Table 46: Vacancy rate per post and functional level



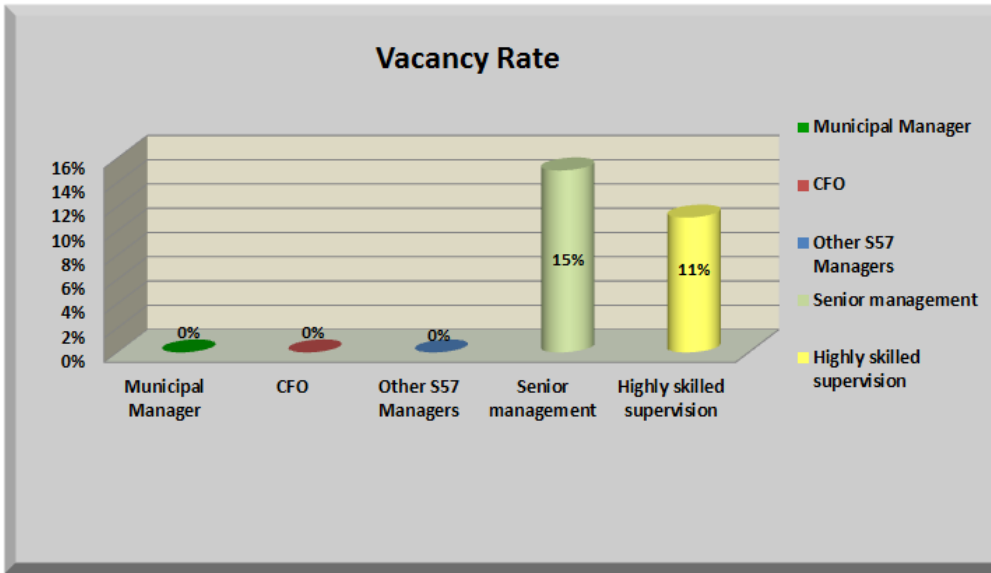
The table below indicates the number of staff per level expressed as total positions and current vacancies express as full time staff equivalents:

Salary Level	Number of current critical vacancies	Number total posts as per organogram	Vacancy job title	Vacancies (as a proportion of total posts per category)
Municipal Manager	0	1	-	0
Chief Financial Officer	0	1	-	0
Other Section 57 Managers	0	3	-	0
Senior management	3	20	Manager: IDP Manager: Resorts & Swimming Pools Manager: Traffic	15
Highly skilled supervision	15	135	Principal Clerk x 2, Electrician, Superintendent x 4, Foreman, Senior Officer: Properties & Legal, Senior Public Relations Officer, Supervisor, Assistant Librarians, Housing Officer, Support Officer	11
Total	18	155	-	12

Table 47: Vacancy rate per salary level



The following graph specifies the vacancy rate as a percentage per salary level



Graph 6: Vacancy rate

3.4.3 Turnover Rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows a **decrease** from 10% in 2009/10 to 9.6% in 2010/11.

The table below indicates the turn-over rate over the last three years:

Financial year	Total number of appointments at the end of each Financial Year	New appointments	Number of terminations during the year	Turn-over Rate
2008/09	517	63	33	6.4%
2009/10	484	36	50	10%
2010/11	498	75	48	9.6%

Table 48: Turnover Rate



3.5 Managing the Municipal Workforce

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

3.5.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows a slight increase for the 2010/11 financial year from **42** employees injured against **36** employees in the 2009/10 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2008/09	2009/10	2010/11
Municipal Manager	1	0	0
Administration Services	4	0	0
Finance and Information Systems	2	2	2
Community Services	12	16	15
Technical Services	26	18	25
Total	45	36	42

Table 49: Injuries

3.5.2 Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2010/11 financial year shows an **increase** when comparing it with the 2009/10 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2008/09	2009/10	2010/11
Municipal Manager	80	24	18
Administration Services	196	118	172
Finance and Information Systems	221	317	394
Community Services	1 400	1 395	1427



Department	2008/09	2009/10	2010/11
Technical Services	1 770	1 956	1965
Total	3 667	3 810	3977

Table 50: Sick Leave

3.5.3 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
Occupational Health and Safety Policy	4 August 2010
Private Work and Declaration of Interests Policy	4 August 2010
Relocation Policy	4 August 2010
Sexual Harassment Policy	4 August 2010
Incapacity due to poor work Performance Policy	4 August 2010
Internal Bursary Policy	4 August 2010
Employees under the Influence of Intoxicating Substances Policy	4 August 2010
Legal Aid Policy	4 August 2010
Attendance and Punctuality Policy	4 August 2010
Employment Equity Policy	4 August 2010
Employment Practice Policy	4 August 2010
HIV/AIDS Policy	4 August 2010
Incapacity Due to Ill Health/Injury Policy	4 August 2010
Policies still to be developed	
Name of policy	Proposed date of approval
Overtime Policy	2011/12
Promotion Policy	2011/12
Scare skills and Retention Policy	2011/12

Table 51: HR policies and plans



3.5.4 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 Section 57 managers forms the basis for rewarding outstanding performance.

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

Race	Gender	Number of beneficiaries	Total number of employees received performance rewards	% Employees received performance rewards
African	Female	0	0	-
	Male	2	2	100
Asian	Female	0	0	-
	Male	0	0	-
Coloured	Female	0	0	-
	Male	2	2	100
White	Female	0	0	-
	Male	1	1	100
Disability	Female	-	-	-
	Male	-	-	-
Total		5	5	100

Table 52: Performance Rewards

3.6 Capacitating the Municipal Workforce

Section 68(1) of the MSA states that 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).



3.6.1 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 S57	Female	0	0
	Male	5	5
Legislators, senior officials and managers	Female	13	5
	Male	15	21
Associate professionals and Technicians	Female	1	0
	Male	25	20
Professionals	Female	9	8
	Male	7	7
Clerks	Female	58	50
	Male	37	25
Service and sales workers	Female	0	1
	Male	8	4
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	42	20
Elementary occupations	Female	20	3
	Male	98	44
Sub total	Female	101	67
	Male	237	146
Total		338	213

Table 53: Skills Matrix



3.6.2 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, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
MM and S57	Female	0	0	0	0			
	Male	5	5	5	5	5	5	100
Legislators, senior officials and managers	Female	4	4	5	13	9	17	52.9
	Male	7	7	19	15	26	22	118.2
Professionals	Female	3	3	8	9	11	12	91.7
	Male	7	7	7	7	7	7	100
Technicians and associate professionals	Female	0	0	0	1	0	1	0
	Male	0	0	20	25	20	25	80
Clerks	Female	14	14	50	58	64	72	88.9
	Male	8	7	25	37	33	44	75
Service and sales workers	Female	0	0	1	0	1	0	200
	Male	0	0	4	8	4	8	50
Craft and related trade workers	Female	0	0	0	0	0	0	100
	Male	0	0	0	0	0	0	100
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	100
	Male	4	32	20	42	24	74	32.4
Elementary occupations	Female	0	1	3	20	3	21	14.2
	Male	5	25	46	98	49	123	38.8
Sub total	Female	21	22	67	101	88	123	71.51
	Male	36	83	144	237	180	320	56.25
Total		57	105	213	338	268	443	60.5

Table 54: Skills Development



3.6.3 Skills Development - Budget Allocation

The table below indicates that a total amount of **R 512 415** were allocated to the workplace skills plan and that **98.84%** of the total amount was spending in the 2010/11 financial year:

Total personnel budget	Total Allocated	Total Spend	% Spend
R66 832 942	R512 415	R 506 478	98.84

Table 55: Budget allocated and spent for skills development

3.7 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.

3.7.1 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	Total Operating Expenditure	Percentage
	R'000	R'000	%
2008/09	60 205	239 509	25.1
2009/10	70 425	263 649	26.7
2010/11	76 908	266 029	28.9

Table 56: Personnel Expenditure



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

Financial year	2008/09	2009/10	2010/11		
Description	Actual	Actual	Original Budget	Adjusted Budget	Actual
	R'000	R'000	R'000	R'000	R'000
<u>Councillors (Political Office Bearers plus Other)</u>					
Salary	4 980	4 552	6 063	6 063	4 956
Pension Contributions	0	500	0	0	587
Medical Aid Contributions	0	35	0	0	33
Sub Total	4 980	5 087	6 063	6 063	5 576
% increase	0.00	2.15	19.19	0.00	(8.03)
<u>Senior Managers of the Municipality</u>					
Basic Salaries and Wages	2 882	2 667	2 769	2 769	2 924
Social Contributions	0	523	792	792	676
Motor vehicle allowance	0	520	524	524	520
Performance Bonus	0	531	571	571	485
Sub Total	2 882	4 241	4 656	4 656	4 605
% increase	0.00	47.15	9.79	0.00	(1.10)
<u>Other Municipal Staff</u>					
Basic Salaries and Wages	56 906	37 666	54 694	49 785	45 212
Social Contributions	0	9 877	14 742	13 030	11 058
Motor vehicle allowance	0	0	2 798	2 459	1 956
Cell phone allowance	0	0	0	0	0
Housing allowance	0	757	976	778	348
Overtime	0	3 161	2 927	3 137	3 719
Other benefits or allowances	0	9 635	13 746	12 304	10 010
Sub Total	56 906	61 096	89 883	81 493	72 303
% increase	0.00	7.36	47.12	(9.33)	(11.28)
Total Municipality	64 768	70 424	100 602	92 212	82 484
% increase	0.00	8.73	42.85	(8.34)	(10.55)

Table 57: Personnel Expenditure



Chapter 4

Strategic Performance



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 and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an on-going 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 speaks to the 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 spending 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.

The Strategy map below specifies the strategic link of the focus areas of the Witzenberg municipality aligned with the National Key Performance Areas. The National Key Performance Areas is aligned with the Strategic Objectives that were identified in the 2010/11 reviewed IDP. The strategic objectives are linked to the outcomes for 2010/11. These alignments are directly link to the Witzenberg municipality's vision and mission.



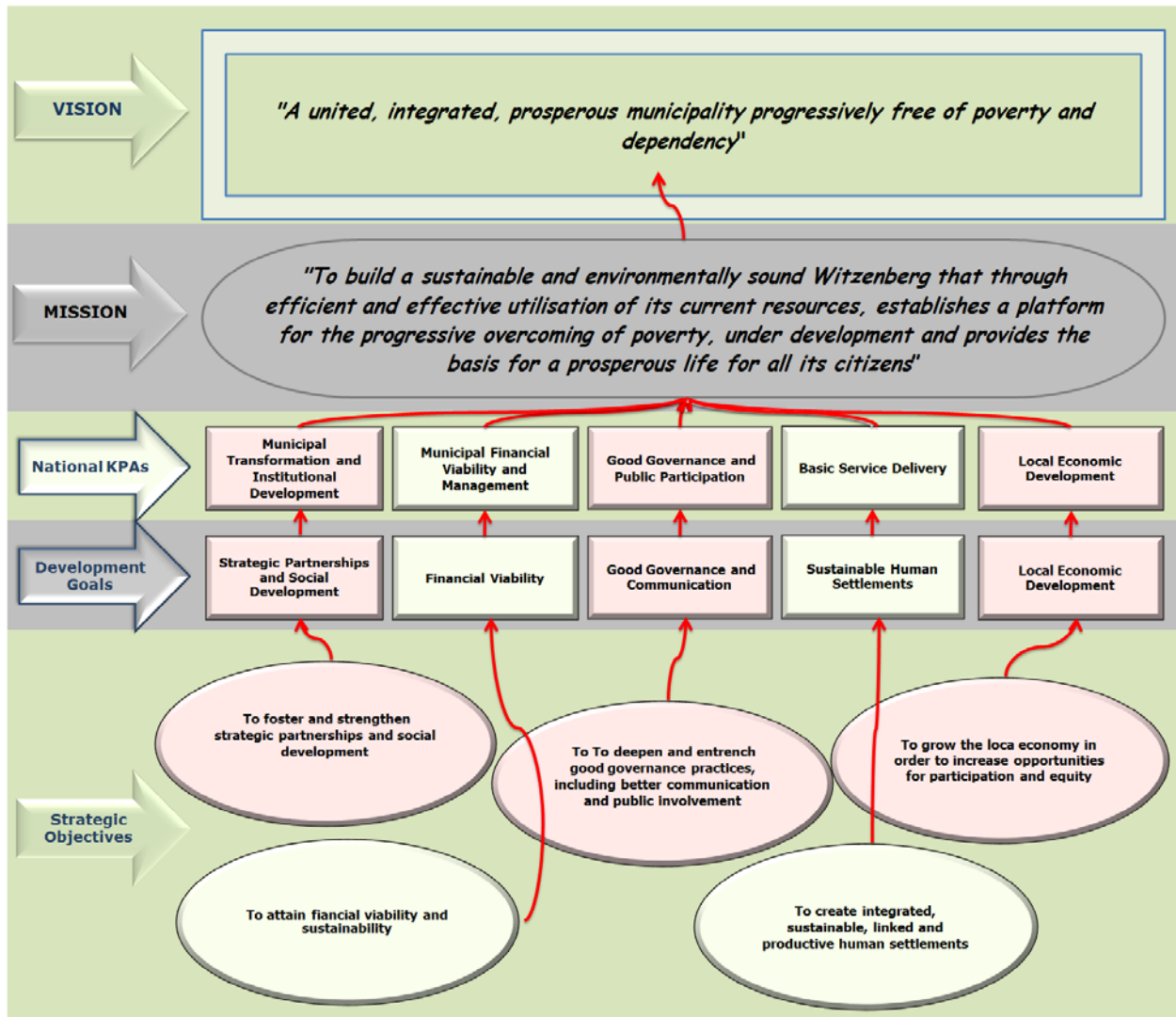


Figure 3: Strategy Map

The Municipal Systems Act, 2000 (Act 32 of 2000) and the Local Government: Municipal Planning and the Performance Management Regulations 2001 require municipalities to adopt a performance management system. Once the IDP and budget have been prepared and approved, the Municipality prepared their Service Delivery and Budget Implementation Plan (SDBIP) in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates monthly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. The Municipality assessed its performance on a monthly basis and reported progress on performance against targets set to Council quarterly and ultimately presents the annual performance results in this annual report.



4.1 National Key Performance Indicators - Basic Service Delivery and Local Economic Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the following two National Key Performance Areas: Basic Service Delivery and Local Economic Development.

KPA & INDICATORS	Municipal Achievement		
	2008/09	2009/10	2010/11
<u>Basic Service Delivery</u>			
The percentage of households earning less than R 1 100 per month with access to free basic services	100	100	100
The percentage of households with access to basic level of water	100	100	100
The percentage of households with access to basic level of sanitation	100	100	100
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
<u>Local economic development</u>			
The number of jobs created through municipality's local economic development initiatives including capital projects	n/a	240	663

Table 58: National KPIs – Basic Service Delivery and Local Economic Development

4.2 Strategic Service Delivery Budget Implementation Plan (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The top level (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents.(IDP, Budget and Performance Agreements). The municipality compiled a top layer SDBIP for the first time in the 2010/11 financial year.

In the paragraphs below the performance achieved is illustrated against the top layer SDBIP according to the 5 National Key Performance Areas linked to the Municipal Key Performance Areas and IDP (strategic) Objectives.

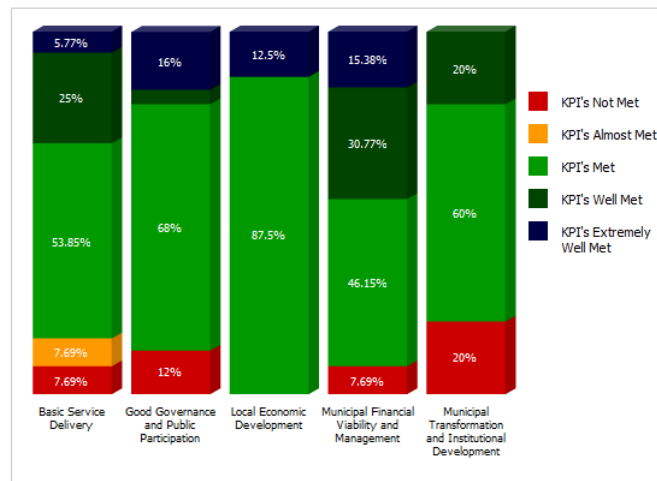


The following figure illustrates the method in which the strategic service delivery budget implementation plan is measured:

Category	Color	Explanation
KPI's Not Yet Measured	Grey	KPIs with no targets or actuals in the selected period.
KPI's Not Met	Red	0% >= Actual/Target < 75%
KPI's Almost Met	Orange	75% >= Actual/Target < 100%
KPI's Met	Light Green	Actual/Target = 100%
KPI's Well Met	Dark Green	100% > Actual/Target < 150%
KPI's Extremely Well Met	Dark Blue	Actual/Target >= 150%

Figure 4: SDBIP Measurement Categories

The graph below displays the performance per National Key Performance Areas:



Graph 7: Performance per National Key Performance Area



4.2.1 Top Level SDBIP - Good Governance and Public Participation

The National Key Performance Area Good Governance and Public Participation are linked to the Municipal Key Performance Area namely Good Governance and Communication. The IDP Objective that is linked to Good Governance and Public Participation is: *“To deepen and entrench good governance practices, including better communication and public involvement”*

KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
Annual performance reporting	Annual report and oversight report of council submitted before legislative deadline	All	1	1	1	1	n/a	n/a
Approval of SDBIP	Approval of SDBIP before legislative deadline	All	100%	100%	100%	100%	n/a	n/a
Citizen satisfaction survey conducted	Development of satisfaction survey by end October	All	0%	New kpi	100%	0%	System was not implemented.	System to be reviewed in 2011/12.
Effective functioning of committee system	No of sec 79 committee meetings per committee per annum	All	4	4	4	17	n/a	n/a
Functional Internal Audit unit	Approved Risk based audit plan by end June	All	100%	100%	100%	100%	100% Risk Based Audit Plan approved by Council in October	n/a
Functional performance audit committee	No of meetings of the performance audit committee	All	4	4	4	6	n/a	n/a
IDP endorsed by all wards	No of ward committees endorsing IDP	All	11	11	12	12	Reviewed and approved by Council on 30 March 2011	n/a
IDP endorsed by community organisations and stakeholders as local social compacts	# of community organisations and stakeholders endorsing IDP with regards to meetings	All	16	16	16	0%	Public Participation meetings took place with all the Wards, approved by Council on 30 March 2011. Not specific endorsed.	Review in 2011/12.
IDP to include all required sectoral plans	No of required sectoral plans included	All	15	15	15	15	Included in the review as approved by Council. Council meeting 30 March	n/a



KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
							2011	
Improved good governance	% of anti-corruption policy reviewed by end June	All	100%	New kpi	100%	0%	Not implemented, new council focused on induction	To be actioned in the following year
Institutional Performance management system in place	Individual performance management system implemented up to the lowest level	All	0%	New kpi	100%	0%	Not implemented, Performance Management will be extended to the level of managers in the new financial year. The current financial year was used to consolidate on performance as a whole.	To be actioned in the following year
Institutional Performance management system in place	No of performance agreements signed on time for S56 Appointments	All	5	5	5	5	n/a	n/a
Municipality complying with all relevant legislation	% compliance with legislation	All	70%	70%	90%	100%	n/a	n/a
No of ward committee meetings per ward per annum	No of ward committee meetings per ward per annum	All	44	44	11	2.75	Ward 7 on 6 April 2011, see trim ref no. 03/3/3/2/336	Ward committee system to improve in the next year. Lack of buy in from ward committee members hamper operations of the committee
Reaching of employment equity targets	% of targets reached	All	80%	80%	90%	0%	It forms part of HR monthly report. See trim ref:09/1/2/2/236	n/a
							It forms part of HR monthly report. See trim ref no.09/1/2/2/244	n/a
							The actual percentage obtained was 43% but system does not allow making that changes. It forms part of HR monthly report. See	n/a



KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
							trim ref no. 09/01/2/1/250	
Reviewed IDP	IDP reviewed by end of May	All	100%	100%	100%	100%	Review adopted by Council: 20 April 2011, see trim ref no. 02/02/2/564	n/a
Strengthen role of communities	No of ward based development plans completed	All	11	11	11	0	IDP document page 137 to 139.	Start with implementation in 2011/12.
Develop and implement a comprehensive law enforcement strategy	% Development of a comprehensive law enforcement strategy by end June	All	100%	100%	100%	100%	See monthly report trim ref: 9/1/2/4/758	n/a
Effective fire brigade service	Establishment of a fire brigade unit by end March within the budget	All	100%	New kpi	100%	100%	n/a	n/a
Reviewed Disaster Management Framework	Disaster Management Framework reviewed by end June	All	100%	100%	100%	100%	we got a corporate plan, cdwm disaster man. Plan. Currently reviewing national disaster man act 2002 (act no 57 of 2002)	n/a
Approval of adjustments budget	Approval of adjustments budget before legislative deadline	All	100%	100%	100%	100%	n/a	n/a
Approval of Main budget	Approval of Main budget before legislative deadline	All	100%	100%	100%	100%	Budget Approved 20/04/2011	n/a
Creation of effective capacity	% Vacancy level as % of approved organogram	All	70%	70%	90%	90%	we have capacitated the all departments with suitable staff, according to the budget post, and we have skilled as per the skills audit that exists.	n/a
Effective communication with communities	Review of communication Strategy	All	100%	100%	100%	0%	Not implemented	n/a
Effective functioning of council	No of council meetings	All	4	4	4	12	n/a	n/a



Table 59: Top Level SDBIP – Good Governance and Public Participation

4.2.2 Top Level SDBIP - Municipal Transformation and Institutional Development

The National Key Performance Area Municipal Transformation and Institutional Development are linked to the Municipal Key Performance Area namely Strategic Partnerships and Social Development. The IDP Objective that is linked to Municipal Transformation and Institutional Development is: *“To foster and strengthen strategic partnerships and social development”*

KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
Effective and up to date By-laws	% of By-laws revised annually	All	100%	100%	100%	100%	n/a	100% Rates Bylaw and Credit Control bylaw was considered during Budget Process. No Changes were require
Effective and up to date HR policies	Revision of all HR policies annually by end June	All	100%	100%	100%	100%	HR Policies are all new (17) and the 4 new policies to be introduced are subjected to approval by SALGA as we are focusing at having HR policies for all municipalities who subscribe to SALGA. Review will happen with the new council.	n/a
Effective labour relations	No of meetings of the LLF	All	5	5	10	3	We have prepared a calendar to have an LLF meeting every month but due to poor attendance by other stake holders (unions/councillors) not all meetings were realized, although all has been done by the administration to send notices and agenda we did not 50+1 as required. See minutes of LLF on agendas and minutes on Poseidon.	Schedule of annual meetings developed
Targeted skills development	% Review and submission of skills development plan by end	All	100%	100%	100%	100%	New skills audit implemented, WSP has been submitted on 30/06/2011 at SETA	n/a



KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
	June						offices. Trim.04/04/1/218	

Table 60: Top Level SDBIP – Municipal Transformation and Institutional Development

4.2.3 Top Level SDBIP - Municipal Financial Viability and Management

The National Key Performance Area Municipal Financial Viability and Management are linked to the Municipal Key Performance Area namely Financial Viability. The IDP Objective that is linked to Municipal Financial Viability is: *“To build our financial sustainability”*

KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
Updated indigent register for the provision of free basic services	Updated indigent register on monthly basis	All	100%	100%	100%	100%	n/a	n/a
Improvement in conditional grant spending - capital	% of total conditional capital grants spent	All	100%	100%	100%	100%	n/a	n/a
Improvement in conditional grant spending - operational	% of total conditional operational grants spent	All	100%	100%	100%	100%	n/a	n/a
Asset management	% Compliance with the Maintenance of the asset register	All	100%	100%	100%	100%	n/a	n/a
Clean audit	% of Root causes of issues raised by AG in AG report addressed	All	90%	90%	90%	100%	n/a	n/a
Effective SCM system	No of successful appeals	All	0	0	0	0	n/a	n/a
Improved revenue collection	% Debt recovery rate	All	90%	90%	96.00%	102.29%	n/a	n/a
Percentage of	% appeals	All	6/12603	1%	1%	0%	n/a	n/a



KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
property valuations appeals			=1%					
Percentage of property valuations objections	% objections	All	459/12603=4%	4%	4%	0%	n/a	n/a
Preparation of financial statements	Financial statements submitted by end August	All	100%	100%	100%	100%	n/a	n/a

Table 61: Top Level SDBIP – Municipal Financial Viability and Management

4.2.4 Top Level SDBIP - Local Economic Development

The National Key Performance Area Local Economic Development is linked to the Municipal Key Performance Area namely Financial Viability. The IDP Objective that is linked to Local Economic Development is: *“To grow the local economy in order to increase opportunities for participation and equity”*

KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
Maintenance of recreational areas	% of maintenance budget of recreational areas spent	All	95%	95%	95%	95%	n/a	n/a
Maintenance of recreational areas	Development and implementation of maintenance plan for recreational areas	All	100%	New kpi	100%	100%	n/a	n/a
Reviewed and aligned LED strategy	LED strategy reviewed by end of June	All	100%	100%	100%	100%	n/a	n/a
Effective functioning of sport forums	No of meetings per type of forum per annum	All	4	4	1	1	n/a	n/a
Provision of recreational areas	% of budget spent for recreational areas	All	95%	95%	95%	95%	n/a	n/a
Provision of sport facilities	Develop sport facilities master plan by the end of	All	Not available	New kpi	100%	100%	n/a	n/a



KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
	March							

Table 62: Top Level SDBIP – Local Economic Development

4.2.5 Top Level SDBIP - Basic Service Delivery

The National Key Performance Area Basic Service Delivery is linked to the Municipal Key Performance Area namely Sustainable Human Settlements. The IDP Objective that is linked to Basic Service Delivery is: *“To create integrated, sustainable, linked and productive human settlements”*

KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
Maintenance of cemeteries	% of maintenance budget of grave yards spent	All	95%	95%	95%	91%	R 7 874 of R 8 640 spend.	n/a
Maintenance of cemeteries	Development and implementation of maintenance plan for grave yards by end June	All	100%	New kpi	100%	0%	Plan not developed	n/a
Maintenance of halls and facilities	% of maintenance budget of halls and facilities spent	All	95%	95%	95%	91%	R 8 196 of R 9 000 spent (1/211/3814)	n/a
Maintenance of halls and facilities	Development and implementation of maintenance plan for halls and facilities	All	100%	New kpi	100%	0%	Plan not developed	n/a
Implementation of Integrated Human Settlement Strategy	% implemented or % Adherence to policy or no of projects	All	0	New kpi	100%	100%	n/a	n/a
Effective capital spending	% spent of approved electricity capital projects	All	95%	95%	95.00%	73.89%	R 2 834 846 of R 3 763 781 spend.	Unspent funds carried over to 2011/2012 budget for completion.
Maintenance of electricity assets	% of maintenance budget of electricity spent	All	95%	95%	95.00%	99.77%	R 1 167 769 of R 1 170 350 spend (1/408/3802)	n/a
Maintenance of electricity assets	Develop electricity maintenance plan	All	100%	100%	100%	100%	n/a	n/a



KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
New electricity connections	No of new electricity connections	All	0	New kpi	950	492	Target unrealistic.	All applications for new connections were completed.
Percentage electricity losses	KW billed/ KW used by municipality	All	10%	10%	8.00%	7.95%	n/a	n/a
Percentage of HH receiving free basic electricity	% of HH	All	2772/10106 (27%)	27%	32%	32%	n/a	n/a
Quantum of free basic electricity received	Kwh per month per household	All	50Kwh	50	50	50	n/a	n/a
Percentage of HH that meet agreed stds (all existing informal settlements to be formalised with land use plans for econ and social facilities and with the provision of permanent basic services)	% of HH that meet standards	All	0%	0%			n/a	No budget available
Development of an integrated zoning scheme	Development of an integrated zoning scheme - Phase 1	All	100%	New kpi	100%	100%	n/a	n/a
Effective capital spending	% spent of approved municipal roads capital projects	All	95%	95%	95%	98.65%	Better en more accurate planning can improve spending percentages although excellent performance	n/a
Improvement of water purification system capacity		All	0%	New kpi	40%	0%	Blue Drop for all five systems. No proof of system capacity increase.	n/a
Km of new road for previously un-serviced areas	No of kilometres	All	Not available	New kpi			n/a	No budget available
Maintenance of municipal roads	% of maintenance budget of municipal roads spent	All	95%	95%	95%	100%	R 2 609 710 of R 2 614 000 spent (1/414/3803,5,6)	n/a
Maintenance of municipal roads	Development of a road maintenance plan	All	100%	Pave-ment Manage	100%	100%	n/a	n/a



KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
				ment System used				
Development and implementation of a public transport system	Development of a public transport system by end June	All	100%	New kpi	100%	0%	KPI not implementable.	Review for 2011/12.
Effective capital spending	% spent of approved waste management capital projects	All	95%	95%	95%	89%	R 1 978 750 of R 2 198 695 spend.	n/a
Maintenance of refuse removal assets	% of maintenance budget of refuse removal spent	All	95%	95%	95%	95%	n/a	n/a
Refuse removal maintenance plan	Development of a refuse removal maintenance plan	All	0%	New kpi	100%	0%	Plan not developed.	n/a
Develop maintenance programmes for storm water	Develop maintenance programmes for storm water by end June	All	0%	100%	100%	0%	Programmes not developed.	Not on this year SDBIP. Planned for next year. No budget.
Effective capital spending	% spent on approved water capital projects.	All	95%	95%	95%	99%	R 16 916 815 of R 17 038 574 spend.	n/a
Effective capital spending	% spent of approved storm water capital projects	All	95%	95%	95%	88%	R 2 556 373 of R 2 909 068 spend.	n/a
Improvement of refuse sites' capacity	% of recommendations on the Provincial report implemented within the budget	All	80%	90%	90%	0%	Not implemented	n/a
Maintenance of sanitation assets	Develop a sanitation maintenance plan by end of June.	All	0%	New kpi	100%	100%	n/a	n/a
Maintenance of sanitation assets	% of maintenance budget of sanitation spent.	All	95%	95%	95%	100%	n/a	n/a
Maintenance of storm water assets	% of maintenance budget of storm water spent	All	95%	95%	95%	97%	Maintenance vote 1/413/3808.	n/a
Quality of waste water discharge	% water quality level of waste water discharge within DWA standards.	All	48%	40%	40.00%	96.85%	Chlorine dosing at Tulbagh was inadequate. Problem has been rectified. Aerator failure at	n/a



KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
							Wolseley WWTW. Problems with chlorination at Op Die Berg WWTW.	
Treatment works and capacity	% capital budget spent on treatment works and capacity.	All	95%	95%	95.00%	100%	There is currently enough capacity on all our WWTW and we have to correct the actual target to 100 %	n/a
Effective capital spending	% spent on approved waste water management capital projects.	All	95%	95%	95%	98%	Better en more accurate planning can improve spending percentages although excellent performance	n/a
Excellent water quality	% water quality level as per blue drop project.	All	92%	97%	97%	100%	Receive 5 blue drop awards as well as an award for 3rd best nationally average score 97,56 %	n/a
Improvement of electricity distribution capacity	% improvement	All	0%	New kpi	20%	0%	Proof of increase not practical.	n/a
Maintenance of water assets	Develop a water maintenance plan with budget.	All	0	New kpi	100%	100%	n/a	n/a
Maintenance of water assets	% of maintenance budget of water spent.	All	95%	95%	95%	100%	Municipal assistant, asset & maintenance plans	n/a
New water connections	No. of new water connections for new developments depending on private developments.	All	24	20	20	31	Target exceeded no control over application for new connections	n/a
Percentage water losses	Kl billed/Kl used by municipality	All	55%	55%	45.00%	34.2%	n/a	In process of implementing Water Demand Strategy Actual losses for the financial year 33.37.
Quantum of free basic refuse	R value per month per household	All	R 115.70	R 123	R 123.45	R 123.45	In terms of budget (Tariffs for 2010/2011 item	n/a



KPI Name	Unit of Measurement	Wards	Baseline	Actual 2009/10	Actual performance 2010/11		Performance Comment	Corrective measure
					Target	Actual		
removal received							3.2.1)	
Percentage Households receiving free basic refuse removal	% of HH/ No of HH	All	100%	100%	100%	100%	Number of accounts 15 884 less number of business 1900 = 13984 households with accounts. Add 1691 households without accounts = 15675 households. Destitute = 3759 + 1691 = 5450. 5450 divided by 15675 = 34. Saved Poseidon.	n/a
Percentage/ No of HH receiving free basic sanitation	% of HH that received free basic sanitation	All	27% (2772)	27%	32%	34%	Number of accounts 15 884 less number of business 1900 = 13984 households with accounts. Add 1691 households without accounts = 15675 households. Destitute = 3759 + 1691 = 5450. 5450 divided by 15675 = 34. Saved Poseidon.	n/a
Percentage/ No of HH receiving free basic sanitation	% of HH that received free basic sanitation within informal areas	All	100% (1860)	100%	100%	100%	Number of accounts 15 884 less number of business 1900 = 13984 households with accounts. Add 1691 households without accounts = 15675 households. Destitute = 3759 + 1691 = 5450. 5450 divided by 15675 = 34	n/a
Quantum of free basic sanitation received	R value per month per household	All	R 462	R 462	R 114.98	R 114.98	In terms of budget (Tariffs for 2010/2011 item 4.2.1.2)	n/a
Percentage/ No of HH receiving free basic water	% of HH/ No of HH	All	2772/10 106 (27%)	27%	32.00%	25.96%	Target exceeded. Actual number at year end exceeded 3800/10106	n/a
Quantum of free basic water received	Kl per month per household	All	6Kl	6	6	6	n/a	n/a

Table 63: Top Level SDBIP – Basic Service Delivery



4.3 Development and Service Delivery Priorities for 2011/12

4.3.1 To Attain Financial Viability and Sustainability

KPI	Unit of Measurement	Ward	Annual Target
Financial viability measured in terms of the available cash to cover fixed operating expenditure	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure (As per SA8)	All	1.6
Financial viability measured in terms of the municipality's ability to meet its service debt obligations	Debt coverage ((Total operating revenue- operating grants received)/debt service payments due within the year) (As per SA8)	All	17
Financial viability measured in terms of the outstanding service debtors	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services) (As per SA8)	All	14.7
Improved revenue collection	% Debt recovery rate (As per SA8)	All	95.3
Approved financial statements submitted by 31 August	Approved financial statements submitted	All	100
Compliance with GRAP 16, 17 & 102 to ensure effective asset management	0 findings in the audit report on non-compliance affecting the audit opinion	All	0
Finalize alternatives in terms of managing resorts by the end of June	Report submitted to Council	All	1
Implementation of an effective Fleet Management System by the end of June	Number of initiatives/programmes implemented	All	4
Improvement in operational conditional grant spending measured by the % spent	% of the grant spent	All	95
No of issues raised by AG in AG report of the previous financial year attended to promote a clean audit	No of issues attended to	All	28
Compliance with the SCM Act measured by the limitation of successful appeals against the municipality	0 successful appeals	All	0
Training of 10 senior and finance middle management staff in minimum competencies	Number of candidates registered	All	10
Improvement in capital conditional grant spending measured by the % spent	% of the grant spent	All	95

Table 64: Service Delivery Priorities for 2011/12 – To attain financial viability and sustainability



4.3.2 To Create Integrated, Sustainable, Linked and Productive Human Settlements

KPI	Unit of Measurement	Ward	Annual Target
Maintenance of halls and facilities	% of maintenance budget of halls and facilities spent	All	100
Maintenance of halls and facilities	No of projects in terms of approved maintenance plan executed	All	3
Maintenance of halls and facilities	Revise of maintenance plan for halls and facilities by end March	All	100
Graveyards is maintained measured by the % of the maintenance budget spent	% of budget spent	All	100
Identify land for the development of a new regional grave yard	Apply for funding by submitting a proposal	All	100
Recreational areas is maintained measured by the % of the maintenance budget spent	% of budget spent	All	100
Revise maintenance plan for recreational areas (Resorts) by July to ensure that recreational areas are maintained	Plan revised by July	All	100
Obtain funding to rehabilitate river	Successful funding application	All	1
Implementation of Integrated Human Settlement Strategy measured by the no of projects complying with approved strategy by the end of June	% Of phase 1 (infrastructure) completed by the end of June regarding the UISP Tulbagh project (560 houses)	All	100
Develop a comprehensive law enforcement strategy to decrease high risk violations	Development of a law enforcement strategy by the end December	All	100
Develop a Fire Management Plan by the end of June to ensure effective fire brigade services	Plan developed by end June	All	100
Disaster Management Plan developed by the end of December	Disaster management Plan including level 3 (risk reduction plan) to be developed by the end of December	All	100
Upgrade N'duli and Bella Vista municipal parks by the end of June	Number of parks upgraded	All	2
Provision of free basic electricity in terms of the equitable share requirements	No of HH receiving free basic electricity	All	3465
Provision of free basic electricity in terms of the equitable share requirements	Quantum of free basic electricity per household	All	50
Provision of free basic refuse removal in terms of the equitable share requirements	No of HH receiving free basic refuse removal	All	3465
Provision of free basic refuse removal in terms of the equitable share requirements	Quantum of free basic refuse removal per month per household (R-value)	All	153.43



KPI	Unit of Measurement	Ward	Annual Target
Provision of free basic sanitation in terms of the equitable share requirements	No of HH receiving free basic sanitation	All	3465
Provision of free basic sanitation in terms of the equitable share requirements	Quantum of free basic sanitation provided per household (R-value)	All	143.3
Provision of free basic water in terms of the equitable share requirements	No of HH receiving free basic water	All	3465
Quantum of free basic water per household in terms of the equitable share requirements	Quantum of free basic water provided per household	All	6
Electricity connections to provide electricity reticulation to informal settlements	No of new electricity connections	All	0
Provision of electricity that are connected to the national grid to all formal areas	No of formal areas that meet agreed service standards	All	12340
Provision of electricity that are connected to the national grid to all informal areas	No of informal areas that meet agreed service standards	All	1691
Provision of refuse removal, refuse dumps and solid waste disposal to all formal areas	No of formal HH for which refuse is removed at least once a week	All	15491
Provision of refuse removal, refuse dumps and solid waste disposal to all informal areas	No of informal HH for which refuse is removed at least once a week	All	1492
Provision of sanitation systems limited to domestic waste water and sewerage disposal to formal HH	No of formal HH that have at least VIP on site	All	15491
Provision of sanitation systems limited to domestic waste water and sewerage disposal to informal HH	No of informal HH that have at least VIP on site	All	1691
Provision of cleaned piped water to all informal HH within 200m from the household	No of informal HH that meet agreed service standards for piped water	All	1691
Provision of cleaned piped water to all formal HH within 200m from the household	No of formal HH that meet agreed service standards for piped water	All	15491
Effective electricity capital spending measured by the % of budget spent	% spent of approved electricity capital projects	All	90
Electricity assets is maintained in terms of the maintenance budget spent	% of maintenance budget of electricity spent	All	100
Install new electricity network in Chris Hani to improve electricity distribution capacity	% completion of the projects	All	0
Effective management of electricity provisioning systems	% of electricity unaccounted for	All	10
Increase capacity to ensure that GIS is maintained and developed to ensure that maps is available for ward profiling	Appoint appropriate staff for GIS	All	1
Effective municipal roads capital spending measured by the % of budget spent	% spent of approved roads capital projects	All	90



KPI	Unit of Measurement	Ward	Annual Target
Maintenance of municipal roads	% of maintenance budget of municipal roads spent	All	100
Municipal roads is maintained measured by the square meters of roads patched and resealed according to approved maintenance plan	square meters of roads patched and resealed	All	3500
Provision of municipal roads in Tulbagh measured by the km of new road for previously un-serviced roads	No of kilometres	7	4
Provision of municipal roads measured by the km of new road for previously un-serviced areas	No of kilometres	All	4
Implementation of the public transport plan measured in terms of the % of allocated funds spent (PTIP)	% of allocated funds spent	All	100
Effective waste management capital spending measured by the % of budget spent	% spent of approved waste management capital projects	All	90
Maintenance of refuse removal assets	% of maintenance budget of refuse removal spent	All	100
Implement new garden refuse strategy in N'Duli, Tulbagh and Montana by the end of December 2011	Number of projects completed by the end of December	2; 7; 9	3
Number of community awareness campaigns to recycle solid waste	Number of campaigns	All	2
Complete the Chris Hani project to ensure a provision of storm water systems in all areas without a system	% completion of the projects	7	100
Effective storm water capital spending measured by the % of budget spent	% spent of approved storm water capital projects	All	90
Sanitation assets is maintained in terms of the maintenance budget spent	% of maintenance budget of sanitation spent	All	100
Storm water assets is maintained in terms of the maintenance budget spent	% of maintenance budget of storm water spent	All	100
Submit application for funding for a Storm water Master Plan by the end of March	Application submitted by the end of March	All	1
Upgrade sewerage systems in N'duli and PAH to improve existing sanitation systems	Number of projects completed	All	2
Quality of waste water discharge measured by the % water quality level within SANS and DWAF standards	% water quality level of waste water discharge	All	90
Effective water capital spending measured by the % of budget spent	% spent of approved water capital projects	All	90
Improvement of water purification system capacity in Tulbagh and Wolseley measured by the completion of the projects	% of projects completed	All	100



KPI	Unit of Measurement	Ward	Annual Target
Revise the Water Service Development plan annually by the end of October	Plan revised and approved by Council	All	100
Water assets is maintained in terms of the maintenance budget spent	% of maintenance budget of water spent	All	100
Effective management of water provisioning systems to limit unaccounted water	% of water unaccounted for	All	26
Excellent water quality measured by the quality of water as per blue drop criteria	No of blue drop awards	All	3
Implementation of the Water Demand Management plan measured by the number of water saving initiatives executed during the financial year	Execution of water saving awareness initiative in terms of the plan	All	2

Table 65: Service Delivery Priorities for 2011/12 – To create integrated, sustainable, linked and productive human settlements

4.3.3 To Deepen and Entrench Good Governance Practices, Including Better Communication and Public Involvement

KPI	Unit of Measurement	Ward	Annual Target
Integrated development planning measured by the alignment of the municipal spending with IDP	The percentage of a municipality's capital budget spent on capital projects identified in the IDP	All	93
No of Section 56 and 57 performance agreements signed by the end of July	No of performance agreements signed	All	5
Institutional Performance management system in place and implemented up to level 14 by the end of June	No of agreements signed / by the total number of employees up to level 14 (%)	All	100
The municipality comply with all the relevant legislation	0 findings in the audit report on non-compliance with laws and regulations	All	0
Functional performance audit committee measured by the number of meetings per annum	No of meetings held	All	4
The adjustment budget is approved by Council by the legislative deadline	Approval of Adjustments Budget before the end of February	All	100
The main budget is approved by Council by the legislative deadline	Approval of Main Budget before the end of May	All	100
The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	All	100
Initiatives in the anti-corruption policy is successfully implemented	No of initiatives implemented in terms of the approved strategy	All	2



KPI	Unit of Measurement	Ward	Annual Target
Effective functioning of ward committees to ensure consistent and regular communication with residents	No of ward committee meetings per ward per annum	All	48
The municipality listens and talks back to its people by ensuring that the IDP is endorsed by all wards	No of ward committees endorsing the IDP	All	12
The municipality listens and talks back to its people by ensuring that the IDP is endorsed by community organisations and stakeholders as local social compacts	No of community organisations and stakeholders Endorsing the IDP	All	14
Risk based audit plan approved by September	Plan approved by September	All	100
Strengthen the role of communities by facilitating ward based development plans	No of ward based development plans completed	All	12
New 5 year IDP compiled and approved by the end of May	IDP approved by the end of May	All	100
The IDP is comprehensive and complies with the requirements of the Systems Act	No of required sectoral plans included in the IDP	All	16
Spatial development plan aligned with PSDF and PGDS as assessed by the Department of Environmental Affairs and Development Planning	% alignment as assessed	All	100
Spatial Development Plan reviewed and submitted to PGWC annually by 30 June 2012	Review and submitted to PGWC annually by the end of June	All	100

Table 66: Service Delivery Priorities for 2011/12 – To deepen and entrench good governance practices including better communication and public involvement

4.3.4 To Foster and Strengthen Strategic Partnerships and Social Development

KPI	Unit of Measurement	Ward	Annual Target
Targeted skills development measured by the implementation of the workplace skills plan	% of the budget spent on implementation of the WSP	All	90
Effective communication with communities	Review of communication policy by end December	All	100
Revise identified HR policies by the end of June to ensure compliant and up to date HR policies	No of policies revised	All	6
Effective labour relations by facilitating regular LLF meetings per annum	No of meetings of the LLF per annum	All	10
Implementation of skills development plan with targeted skills development	No of personnel actually trained/ No of personnel identified for training (%)	All	65



KPI	Unit of Measurement	Ward	Annual Target
Creation of an effective institution with sustainable capacity	% Vacancy level as % of approved organogram (National norm between 10-15%)	All	10
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	Number of people employed	All	8
Annual report and oversight report of council submitted before the end of January	Report submitted to Council	All	100
To determine citizen satisfaction	% Citizen satisfaction	All	50
To determine citizen satisfaction	Citizen satisfaction survey conducted by April 2012 annually	All	0
Effective and up to date By-laws	No of By-laws revised annually	All	5
Effective functioning of council measured in terms of the number of council meetings per annum	No of council meetings per annum	All	4
Effective functioning of the committee system measured by the number of committee meetings per committee per quarter	No of sec 79 committee meetings per committee per quarter	All	48

Table 67: Service Delivery Priorities for 2011/12 – To foster and strengthen strategic partnership and social development

4.3.5 To Grow the Local Economy in Order to Increase Opportunities for Participation and Equity

KPI	Unit of Measurement	Ward	Annual Target
The number of jobs created through municipality's local economic development initiatives including capital projects	Number of jobs created of contracts assigned to SMME's (temporary)	All	200
Implement the two initiatives within the LED strategy (forum and the programme implementation of the strategy)	Number of initiatives implemented	All	2
Value of contracts assigned to SMME's to enhance economic development	Value of contracts assigned	All	R 15 000 000

Table 68: Service Delivery Priorities for 2011/12 – To grow the local economy in order to increase opportunities for participation and equity



4.4 Basic Service Delivery

4.4.1 Basic Services Delivery Performance Highlights

Highlight	Description
Blue drop awards for very Town in Witzenberg Municipal Area	Received 5 Blue drop awards
Award for third best Nationally in blue drop category	Blue drop category – water quality & services
Green drop award for Ceres Waste Water Treatment Works	Received 1 green drop award
Awarded sixth best Nationally for green drop	In the green drop category
Award for most improve municipal – Cleanest Town Competition	Received this award for the past two years
Still awaiting the results of the Greenest Municipal Competition	Award ceremony 6 October 2011
Reduced Electricity Losses	From 8.47 % to 7.95 %
New Garden Refuse Strategy	Implementation of Green bag and skip system
Diverted refuse from waste stream	Min 35 % max 65 %
Improved spending of capital budget – 93.3 %	Improve spending from 82 % to 93.3 %
Implementation of RBIG Projects – R 58 Million	Implementation of projects at Wolseley and Tulbagh (80 %)
Installation of telemetry and sms system	Reduce reaction times dramatically- monitor reservoir levels
Project to resolved sewerage problems N’duli	Project to resolve continuous sewerage spillages
Upgrading of Roads Tulbagh	Upgrading of roads in Tulbagh

Table 69: Basic Services Delivery Highlights

4.4.2 Basic Service delivery Challenges

Service Area	Challenge	Actions to address
Water	Maintain 5 blue drop awards	Improve on set standards
Water	Reduce water losses – 36 % - 30 %	Implementation of Water Demand Strategy
Water	Successful Implementation RBIG Projects – Wolseley and Tulbagh	Ensure successful management and monitoring of projects
Sewerage	Green drop awards for Wolseley and Tulbagh-For all our WWTW	Upgrading of WWTW Tulbagh and Wolseley
Sewerage	Completion of sewerage project N’duli	Ensure successful management and monitoring of projects
Solid Waste and Cleansing	To fully implement Garden Refuse Strategy	Implement N’duli, Pine Valley and Montana



Service Area	Challenge	Actions to address
Solid Waste and Cleansing	Greenest Municipality Competition	Improve on previous awards for cleanest town competition
Solid Waste and Cleansing	Improve on percentage reduction from waste stream	Private Partnerships Implementation of more recycling projects
Electricity	Reduce electricity losses	Reduce % below 7.95 % Implementation of Electricity Master Plan Wolseley
Town Planning	Maintenance & development of GIS, need GIS maps for ward profiling Inadequate access/ development/ maintenance to GIS Lack of technical support Maintenance contract lapsed No departmental capacity	In-house capacity to perform and develop GIS Appoint Planning assistant with GIS qualifications Lobby for technical / financial support
All service areas	Improve capital spending – 93.3 %	Management and Monitoring
All service areas	Incomplete Master plans Need for Master Plans: Storm water Master Plan and Wolseley Electricity Master Plan Lack of funds to commission the compilation of master plans	Lobby for technical / financial support
Electricity: 1) Street lighting 2) Asset maintenance	Lack of maintenance leading to poor service delivery due to shortage of resources Lack of maintenance and refurbishment of assets compromises service delivery and quality of supply.	Vacant posts to be filled and specialised vehicles (Cherry Pickers) to be replaced. Implementation of the approved organogram and replacement of old vehicles and equipment.

Table 70: Basic Services Delivery Challenges



4.4.3 Access to Free Basic Services

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 **R 3 000** per month will receive the free basic services as prescribed by national policy.

The table below indicates that **18%** of the total number of households received free basic services in 2008/09 financial year whilst it increased to **23%** in the 2010/11 financial year:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No Access	%	No Access	%	No Access	%	No Access	%
2008/09	23 539	4101	17	4101	17	4101	17	4101	17
2009/10	23 892	4288	18	4288	18	4288	18	4288	18
2010/11	23892	5383	23	5374	23	5383	23	5384	23

Table 71: 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'000			R'000			R'000
2008/09	4101	50	587	0	0	0	0	0	0
2009/10	4288	50	864	0	0	0	0	0	0
2010/11	5383	50	2 193	0	0	0	0	0	0

Table 72: 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'000			R'000
2008/09	4101	6	1 271	0	0	0
2009/10	4288	6	1 870	0	0	0



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'000			R'000
2010/11	5374	6	2 458	0	0	0

Table 73: 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'000			R'000
2008/09	4101	122.85	1 969	0	0	0
2009/10	4288	131.08	2 898	0	0	0
2010/11	5383	143.30	7 568	0	0	0

Table 74: 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'000			R'000
2008/09	4101	1	2 152	0	0	0
2009/10	4288	1	3 166	0	0	0
2010/11	5384	1	8 240	0	0	0

Table 75: Free basic Refuse Removal services to indigent households per type of service



4.4.4 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 2010/11 financial year:

Type of service	2007/08	2008/09	2009/10	2010/11
Housing	528	235	575	215
Water	528	235	575	215
Sanitation	528	235	575	215
Refuse removal	528	235	575	215
Electricity	528	235	575	638
Streets & Storm Water	528	235	575	215

Table 76: Access to basic level of services

A) Capital Budget Spent on Municipal Services

The percentage (%) of the total approved capital budget spent on each municipal service respectively for the 2008/09, 2009/10 and 2010/11 financial years respectively are as follows:

Financial Year	Housing	Water	Sanitation	Refuse Removal	Electricity	Streets & Storm Water	Community facilities
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2008/09	90.55	55.77	65.67	22.37	76.18	68.58	62.62
2009/10	100.00	84.93	75.61	87.69	92.05	97.94	82.31
2010/11	105.56	99.29	89.59	90.00	75.25	98.66	64.66

Table 77: Capex

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

Description	2007/08	2008/09	2009/10	2010/11		
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital expenditure on assets by Asset Class/Sub-class						



Description	2007/08	2008/09	2009/10	2010/11		
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Infrastructure	14 333	14 653	21 851	56 425	48 421	45 870
Infrastructure - Road transport	5 898	3 545	3 561	10 557	17 275	17 109
Roads, Pavements & Bridges	5 898	3 545	3 561	10 557	17 275	17 109
Infrastructure - Electricity	2 411	3 352	2 577	3 622	3 623	2 703
Transmission & Reticulation	2 411	2 605	2 552	3 449	3 450	2 532
Street Lighting	0	747	25	173	173	171
Infrastructure - Water	3 931	3 877	9 116	20 510	16 035	15 933
Dams, Reservoirs & Reticulation	3 931	3 877	9 116	20 510	16 035	15 933
Infrastructure - Sanitation	0	2 093	1 920	11 333	7 450	6 724
Reticulation	0	2 093	1 920	11 333	7 450	6 724
Infrastructure - Other	2 093	1 786	4 678	10 403	4 039	3 402
Waste Management	0	0	661	5 120	771	559
Other	2 093	1 786	4 017	5 283	3 268	2 844
Community	14 351	40 953	973	3 555	6 484	3 697
Parks & gardens	0	0	0	270	218	196
Sports fields & stadia	0	0	150	1 400	1 400	1 055
Community halls	0	51	0	0	0	0
Recreational facilities	45	259	518	1 810	4 791	2 367
Other	14 306	40 643	305	75	75	79
Other assets	5 513	4 785	6 934	12 211	15 680	12 275
General vehicles	2 892	2 898	3 076	2 565	3 290	3 237
Plant & equipment	421	270	154	1 100	1 489	1 255
Furniture and other office equipment	1 521	1 200	1 077	1 888	2 398	1 790
Civic Land and Buildings	679	417	2 470	6 246	8 092	5 542
Other			158	412	412	451
Intangibles	0	81	9	165	143	143
Total Capital Expenditure on assets	34 197	60 472	29 766	72 356	70 728	61 986

Table 78: 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
2008/09	80.04	<p>The under spending relates to:</p> <ul style="list-style-type: none"> • Delay in the Kleinberg river bulk water project of Tulbagh • Delay in commencement of with the development of the central landfill site <p>Delay in construction of Housing project in Pine valley just before close of the financial year</p> <p>The main issues in this regard was the late approval of the adjustment budget in March 2009, implementation of supply chain policy and capacity/skills shortcomings with the drawing up of business plans, specifications and monitoring of projects. The DBSA has assisted with the deployment of a full time engineer to assist with these issues and it is expected that implementation performance will increase in the next financial year</p>
2009/10	87.17	<p>The under spending relates to:</p> <ul style="list-style-type: none"> • water projects to the following projects Wolseley reservoir and bulk water projects; • waste Water Management relates to three projects namely the upgrading of both storm water as well as sewer networks and the Tulbagh sewer upgrade project; • executive and Council relates to the Mayoral vehicle and the extension of the main offices in Ceres; • budget & treasury offices relates to the implementation of SAMRAS Plus as well as the GRAP changes; and • Electricity relates to saving on two projects namely the Pine Valley network and the Sewerage main feeder in Tulbagh.
2010/11	87.64	<p>The under spending relates to:</p> <ul style="list-style-type: none"> • Delay from Dept. of Rural development to sign agreement for completion of 2nd & 3rd phases of Hamlet Walkway project resulting in project being put on hold. • Outstanding approval from Dept. of Human Settlements for Pine Valley of business plan submitted in 2008 although funding has been approved • Decision by Council not to continue with upgrading of Municipal Offices due to cost implications. • Delay to identify appropriate site for N'Duli swimming pool resulting in under expenditure.

Table 79: 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	Timeframe to be	Cost to address
------	------------------------	-----------------	-----------------



	affected	addressed	R'000
Housing	7 247	Depending on annual DORA allocation received	455 000
Water (on site)	6 500		97 500
Sanitation	6 500		97 500
Refuse removal (at least once a week at site)	0		0
Electricity (in house)	6 500		45 500
Streets and storm water	6 500		65 000

Table 80: Backlogs

4.4.5 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 litres of potable water per day supplied within 200 meters of a household.

A) Water Service Delivery Levels

Below is a table that specifies the different water service delivery levels per households for the financial years 2007/08, 2008/09, 2009/10 and 2010/11:

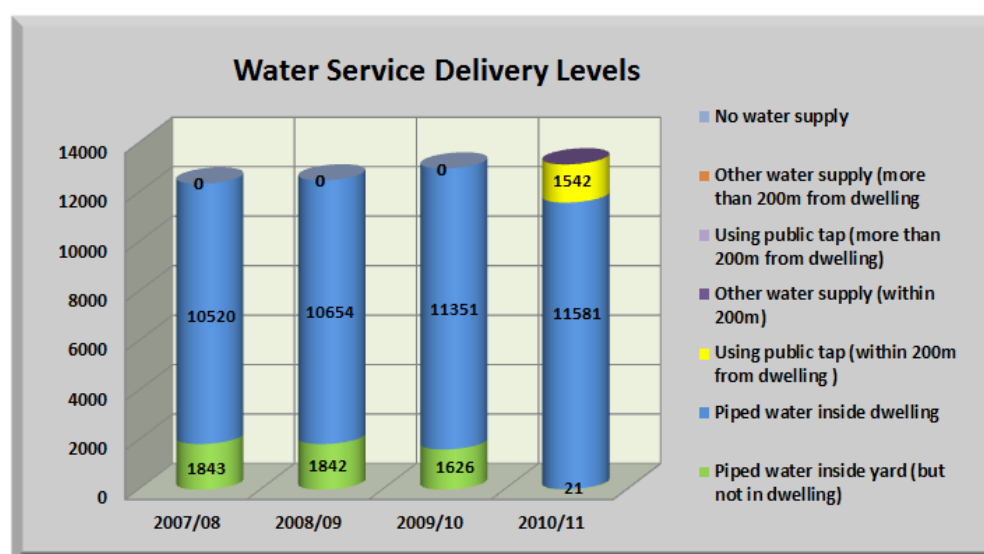
Description	2007/08	2008/09	2009/10	2010/11
	Actual	Actual	Actual	Actual
Household				
<u>Water: (above minimum level)</u>				
Piped water inside dwelling	10 520	10 654	11 351	11 581
Piped water inside yard (but not in dwelling)	1 843	1 842	1 626	21
Using public tap (within 200m from dwelling)	0	0	0	1542
Other water supply (within 200m)	0	0	0	0
Minimum Service Level and Above sub-total	12 363	12 496	12 977	13 144
Minimum Service Level and Above Percentage	100	100	100	100
<u>Water: (below minimum level)</u>				
Using public tap (more than 200m from dwelling)	0	0	0	0
Other water supply (more than 200m from dwelling)	0	0	0	0



Description	2007/08	2008/09	2009/10	2010/11
	Actual	Actual	Actual	Actual
No water supply	0	0	0	0
Below Minimum Service Level sub-total	0	0	0	0
Below Minimum Service Level Percentage	0	0	0	0
Total number of households (formal and informal)	12 363	12 496	12 977	13 144

Table 81: Water service delivery levels

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



Graph 8: Water service delivery levels

B) Sanitation Service Delivery Levels

Below are a table that specifies the different sanitation service delivery levels per households for the financial years 2007/08, 2008/09, 2009/10 and 2010/11:

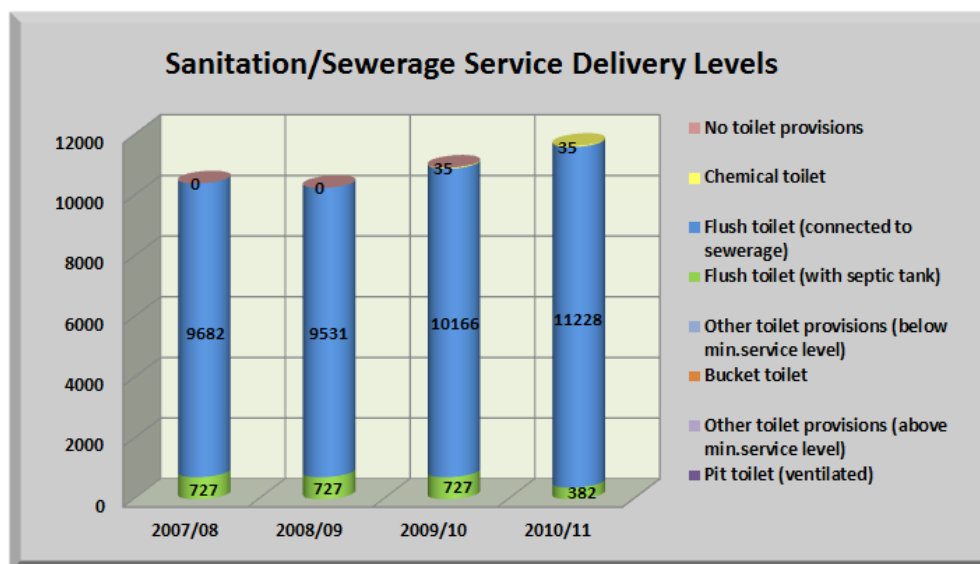
Description	2007/08	2008/09	2009/10	2010/11
	Actual	Actual	Actual	Actual
Household				
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	9682	9531	10166	11228
Flush toilet (with septic tank)	727	727	727	382



Description	2007/08	2008/09	2009/10	2010/11
	Actual	Actual	Actual	Actual
Chemical toilet	0	0	35	35
Pit toilet (ventilated)	0	0	0	0
Other toilet provisions (above minimum service level)	N/A	N/A	N/A	N/A
Minimum Service Level and Above sub-total	10 409	10 258	10 928	11 645
Minimum Service Level and Above Percentage	100	100	100	100
Sanitation/sewerage: (below minimum level)				
Bucket toilet	0	0	0	0
Other toilet provisions (below minimum service level)	0	0	0	0
No toilet provisions	0	0	0	0
Below Minimum Service Level sub-total	0	0	0	0
Below Minimum Service Level Percentage	0	0	0	0
Total number of households	10 409	10 258	10 928	11 645

Table 82: Sanitation service delivery levels

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



Graph 9: Sanitation/Sewerage Service Delivery Levels



4.4.6 Electricity

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

The Energy Losses for the 2009/10 financial year was **8.4%** whilst the losses in the 2010/11 financial year were only **7.95%**. This outcome gives an end result of **0.45%** reduction in energy losses.

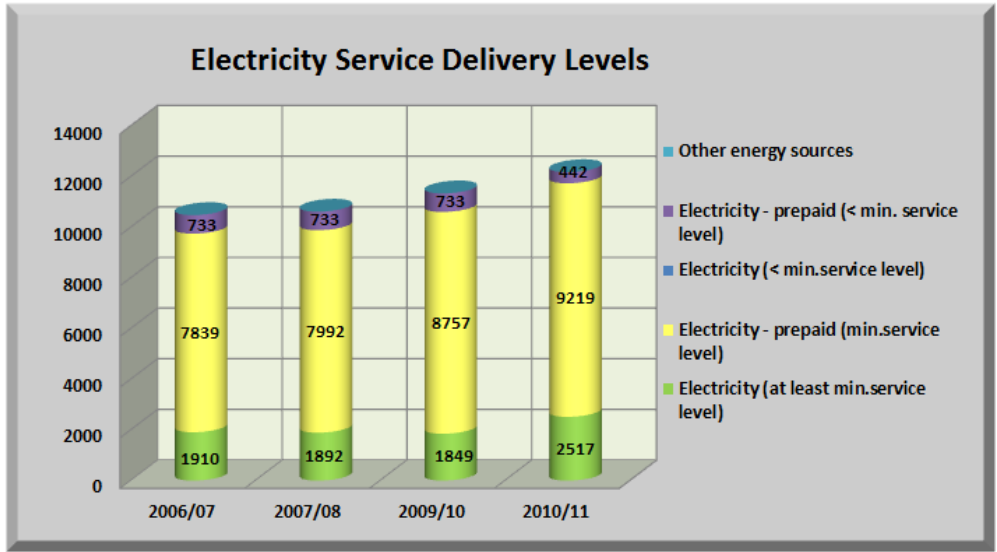
The table below indicates the different service delivery level standards for electricity within the municipality:

Description	2007/08	2008/09	2009/10	2010/11
	Actual	Actual	Actual	Actual
Household				
<u>Energy: (above minimum level)</u>				
Electricity (at least minimum service level)	1910	1892	1849	2517
Electricity - prepaid (minimum service level)	7839	7992	8757	9219
<i>Minimum Service Level and Above sub-total</i>	9749	9884	10606	11736
<i>Minimum Service Level and Above Percentage</i>	93	93	94	96
<u>Energy: (below minimum level)</u>				
Electricity (< minimum service level)	0	0	0	0
Electricity - prepaid (< min. service level)	733	733	733	442
Other energy sources	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	733	733	733	442
<i>Below Minimum Service Level Percentage</i>	7	7	6	4
Total number of households	10 482	10 617	11 339	12178

Table 83: Electricity service delivery levels

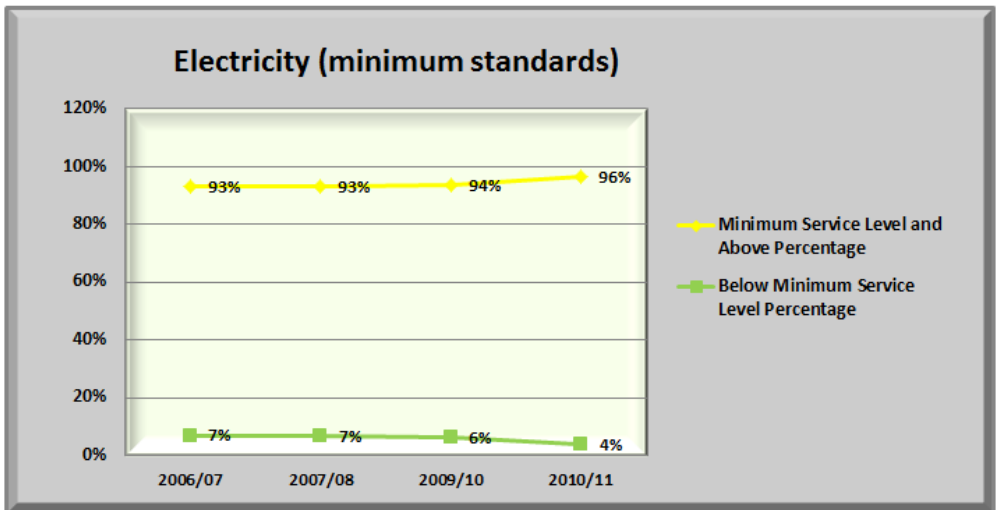
The graph shows the number of households categorised into the different service levels.





Graph 10: Electricity Service Delivery Levels

The graph below shows the amount of households that receive electricity above minimum electricity standards.



Graph 11: Electricity levels above minimum standards



4.4.7 Housing

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately **7247** housing units on the waiting list.

Housing waiting list	Nr of people on Housing waiting list	% Housing waiting list increase/decrease
2007/08	4 958	n/a
2008/09	5 806	17
2009/10	6 907	19
2010/11	7 247	5

Table 84: Housing waiting list

A total amount of **R21 824 780** was all allocated to build houses during the financial year under review. A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2007/08	21 971	24 316	111.0	346	436
2008/09	36 738	40 586	110.5	346	222
2009/10	30 170	25 121	83.3	468	527
2010/11	21 825	21 824	99.99	793	0

Table 85: Housing

4.4.8 Refuse Removal

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

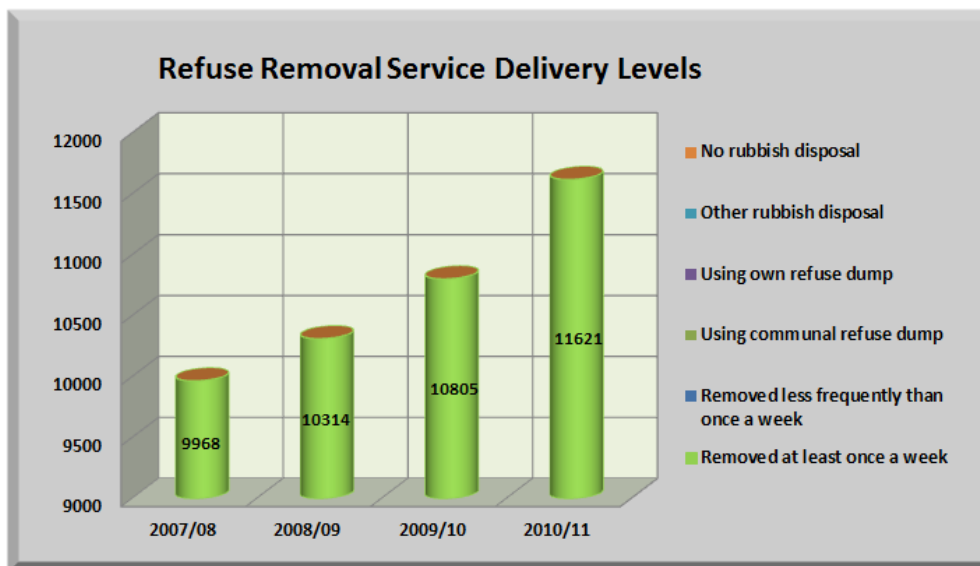
Description	2007/08	2008/09	2009/10	2010/11
	Outcome	Actual	Actual	Actual
Household				
<u>Refuse Removal: (Minimum level)</u>				
Removed at least once a week	9 968	10 314	10 805	11621
<i>Minimum Service Level and Above sub-total</i>	9 968	10 314	10 805	11621



Description	2007/08	2008/09	2009/10	2010/11
	Outcome	Actual	Actual	Actual
Minimum Service Level and Above percentage	100	100	100	100
Refuse Removal: (Below minimum level)				
Removed less frequently than once a week	0	0	0	0
Using communal refuse dump	0	0	0	0
Using own refuse dump	0	0	0	0
Other rubbish disposal	0	0	0	0
No rubbish disposal	0	0	0	0
Below Minimum Service Level sub-total	0	0	0	0
Below Minimum Service Level percentage	0	0	0	0
Total number of households	9 968	10 314	10 805	11 621

Table 86: Refuse removal service delivery levels

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



Graph 12: Refuse removal service delivery levels



4.4.9 Roads

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

A) 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
2008/09	200.4	1.15	2.12	0.36	196.78
2009/10	200.4	0	2.87	0.6	196.93
2010/11	200.4	0	2.60	0.46	197.34

Table 87: Tarred roads

B) Gravelled Roads

Financial year	Total km gravel roads	Km new gravel roads constructed	Km gravel roads upgraded to tar	Km gravel roads graded/maintained
2008/09	21.7	2.16	0	19.55
2009/10	21.7	0	0	21.7
2010/11	21.7	0	0	21.7

Table 88: Gravelled roads

C) 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 & Replacements	Resealed	Maintained
	R'000	R'000	R'000
2007/08	5 898	1 546	926
2008/09	3 545	1 511	721
2009/10	3 595	1 301	810
2010/11	3 893	2 067	896

Table 89: Cost of construction/maintenance of roads



4.4.10 Storm water

A) Storm Water Infrastructure

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

Financial year	Total km Stormwater measures	Km new stormwater measures	Km stormwater measures upgraded	Km stormwater measures maintained
2008/09	131.5	0.800	1.000	-
2009/10	131.5	0.840	0	10.370
2010/11	132.01	0.210	0.300	14.014

Table 90: Stormwater infrastructure

B) Cost of Construction/Maintenance

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

Financial year	Storm water Measures	
	Capital	Maintained
	R'000	R'000
2007/08	2 093	581
2008/09	1 761	848
2009/10	3 643	522
2010/11	2 556	455

Table 91: Cost of construction/maintenance of stormwater systems



4.5 Municipal Infrastructure and other Grants

The Municipality had a total amount of **R109 770million** for infrastructure and other capital projects available that was received in the form of grants from the National and Provincial Governments during the 2010/11 financial year. The performance in the spending of these grants is summarised as follows:

Description	2008/2009		2009/2010		2010/2011			Extent to which grant purposes were met
	Amount Received	Amount Spent	Amount Received	Amount Spent	Amount Carried Forward	Amount Received	Amount Spent	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
National Government:								
Equitable share	1 250	1 250	29 111	29 111	0	36 683	36 683	n/a
Finance Management Grant	1 250	1 250	2 750	3 025	-275	3 000	3 054	n/a
Transformation & restructuring Grant	0	0	0	839	290	0	123	n/a
Department of Water Affairs (Drought & Water demand)	601	625	1 889	690	8 566	0	433	Grant purposes were met with focus on sustainable service delivery
Municipal Systems Improvement Grant	735	790	1 300	1 247	630	1 200	1 808	Grant purposes were met
Municipal Infrastructure Grant	6 640	8 232	12 928	11 473	1 224	10 160	12 577	Full expenditure of allocation on registered projects
Regional Bulk Infrastructure Grant	0	0	3 240	2 901	339	11 000	13 455	Wolseley project near completion with bulk supply addressed.
Department of Land Affairs	0	0	0	0	412	0	498	n/a
Integrated National Electrification Program	0	815	2 240	1 076	626	2 000	1 853	n/a
Provincial Government:								
Sport facilities	0	14	1 000	0	1 000	0	891	Project partially completed
Library subsidies (Operational)	475	475	402	402	0	578	495	n/a
Library subsidies (Capital)	0	6	0	0	2	0	0	n/a



Description	2008/2009		2009/2010		2010/2011			Extent to which grant purposes were met
	Amount Received	Amount Spent	Amount Received	Amount Spent	Amount Carried Forward	Amount Received	Amount Spent	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Community Development Workers	216	66	216	334	33	225	243	n/a
Housing	36 738	40 585	30 169	25 121	3 771	17 477	17 484	Pine Valley project completed and Chris Hani implemented.
Public Transport Facilities	0	93	0	0	410	0	330	Nduli taxi rank completed
Main roads	897	897	918	918	0	616	616	Project completed and approved
Local Economic Development	0	0	0	0	123	0	0	n/a
Multi-Purpose Community Centre	0	70	0	907	4 309	0	4 430	Centre completed and in operation
Cleanest Town Award	0	0	0	0	0	30	0	n/a
Spatial planning	0	283	0	39	66	0	74	n/a
District Municipality:								
Performance management	0	0	0	9	0	0	0	n/a
Asset investigation	0	0	0	0	58	0	0	n/a
Water & Sanitation informal areas	0	139	480	366	581	0	618	n/a
Housing education	45	23	49	36	36	0	30	n/a
Hawker sites	0	0	0	0	251	0	0	Project not implemented
Street & Sidewalks	0	0	2 300	0	2 300	1 300	2 324	In process of completion
Solid Waste	0	0	2 300	0	0	300	0	n/a
Other grant providers:								
China	0	25	0	79	287		9	n/a
Essen, Belgium	15	0	664	337	162		74	Construction of Youth Centre



Description	2008/2009		2009/2010		2010/2011			Extent to which grant purposes were met
	Amount Received	Amount Spent	Amount Received	Amount Spent	Amount Carried Forward	Amount Received	Amount Spent	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
								completed

Table 92: Spending of grants

4.6 Additional Performance

The table below enclose all additional performance of the municipality:

Type of service	2008/09	2009/10	2010/11
General Law enforcement			
Animals impounded	0	0	0
Motor vehicle licenses processed	56 574	56 142	57 834
Learner driver licenses processed	1 603	1448	1797
Driver licenses processed	1 342	1 279	1 201
Driver licenses issued	317	427	1613
Fines issued for traffic offenses	1 983	5 243	7006
R-value of fines collected	No records	R55 450,00	R346 950,00
Operational call-outs	1481	1470	1493
Roadblocks held	23	28	11
Complaints attended to by Traffic Officers	826	1635	780
Special Functions – Escorts	34	35	33
Awareness initiatives on public safety	2	2	2



Type of service	2008/09	2009/10	2010/11
Fire Services			
Operational call-outs	No Records	No Records	181
Reservists and volunteers trained	No Records	No Records	20
Awareness initiatives on fire safety	No Records	No Records	13
Town Planning and Building Control			
Building plans application processed	218	144	292
Total surface (m ²)	47 819m2	41 576m2	54 062m2
Approximate value	R 99 794 489	R 82 372 970	R 119 216 008
New residential dwellings	14	12	19
Residential extensions	49	85	202
New Business buildings	8	11	16
Business extensions	15	21	29
Rural applications	12	15	26
Land use applications processed	29	18	31
Libraries			
Library members	17 686	18 767	19 970
Books circulated	340 488	339 469	343 469
Exhibitions held	134	179	176
Internet users	0	570	4 890
New library service points or Wheelie Wagons	0	1	1



Type of service	2008/09	2009/10	2010/11
Children programmes	0	0	0
Visits by school groups	648	684	486
Book group meetings for adults	0	0	0
Primary and Secondary Book Education sessions	0	0	0
Social Services			
Trees planted	No records	250	201
Veggie gardens established	0	0	1 Tulbagh
Soup kitchens established or supported	0	14	3
Initiatives to increase awareness on child abuse	2	1	1 awareness programme had been held in the N'Duli area to create awareness surrounding child neglect and abuse.
Youngsters educated and empowered	30	90	120
Initiatives to increase awareness on disability	1	1	Support the lollipop day of 2009 and d 2010 in partnership with APD. Awareness programme in Bella Vista to create awareness surrounding the challenges faced by PWD in the community.
Initiatives to increase awareness on women	1	1	1 Workshop in N'Duli in partnership with Dept. Justice, SAPS to educate & create awareness to women about safety issues regarding women and children.
Women empowered	300	200	200



Type of service	2008/09	2009/10	2010/11
Initiatives to increase awareness on HIV/AIDS	1	1	1
Initiatives to increase awareness on Early Childhood Development	1	1	1
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	0	1q	11
Special events hosted (World's Aids Day, World Arbour day, World Disability Day, Youth Day, 16 Days of activism against women abuse)	1	1	Women's Day 2010 16 Days of Activism against women and child abuse programmes; International day of disabilities: awareness day programmes.
Local economic development initiatives			
Small businesses assisted	159	75	85
SMME's trained	17	49	61
Community members trained for tourism	No Records	0	41
Local artisans and crafters assisted	3	2	2
Recycling awareness programmes	1	1	1

Table 93: Additional Performance



4.7 LED

4.7.1 Highlights: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Successful EPWP Implementation	A EPWP data capturer has been appointed to monitor EPWP job creation projects
Declared CWP (Community Works Programme) Pilot Programme Site	Pilot project from COGTA created 300 job opportunities

Table 94: LED Highlights

4.7.2 Challenges: LED

Description	Actions to address
Lack of Formal Business support	Establishment of a high level LED Board
Limited Funding for SMME'S	Increase linkages with possible funders
Lack of skills in SMME'S	Increase Skills development
Seasonal Unemployment	Increase job creation programmes
Lack of Sustainable Long term programmes	Explore Grant funding for long term programmes

Table 95: Challenges LED

4.7.3 LED Strategy

The LED strategy along with the LED process plan is completed and is being implemented. The Witzenberg 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
Establishing Institutional Platform & Partnerships	Joint marketing and investment promotion strategies
Building commercial enterprises	Land audit execution / Skills development strategies

Table 96: LED Objectives and Strategies



4.7.4 Economic Activity

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

Sector	2008/09	2009/10	2010/11
Agric, forestry and fishing	25%	25%	25%
Mining and quarrying	0%	0%	0%
Manufacturing	20%	20%	20%
Wholesale and retail trade	27%	27%	27%
Finance, property, etc.	0%	0%	0%
Community and social services	15%	15%	15%
Infrastructure services	6%	6%	6%

Table 97: Economic activity by sector

4.7.5 LED Initiatives

With a limited budget for LED Projects a LED Officer were appointed March 2011 to assist with LED implementation. The municipality is currently moving to a LED Unit which consists of the LED Officer, Community development worker and an EPWP Clerk. The coordination of all job creation projects is been the responsibility of the LED Unit. The Unit is currently implementing two pilot projects namely the Comprehensive Rural Development Programme (CRDP) from Department Rural Development and Land Reform as well as the Community Works Programme (CWP) from COGTA.

Description of project	No of Jobs created	Total Investment R'000	Amount spent to date R'000	Performance Highlights
SEDA&Red door consultations with SMME's on a monthly basis	0	0	0	SMME support
Site Visits: Quarterly visits at new and existing projects	6	0	0	SMME development
NDA Workshop: 28 SMME's & projects attended. Four projects were identified for possible funding.	0	0	R 3 000	Sustainable projects identified
TOURISM SKILLS DEVELOPMENT PROGRAM: Partnerships: College of Sustainable Agriculture (CSA), Agri-Witzenberg and the Tulbagh	0	0	0	Tourism skills development workshop



Description of project	No of Jobs created	Total Investment R'000	Amount spent to date R'000	Performance Highlights
Farm Association and Tulbagh Tourism on 11 August 2010. The aim of the workshop was to roll out a sustainable skills development program for Tulbagh.				
Implementation of a 10 day Agri-Tourism training program at the skills centre for 19 unemployed Tulbagh youth during September- October 2010. The program was funded by CSA.	0	0	0	Agri tourism training for unemployed youth
Agri-Tourism Training The training took place from 7-17 February 2011 at the Plantation Hall, Pine Forest, Ceres. The training is funded and was presented by the College of Sustainable Agriculture (CSA, FET College). This training is an extension of the training that took place last year at the Tulbagh youth centre where 19 local youth were involved.	0	0	0	Ceres youth involved in Agri Tourism training
2 Tourism training sessions in Wolseley Tulbagh and Nduli on 1-2 November and 7-8 December 2010 by Red door. Statistics: Wolseley: 12 Tulbagh: 12 Nduli: 5	0	0	0	27 youth from Tulbagh, Wolseley and Nduli involved in tourism training
Business Skills Training The University of Stellenbosch rolled out a 2-day training session for 10 established SMME's in Witzenberg. The training was accredited and on a NQF level 5 bases. It took place from 2-3 January 2011 at the PA Hamlet community hall.	0	0	0	10 SMME's included in NQF Level 5 business training
SEEDFUND funding 13 Businesses qualified for	15	0	0	13 Witzenberg SMME's link to Seed funding



Description of project	No of Jobs created	Total Investment R'000	Amount spent to date R'000	Performance Highlights
2010/11. Site visits were done to monitor and to give support to the businesses. Fifteen businesses were identified to be supported by the seed fund program.				
PA HAMLET WALK WAY 30 unemployed youth were employed in the project. Construction skills were transferred.	30	0	0	PA Hamlet create jobs for 30 unemployed youth
SUPPLIER OPEN DAY: 27 October 2010 200 SMME's were informed about the municipal supply chain policy and information inputs from the following stakeholders: SARS, Old Mutual, ABSA, Dept. Economic Development, Red door	0	0	0	200 Witzenberg SMME's are informed about the municipal supply chain policy.
CHRISTMAS MARKET Organise and coordination of the stalls from 16-19 December 2011. There were 167 stalls for the 3 nights and 79 SMME's participated. Most of the SMME's were local people and came mostly from Ceres and Bella Vista.	0	0	0	79 local SMME's were making profit at the Christmas market

Table 98: LED initiatives



4.7.6 Social & Welfare Services

Name and description of Project	Ward	Number of House Holds that benefit from the project (±)	Amount
Gender Workshop by SALGA and Gender Links on 06;07;08 September 2010.	All	40	0
Exposed farm women to arts (Women on farms to attend the Women's Art Festival in Cape Town (06 August 2010)	9,10,11	15	0
Women's day Program for the 100 women from the community of Tulbagh.(9 August 2010)	11	100	0
Women's Summit to attend Provincial Pre-Summit for Women in Local Government on 12 August 2010.	All	20	0
Witzenberg Municipality's Women's Day on 26 August 2010.	All	200	0
Establish Food garden at Chris Hani Crèche	11	10	0
HIV/AIDS Workshop for 30 women of Bella Vista	6	30	0
16 Days of Activism Programs in Op die Berg; Bella Vista. More than 200 women and children attend these activities.	6,9	200	0
Programme to create awareness to disabled women and children from P.A. Hamlet; Bella Vista and Nduli.	1,4,6	100	0
Learner's license program started on the 14th February until 16th February 2011 and the 17th & 18th were given for free by the service provider.	11	30	0
25 young people were selected to attend the program. First intake had 36 people that wanted to finish their Grade 12 (ABET)	11	25	0

Table 99: Social and Welfare projects

4.7.7 Trading and Hawkers

Name and description of Project	Ward	Number of House Holds that benefit from the project (±)	Amount
ECD Forum Meeting- 01 March 2011 ECD Stakeholder Meeting – 22 March 2011	All	No records	0
Establish a Home Affairs and SASSA forum to serve as a platform for effective registration and pension and grants service delivery on 15 March 2011.	All	20	0



Table 100: Trading and Hawkers projects

4.8 Service Providers Strategic Performance

Section 76(b) of the MSA states that KPIs 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
- 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
- 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 Municipal Manager

Description of services rendered	Term of contract	Performance areas	Performance progress	Performance comment	Corrective measures
None	-	-	-	-	-

Table 101: Service Providers Performance – Office of the Municipal Manager



b) Corporate Services

Description of services rendered	Term of contract	Performance areas	Performance progress	Performance comment	Corrective measures
Supply and delivery of time and attendance equipment	2 weeks delivery period	Municipal Systems Improvement Grant	100%	As funds for the software is not available, the equipment is non-functional.	Waiting on funding to purchase the relevant software.

Table 102: Service Providers Performance – Corporate Services

c) Financial Services

Description of services rendered	Term of contract	Performance areas	Performance progress	Performance comment	Corrective measures
Feasibility study on alternative service delivery mechanisms for the Pine Forest Resort	3 months	Service Delivery / Deliver report on alternative service delivery for Pine Forest Resort	100%	It was agreed in the first project committee that the deadline was not achievable and a new project implementation schedule were developed. This was done with the approval of National Treasury and the Service Provider.	Project steering committee was established that include National and Provincial Treasury. Project Steering Committee met Regularly
Supply, printing and mailing of municipal accounts	36 months	Service Delivery/Print and posting of municipal accounts	100%	Good. In accordance with contract	None
Supply and delivery of Liquid Chlorine gas cylinders (70kg)	12 months contract / 1 week delivery	Stores Item	100%	Good. In accordance with contract	None
Short-term Insurance	12 months contract	Municipal wide Insurance	85%	Claims are handled swiftly. Response time is quickly. Helpfulness in terms of availability of staff and client service is good	Premium was considered to be too high over a 3 year contract. A more competitive 1 year contract was concluded



Table 103: Service Providers Performance – Financial Services

d) Community Services

Description of services rendered	Term of contract	Performance areas	Performance progress	Performance comment	Corrective measures
Supply and delivery of all terrain light fire fighting vehicle (4x4)	6-8 week delivery period	Fire Protection Services	100%	Project Complete in Time Frame	Not needed
Supply and delivery of roll-on kikuyu grass for Wolseley sports ground, Wolseley and Skurweberg sports ground, Op Die Berg	2 weeks delivery period	Upgrading of sport facilities	100%	Completed within budget and timeframes	None

Table 104: Service Providers Performance – Community Services

e) Technical Services

Description of services rendered	Term of contract	Performance areas	Performance progress	Performance comment	Corrective measures
Hiring of digger loader and bull dozers for Tulbagh and Prince Alfred's sites	12 months contract	Solid Waste (Dumping site)	90%	Contract nr 08/2/8/4 awarded end on October 2011	Awaiting completion of contract
Supply , upgrade and replacement of sewer networks in N'duli, Ceres	12 months contract	Sewerage - Upgrade Network-Nduli	90%	90 % Completed All the bulk pipelines completed Just the upgrading of sand filters outstanding	Longer than expected because of rock excavations
Masonry work of new and existing infrastructure in the Witzenberg municipal area	12 months contract	Stormwater management	33%	n/a	n/a
Provision of professional electrical engineering services development of electrical infrastructure for low cost housing schemes	6 month contract	Electricity Client Services	32%	Design completed. Contract specifications and tenders to be invited	Awaiting completion of civil contract



Description of services rendered	Term of contract	Performance areas	Performance progress	Performance comment	Corrective measures
Rehabilitation of Various Streets in the Witzenberg	6 month contract	Upgrading Roads	100%	n/a	n/a
Repair and upgrade of various stormwater systems in the Witzenberg municipal area	1 month contracts	Storm water Management	80%	n/a	n/a
Supply and delivery of various vehicles	14 day delivery period	Fleet acquisition	100%	All vehicles bought in the financial year 2010/2011 met the spec and were delivered on time.	Technical and Adjudication committee facilitate all processes.
Re-surfacing of existing surfaced streets in Witzenberg Municipal Areas	3 week contract	Roads - Resealing	100%	n/a	n/a
Construction of security fences at Prince Alfred Hamlet and Tulbagh Waste Disposal Sites	2 week contract	Solid Waste - Dumping site	100%	Security fences met the spec and were completed on time and satisfy	Technical and Adjudication committee facilitate all processes
Professional services section 78 investigation in terms of the Municipal systems Act (Act 32 of 2000)	12 Months	Improved service delivery. Deliver Section 78 Report	100%	Draft report tabled to satisfaction of senior management and DBSA	Project Steering Committee facilitates implementation.
Supply, delivery and installation of process aerators/mixers for Witzenberg Municipality	2 month contract		100%	Completed	Completed on time
Project Proposals: Electrical Master Planning for Ceres	Once off	Electricity: Administration Investigations	100%	Report to be presented to Council for approval	None required.
Tulbagh Bulk Water Supply Pipeline		RBIG Funds	30%	30 % Completed Tender adjudicated March Awaiting approval	Depending on EIA approval-will determine what steps to take for corrective measurements



Description of services rendered	Term of contract	Performance areas	Performance progress	Performance comment	Corrective measures
				of EIA	
Construction of new Ø 250 sewer pumping main in Tulbagh	2 month contract		30%	Tender adjudicated March Awaiting approval of EIA	Depending on EIA approval-will determine what steps to take for corrective measurements
Supply and delivery of Crushed stone and sand: Road Building Material	12 month contract / 2 day delivery	Upgrading Roads - Patching	100%	n/a	n/a
Supply and delivery of Bitumen Emulsions and Asphalt	Once-off / 7 day delivery	Upgrading Roads - Patching	100%	n/a	n/a
Supply and delivery of three mini-sub extensible oil ring main units	Once-off	Electricity: Distribution	100%	Items delivered to Municipal stores	None required.
Supply and Delivery of Various vehicles	1 week delivery	Fleet Maintenance Management	80%	The old age of the fleet and spares availability are the main challenges.	Use of supply chain procurement to go beyond Ceres town boundaries to get competitive prices to restore the value of the fleet.
Rehabilitation of Tulbagh Streets: Buitenkant Street & Third Avenue	4-5 month contract	Upgrading Roads	100%	None	None

Table 105: Service Providers Performance – Technical Services



4.9 Supply Chain Management

4.9.1 Competitive Bids in Excess of R200 000

A) Bid Committee Meetings

The following table details the number of bid committee meetings held for the 2010/2011 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
20	20	15

Table 106: Bid Committee Meetings

The attendance figures of members of the bid specification committee are as follows:

Member	Percentage attendance
Manager Income/ Deputy Director Finance (Chairperson)	100
Manager Supply Chain	100
Relevant technical expert responsible for a function	100

Table 107: Attendance of members of bid specification committee

The attendance figures of members of the bid evaluation committee are as follows:

Member	Percentage attendance
Manager Income/ Deputy Director Finance (Chairperson)	100
Manager Supply Chain	100
Relevant technical expert responsible for a function	100

Table 108: Attendance of members of bid evaluation committee

The attendance figures of members of the bid adjudication committee are as follows:

Member	Percentage attendance
Director Financial Services (Chairperson)	100
Director Technical Services	87
Director Community Services	87
Director Corporate Services	73

Table 109: Attendance of members of bid adjudication committee



The percentages as indicated above include the attendance of those officials acting in the position of a bid committee member.

B) Awards Made by the Bid Adjudication Committee

The bid adjudication committee awarded 41 bids of an estimated value of R 36 322 298.81.

The ten highest bids awarded by the bid adjudication committee are as follows:

Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded
08/2/8/38	Tulbagh bulk water supply pipeline	Technical Services: Water and Sewerage	JVZ and Vakala Construction (Pty) Ltd JV	R 6 923 843.96
08/2/7/73	Supply and delivery of electrical equipment and cables	Technical Services: Electricity	RGS CC, Slcame (Pty) Ltd, Greenbro (Pty) Ltd, Ngaphaya Y2K10 Trading CC, Supreme Electrical Supplies, Powertech SA, Aberdare Cables (Pty) Ltd, Voltex (Pty) Ltd, Siyaphambili Electrical & Industrial Supplies	R 4 931 964.00
08/2/8/13	Rehabilitation of various streets in Witzenberg	Technical Services: Streets and Storm Water	Dada Civils and Mabungwe Civils JV	R 4 172 622.30
08/2/8/53	Rehabilitation of Tulbagh Streets: Buitekant Street and Third Avenue	Technical Services: Streets and Storm Water	Dada Civils and Mabungwe Civils JV	R 3 160 746.88
08/2/8/17	Re-surfacing of existing surfaced streets in Witzenberg Municipal Area	Technical Services: Streets and Storm Water	Zebra Surfacing and Isidima Surfacing JV	R 2 258 297.31
08/2/8/14	Repair and upgrade of various storm water systems in the Witzenberg Municipal Area	Technical Services: Streets and Storm Water	Inter Coast Civils, Shosalozza Construction, Carpe Diem Civils	R 1 988 544.29
08/2/8/7	Supply, upgrade and replacement of sewer networks in N'duli, Ceres	Technical Services: Water and Sewerage	Dennis Lendor Civils	R 1 096 804.83



Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded
08/2/8/41	Construction of new Ø 250 sewer pumping main in Tulbagh	Technical Services: Water and Sewerage	Vakala Construction (Pty) Ltd	R 986 763.83
08/2/8/22	Professional services section 78 investigation in terms of the Municipal systems Act (Act 32 of 2000)	Technical Services: Planning and Projects	Priceaterhousecoopers Inc	R 891 786.00
08/2/8/52	Supply and Delivery of Various vehicles	Various Departments	Boudel Motors (Pty) Ltd T/A Thorp Paarl	R 768 975.20

Table 110: Ten highest bids awarded by bid adjudication committee

C) Awards Made by the Accounting Officer

In terms of paragraph 5 (2) (a) of Council's Supply Chain Management policy, only the Accounting Officer may award a bid which is in excess of R 5 million. The power to make such an award may not be sub-delegated by the Accounting Officer. The only bid awarded by the Accounting Officer is as follows:

Bid number	Title of bid	Directorate and section	Value of bid awarded
08/2/8/38	Tulbagh bulk water supply pipeline	Technical Services: Water and Sewerage	R 6 923 843.96

Table 111: Awards made by Accounting Officer

D) Appeals Lodged by Aggrieved Bidders

No appeals were lodged by aggrieved bidders on awards made in terms of section 62 (1) of the Municipal Systems Act (Act 32 of 2000)

E) Awards Made to Historically Disadvantaged Individuals (HDI's), Women and Enterprises within the Witzenberg Municipal Area

The following tables details the value of competitive bids awarded to historically disadvantaged individuals (HDI owners), women and enterprises within the Witzenberg Municipal Area during the 2010/2011 financial year:

Number of contracts awarded to wholly or partly owned HDI companies	Percentage of contracts awarded to HDI members	Value of contracts managed by HDI members	Percentage of contract value awarded to HDI members
---	--	---	---



Number of contracts awarded to wholly or partly owned HDI companies	Percentage of contracts awarded to HDI members	Value of contracts managed by HDI members	Percentage of contract value awarded to HDI members
31	75.61	R 15 623 073.71	43.01
24	58.54	R 10 199 411.33	28.08
8	19.51	R 3 130 833.89	8.62

Table 112: HDI Bid Awards

The total premium paid during the 2010/2011 financial year in order to promote specific goals as set out in the Preferential Procurement Regulations of 2001, was **R 373 940.00**.

4.9.2 Formal Written Price Quotations between R30 000 and R200 000

A) Awards Made to the Historically Disadvantaged Individuals (HDI's), Women and Enterprises within the Witzenberg Municipal Area

A total of 36 formal written price quotations amounting to R 3 507 960.37 were awarded.

The following tables details the value of formal written price quotations awarded to historically disadvantaged individuals (HDI owners), women and enterprises within the Witzenberg Municipal Area during the 2010/2011 financial year:

Number of contracts awarded to wholly or partly owned HDI companies	Percentage of contracts awarded to HDI members	Value of contracts managed by HDI members	Percentage of contract value awarded to HDI members
25	69.44	R 1 992 921.65	56.81
14	38.89	R 906638.78	25.85
12	33.33	R 1 320541.00	37.64

Table 113: HDI Quotation Awards

The total premium paid during the 2010/2011 financial year in order to promote specific goals as set out in the Preferential Procurement Regulations of 2001 was R 138 868.56



4.9.3 Deviation from Normal Procurement Processes

Paragraph 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement process. Deviations amounting to **R 7 780 050.08** was approved by the Accounting Officer. The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	Value of deviations	Percentage of total deviations value
Single supplier	240	R 3 132 130.46	40.26
Impractical	186	R 3 784 567.14	48.64
Emergency	55	R 820 790.48	10.55
Impossible	4	R 42 562.00	0.55
Acquisition of historical objects	0	R 0	0.00
Acquisition of animals	0	R 0	0.00

Table 114: Summary of deviations

Deviations from the normal procurement processes have been monitored closely since the start of the previous financial year. Monthly reporting in terms of paragraph 36 of the SCM policy has been complied with. SCM has identified instances where the normal procurement processes can be followed to avoid having to follow the deviation process. These cases have been taken up with the relevant departments and satisfactory co-operation has been received.

4.9.4 Logistics Management

The system of logistics management must ensure the following:

- the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;



- appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores, Dromedaris Street are coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the Storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. In the event that special projects are being launched by departments, such information is not communicated timely to the Stores section in order for them to gear them to order stock in excess of the normal levels.

Internal controls are in place to ensure that goods and service that are received are certified by the responsible person which is in line with the general conditions of contract.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

As at 30 June 2011, the value of stock at the municipal stores amounted to **R 5 304 462.37** with a satisfactory stock turnover rate of **1.42**. For the 2010/2011 financial year a total of **R 4 266.03** were accounted for as surpluses, **R 12 941.94** as deficits and only **R 324.80** as damaged stock items.

4.9.5 Disposal Management

The system of disposal management must ensure the following:

- immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- Immovable property is let at market related rates except when the public e plight of the poor demands otherwise;



- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

We are complying with section 14 of the MFMA which deals with the disposal of capital assets. The disposal process plan was finalized in August 2010 and aims to provide the guidelines for the disposal of all obsolete and damaged assets. Information regarding assets that are to be disposed of has already been collated and the request for approval for disposal will tabled to Council in the near future.

4.9.6 Performance Management

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved.

Monitoring of internal processes is an on-going process. Procedure manuals for various SCM processes have been developed approved and are being implemented. Monthly reporting of appeals received by aggrieved bidders is also done to measure the performance of the bid specification and bid evaluation committees.

The Accounting Officer has appointed the Internal Auditor as the independent observer to attend bid committee meetings. This further enhances transparency with regards to our bid committee system and compliance to all relevant legislation.

During the 2010/2011 financial year, Witzenberg Municipality listed the following company together with their directors as restricted suppliers on National Treasury's database.

Database of restricted suppliers

Name of Supplier	Person Registration number/ ID number	Reason for Restriction	Period from	Period to
Louw , M. J.(Snr)	5204285068089	Failure to perform	08/03/2011	07/03/2021
Louw , M. J.(Jnr)	8509185099084	Failure to perform	08/03/2011	07/03/2021
Tracto Trading 27 cc t/a MJL Projects	1999/048030/23	Failure to perform	08/03/2011	07/03/2021

Table 115: Restricted suppliers



This company and their two directors are prohibited from doing business with any organ of state for a period of 10 years. We are only one of two municipalities who have listed companies that did not perform in terms of the bid conditions. We also listed a company and its directors as restricted suppliers during the 2009/2010 financial year.

Three of the most important key performance indicators in the SCM unit, is that of turnaround time from the date that requests are received from departments until bids are adjudicated and awarded. The following table details the performance for each of those key performance indicators:

Key performance indicator	2009/10 Baseline	2010/11 Achievement	Remarks
Turnaround time for bid documents to be approved by bid specification committee (Target = 14 days)	42.90%	72.73%	Significant improvement due to standardized internal processes and improved commitment within the SCM unit
Turnaround time for bids to be evaluated by bid evaluation committee (Target = 30 days)	19.00%	55.88%	Significant improvement due to timely submission of technical reports from relevant service delivery departments
Turnaround time for bids to be awarded by bid adjudication committee (Target = 10 days)	88.00%	77.42%	Satisfactory performance although lower than the 2009/2010 baseline

Table 116: SCM performance indicators

For the 2010/2011 financial year it took on average **52 days** for bids to be awarded from the date of departmental request.

For the 2010/2011 financial year it took on average **42 days** for bids to be awarded from bid closing date. Under normal circumstances bids should be awarded within 90 days from the bid closing date. Only one bid out of 41 bids took longer than 90 days requirement. Our performance in this regard is therefore exceptional.

Further to this progress has been made with regards to the 2009/2010 Auditor-General’s audit findings. The following provides comment on each audit finding.

4.9.7 Procurement and Contract Management - Not All Regulation 6 (3) Reports were Submitted

We have complied with Supply Chain Management Regulation 6 (3) for the 2010/2011 financial year. These reports were submitted in a timely fashion to the Chief Financial Officer, the Accounting Officer as well as the Executive Mayor.



4.9.8 Procurement and Contract Management - Non-compliance with SCM Policy Section 26 (1)

As stated earlier the framework for the appointment of a neutral or independent observer has been developed and approved by the Accounting Officer. The Internal Auditor will act as the independent observer and will oversee bid committee meetings. The aim of the appointment is to promote fairness and transparency within our bid committees. In addition to this, the Manager Integrated Development Planning (IDP) and the Manager Socio Economic Development serves as members of the bid specification and bid evaluation committees. Their task is to provide input with reference to the IDP objectives and local economic development.

4.9.9 Procurement and Contract Management - Incorrect Declaration of Interest Made

Urgent attention was given to the declarations made by bidders when submitting bids. The necessary background checks are done as indicated to the Auditor-General. It is however problematic for the SCM unit to ascertain whether or not a false declaration is made by a prospective provider. No central database exists where all data regarding persons in the service of the state is kept.

4.9.10 Procurement and Contract Management - Suppliers not Registered for VAT

VAT registration numbers of suppliers are indicated on a VAT 103 form that is issued by SARS. We can also confirm a VAT number that appears on an original tax clearance certificate. The unit has access to a VAT number validity function which is available on the SARS website. It is easily accessible and is currently utilized.

4.9.11 Procurement and Contract Management - Monitoring of Contracts not done on a Monthly Basis

Monitoring of contracts on a monthly basis is not done. A contract management unit is not in place to monitor and report on the performance of suppliers. This needs urgent attention from senior management as additional capacity needs to be created within the SCM unit. In future the Chief Financial Officer will make recommendations in this regard.



Chapter 5

Functional Performance



Chapter 5: Functional Performance

This chapter provides information on the functional performance of the municipality on the implementation of the Top Layer and Departmental SDBIP for 2010/11.

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Fire fighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No (but will in the coming financial year) A Draft by-



Municipal Function	Municipal Function Yes / No
	law on Liquor trading hours was tabled in council for adoption at financial year end.
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 117: Functional Areas

5.1 Performance Highlights per Functional Area

Directorate/ Functional area	Sub Directorate	Highlights
Office of the Municipal Manager	Municipal Manager	The municipality implemented and established best practice strategic planning and organizational performance management framework.
		The municipality has established a strategic relationship with Local Business leading to the formation of a Local Economic Development Forum.
		Required minimum competency training offered to all managers.
	IDP	Through the War on Poverty programme assign of investments were linked to social and human



Directorate/ Functional area	Sub Directorate	Highlights	
		capital investments.	
		More focused on public inputs,	
		Better communication to the public on issues raised during Public Imbizo's	
	Audit	Well established and functioning internal audit unit and audit committee	
		The municipal Audit Charter was amended to include King III best practice corporate governance initiatives.	
Corporate Services	Administration	Connectivity of WAN to all towns—no longer , Down time being experienced	
		Upgrading of diginet lines from 64Kto 512K securing, Better service in terms of speed	
		Extension of wireless network to all outlying offices	
		Issuing of all councillors with laptops and 3G cards	
		For electronic support enabling them to receive agendas	
		And minutes electronically --- ensuring savings on paper, And printing cost.	
		Increased female representatively from 10% to 42% (5year EE Plan)	
	Communication	Launching of Valley FM radio in Witzenberg valley	
		Opening of Thusong Centre: Bella Vista	
		Women's Day, Men's day	
	Human Resource	Attending to disciplinary hearings within the time Frames as stipulated	
		Realisation of time frames in terms of disciplinary hearings 2 weeks deadline set to suspend and proceed with investigation To minimise financial loss	
		Target of employees to be trained in terms of the Workplace Skillsplan was 58%. The municipality trained 98% of the 58 % that was targeted.	
	Marketing	Visit of Chinese Delegation	
		Corporate Branding(Phase 1: branding of all Buildings)	
		Corporate identity to public servants at Local Government.	
	Tourism	Opening of Zipp slides in Ceres	
		Visit to Tulbach by National Minister of Tourism and Environmental Affairs	
		Christmas market during December	
	Financial Services	Income	Achieved income above 91%
		Financial Administration	Fully GRAP compliant asset register
Supply Chain		The bid adjudication committee awarded 41 bids of an estimated value of R 36 322 298.81.	
		No appeals were lodged by aggrieved bidders on awards made in terms of section 62 (1) of the Municipal Systems Act (Act 32 of 2000)	
		As at 30 June 2011, the value of stock at the municipal stores amounted to R 5 304 462.37 with a satisfactory stock turnover rate of 1.42.	
	For the 2010/2011 financial year only total of R 4 266.03 were accounted for as surpluses, R		



Directorate/ Functional area	Sub Directorate	Highlights
		12 941.94 as deficits and only R 324.80 as damaged stock items.
Community Services	Cemeteries	New fencing Bella Vista and Wolseley
	Control Centre	All calls responded within shortest period, dispatch of information to service department immediately.
		Record keeping of calls logged immediately.
	Environmental Protection	Waste management Education at schools in Witzenberg
		Establish Eco centre for schools and started with the green fingers project
		Blue bus campaign (water conservation) at N’duli sportsfield for schools and community
		Education on biodiversity at ST Marks primary school
		Arbor week celebrations in all towns of Witzenberg. Schools participate in these events and 201 trees were planted
		Environmental health education in 3 wards
	Human Settlements	Numbering on 153 informal shacks in Phase 5, PAH
		Approval of EHP Project for 20 Wendy-houses in Vredebes
		Completion of Tulbagh, Wolseley and N’duli Block Projects
		GAP Housing waiting list started
		Upgrading of public toilet facilities in Polocross, N’duli
		Workshop on Farm Evictions held on 2 December 2010
		Adoption of Housing Policy by Council December 2010
		Transfer of 575 houses in Wolseley
		Electrification of 152 shacks in Phase 5, PAH
		Re-build of 3 brunt down houses through EHP Programme in N’duli and Wolseley
		Erection of 20 Wendy-houses in Op-die-Berg
	Library Services	New library in Prins Alfred Hamlet
		New wheelie wagon – Op-die-berg
	Local Economic Development	Municipality has been declared as a CRDP (Comprehensive rural Development) Site and has successfully started to implement a PA Hamlet Walk way project in the Hamlet community. This project created jobs for 30 unemployed youth and has a skills transfer element. The municipality is currently implementing a pilot project, the Community Works Programme from COGTA which creates 300 job opportunities.
Parks and Recreation	Alien clearing in Dwarsriver	
	Paint of recreation Hall	
	CCTV security cameras installed	
	Accommodate short rally successfully	
Public Safety	Many more successful “Road Checks” held than planned.	



Directorate/ Functional area	Sub Directorate	Highlights
		(Success rate of finalized cases increasing as well as revenue)
		Festive Road safety projects successful and motorist interaction
		Acquirement of new traffic patrol vehicles
	Social & Welfare Services	The Municipality is a pilot project for the National War on Poverty Programme. Approximately 90 unemployed youth profiled 4 747 households across 3 wards. An IGR (Intergovernmental Forum) meet on a monthly basis to evaluate service delivery to the wards.
	Trading and Hawkers	Issued 208 hawker permits and 9 business licenses
	Vehicle Licensing & Testing	Reduced waiting period for license applicants
		Extension of vehicle registration facilities to Wolseley & Tulbagh undertaking by NDoT
Gradual increase in number of vehicles for roadworthy purposes		
Technical Services	Civil Services: Road Transport	Integrated Transport Plan – Approved by council
		Construction of roads and storm water projects – Housing project- Chris Hani
		Pavement Management System
	Civil Services: Sanitation	Green drop award for Ceres WWTW-Average score 89.7 %. Received also an award 10 best municipalities (6 Nationally)
		Telemetry and sms system
		Sewerage project – N’duli
	Civil Services: Solid Waste & Public Toilets	Successful implementation of new garden refuse removal strategy
		Most improve municipality – Cleanest Town Competition
	Civil Services: Stormwater Management	Implementation of critical storm water projects as was identified during previous winter
	Civil Services: Water	Receive 5 blue drop awards for all our systems-whole of Witzenberg
		Received also an award 10 best municipalities (3 Nationally)
		Implementation of RBIG projects – R 58 million
	Electricity	Completion of MV, LV and street lighting reticulation and connection of 569 subsidised houses in Pine Valley departmentally.
		Reticulation and connection of 291 informal dwellings in N’Duli and Chris Hani. The work was done departmentally.
		The further reduction of unaccounted for energy (losses) from 8.4% in 2009/2010 to 7.95% in 2010/2011.
Fleet Management	In September 2010, centralized based fleet maintenance expenditure was introduced in conjunction with supply chain. In October 2010, a comprehensive Fleet management policy was submitted to all management levels for review.	



Directorate/ Functional area	Sub Directorate	Highlights
		A vehicle tracking system server was installed and commissioned in the server room of Witzenberg Municipality in April 2011.
		45 out of +/- 130 running vehicles in the fleet were installed with tracking devices.
	Performance & Project Management	Implementation of web based performance management system.
		Capital spending Technical Department – 93,3 %
	Town Planning & Building Control	Formal establishment of the Department and the appointment of a manager and Building Control Officer
		Targets met with regards to the processing of applications
		Biodiversity sector plan and maps
		Implementation of Zoning Scheme

Table 118: Performance highlights per functional area



5.2 Overview of Performance

The performance statistics in the table below and all the graphs in the following sub paragraphs include performance in terms of the Departmental SDBIP, which measures operational performance, as well as, the performance in terms of the Top Layer SDBIP. The graph for each directorate is an overview of the overall results of all the KPI's measured in terms of the municipal SDBIP performance management system.

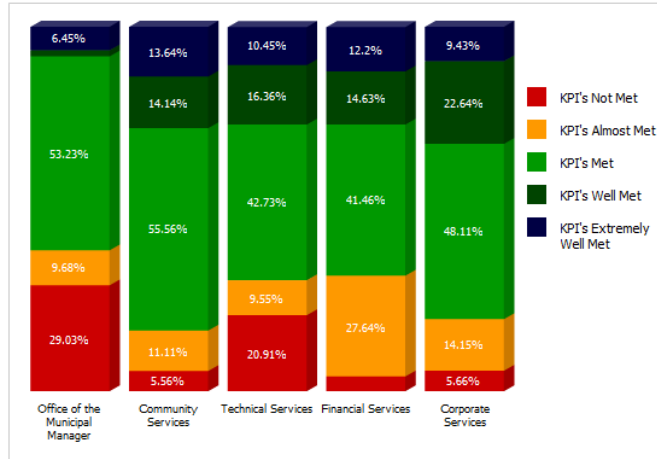
Directorates	Financial Year	Total KPIs	KPIs Extremely Well Met	KPIs Well Met	KPIs Met	KPIs almost Met	KPIs not Met
Office of the Municipal Manager	2009/10	41	n/a	n/a	35	0	6
	2010/11	62	4	1	33	6	18
Corporate Services	2009/10	56	n/a	n/a	43	12	1
	2010/11	107	10	24	51	15	7
Financial Services	2009/10	70	n/a	n/a	65	4	1
	2010/11	123	15	18	51	34	5
Community Services	2009/10	71	n/a	n/a	64	2	5
	2010/11	198	27	28	108	21	14
Technical Services	2009/10	51	n/a	n/a	47	3	1
	2010/11	220	23	36	94	21	46
Witzenberg Municipality	2009/10	399	n/a	n/a	358	26	15
	2010/11	709	79	107	339	98	86

Table 119: Summary of total performance

Note: The table above does not include KPI's not measured yet in the Top Layer and Departmental SDBIP

The following graph indicates the overall results of all the KPI's measured of the various directorates in terms of the municipal SDBIP performance management system





Graph 13: Overall performance of directorates

5.3 Performance per Functional Area (Departmental/Operational SDBIP)

5.3.1 Office of the Municipal Manager

Office of the Municipal Manager consists of the following divisions:

- Municipal Manager
- IDP
- Audit

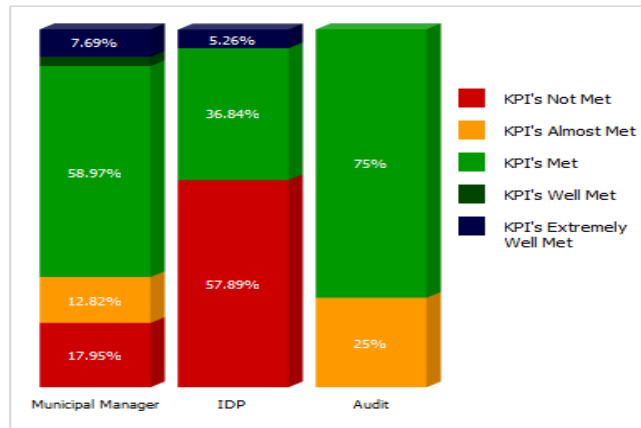
The Operational Key Performance Indicators for Office of the Municipal Manager is aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Good Governance and Communication	To deepen and entrench good governance practices, including better communication and public involvement
Municipal Financial Viability and Management	Financial Viability	To attain financial viability and sustainability
Municipal Transformation and Institutional Development	Strategic Partnerships and Social Development	To foster and strengthen strategic partnerships and social development

Table 120: Functional alignment – Office of the Municipal Manager



The following graph indicates the performance of the various sub-directorates within Office of the Municipal Manager
 directorate



Graph 14: Office of the Municipal Manager sub-directorate performance

5.3.2 Corporate Services

Corporate Services consists of the following divisions:

- Director: Corporate Services
- Administration
- Communication
- Human Resource
- Marketing
- Tourism
- IDP

The Operational Key Performance Indicators for Corporate Services is aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

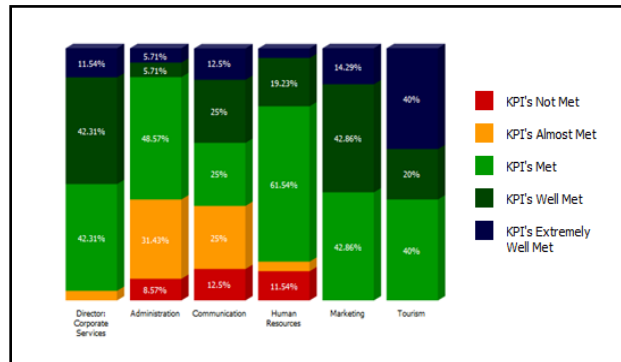
National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Good Governance and Communication	To deepen and entrench good governance practices, including better communication and public involvement
Municipal Financial Viability and Management	Financial Viability	To attain financial viability and sustainability
Municipal Transformation and	Strategic Partnerships and Social	To foster and strengthen strategic



National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Institutional Development	Development	partnerships and social development
Local Economic Development	Local Economic Development	To grow the local economy in order to increase opportunities for participation and equity

Table 121: Functional alignment – Corporate Services

The following graph indicates the performance of the various sub-directorates within Corporate Services directorate



Graph 15: Corporate Services sub-directorate performance

5.3.3 Financial Services

Financial Services consists of the following divisions:

- Director: Financial Services
- Financial Administration
- Income
- Supply Chain

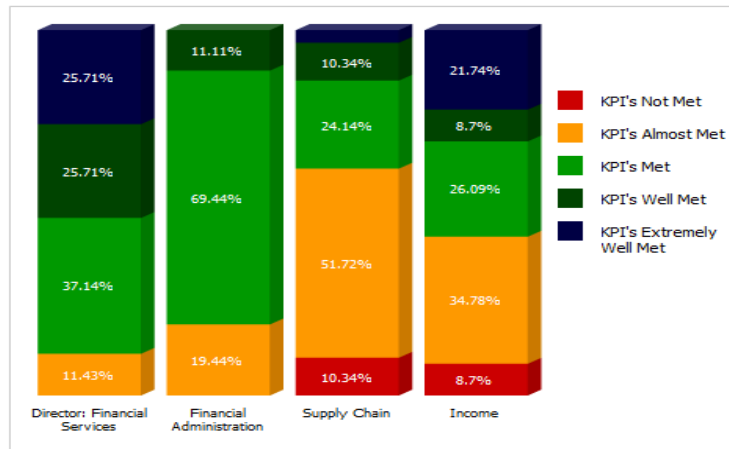
The Operational Key Performance Indicators for Financial Services is aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Good Governance and Communication	To deepen and entrench good governance practices, including better communication and public involvement
Municipal Financial Viability and Management	Financial Viability	To attain financial viability and sustainability

Table 122: Functional alignment – Financial Services



The following graph indicates the performance of the various sub-directorates within Financial Services directorate



Graph 16: Financial Services sub-directorate performance

5.3.4 Community Services

Community Services consists of the following divisions:

- Director: Community Services
- Cemeteries
- Control Centre
- Environmental Protection
- Human Settlements
- Library Services
- Local Economic Development
- Parks and Recreation
- Public Safety
- Resorts
- Social & Welfare Services
- Trading and Hawkers
- Vehicle Licensing & Testing

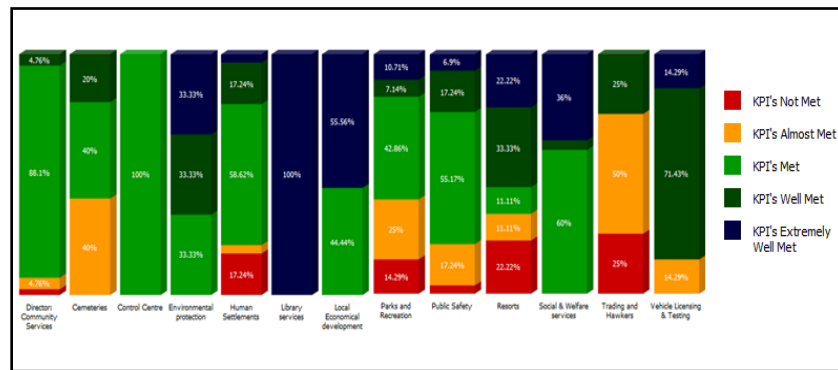
The Operational Key Performance Indicators for Community Services is aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:



National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Good Governance and Communication	To deepen and entrench good governance practices, including better communication and public involvement
Municipal Financial Viability and Management	Financial Viability	To attain financial viability and sustainability
Municipal Transformation and Institutional Development	Strategic Partnerships and Social Development	To foster and strengthen strategic partnerships and social development
Local Economic Development	Local Economic Development	To grow the local economy in order to increase opportunities for participation and equity
Basic Service Delivery	Sustainable Human Settlements	To create integrated, sustainable, linked and productive human settlements

Table 123: Functional alignment – Community Services

The following graph indicates the performance of the various sub-directorates within Community Services directorate



Graph 17: Community Services sub-directorate performance

5.3.5 Technical Services

Technical Services consists of the following divisions:

- Director: Technical Services
- Civil Services: Road Transport
- Civil Services: Sanitation
- Civil Services: Solid Waste & Public Toilets
- Civil Services: Stormwater management
- Civil Services: Water



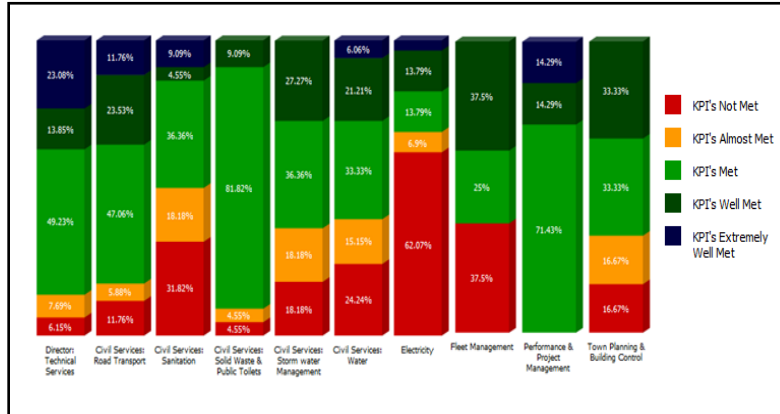
- Electricity
- Fleet Management
- Performance & Project Management
- Town Planning & Building Control

The Operational Key Performance Indicators for Technical Services is aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Good Governance and Communication	To deepen and entrench good governance practices, including better communication and public involvement
Municipal Financial Viability and Management	Financial Viability	To attain financial viability and sustainability
Basic Service Delivery	Sustainable Human Settlements	To create integrated, sustainable, linked and productive human settlements

Table 124: Functional alignment – Technical Services

The following graph indicates the performance of the various sub-directorates within Technical Services directorate

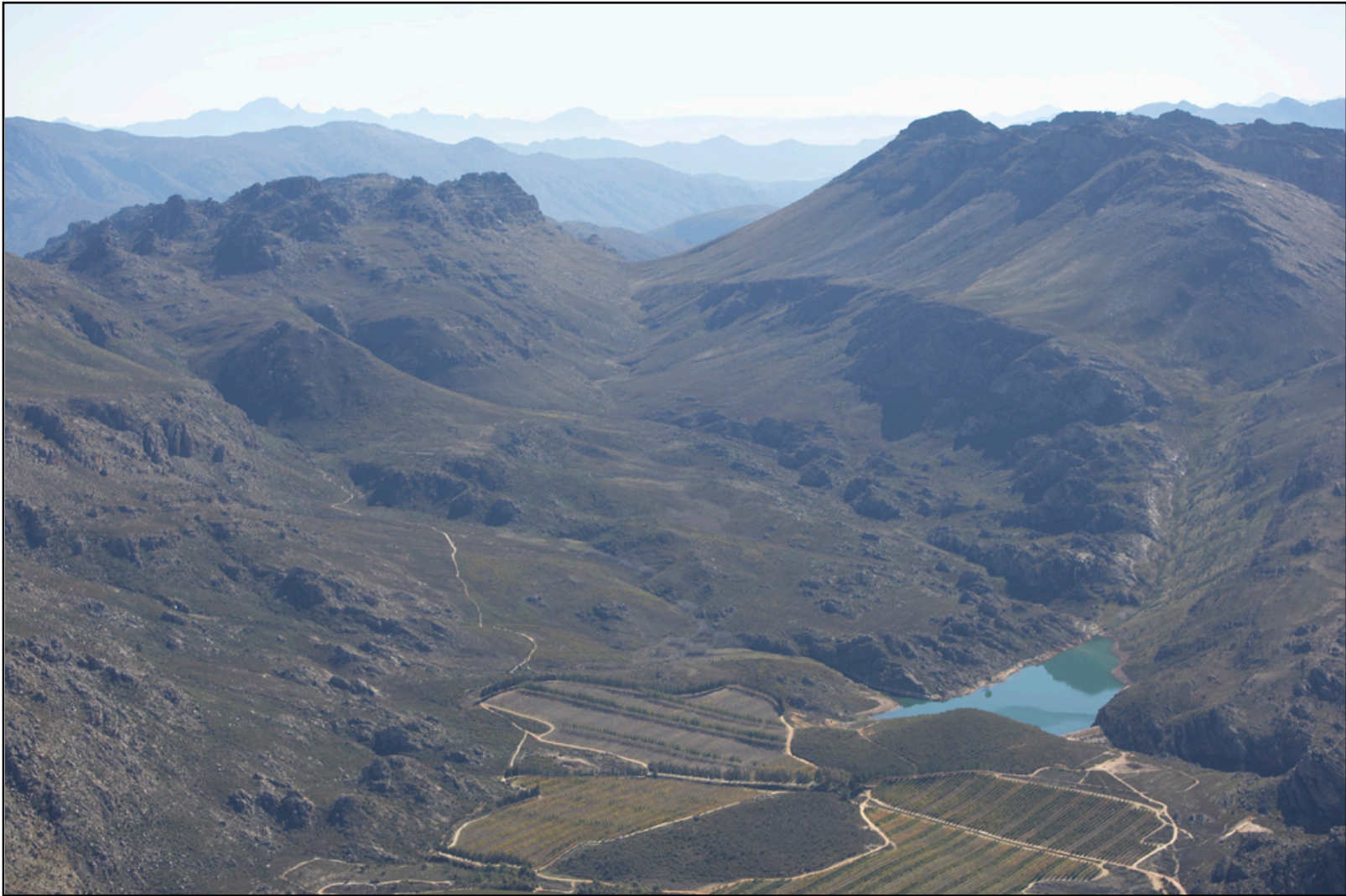


Graph 18: Technical Services sub-directorate performance



Chapter 6

Financial Performance



Chapter 6: Financial Performance

6.1 Financial Sustainability

A) National Key Performance Indicators - Municipal Financial Viability and Management

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA & INDICATOR	2007/08	2008/09	2009/10	2010/11	Comments
Debt coverage ((Total operating revenue-operating grants received):debt service payments due within the year)	7:03:1	7.81:1	11.55:1	14.07: 1	This indicator is to determine if the municipality generates sufficient cash to cover outstanding debtors, the higher the ratio, the better
Service debtors to revenue – (Total outstanding service debtors: revenue received for services)	0.50:1	0.56:1	0.55:1	0.46: 1	This is the percentage that outstanding debtors are of annual revenue, the lower, the better
Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure	-0.18:1	3.01:1	2.11:1	0.99: 1	This is the percentage that cash on hands will be able to cover monthly expenditure, the higher, the better

Table 125: National KPI's for financial viability and management

6.2 Financial Viability Highlights

Highlight	Description
Collection rate 92.82%	Percentage of debtors collected excluding amount of R25175603 written off. Collection rate including write off amount is 103.38%
Debt coverage ratio 14.06	Operating revenue excluding grants / debt service payment. The ratio improved year on year from 11.58 in 2010 to 14.06 in 2011. Debt service payments decreased by 7.69% whilst own revenue increased by 16.62%.
Debt ratio 0.63	The debt ratio improved year on year from 0.74 in 2010 to 0.63 in 2011. The asset value increased by 20.65% whilst the



Highlight	Description
	debt increased by 2%.
Finance charges to total operating expenditure 4.64%	The municipality is functioning within the acceptable norm. The fact that the long-term liabilities with regards to the Ceres Koekedouw Dam are included as the biggest contributor makes the situation even better. The Capital charges decrease year on year with R188399.

Table 126: Financial Viability Highlights

6.3 Financial Viability Challenges

Challenge	Action to address
Debt collection percentage	Amendments of credit control and indigent policies recommended to Council
GRAP compliance – unbundling of assets	Appointment of consultants for unbundling

Table 127: Financial Viability Challenges

6.4 Financial Sustainability

6.4.1 Operating Results

The table below shows a summary of performance against budgets

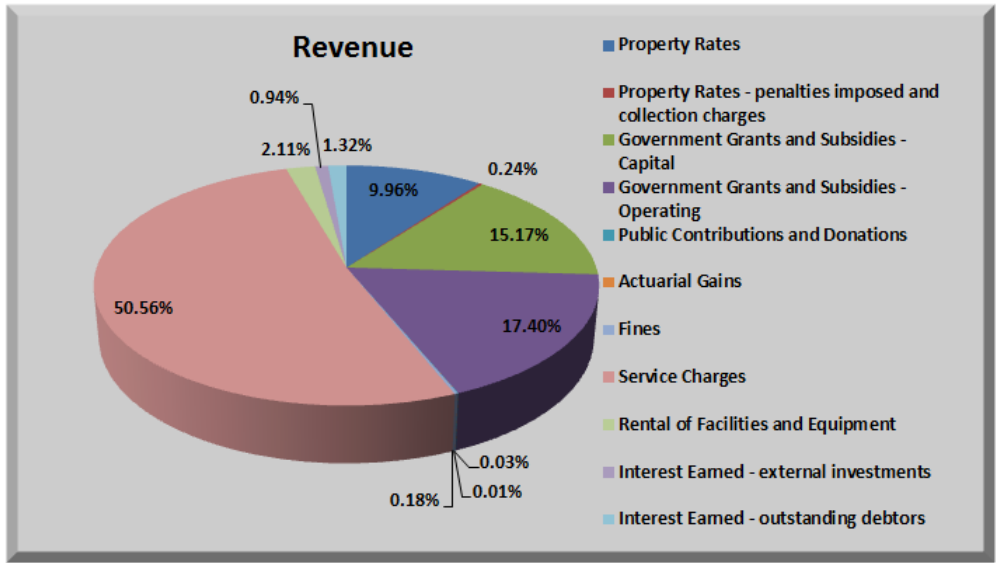
Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2007/08	161 529	164 061	2 532	101.6	149 674	167 020	17 346	111.6
2008/09	199 702	187 376	(12 326)	93.8	198 571	188 474	(10 097)	94.9
2009/10	324 533	263 649	(60 884)	81.2	256 906	252 421	(4485)	98.3
2010/11	316 432	307 932	(8500)	97.3	262 221	266 029	3 808	101.4

Table 128: Performance against budgets

The amounts shown in the table above for the financial years 2007/2008 and 2008/2009 is the amounts as per IMFO annual financial statements (AFS) compiled for those years. The 2008/09 figures differs tremendously from the 2008/09 figures included as comparative figures for the AFS for 2010. This is due to the correction of accounting change practices. This was needed for the change from IMFO to GRAP standards. The actual revenue is **2.7%** below the budgeted amount.

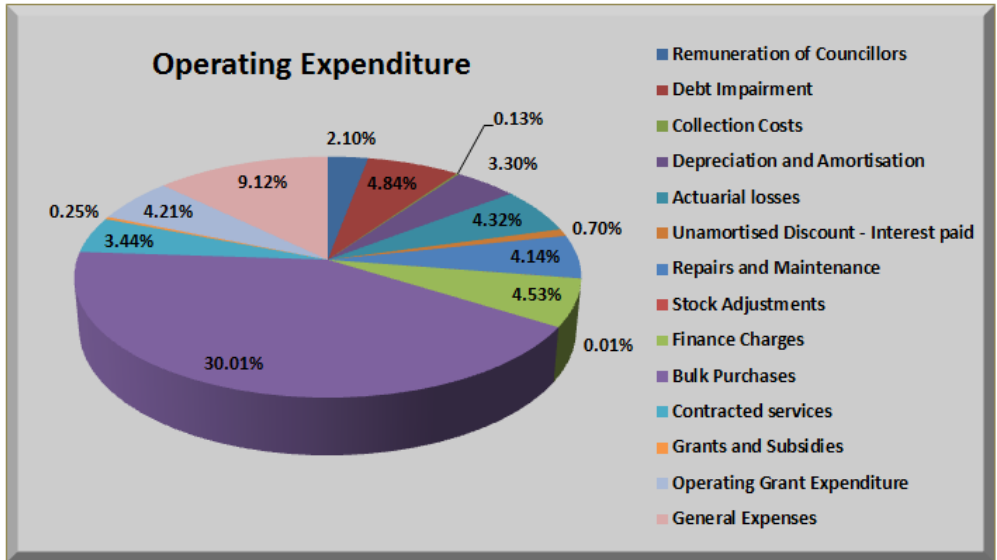


The following graph indicates the various types of revenue items in the municipal budget for 2010/11



Graph 19: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2010/11



Graph 20: Operating expenditure



6.4.2 Outstanding Debtors

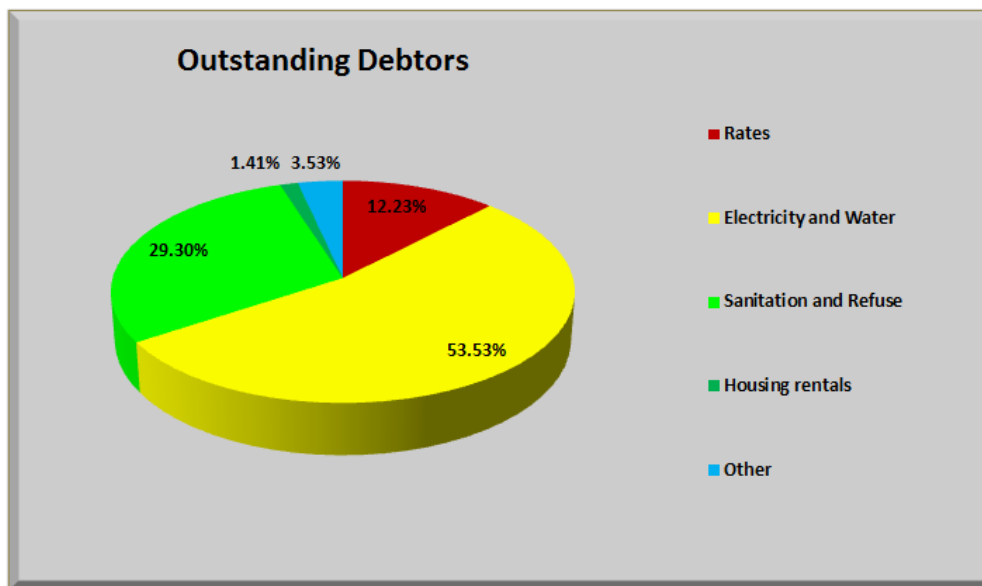
A) Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2008/09	8 426	35 825	26 351	1 989	2 261	74 852
2009/10	9 086	47 455	30 068	1 671	2 625	90 904
2010/11	10 464	45 811	25 077	1 208	3 022	85 583
Difference	1 378	-1 643	-4 990	-463	397	-5 321
% growth year on year	13.17	(3.59)	(19.90)	(38.29)	13.14	(6.22)

Table 129: 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 2010/11



Graph 21: Debt per type of service



B) Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2008/09	17 957	2 393	1 793	52 709	74 852
2009/10	26 387	2 408	4 058	58 051	90 904
2010/11	27 245	2 910	1 703	53 725	85 583
Difference	858	502	-2 355	-4 326	-5 321
% growth year on year	3.15	17.25	-138.28	-8.05	-6.22

Table 130: Service debtor age analysis

Note: Figures exclude provision for bad debt

6.4.3 Viability Indicators

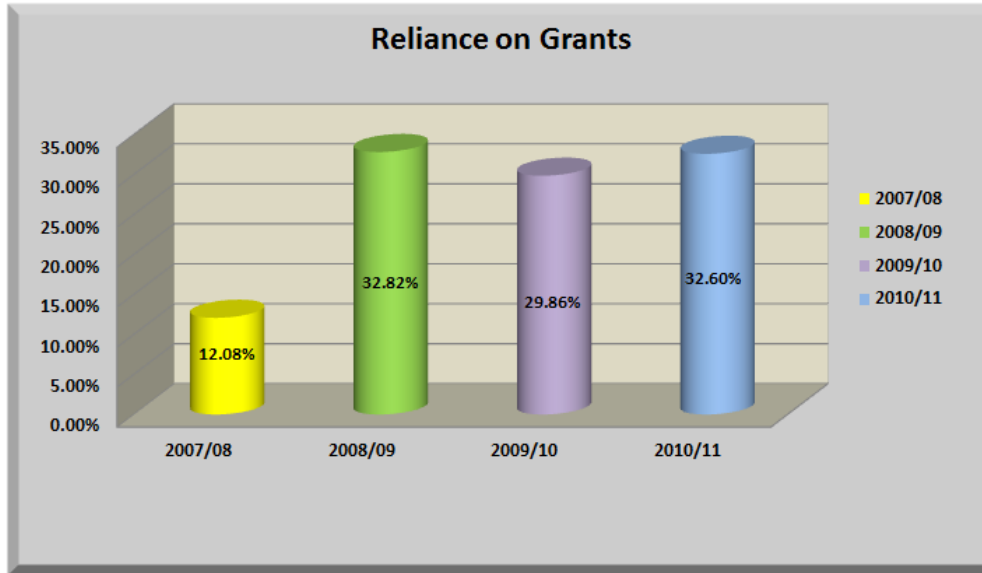
A) Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000	R'000	%
2007/08	19 826	164 061	12.08
2008/09	78 613	239 509	32.82
2009/10	78 722	263 649	29.86
2010/11	100 379	307 932	32.6

Table 131: Reliance on grants

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





Graph 22: Reliance on grants as %

The 2007/08 figures does not reflect the true situation due to accounting practices that changed, specifically the recognition of government grants related to capital, as the 2008/09 figures was restated. Year on year the reliance worsen from **29.86% to 32.63%**. The growth of future Division of Revenue Act (DORA) allocations increase above the normal inflation rate; with the effect that the reliance ratio will be under pressure. The high growth rate in own revenue for 2009/2010 was mostly due to fact that new accounting practices forced certain accrued income to be recognised, as well as the increased income from electricity service charges due to higher than inflation rate tariff increases.

B) Liquidity Ratio

Financial year	Net current assets	Net current liabilities	Ratio
	R'000	R'000	
2007/08	50 938	55 695	0.91:1
2008/09	64 015	47 025	1.36:1
2009/10	78 756	72 097	1.09:1
2010/11	70 209	64 660	1.08:1

Table 132: Liquidity ratio

Witzenberg Municipality is still functioning outside the acceptable liquidity norm. The Municipality has a positive liquidity ratio. It decreased from **1.09:1** **1.08:1**. Efforts to increase the debt collection rate must stay the main focus area for improving this ratio. The largest contributor to the increase in the current liabilities is the unspent government grants.



6.4.4 Audited Outcomes

Year	2006/07	2007/08	2008/09	2009/10	2010/11
Status	Qualified	Unqualified	Unqualified	Unqualified	Unqualified

Table 133: Audit outcomes

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

2008/09	
Issue raised	Corrective step implemented
<u>Emphasis of matter:</u>	
Unauthorised expenditure of R8 233 237 was incurred. A municipality may only incur expenditure within the limits of the amounts appropriated for the different votes in an approved budget	Expenditure and budgeting controls implemented
<u>Emphasis of matter:</u>	
<u>Significant uncertainties</u>	
The municipality is the defendant in a number of legal claims and an inter-municipality fire claim totalling R1,267 million	Inter- Municipal claim was resolved. The municipality is of the view that the other claims have no reasonable prospect of success
<u>Emphasis of matter:</u>	
<u>Material losses</u>	
The municipality suffered a material water loss of 2 231 263 kilolitres (36%) with a value of R3 783 184 during the year under review	Water management devices were installed and losses are monitored
The municipality suffered an electricity loss of 21 801 935 kilowatts (12%) with a value of R6 717 176 during the year under review	Electricity management devices were installed and losses are monitored
The economic services, which should be self-supporting, showed losses at the holiday resorts of Klipriver Park and Pine Forest of R498 623 and R973 485, respectively	Council took a decision to conduct a feasibility studies on Klipriver Park and Pine Forest to advise council on possible alienation of these properties or to consider a Public Private Partnership venture
<u>Matter of Governance:</u>	
A performance management system, as required by section 38 of the Municipal Systems Act, 2000, had not been implemented at the Witzenberg Municipality. Although management was aware of the need for such a system and had embarked on the process, this was not sufficiently advanced for any results to be evident	Matter addressed



2008/09	
Issue raised	Corrective step implemented
<u>Non-compliance with regulatory requirements:</u>	
<p>Housing Act, 1997 (Act No. 107 of 1997) Bad debts of R385 500 were written off against the Housing Development Fund without the necessary approval being obtained from the MEC, as required by section 16(2) of the Housing Act of 1997</p>	All legislative compliance matters were resolved
<p>Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) In terms of MFMA Circular No. 34, for each contract awarded (and signed) above R100 000 the municipality must report to the National Treasury within 15 days of the end of the month. This was not done in all cases</p>	Matters resolved
<p>For a sale of land that occurred in 2006, council approval in terms of section 14 of the MFMA was only obtained on 28 November 2008</p>	Matters resolved
<p>Money owing by the municipality was not paid within 30 days of receiving the relevant invoice, in terms of section 65(2)(e) of the MFMA</p>	Matters resolved
<p>The municipality did not ensure that, according to section 53(3)(a) of the MFMA: the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, were made public no later than 14 days after the approval of the service delivery and budget implementation plan, and the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed, were made public no later than 14 days after approval of the municipality's service delivery and budget implementation plan. Copies of such performance agreements had to be submitted to the council and the MEC for local government in the province</p>	Matters resolved
<p>No approval had yet been obtained from the provincial government of the Western Cape to transfer the net credit balance of R1 623 322 to the appropriation account during the 2003-04 financial year after unspent loans of R2 498 942 had been set off against five overspent capital projects of R875 620 at the former Tulbagh Municipality, as required by section 32(4) of the MFMA</p>	Matters resolved
<u>Supply Chain Management</u>	



2008/09	
Issue raised	Corrective step implemented
Paragraph 6 of the Supply Chain Management Regulations requires the accounting officer to submit reports as to the progress and implementation of supply chain management to the council and/or mayor, as well as making these reports public in terms of section 21A of the Municipal Systems Act. As supply chain management was implemented in September 2008, the above reports could not be furnished for audit purposes to confirm whether the above regulation was complied with	Matters resolved
Local Government Transition Act, 1993 (Act No. 209 of 1993)	Matters resolved
Approval to write off trust fund monies of R711 763 against the former Tulbagh Municipality's appropriation account during the 2000-01 financial year had still not been obtained from the provincial government of the Western Cape	Matters resolved
In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA)	Matters resolved

Table 134: 2008/09 Detail on audit outcomes

2009/10	
Issue raised	Corrective step implemented
<u>Emphasis of matter:</u>	
<u>Significant uncertainties</u>	
The municipality is the defendant in a number of lawsuits. The outcome of these lawsuits cannot be determined and no provision has been made for any liability that may result	The municipality is of the view that the claims have no reasonable prospect of success. It is also not required in terms of GRAP to create a provision for the possible liability
<u>Emphasis of matter:</u>	
<u>Material losses</u>	
The municipality suffered a material water loss of 2 143 847 kilolitres with a value of R6 944 335 during the year under review	Water management devices were installed and losses are monitored
The municipality suffered an electricity loss of 15 335 328 kilowatts with a value of R5 619 666 during the year under review	Electricity management devices were installed and losses are monitored and both the electrical and water losses has shown a significant decrees
<u>Emphasis of matter:</u>	



2009/10	
Issue raised	Corrective step implemented
The annual performance report prepared by the municipality does not reflect a comparison of the performance of the municipality and each external service provider during the financial year with target set for and performances in the previous year in terms of section 46(1)(b) of the MSA. Furthermore measures taken to improve performance are not in terms of section 46(1)(c) of the MSA	Project management system implemented
Contrary to section 45 of the MSA the internal auditors did not perform an audit of performance measurements as stated in section 41(1)(c) of the MSA and paragraph 14 of the Municipal Performance Management Regulations, 2001	Audit in process for the current year
Contrary to the requirements set out in section 15 of the MFMA, expenditure was not incurred in accordance with the approved budget of the municipality and exceeded the limits of the amounts appropriated for the different votes in the approved budget of the municipality. As disclosed in note 45 to the financial statements, unauthorized expenditure to the value of R13 192 216 was incurred due to the actual expenditure exceeding the approved budget	The over expenditure / unauthorized expenditure was large due to the change in the accounting standards. This has already been corrected through the appropriate council decision

Table 135: 2009/10 Detail on audit outcomes

2010/11	
Issue raised	Corrective step implemented
<u>Emphasis of matter:</u>	
<u>Significant uncertainties</u>	
With reference to note 51 to the financial statements, the municipality is the defendant in five legal claims with an estimated financial exposure of R25 314 485. The municipality is defending the claims. The ultimate outcome of the matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.	The municipality is of the view that the claims have no reasonable prospect of success. It is also not required in terms of GRAP to create a provision for the possible liability.
<u>Emphasis of matter:</u>	
<u>Restatement of corresponding figures</u>	
As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of errors discovered during the year ended 30 June 2011 in the financial statements of the municipality at, and for the year ended 30 June 2010.	Errors corrected in the financial statements.
<u>Emphasis of matter:</u>	



2010/11	
Issue raised	Corrective step implemented
<u>Unauthorised expenditure</u>	
As disclosed in note 43.1 to the financial statements, unauthorised expenditure of R14 413 400 and R37 570 has been incurred during the year due to the exceeding of the approved operating and capital budgets, respectively.	The main reason for the unauthorised expenditure is actuarial losses on employee benefits. These losses cannot be foreseen and are therefore not budgeted for. A report must be submitted to council to approve the expenditure.
<u>Emphasis of matter:</u>	
<u>Material losses</u>	
As disclosed in note 42.3 to the financial statements, water and electricity distribution losses of 34,3 % and 8,0% amounting to R1 860 190 and R6 346 198 respectively (2009-10: 34,6% and 8,5% amounting to R2 194 094 and R5 619 666) were incurred during the year.	The electricity losses are within acceptable norms. Steps need to be implemented to reduce water losses.
<u>Emphasis of matter:</u>	
<u>Impairments</u>	
As disclosed in note 19 to the financial statements, an amount of R21 151 230 (2009-10: R10 074 055) was written-off during the year in respect of irrecoverable consumer debtors.	The indigent and credit control policies were amended in an effort to reduce bad debt.
<u>Emphasis of matter:</u>	
<u>Material under spending of the capital budget</u>	
As disclosed in note 41.3 to the financial statements, the municipality has materially under spent on its capital budget to the amount of R8 742 183 (12%). As a consequence, the municipality has not achieved the objectives set for certain directorates as set out in note 41.3.	<p>The under spending relates to:</p> <ul style="list-style-type: none"> • Delay from Dept. of Rural development to sign agreement for completion of 2nd & 3rd phases of Hamlet Walkway project resulting in project being put on hold. • Outstanding approval from Dept. of Human Settlements for Pine Valley of business plan submitted in 2008 although funding has been approved • Delay to identify appropriate site for N'Duli swimming pool resulting in under expenditure.

Table 136: 2010/11 Detail on audit outcomes

6.4.5 Equitable Share vs. Total Revenue

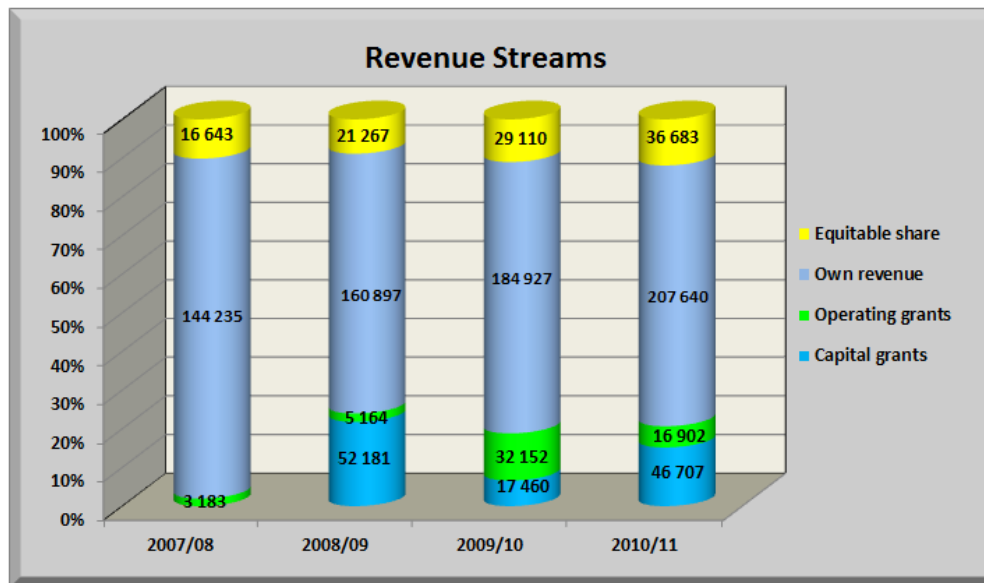
Description of revenue	Amount received 2007/08	Amount received 2008/09	Amount received 2009/10	Amount received 2010/11
	R'000	R'000	R'000	R'000
Equitable share	16 643	21 267	29 110	36 683
Capital grants	0	52 181	17 460	46 707



Description of revenue	Amount received 2007/08	Amount received 2008/09	Amount received 2009/10	Amount received 2010/11
	R'000	R'000	R'000	R'000
Operating grants	3 183	5 164	32 152	16 902
Own revenue	144 235	160 897	184 927	207 640
Total revenue	164 061	239 509	263 649	307 932

Table 137: Equitable share vs. total revenue

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



Graph 23: Revenue streams

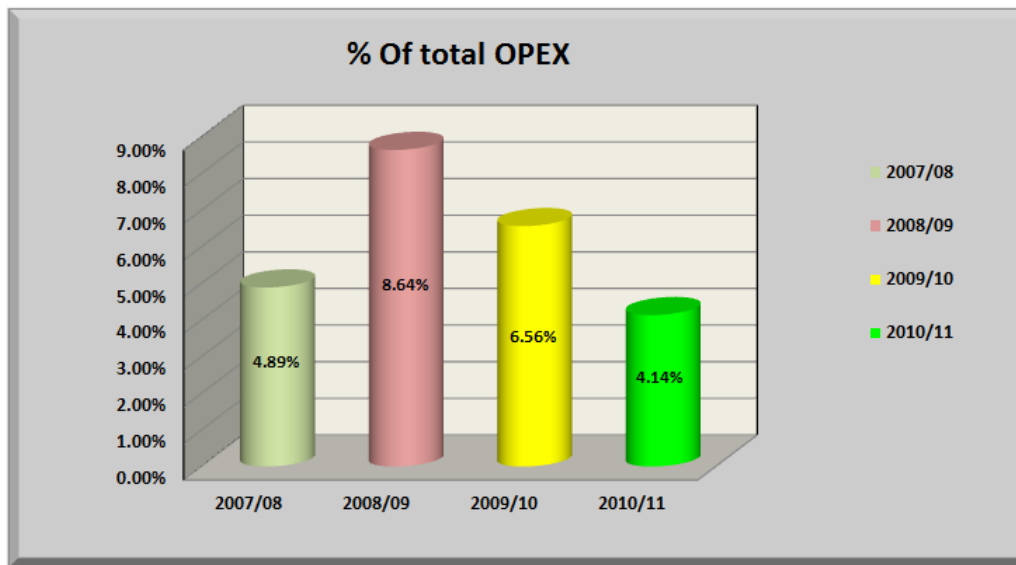
6.4.6 Repairs and Maintenance

Description	2007/08	2008/09	2009/10	2010/11
	R'000	R'000	R'000	R'000
Total Operating Expenditure	167 020	227 972	252 294	266 029
Repairs and Maintenance	8 167	19 708	16 559	11 005
% of total OPEX	4.9	8.6	6.6	4.1

Table 138: Repairs & maintenance as % of total Operating Expenditure



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



Graph 24: Repairs and maintenance as percentage of Operating Expenditure

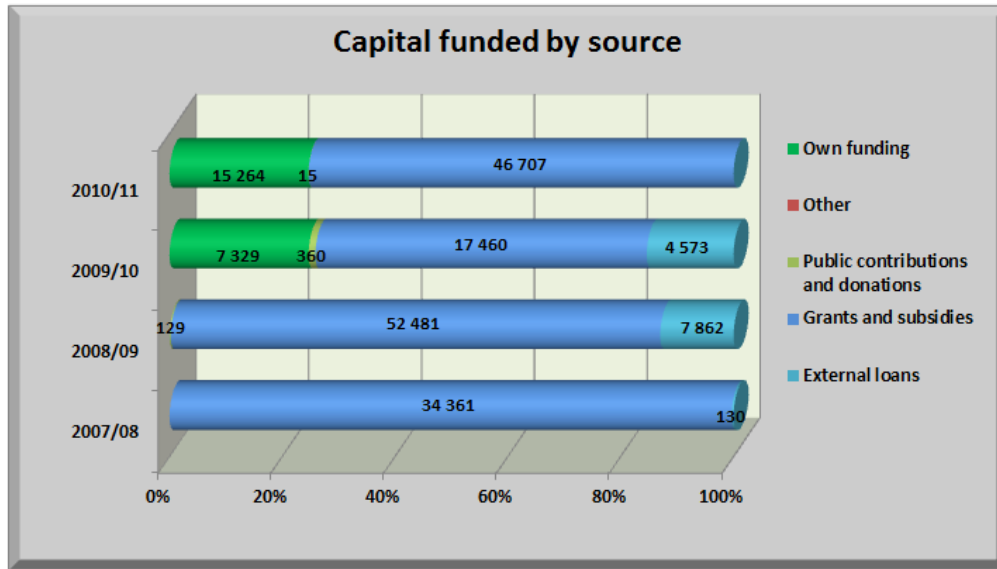
6.4.7 Capital Funded by Source

Description Source	2007/08	2008/09	2009/10	2010/11
	R'000	R'000	R'000	R'000
External loans	130	7 862	4 573	0
Grants and subsidies	34 361	52 481	17 460	46 707
Public contributions and donations	0	129	360	15
Own funding	0	0	7 329	15 264
Other	0	0	0	0
Total capital expenditure	34 491	60 472	29 722	61 986

Table 139: Capital funded by source



The following graph indicates capital expenditure funded by the various sources



Graph 25: Capital funded by source



List of Abbreviations

AG	Auditor-General
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal finance officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCOM	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 Organisation
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework



Annexure A: Financial Statements

WITZENBERG

MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2011

WITZENBERG MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General (Refer to Annexure B in Annual Report)	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Accounting Policies	7 - 30
Notes to the Financial Statements	31 - 65
 APPENDICES - Unaudited	
A Schedule of External Loans	66
B Analysis of PPE	67
C Segmental analysis of PPE	69
D Segmental Statement of Financial Performance - Municipal Votes	70
E Segmental Statement of Financial Performance	71
F Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	72

WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Witzenberg Municipality includes the following areas:

Ceres
Op-die-Berg
Prince Alfred's Hamlet
Tulbagh
Wolseley

MUNICIPAL MANAGER

D Nasson

CHIEF FINANCIAL OFFICER

PR Esau

REGISTERED OFFICE

50 Voortrekker Street, Ceres, 6835

AUDITORS

Auditor-General South Africa

PRINCIPLE BANKERS

ABSA, Ceres

RELEVANT LEGISLATION

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

WITZENBERG MUNICIPALITY

MEMBERS OF THE WITZENBERG MUNICIPALITY

COUNCILLORS

Position	Surname	Party	Seat type
Executive Mayor	Louw, S	DA	PR 1
Deputy Executive Mayor	Adams, K	Independent	Ward 6
Speaker	Godden, TT	COPE	PR 1
Member of Mayoral Committee	Hanekom, WJ	DA	Ward 3
Member of Mayoral Committee	Klaasen, BC	DA	PR 2
Member of Mayoral Committee	Smit, HJ	DA	Ward 5
Member of Mayoral Committee	Visagie, JJ	DA	Ward 4
Ordinary Councillor	Badela, R	ANC	Ward 12
Ordinary Councillor	Du Plessis, JJ	DA	PR 3
Ordinary Councillor	Du Toit, MC	ANC	PR 1
Ordinary Councillor	Heradien, P	DA	Ward 7
Ordinary Councillor	Klazen, JNED	DCP	PR 1
Ordinary Councillor	Mouton, JS	ANC	PR 2
Ordinary Councillor	Ndwanya, SM	ANC	PR 4
Ordinary Councillor	Phungula, JT	ANC	PR 3
Ordinary Councillor	Salmon, L	ANC	Ward 8
Ordinary Councillor	Saula, MI	ANC	Ward 1
Ordinary Councillor	Sidego, EM	DA	Ward 11
Ordinary Councillor	Simpson, RJ	ANC	Ward 9
Ordinary Councillor	Swart, D	DA	Ward 2
Ordinary Councillor	Thomas, J	NPP	PR 1
Ordinary Councillor	Vischini, JA	VIP	PR 1
Ordinary Councillor	Waterboer, P	DA	Ward 10

APPROVAL OF FINANCIAL STATEMENTS

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

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



D Nasson
Municipal Manager

30 November 2011

Date

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net Assets		97 490 804	55 588 524
Capital Replacement Reserve	2	5 636 990	7 172 401
Housing Development Fund	2	-	3 247 432
Accumulated Surplus		91 853 814	45 168 691
Non-Current Liabilities		114 051 515	104 060 084
Long-term Liabilities	3	42 931 893	48 553 087
Employee benefits	4	51 509 990	37 119 275
Non-Current Provisions	5	19 609 632	18 387 722
Current Liabilities		64 659 614	72 096 756
Consumer Deposits	6	1 691 142	1 632 767
Current Employee benefits	7	9 721 131	8 584 288
Provisions	8	2 260 556	2 422 024
Payables from exchange transactions	9	26 857 259	24 985 031
Unspent Conditional Government Grants and Receipts	10	15 205 593	25 027 226
Unspent Public Contributions	11	365 569	449 104
Taxes	12	386 582	1 077 807
Current Portion of Long-term Liabilities	3	8 171 781	7 918 509
Total Net Assets and Liabilities		276 201 933	231 745 365
ASSETS			
Non-Current Assets		205 992 765	152 989 401
Property, Plant and Equipment	13	203 328 576	150 167 110
Intangible Assets	14	1 010 614	227 378
Capitalised Restoration Cost	15	1 389 228	2 165 852
Non-Current Investments	16	23 025	23 025
Long-Term Receivables	17	241 322	406 035
Current Assets		70 209 168	78 755 964
Inventory	18	5 340 576	4 426 247
Receivables from exchange transactions	19	33 783 765	28 180 306
Receivables from non-exchange transactions	20	2 934 334	2 282 813
Unpaid Conditional Government Grants and Receipts	10	6 176 179	274 862
Operating Lease Asset	21	32 897	31 119
Current Portion of Long-term Receivables	17	67 325	58 266
Cash and Cash Equivalents	22	21 874 091	43 502 352
Total Assets		276 201 933	231 745 365

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 (Actual) R	2010 (Restated) R	Correction of error R	2010 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		132 384 422	107 368 580	44 734	107 323 846
Taxation Revenue		31 427 430	27 409 314	-	27 409 314
Property rates	23	30 681 075	26 695 180	-	26 695 180
Property Rates - penalties imposed and collection charges		746 355	714 134	-	714 134
Transfer Revenue		100 378 700	79 297 008	44 734	79 252 274
Government Grants and Subsidies - Capital	24	46 706 732	17 504 377	17 504 377	-
Government Grants and Subsidies - Operating	24	53 584 639	61 262 595	(17 459 643)	78 722 237
Public Contributions and Donations		87 329	530 036	-	530 036
Other Revenue		578 292	662 259	-	662 259
Actuarial Gains		19 316	-	-	-
Fines		558 976	662 259	-	662 259
Revenue from Exchange Transactions		175 547 330	156 602 107	276 806	156 325 301
Service Charges	25	155 680 875	137 151 469	332 377	136 819 092
Rental of Facilities and Equipment		6 483 446	5 960 304	-	5 960 304
Interest Earned - external investments		2 888 492	3 670 746	-	3 670 746
Interest Earned - outstanding debtors		4 065 990	3 472 115	-	3 472 115
Licences and Permits		193 678	136 546	-	136 546
Agency Services		2 666 670	2 614 042	-	2 614 042
Other Income	26	3 563 799	3 591 578	-	3 591 578
Unamortised Discount - Interest		4 379	5 308	(55 571)	60 879
Total Revenue		307 931 751	263 970 687	321 540	263 649 147
EXPENDITURE					
Employee related costs	27	76 907 923	70 424 817	-	70 424 817
Remuneration of Councillors	28	5 577 034	5 087 137	-	5 087 137
Debt Impairment	29	12 887 170	20 157 436	(926 111)	21 083 547
Collection Costs		333 472	149 176	-	149 176
Depreciation and Amortisation	30	8 789 312	7 429 789	804 346	6 625 443
Impairments	31	-	9 044	-	9 044
Repairs and Maintenance		11 004 672	8 941 819	(7 616 887)	16 558 706
Unamortised Discount - Interest paid		1 874 434	1 841 911	974 510	867 401
Actuarial losses	4	11 495 612	1 260 347	-	1 260 347
Finance Charges	32	12 054 182	12 758 179	1 256 245	11 501 933
Bulk Purchases	33	79 826 385	61 490 651	-	61 490 651
Contracted services		9 141 617	5 741 516	-	5 741 516
Grants and Subsidies	34	652 614	710 600	-	710 600
Stock Adjustments		17 430	117 191	-	117 191
Operating Grant Expenditure		11 198 492	30 816 410	-	30 816 410
General Expenses	35	24 269 122	20 216 838	240 170	19 976 669
Total Expenditure		266 029 471	247 152 860	(5 267 727)	252 420 586
NET SURPLUS FOR THE YEAR		41 902 280	16 817 828	5 589 267	11 228 560

WITZENBERG MUNICIPALITY

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

	Notes	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R	R
Balance at 1 JULY 2009		3 274 569	8 318 870	25 545 544	37 138 983
Correction of error	36.3	-	-	1 631 713	1 631 713
Restated Balance at 1 JULY 2009		3 274 569	8 318 870	27 177 257	38 770 697
Contribution to Capital Replacement Reserve		-	6 226 558	(6 226 558)	-
Property, Plant and Equipment purchased		-	(7 373 028)	7 373 028	-
Contribution to/(from) Housing Development Fund		(27 137)	-	27 137	-
Net Surplus for the year		-	-	16 817 828	16 817 828
Balance at 30 JUNE 2010		3 247 432	7 172 401	45 168 691	55 588 524
Contribution to Capital Replacement Reserve		-	13 677 803	(13 677 803)	-
Property, Plant and Equipment purchased		-	(15 213 213)	15 213 213	-
Contribution to/(from) Housing Development Fund		(3 247 432)	-	3 247 432	-
Net Surplus for the year		-	-	41 902 280	41 902 280
Balance at 30 JUNE 2011		0	5 636 990	91 853 814	97 490 804

WITZENBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	30 JUNE 2011 R	30 JUNE 2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		165 856 306	170 192 235
Government - operating		53 584 639	61 262 595
Government - capital		46 706 732	17 504 377
Interest		6 954 482	7 142 860
Payments			
Suppliers and employees		(212 886 451)	(195 880 052)
Finance charges	32	(12 054 182)	(11 501 933)
Transfers and Grants		(652 614)	(710 600)
Cash generated by operations	37	47 508 913	48 009 482
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(61 142 564)	(29 798 878)
Purchase of Intangible Assets		(845 461)	-
Increase in Long-term Receivables	17	33 721	86 120
Net Cash from Investing Activities		(61 954 303)	(29 712 758)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(7 241 246)	(7 511 126)
Increase in Consumer Deposits		58 375	144 162
Net Cash from Financing Activities		(7 182 871)	(7 366 964)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		(21 628 261)	10 929 759
Cash and Cash Equivalents at the beginning of the year		43 502 352	32 572 592
Cash and Cash Equivalents at the end of the year	38	21 874 091	43 502 352
NET INCREASE IN CASH AND CASH EQUIVALENTS		(21 628 261)	10 929 759

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members’ Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

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

Standard	Description	Effective Date
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories

GRAP 16 – Investment Property

GRAP 17 – Property, Plant and Equipment

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations

GRAP 102 – Intangible Assets

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Standard	Description	Effective Date
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 25	Employee Benefits Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 103	Heritage Assets No adjustments necessary as the Municipality has no heritage assets.	1 April 2012
GRAP 104	Financial Instruments Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

1.7. RESERVES

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.8. LEASES

1.8.1 Municipality as Lessee

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8.2 Municipality as Lessor

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.11. PROVISIONS

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

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

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

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

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

1.12. EMPLOYEE BENEFITS

1.12.1 *Post Retirement Medical obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.12.2 Long Service awards

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

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

1.12.3 Accrued Leave Pay

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

1.12.4 Staff Bonuses

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

1.12.5 Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.12.6 Pension and retirement fund obligations

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.12.7 Ex gratia Gratuities

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

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

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1 Initial Recognition

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

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

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

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

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

1.13.2 Subsequent Measurement – Cost Model

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

1.13.3 Depreciation and Impairment

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

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
		Specialised plant and	
<u>Community</u>		Equipment	10-15
Buildings	30	Other plant and	
Recreational Facilities	20-30	Equipment	2-5
Security	5	Landfill sites	15
Halls	20-30	Quarries	25
Libraries	20-30	Emergency equipment	10
Parks and gardens	15-20	Computer equipment	3
Other assets	15-20		
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

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

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.13.4 De-recognition

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

1.13.5 Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality is in the process of updating the Land and Buildings assets without cost to the fair value as determined by a valuator. The 2010/2011 financial year is the last year that the transitional provisions can be used. The Land and Buildings without cost will be updated before 30 June 2012. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.14. INTANGIBLE ASSETS

1.14.1 Initial Recognition

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

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

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

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

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

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

Intangible assets are initially recognised at cost.

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

1.14.2 Subsequent Measurement – Cost Model

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

1.14.3 Amortisation and Impairment

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

<u>Intangible Assets</u>	Years
Computer Software	5
Computer Software Licenses	5

1.14.4 De-recognition

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

1.15. INVESTMENT PROPERTY

1.15.1 Initial Recognition

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

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

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

The cost of self-constructed investment property is the cost at date of completion.

1.15.2 Subsequent Measurement – Cost Model

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

1.15.3 Depreciation and Impairment

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

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.15.4 De-recognition

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

1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of non-current assets held for sale.

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1 *Cash-generating assets*

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

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

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

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

1.17.2 *Non-cash-generating assets*

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

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

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

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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

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

1.18. NON CURRENT INVESTMENTS

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

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

1.19. INVENTORIES

1.19.1 Initial Recognition

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

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

1.19.2 Subsequent Measurement

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

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

The municipality opted to take advantage of the provision contained in Directive 4 relating to the measurement of inventory.

1.20. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

1.21. FINANCIAL INSTRUMENTS

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

1.21.1 Initial Recognition

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

1.21.2 Subsequent Measurement

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

1.21.2.1 Receivables

Receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

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

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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

1.21.2.2 Payables and Annuity Loans

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

1.21.2.3 Cash and Cash Equivalents

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

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

1.21.3 De-recognition of Financial Instruments

1.21.3.1 Financial Assets

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

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

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

1.21.3.2 Financial Liabilities

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

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

1.21.4 Offsetting of Financial Instruments

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

1.22. REVENUE

1.22.1 Revenue from Non-Exchange Transactions

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment,

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

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

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

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

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

1.22.2 Revenue from Exchange Transactions

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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

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

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

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

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

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

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.23. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

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

1.24. UNAUTHORISED EXPENDITURE

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

1.25. IRREGULAR EXPENDITURE

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.27. CONTINGENT LIABILITIES

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

Management judgement is required when recognising and measuring contingent liabilities.

1.28. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 paragraph 14 to 18 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Post retirement medical obligations and Long service awards

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

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

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

1.30. TAXES – VALUE ADDED TAX

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

1.31. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
2 NET ASSET RESERVES		
Capital Replacement Reserve	5 636 990	7 172 401
Housing Development Fund	-	3 247 432
Total Net Asset Reserves	<u>5 636 990</u>	<u>10 419 833</u>
Balance previously reported		10 998 394
Correction of VAT incorrectly claimed on Vehicle - Note 36.4		(42 662)
Winding up of Valuation Reserve - Note 36.4		(535 900)
Balance as reported		<u>10 419 833</u>
3 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	59 480 495	66 468 380
Capitalised Lease Liability - At amortised cost	190 745	444 106
	<u>59 671 240</u>	<u>66 912 486</u>
Current Portion transferred to Current Liabilities	(8 171 781)	(7 918 509)
Annuity Loans - At amortised cost	(7 981 036)	(7 665 148)
Capitalised Lease Liability - At amortised cost	(190 745)	(253 361)
	<u>51 499 459</u>	<u>58 993 977</u>
Unamortised charges on loans	(8 567 567)	(10 440 890)
Balance 1 July	(10 440 890)	(12 281 287)
Adjustment for the period	1 873 324	1 840 397
Total Long-term Liabilities - At amortised cost using the effective interest rate method	<u>42 931 893</u>	<u>48 553 087</u>
Unamortised charges on loans: Opening balance		(7 486 147)
Balance previously reported		<u>(4 795 140)</u>
Correction of error - Note 36.7		(12 281 287)
Balance as reported		<u>(12 281 287)</u>
Unamortised charges on loans: Adjustment for the period		810 316
Amount previously reported		<u>1 030 081</u>
Correction of error - Note 36.8		1 840 397
Amount as reported		<u>1 840 397</u>

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	14 082 984	14 457 538
Payable within two to five years	50 411 824	52 418 351
Payable after five years	25 940 788	38 017 244
	<u>90 435 596</u>	<u>104 893 134</u>
Less: Future finance obligations	(30 955 100)	(38 424 754)
Present value of annuity obligations	<u>59 480 495</u>	<u>66 468 380</u>

Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2023.

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	201 450	302 211
Payable within two to five years	-	201 450
	<u>201 450</u>	<u>503 661</u>
Less: Future finance obligations	(10 705)	(59 555)
Present value of lease obligations	<u>190 745</u>	<u>444 106</u>

Leases are secured by property, plant and equipment - Note 13

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

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
4	EMPLOYEE BENEFITS		
	Post Retirement Benefits - Refer to Note 4.1	49 771 106	35 543 633
	Long Service Awards - Refer to Note 4.2	1 526 308	1 248 815
	Ex-Gratia Pension Benefits	212 577	326 827
	Total Non-current Employee Benefit Liabilities	51 509 990	37 119 275
	<u>Post Retirement Benefits</u>		
	Balance 1 July	36 276 187	31 935 203
	Contribution for the year	1 528 405	4 290 236
	Interest Cost	3 336 517	-
	Expenditure for the year	(1 190 967)	(1 053 161)
	Actuarial Loss/(Gain)	11 065 532	1 103 909
	Total post retirement benefits 30 June	51 015 674	36 276 187
	Less: Transfer of Current Portion - Note 7	(1 244 568)	(732 554)
	Balance 30 June	49 771 106	35 543 633
	<u>Long Service Awards</u>		
	Balance 1 July	1 522 979	1 393 580
	Contribution for the year	232 392	296 150
	Interest Cost	120 610	-
	Expenditure for the year	(499 707)	(302 796)
	Actuarial Loss/(Gain)	430 080	136 045
	Total long service 30 June	1 806 355	1 522 979
	Less: Transfer of Current Portion - Note 7	(280 047)	(274 164)
	Balance 30 June	1 526 308	1 248 815
	<u>Ex-Gratia Pensions</u>		
	Balance 1 July	360 815	346 951
	Contribution for the year	4 582	34 739
	Interest Cost	29 662	-
	Expenditure for the year	(48 391)	(41 268)
	Actuarial Loss/(Gain)	(19 316)	20 393
	Total Ex-Gratia 30 June	327 352	360 815
	Less: Transfer of Current Portion - Note 7	(114 775)	(33 988)
	Balance 30 June	212 577	326 827
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	38 159 981	33 675 734
	Contribution for the year	1 765 379	4 621 125
	Interest cost	3 486 789	-
	Expenditure for the year	(1 739 066)	(1 397 225)
	Actuarial Loss/(Gain)	11 476 296	1 260 347
	Total employee benefits 30 June	53 149 380	38 159 981
	Less: Transfer of Current Portion - Note 7	(1 639 390)	(1 040 706)
	Balance 30 June	51 509 990	37 119 275
4.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	254	232
	In-service (employee) non-members	273	251
	Continuation members (e.g. Retirees, widows, orphans)	53	33
	Total Members	580	516
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	27 992 000	26 124 600
	Continuation members	18 579 000	10 151 587
	Total Liability	46 571 000	36 276 187
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		2009 R
	In-service members		22 717 210
	Continuation members		9 217 993
	Total Liability		31 935 203

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4 EMPLOYEE BENEFITS (CONTINUE)

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

Bonitas;
LA Health
Samwumed; and
Keyhealth.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	8.73%	9.29%
Health Care Cost Inflation Rate	7.30%	7.36%
Net Effective Discount Rate	1.33%	1.80%

ii) Mortality rates

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

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

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

Present value of fund obligations	49 771 106	35 543 633
Net liability/(asset)	49 771 106	35 543 633

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	36 276 187	31 935 203
Total expenses	3 673 955	3 237 075
Current service cost	1 528 405	4 290 236
Interest Cost	3 336 517	-
Benefits Paid	(1 190 967)	(1 053 161)
Actuarial (gains)/losses	11 065 532	1 103 909
Present value of fund obligation at the end of the year	51 015 674	36 276 187
Less: Transfer of Current Portion - Note 7	(1 244 568)	(732 554)
Balance 30 June	49 771 106	35 543 633

Sensitivity Analysis on the Accrued Liability

	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)
Assumption			
Central Assumptions	32 437	18 579	51 016

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
Assumption					
Health care inflation	1%	38 774	20 754	59 528	17
Health care inflation	-1%	27 402	16 722	44 124	-14
Post-retirement mortality	-1 year	33 379	19 252	52 631	3
Average retirement age	-1 year	35 096	18 579	53 674	5
Withdrawal Rate	-50%	36 392	18 579	54 971	8

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R	
4 EMPLOYEE BENEFITS (CONTINUE)			
4.2 Long Service Bonuses			
The Long Service Bonus plans are defined benefit plans.			
As at year end, the following number of employees were eligible for Long Service Bonuses.	502	511	
Key actuarial assumptions used:	2011 %	2010 %	
i) Rate of interest			
Discount rate	7.66%	8.68%	
General Salary Inflation (long-term)	6.25%	6.24%	
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.33%	2.30%	
	2011 R	2010 R	
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations	1 526 308	1 248 815	
Net liability	1 526 308	1 248 815	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		2009 R	
Net liability		1 393 580	
	2011 R	2010 R	
Reconciliation of present value of fund obligation:			
Present value of fund obligation at the beginning of the year	1 522 979	1 393 580	
Total expenses	(146 705)	(6 646)	
Current service cost	232 392	296 150	
Interest Cost	120 610	-	
Benefits Paid	(499 707)	(302 796)	
Actuarial (gains)/losses	430 080	136 045	
Present value of fund obligation at the end of the year	1 806 355	1 522 979	
Less: Transfer of Current Portion - Note 7	(280 047)	(274 164)	
Balance 30 June	1 526 308	1 248 815	
Sensitivity Analysis on the Unfunded Accrued Liability			
Assumption	Change	Liability (R'000)	% change
Central assumptions		1 803	
General salary inflation	1.00%	1 902	5%
General salary inflation	-1.00%	1 712	-5%
Average retirement age	-2 yrs	1 492	-17%
Average retirement age	2 yrs	2 117	17%
Withdrawal rates	-50.00%	2 173	21%

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
4 EMPLOYEE BENEFITS (CONTINUE)		
<u>CAPE JOINT PENSION FUND</u>		
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2009 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year.		
Contributions paid recognised in the Statement of Financial Performance	<u>253 495</u>	<u>256 601</u>
<u>CAPE RETIREMENT FUND</u>		
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2009 - 103.3%).		
Contributions paid recognised in the Statement of Financial Performance	<u>5 370 754</u>	<u>4 432 820</u>
<u>DEFINED CONTRIBUTION FUNDS</u>		
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance		
Government Employees Pension Fund	178 448	148 020
Municipal Councillors Pension Fund	559 021	519 157
IMATU Retirement Fund	77 642	68 779
SAMWU National Provident Fund	<u>2 313 306</u>	<u>2 078 728</u>
	<u>3 128 416</u>	<u>2 814 683</u>
5 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	19 609 632	18 387 722
Total Non-current Provisions	<u>19 609 632</u>	<u>18 387 722</u>
The Municipality did not measure the rehabilitation costs of the refuse sites in the past correctly in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality de-recognised the provision recognised in the past and recognised the following non-current provision:		
The provision includes the rehabilitation cost of landfill sites in Ceres, Prince Alfred's Hamlet, Op-die-Berg, Tulbagh and Wolseley. The closing dates of the sites are: Ceres - 2010 (The site is longer in operation) Prince Alfred's Hamlet - 2014 Op-die- Berg - 2015 Tulbagh - 2014 Wolseley - 2013		
<u>Landfill Sites</u>		
Balance 1 July	20 809 746	19 553 501
Balance previously reported		12 933 037
Correction of error - note 36.3		(12 933 037)
Correction of error - note 36.8		9 788 456
Correction of error - note 15		7 221 099
Correction of error - note 36.8		<u>2 452 646</u>
Contribution for the year	1 060 442	1 256 245
Balance previously reported		7 616 887
Correction of error - note 36.8		<u>(6 360 642)</u>
Total provision 30 June	<u>21 870 188</u>	<u>20 809 746</u>
Less: Transfer of Current Portion to Current Provisions - Note 8	<u>(2 260 556)</u>	<u>(2 422 024)</u>
Balance 30 June	<u>19 609 632</u>	<u>18 387 722</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
6 CONSUMER DEPOSITS		
Water and Electricity	1 691 142	1 632 767
Total Consumer Deposits	1 691 142	1 632 767

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

	2011 R	2010 R
7 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 4	1 244 568	732 554
Current Portion of Long-Service Provisions - Note 4	280 047	274 164
Current Portion of Ex-gratia Pension Provisions - Note 4	114 775	33 988
Staff Leave	4 748 020	4 192 859
Performance Bonuses	574 885	529 945
Staff Bonuses	2 225 686	1 960 382
Backdated Remuneration	533 151	860 395
Total Current Employee Benefits	9 721 131	8 584 288

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	4 192 859	2 780 974
Contribution to current portion	889 687	1 925 001
Expenditure incurred	(334 526)	(513 116)
Balance at end of year	4 748 020	4 192 859

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Performance Bonuses

Balance at beginning of year	529 945	363 255
Contribution to current portion	530 236	490 903
Expenditure incurred	(485 296)	(324 213)
Balance at end of year	574 885	529 945

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Staff Bonuses

Balance at beginning of year	1 960 382	1 740 569
Contribution to current portion	3 868 330	3 382 267
Expenditure incurred	(3 603 027)	(3 162 454)
Balance at end of year	2 225 686	1 960 382

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Backdated Remuneration

Balance at beginning of year	860 395	1 500 000
Contribution to current portion	917 502	-
Adjustment for the period	-	(639 605)
Expenditure incurred	(1 244 746)	-
Balance at end of year	533 151	860 395

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive backpay as from 1 October 2009 as per clause 7.2.6 of the Collective Agreement.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
8 PROVISIONS		
Current Portion of Rehabilitation of Landfill-sites - Note 5	2 260 556	2 422 024
Total Provisions	2 260 556	2 422 024

	2011 R	2010 R
9 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	21 593 799	19 168 859
Deposits: Other	225 407	140 378
Interest Accrued	1 491 662	1 665 142
Other Creditors	333 103	826 094
Library books	5 849	1 626
Payments Received in Advance	1 519 311	1 814 829
Pre-paid Electricity	656 725	553 125
Retentions	1 031 404	814 979
Total Trade Payables	26 857 259	24 985 031

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

Balance previously reported	25 493 929
Refer to Unspent Public Contributions - note 11	(449 104)
Correction of VAT on year end creditors - note 36.8	(93 116)
Correction of year end creditors - note 36.9	(13 036)
Correction of year end creditors - note 36.8	44 734
Refer to Receivables from non-exchange transactions - note 20	1 626
Balance as reported	24 985 031

	2011 R	2010 R
10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	15 205 593	25 027 226
National Government Grants	9 109 061	12 087 809
Provincial Government Grants	4 206 469	9 713 856
District Municipality	1 890 064	3 225 562
Less: Unpaid Grants	6 176 179	274 862
National Government Grants	6 009 887	274 862
Provincial Government Grants	129 804	-
District Municipality	36 489	-
Total Conditional Grants and Receipts	9 029 414	24 752 364

Reconciliation of total grants and receipts

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
11 UNSPENT PUBLIC CONTRIBUTIONS		
China - Water meters	277 370	286 822
Essen Belgium	88 199	162 283
Total Unspent Public Contributions	<u>365 569</u>	<u>449 104</u>
Reconciliation of public contributions		
<u>China - Water meters</u>		
Opening balance	286 822	330 046
Conditions met - Transferred to revenue	(9 452)	(43 225)
Closing balance	<u>277 370</u>	<u>286 822</u>
3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.		
<u>Essen Belgium</u>		
Opening balance	162 283	(14 958)
Contributions received	-	664 052
Conditions met - Transferred to revenue	(74 084)	(486 811)
Closing balance	<u>88 199</u>	<u>162 283</u>
A twinning agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.		
12 TAXES		
VAT PAYABLE		
VAT output in suspense	3 494 502	2 809 289
Total Vat payable	<u>3 494 502</u>	<u>2 809 289</u>
VAT RECEIVABLE		
VAT input in suspense	3 107 920	1 731 482
Total VAT receivable	<u>3 107 920</u>	<u>1 731 482</u>
NET VAT RECEIVABLE/(PAYABLE)	<u>(386 582)</u>	<u>(1 077 807)</u>

VAT is receivable/payable on the cash basis.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

13. PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2011

Reconciliation of Carrying Value	Land and buildings R	Infra-structure R	Community R	Lease R	Other R	Total R
Carrying value at 1 July 2010	92 605 613	41 413 058	3 268 158	404 998	12 475 284	150 167 110
Cost	102 668 965	207 606 658	35 546 502	728 997	28 460 131	375 011 252
Original Cost	102 668 965	207 606 658	35 546 502	728 997	28 460 131	375 011 252
Deemed cost	-	-	-	-	-	-
Accumulated Depreciation	(10 063 351)	(166 193 601)	(32 278 344)	(323 999)	(15 984 847)	(224 844 142)
Original Cost	(10 063 351)	(166 193 601)	(32 278 344)	(323 999)	(15 984 847)	(224 844 142)
Correction of Error - Note	-	-	-	-	-	-
Change in Accounting Policy - Note	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Acquisitions	86 781	9 710 868	4 394 649	-	6 700 120	20 892 418
Capital under Construction	676 486	37 534 495	2 039 166	-	-	40 250 146
Depreciation	(1 863 724)	(2 659 730)	(234 193)	(242 999)	(2 949 817)	(7 950 464)
Normal Depreciation	(1 863 724)	(2 659 730)	(234 193)	(242 999)	(2 949 817)	(7 950 464)
Backlog Depreciation previously not recorded	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	2 478	2 478
Cost	-	-	-	-	(18 863)	(18 863)
Accumulated Depreciation	-	-	-	-	16 385	16 385
Carrying value of Asset losses	-	-	-	-	28 156	28 156
Cost	-	-	-	-	(549 568)	(549 568)
Accumulated Depreciation	-	-	-	-	521 412	521 412
Carrying value at 30 June 2011	91 505 156	85 998 690	9 467 779	161 999	16 194 953	203 328 576
Cost	103 432 231	254 852 021	41 980 316	728 997	34 591 819	435 585 385
Original Cost	103 432 231	254 852 021	41 980 316	728 997	34 591 819	435 585 385
Revaluation	-	-	-	-	-	-
Accumulated Depreciation	(11 927 076)	(168 853 331)	(32 512 537)	(566 998)	(18 396 867)	(232 256 808)
Original Cost	(11 927 076)	(168 853 331)	(32 512 537)	(566 998)	(18 396 867)	(232 256 808)
Revaluation	-	-	-	-	-	-

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

13.2 30 JUNE 2010

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2009	91 686 617	21 938 443	727 635	647 997	9 615 351	127 050 044
Cost	99 886 315	186 500 349	32 907 711	728 997	22 919 142	345 376 514
Original Cost	102 320 315	186 491 161	32 907 711	728 997	22 386 048	344 834 233
Correction of Error - Note		9 188				9 188
Deemed cost					533 094	533 094
Accumulated Depreciation	(8 199 699)	(164 561 906)	(32 180 076)	(81 000)	(13 303 791)	(218 326 470)
Original Cost						-
Deemed cost					(107 211)	(107 211)
Change in Accounting Policy - Note	(8 199 699)	(164 561 906)	(32 180 076)	(81 000)	(13 196 579)	(218 219 259)
Acquisitions	-	10 323 109	981 495	-	5 706 040	17 010 644
Capital under Construction	348 649	10 783 200	1 657 296	-	-	12 789 145
Depreciation	(1 863 653)	(1 631 695)	(98 268)	(242 999)	(2 837 064)	(6 673 679)
Normal Depreciation	(1 863 653)	(1 631 695)	(98 268)	(242 999)	(2 729 852)	(6 566 467)
Correction of error					(107 212)	(107 212)
Carrying value of Asset losses	-	-	-	-	9 044	9 044
Cost	-	-	-	-	(165 051)	(165 051)
Accumulated Depreciation	-	-	-	-	156 007	156 007
Carrying value at 30 June 2010	92 605 613	41 413 058	3 268 158	404 998	12 475 284	150 167 110
Cost	102 668 965	207 606 658	35 546 502	728 997	28 460 131	375 011 252
Original Cost	102 668 965	207 606 658	35 546 502	728 997	28 460 131	375 011 252
Revaluation						-
Accumulated Depreciation	(10 063 351)	(166 193 601)	(32 278 344)	(323 999)	(15 984 847)	(224 844 142)
Original Cost	(10 063 351)	(166 193 601)	(32 278 344)	(323 999)	(15 877 635)	(224 736 930)
Correction of error					(107 212)	(107 212)

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2011 **2010**
R **R**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

Refer to appendix B and C for more detailed disclosure of Property, Plant and Equipment.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Property, Plant and Equipment in accordance with the standard, including the following:

- Land;
- Property, Plant and Equipment financed by way of finance leases;
- Property, Plant and Equipment financed by way of provisions;
- Property, Plant and Equipment transferred as a result of the transfer of functions; and
- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.
- Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

Fully depreciated assets at an original cost of R208 107 817 are still in use.

14 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July

	227 378	286 354
Cost	1 044 922	1 044 922
Accumulated Amortisation	(817 544)	(758 567)
Accumulated Impairment	-	-
Additions	845 461	-
Amortisation	(62 224)	(58 976)
Net Carrying amount at 30 June	1 010 614	227 378
Cost	1 890 382	1 044 922
Accumulated Amortisation	(879 768)	(817 544)

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 52.4

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation</u> <u>Period</u>	<u>Carrying Value</u>	
Microsoft Office and Windows software	5	1 010 614	227 378

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
15 CAPITALISED RESTORATION COST		
Net Carrying amount at 1 July	2 165 852	2 863 895
Cost	7 312 398	7 312 398
First time recognition of Capitalised Restoration Cost - At Cost- Note 5		7 312 398
Accumulated Depreciation	(5 107 227)	(4 448 503)
First time recognition of Capitalised Restoration Cost - Backlog Depreciation - Note 5		(4 448 503)
Accumulated Impairment	(39 319)	-
Depreciation for the year	(647 197)	(658 724)
Recognition of Depreciation for 2009/2010 - Note 36.8		(658 724)
Impairment for the year	(129 427)	(39 319)
Recognition of Impairment for 2009/2010 - Note 36.8		(39 319)
Net Carrying amount at 30 June	1 389 228	2 165 852
Cost	7 312 398	7 312 398
Accumulated Depreciation	(5 754 424)	(5 107 227)
Accumulated Impairments	(168 746)	(39 319)
16 NON-CURRENT INVESTMENTS		
Unlisted		
Investment in Joint Ventures - at cost	23 025	23 025
Total Non-Current Investments	23 025	23 025
Unlisted investments comprise of the following. Valuations of investments by council are:		
Ceres Koekedouw Bestuurskomitee - Joint Venture with Koekedouw Besproeiingsraad	23 025	23 025
	23 025	23 025
The Municipality has a 41% interest in the Ceres Koekedouw Besproeiings Committee. The equity method was used to recognised the interest in the joint venture. The joint venture operates the Koekedouw Dam. The financial statements are available at Witzenberg Municipality.		
The financial statements of the joint venture is summarised as follow:		
Income	802 485	994 655
Expenditure	(724 244)	(994 655)
Non-current Assets	280 997	70 798
Current Assets	634 439	1 913 886
Non-current Liabilities	(783 540)	(1 746 194)
Current Liabilities	(131 896)	(182 331)
Investments are made in terms of the Municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.		
17 LONG-TERM RECEIVABLES		
Housing Loans	383 664	3 248 019
Sport Club Loans	82 294	102 045
Town Development	24 693	23 491
	490 651	3 373 555
Less: Unamortised Discount on Loans	(9 834)	(13 102)
Balance 1 July	(13 102)	(16 896)
Adjustment for the period	3 268	3 794
	480 817	3 360 452
Less: Current portion transferred to current receivables	(67 325)	(58 266)
Housing Loans	(53 730)	-
Sport Club Loans	(13 595)	(19 724)
Town Development		(38 542)
	413 492	3 302 186
Less: Provision for Impairment	(172 170)	(2 896 151)
Total Long Term Receivables	241 322	406 035

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
18 INVENTORY		
Consumable Stores - At cost	5 320 497	4 402 654
Water - At purification cost	20 079	23 593
Total Inventory	5 340 576	4 426 247
Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 52.5		
Consumable stores materials written down due to losses as identified during the annual stores counts.	12 942	1 739
Consumable stores materials surplusses identified during the annual stores counts.	4 266	-
Consumable stores inventory recognised as an expense during the year	6 266 405	6 031 741
19 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	22 361 142	20 324 867
Water	23 450 233	27 129 889
Housing Rentals	1 208 229	1 670 810
Refuse	14 387 790	17 095 008
Sewerage	10 689 398	12 972 669
Other	1 482 665	1 635 818
Total Receivables from Exchange Transactions	73 579 456	80 829 061
Less: Provision for Impairment	(39 795 690)	(52 648 755)
Total Net Receivables from Exchange Transactions	33 783 765	28 180 306
Balance previously reported		7 776 779
Refer to Receivables from non-exchange transactions - note 20		20 403 527
Balance as reported		28 180 306
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.		
Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):		
Accrued Income Electricity	9 598 262	10 128 741
Accrued Income Water	2 074 247	3 252 019
Ageing of Receivables from Exchange Transactions:		
<u>(Electricity): Ageing</u>		
Accrued Income Electricity	9 598 262	10 128 741
Current (0 - 30 days)	9 321 718	6 956 149
31 - 60 Days	589 121	366 177
61 - 90 Days	109 802	250 968
+ 90 Days	2 742 238	2 622 833
Total	22 361 141	20 324 867
<u>(Water): Ageing</u>		
Accrued Income Water	2 074 247	3 252 019
Current (0 - 30 days)	2 155 217	2 022 001
31 - 60 Days	1 130 197	843 952
61 - 90 Days	737 925	1 074 651
+ 90 Days	17 352 647	19 937 265
Total	23 450 233	27 129 889
<u>(Housing): Ageing</u>		
Current (0 - 30 days)	58 110	75 366
31 - 60 Days	40 148	39 409
61 - 90 Days	28 454	131 094
+ 90 Days	1 081 516	1 424 941
Total	1 208 229	1 670 810

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
19 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)		
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	1 558 880	1 441 736
31 - 60 Days	469 872	484 494
61 - 90 Days	364 533	641 739
+ 90 Days	11 994 505	14 527 039
Total	14 387 790	17 095 008
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1 074 162	1 125 980
31 - 60 Days	385 020	399 126
61 - 90 Days	301 405	504 957
+ 90 Days	8 928 811	10 942 605
Total	10 689 398	12 972 669
<u>(Other): Ageing</u>		
Current (0 - 30 days)	109 174	75 599
31 - 60 Days	41 053	59 090
61 - 90 Days	23 485	161 339
+ 90 Days	1 308 953	1 339 790
Total	1 482 665	1 635 818
<u>(Total): Ageing</u>		
Accrued Income	11 672 510	13 380 760
Current (0 - 30 days)	14 277 262	11 696 831
31 - 60 Days	2 655 411	2 192 249
61 - 90 Days	1 565 604	2 764 748
+ 90 Days	43 408 669	50 794 474
Total	73 579 456	80 829 061
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	52 648 755	44 667 626
Contribution to provision/(Reversal of provision)	8 298 165	18 055 185
Bad Debts Written Off	(21 151 230)	(10 074 055)
Balance at end of year	39 795 690	52 648 755
<p>Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.</p>		
20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	10 464 109	9 085 736
Other Receivables	1 539 706	989 497
Accrued Fines	38 752	91 410
Irregular Expenditure	130 406	248 872
Deposits	224 615	124 615
SARS	524 109	524 109
DBSA	534 571	-
Other receivables	87 253	491
Total Receivables from Non-Exchange Transactions	12 003 815	10 075 234
Less: Provision for Impairment	(9 069 481)	(7 792 420)
Total Net Receivables from Non-Exchange Transactions	2 934 334	2 282 813
Balance previously reported		16 032 760
Refer to Payables from exchange transactions - note 9		-1 626
Refer to Receivables from exchange transactions - note 19		12 014 895
Amount incorrectly included in receivables - note 19		1 736 678
Balance as reported		2 282 813

Refer to note 17 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)		
<i>(Rates): Ageing</i>		
Current (0 - 30 days)	1 256 837	1 217 922
31 - 60 Days	254 093	215 357
61 - 90 Days	137 655	1 293 749
+ 90 Days	8 815 524	6 358 747
Total	10 464 109	9 085 774

Reconciliation of Provision for Bad Debts

Balance at beginning of year	7 792 420	6 291 259
Contribution to provision/(Reversal of provision)	2 627 376	2 982 618
Bad Debts Written Off	(1 350 315)	(1 481 457)
Balance at end of year	9 069 481	7 792 420

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

21 OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)

Balance on 1 July	31 119	27 928
Movement during the year	1 779	3 190
Balance on 30 June	32 897	31 119

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

Up to 1 Year	30 174	40 411
1 to 5 Years	139 141	137 483
More than 5 Years	-	31 832
Total Operating Lease Arrangements	169 315	209 727

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for periods ranging until 2016.

22 CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	11 613 549	38 818 515
Bank Accounts	10 252 347	4 675 642
Cash Floats	8 195	8 195
Total Cash and Cash Equivalents - Assets	21 874 091	43 502 352

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

Primary Bank Account	ABSA Bank Limited - Account Number 350000011	10 252 347	4 675 642
		10 252 347	4 675 642

Primary Bank Account: ABSA Bank Limited - Account Number 350000011

Cash book balance at beginning of year	4 675 642	17 131
Cash book balance at end of year	10 252 347	4 675 642

Bank statement balance at beginning of year	6 851 791	4 108 606
Bank statement balance at end of year	12 518 038	6 851 791

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
22 CASH AND CASH EQUIVALENTS (CONTINUE)		
<u>Call Investment Deposits</u>		
Call investment deposits consist out of the following accounts:		
ABSA Bank Ltd - Account Number 9184483785	5 493 309	10 721 884
ABSA Bank Ltd - Account Number 2070162101		24 648
ABSA Bank Ltd - Account Number 2070394805		11 543
First Rand Bank - Account Number 62192709164	58 556	55 623
Investec Bank Ltd - Account Number 1100-198879-451		10 001 644
Nedbank Ltd - Account Number 03/7881032766/14		1 000 175
Nedbank Ltd - Account Number 03/7881032766/15		7 001 208
Nedbank Ltd - Account Number 03/7881032766/24	4 016 932	
Standard Bank of SA Ltd - Account Number 088779831-008	2 044 753	
Standard Bank of SA Ltd - Account Number 088779831-009		7 001 235
Standard Bank of SA Ltd - Account Number 088779831-010		3 000 555
	<u>11 613 549</u>	<u>38 818 515</u>

23 PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	31 141 680	27 844 557
Business	5 029 581	4 811 120
Building Clauses	85 828	78 905
Rural	5 644 606	5 070 465
Industrial	3 651 957	3 412 032
Residential	12 738 047	11 058 459
State	3 258 755	2 791 513
Vacant Land	727 404	617 126
Public Service Infrastructure	5 502	4 936
Less: Revenue Forgone	(460 605)	(1 149 377)
Total Assessment Rates	<u>30 681 075</u>	<u>26 695 180</u>

Valuations - 1 JULY

Rateable Land and Buildings		
Residential Property	2 323 890 800	2 209 082 800
Commercial Property	595 027 000	528 186 000
Industrial Property	317 018 000	295 670 000
Informal Property	21 490 000	21 432 000
Agricultural Purposes	3 815 733 000	2 897 297 000
State - National/ Provincial Services	308 042 000	311 140 000
Municipal Property	289 285 510	-
Vacant Property	93 438 200	89 684 000
Total Valuation	<u>7 763 924 510</u>	<u>6 352 491 800</u>

Assessment Rates are levied on the value of land and improvements. The valuation is performed every 4 years. The last 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 and also to accommodate growth in the rate base due mostly to private development.

Rates:

Residential	0.582c/R	0.525c/R
Commercial	1.060c/R	0.912c/R
Industrial	1.194c/R	1.154c/R
Argricultural	0.146c/R	0.131c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:
Residential - The first R15 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
24 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants	36 682 814	29 110 950
Equitable Share	36 682 814	29 110 950
Conditional Grants	63 608 557	49 656 021
Grants and donations	62 992 557	48 737 622
Subsidies	616 000	918 399
Total Government Grants and Subsidies	100 291 371	78 766 971
Government Grants and Subsidies - Capital	46 706 732	17 504 377
Government Grants and Subsidies - Operating	53 584 639	61 262 595
	100 291 371	78 766 972

Please refer to appendix F for more detailed disclosure of Government Grants and Subsidies.

The Municipality does not expect any significant changes to the level of grants.

24.1 Equitable share

Opening balance	-	-
Grants received	36 682 814	29 110 950
Conditions met - Operating	(36 682 814)	(29 110 950)
Conditions still to be met/(Grant expenditure to be recovered)	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

24.2 Local Government Financial Management Grant (FMG)

Opening balance	(274 862)	-
Grants received	3 000 000	2 750 040
Conditions met - Operating	(2 164 236)	(2 690 950)
Conditions met - Capital	(889 572)	(333 952)
Conditions still to be met/(Grant expenditure to be recovered)	(328 669)	(274 862)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

24.3 Municipal Systems Improvement Grant

Opening balance	630 247	582 602
Grants received	1 200 000	1 300 000
Conditions met - Operating	(1 366 464)	(1 247 450)
Conditions met - Capital	(441 953)	-
Write off / Transfers	-	(4 905)
Conditions still to be met/(Grant expenditure to be recovered)	21 831	630 247

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

24.4 Municipal Infrastructure Grant (MIG)

Opening balance	1 223 910	(186 433)
Grants received	10 160 000	12 928 000
Conditions met - Operating	(1 528 893)	(131 040)
Conditions met - Capital	(11 048 127)	(11 386 617)
Conditions still to be met/(Grant expenditure to be recovered)	(1 193 110)	1 223 910

The grant was used to upgrade infrastructure in previously disadvantaged areas.

24.5 Housing Grants

Opening balance	3 770 685	(1 278 139)
Grants received	17 476 606	30 169 685
Conditions met - Operating	(6 840 157)	(25 120 861)
Conditions met - Capital	(10 643 388)	-
Conditions still to be met/(Grant expenditure to be recovered)	3 763 746	3 770 685

Housing grants was utilised for the development of erven and the erection of top structures.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
24.6 Integrated National Electrification Grant		
Opening balance	626 309	(537 717)
Grants received	2 000 000	2 240 000
Conditions met - Operating	(78 502)	-
Conditions met - Capital	(1 774 912)	(1 075 974)
Conditions still to be met/(Grant expenditure to be recovered)	<u>772 895</u>	<u>626 309</u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
24.7 Other Grants		
Opening balance	18 776 075	15 951 042
Grants received	14 049 001	10 494 199
Conditions met - Operating	(4 923 574)	(2 961 344)
Conditions met - Capital	(21 908 781)	(4 707 833)
Write off / Transfers	-	12
Conditions still to be met/(Grant expenditure to be recovered)	<u>5 992 722</u>	<u>18 776 075</u>
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
24.8 Total Grants		
Opening balance	24 752 364	14 531 355
Grants received	84 568 421	88 992 874
Conditions met - Operating	(53 584 639)	(61 262 595)
Conditions met - Capital	(46 706 732)	(17 504 377)
Write off / Transfers	-	(4 893)
Conditions still to be met/(Grant expenditure to be recovered)	<u>9 029 414</u>	<u>24 752 364</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	15 205 593	25 027 226
Unpaid Conditional Government Grants and Receipts	(6 176 179)	(274 862)
	<u>9 029 414</u>	<u>24 752 364</u>
25 SERVICE CHARGES		
Electricity	107 587 485	90 902 207
Water	26 351 434	24 381 444
Refuse removal	18 356 890	16 403 597
Sewerage and Sanitation Charges	16 346 220	14 145 839
Bulk service levies	112 319	118 061
	168 754 348	145 951 148
Less: Revenue Forgone	(13 073 472)	(8 799 679)
Total Service Charges	<u>155 680 875</u>	<u>137 151 469</u>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
26 OTHER INCOME		
Application fees - Town Planning	44 649	40 247
Building Plan Fees	702 049	459 996
Cemetery Fees	170 388	151 802
Clip Cards	72 618	54 130
Collection Fees	43 007	75 177
Damages Income	6 057	62 624
Fire combating fees	88	-
Housing	311 845	482 894
Insurance Claims Received	150 343	596 587
Mayor's Golf Day	2 800	2 000
Re-connection fees	215 711	215 180
Refuse Bags	999	1 406
Special Projects	11 350	15 488
Sundry Income	1 831 895	1 434 048
Total Other Income	<u>3 563 799</u>	<u>3 591 578</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
27 EMPLOYEE RELATED COSTS		
Salaries and Wages	49 898 516	44 862 122
Bargaining Council Levy	25 711	23 308
Bonuses	4 398 944	3 873 170
Contributions for UIF, pensions and medical aids	12 236 476	11 401 582
Ex-Gratia Pension	95 040	4 476
Group Life Insurance	884 452	767 671
Housing Benefits and Allowances	697 660	757 264
Leave Reserve	889 687	1 925 001
Long service awards	232 392	179 805
Overtime	3 718 860	3 161 012
Post Employment Health Care Benefits	1 528 405	1 418 518
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	2 476 915	2 194 242
	<u>77 083 058</u>	<u>70 568 171</u>
Less: Employee Cost allocated elsewhere	(175 135)	(143 354)
Total Employee Related Costs	<u>76 907 923</u>	<u>70 424 817</u>

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

Annual Remuneration	724 059	670 413
Performance Bonuses	129 889	-
Car Allowance	108 000	108 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	175 584	149 363
Total	<u>1 137 532</u>	<u>927 776</u>

Remuneration of the Director Technical Services

Annual Remuneration	551 271	500 577
Performance Bonuses	100 014	-
Travelling Allowance	86 534	86 534
Contributions to UIF, Medical, Pension Funds and Bargaining Council	140 255	127 276
Total	<u>878 075</u>	<u>714 387</u>

Remuneration of the Director Corporate Services

Annual Remuneration	548 623	497 929
Performance Bonuses	69 653	-
Travelling Allowance	119 363	119 363
Contributions to UIF, Medical, Pension Funds and Bargaining Council	110 075	97 096
Total	<u>847 713</u>	<u>714 387</u>

Remuneration of the Director Financial Services

Annual Remuneration	548 623	497 929
Performance Bonuses	100 014	-
Car Allowance	119 363	119 363
Contributions to UIF, Medical, Pension Funds and Bargaining Council	110 075	97 096
Total	<u>878 075</u>	<u>714 387</u>

Remuneration of the Director Community Services

Annual Remuneration	551 271	497 929
Performance Bonuses	85 726	-
Car Allowance	86 534	119 363
Contributions to UIF, Medical, Pension Funds and Bargaining Council	140 225	97 096
Total	<u>863 757</u>	<u>714 387</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
28 REMUNERATION OF COUNCILLORS		
Executive Mayor	407 175	363 932
Deputy Mayor	398 095	367 645
Speaker	409 019	396 625
Mayoral Committee Members	1 214 356	988 076
Councillors	2 527 538	2 436 161
Pension fund contributions	587 485	500 138
Medical aid contributions	33 366	34 560
Total Councillors' Remuneration	5 577 034	5 087 137
<i>In-kind Benefits</i>		
<p>The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council.</p>		
29 DEBT IMPAIRMENT		
Long term Receivables - Note 17	125 202	45 744
Receivables from exchange transactions - Note 19	10 745 749	15 045 808
Receivables from non-exchange transactions - Note 20	2 016 219	5 065 884
Total Contribution to Debt Impairment	12 887 170	20 157 436
30 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	7 950 464	6 731 746
Intangible Assets	62 224	-
Capitalised restoration cost	776 624	698 043
	8 789 312	7 429 789
31 IMPAIRMENTS		
Property Plant & Equipment	-	9 044
	-	9 044
32 FINANCE CHARGES		
Long-term Liabilities	7 506 942	8 478 518
Ex-Gratia Pension	29 662	30 263
Bank Overdraft	9	5 090
Post Employment Health Care Benefits	3 336 517	2 871 718
Long service awards	120 610	116 345
Capitalised restoration cost	1 060 442	1 256 245
Total finance charges	12 054 182	12 758 179
33 BULK PURCHASES		
Electricity	79 826 385	61 490 651
Total Bulk Purchases	79 826 385	61 490 651
34 GRANTS AND SUBSIDIES		
Council	172 514	288 100
Tourism	480 100	422 500
Total Grants and Subsidies	652 614	710 600

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
35 GENERAL EXPENSES		
Audit Fees	1 718 578	1 529 477
Asset Losses	28 156	-
Bank Charges	345 727	345 172
Cellphone	484 593	457 849
Chemicals	667 475	619 800
Commission	674 934	528 160
Consultant Fees	520 406	-
Developing Projects	216 258	171 018
Entertainment	401 753	422 815
Indigent costs	370 471	-
Insurance	1 433 898	1 894 000
Investigations	684 969	498 832
Koekedouw	945 748	660 174
Membership Fees	490 526	421 901
Printing and Stationary	1 924 116	1 678 146
Projects	289 181	227 675
Protective Clothing	581 692	348 337
Refuse bags	1 011 273	446 192
Sewerage anlysis	534 961	526 390
Strategic Partnerships	424 904	140 367
Telephone and Postage	1 777 887	1 602 588
Training	548 756	321 212
Travel and Accommodation	1 020 140	924 197
Valuation Costs	378 035	87 478
Vehicle Fleet Costs	3 603 618	3 028 374
Water levies	338 189	288 874
Water Rigts	-	121 376
Other	2 852 879	2 926 436
General Expenses	<u>24 269 122</u>	<u>20 216 838</u>

36 CORRECTION OF ERROR IN TERMS OF GRAP 3

STATEMENT OF FINANCIAL POSITION

36.1 Capitalised Restoration Cost

Balance previously reported	-
First time recognition of Capitalised Restoration Cost - At Cost- Note 15	7 312 398
First time recognition of Capitalised Restoration Cost - Backlog Depreciation - Note 15	(4 448 503)
Recognition of depreciation for 2009/2010 - Note 15	(658 724)
Recognition of impairments for 2009/2010 - Note 15	(39 319)
Total	<u>2 165 852</u>

36.2 Non-current Provisions

Balance previously reported	12 933 037
First time recognition of Landfill Site Provision - Derecognised Assets - Note 36.3	(12 933 037)
First time recognition of Landfill Site Provision - Recognised Assets - Note 5	2 422 024
First time recognition of Landfill Site Provision - Recognised Assets - Note 36.1	7 312 398
Recognition of Interest Cost on Non-current Provisions up to 30 June 2009 - Note 5	1 256 245
Total	<u>10 990 667</u>

36.3 Accumulated Surplus/(Deficit) 1 July 2009

Balance previously reported	25 545 544
Adjustment of Unamortised discount on Loans - Note 3	4 795 140
Derecognised of Landfill Provision - Note 5	12 933 037
First time recognition of Capitalised Restoration Cost - At Cost- Note 15	(2 452 646)
First time recognition of Capitalised Restoration Cost - Backlog Depreciation - Note 15	(4 448 503)
First time recognition of unwinding off interest - Note 5	(9 788 456)
First time recognition Assets found - Note 13	533 094
First time recognition of depreciation on deemed assets - Note 13	(107 211)
Correction of erven duplicated on asset register and inventory	(315 293)
Correction of duplication of Erf 1 Prince Alfred Hamlet	(2 434 000)
Provision for bad debts on housing loans	(1 736 678)
Impairment of VAT against Liability - Note 36.9	4 653 232
Total	<u>27 177 257</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	R	R
36 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		
36.4 Net Asset Reserves		
Balance previously reported		10 998 394
Correction of VAT incorrectly claimed on vehicle- Note 2		(42 662)
Winding up of the Valuation Reserve - Note 2		(535 900)
Balance as reported		<u>10 419 833</u>
36.5 Receivables from exchange transactions		
Balance previously reported		7 776 779
Receivables transferred from non-exchange transactions - Note 20		12 014 895
Recognition of VAT on Accrued Income - note 36.9		1 143 983
Recognition of VAT on Accrued Income - note 36.9		499 268
Recognition of VAT on Debtors - note 36.9		6 389 375
Recognition of VAT on Debtors - note 36.9		356 005
Balance as reported		<u>28 180 306</u>
36.6 Receivables from non-exchange transactions		
Balance previously reported		16 032 760
Transferred from Payables from Exchange transactions- Note 9		(1 626)
Transferred to receivables from exchange transactions- Note 19		12 014 895
Amount incorrectly included in receivables - Note 20		1 736 678
Balance as reported		<u>2 282 813</u>
36.7 Unamortised charges on loans		
Balance previously reported		(7 486 147)
Redetermining the unamortised charges on loans - Note 3		(4 795 140)
Balance as reported		<u>(12 281 287)</u>
36.8 STATEMENT OF FINANCIAL PERFORMANCE		
Balance previously reported		11 228 560
Adjustment of Provision for rehabilitation of landfill Sit- Note 5		6 360 642
Adjustment of Unamortised discount on Loans - Note 3		(1 030 081)
Adjustment of Payables from exchange transactions - Note 9		93 116
Recognition of Retention money on Hamlet Reservoir - Note 9		44 734
Recognition of Depreciation for Rehabilitation cost - Note 15		(658 724)
Recognition of Impairment for Rehabilitation cost - Note 15		(39 319)
First time recognition of depreciation on deemed assets - Note 13		(107 212)
Recognition of Finance Charges for Rehabilitation cost - Note 32		(1 256 245)
Impairment of VAT against Liability - Note 36.9		926 111
Total		<u>15 561 582</u>
36.9 Net VAT receivable		
Balance previously reported		1 787 180
Impairment of VAT against Liability - note 36.3		4 653 232
Recognition of VAT on Debtors - note 36.5		(6 389 375)
Recognition of VAT on Accrued Income - note 36.5		(1 143 983)
Correction of VAT claimable- Note 9		(13 036)
VAT incorerectly claimed on vehicle		(42 662)
Recognition of VAT on Debtors - note 36.5		(356 005)
Recognition of VAT on Accrued Income - note 36.5		(499 268)
Impairment of VAT against Liability - Note 36.8		926 111
Balance as reported		<u>(1 077 807)</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
37 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	41 902 280	16 817 828
Adjustments for:		
Depreciation	8 727 088	7 370 812
Amortisation of Intangible Assets	62 224	58 976
Unamortised Discount on Loans	1 870 056	1 836 603
Debt Impairment	12 761 968	20 111 692
Debt Impairment - Long term receivables	125 202	45 744
Contribution to staff leave	555 161	1 411 885
Contribution from/to provisions	1 060 442	1 256 245
Contribution from/to employee benefits	3 496 101	2 970 798
Actuarial Loss	11 476 296	1 260 347
Asset losses at carrying value	30 634	9 044
Operating lease income accrued	(1 779)	(3 190)
Operating Surplus/(Deficit) before changes in working capital	82 065 673	53 146 784
Changes in working capital	(34 556 760)	(5 137 302)
Increase/(Decrease) in Trade and Other Payables	1 872 228	3 686 399
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(9 821 633)	10 495 872
Increase/(Decrease) in Unspent Public Contributions	(83 536)	134 016
Increase/(Decrease) in Taxes	(691 225)	(711 630)
(Increase)/Decrease in Inventory	(914 329)	(251 950)
(Increase)/Decrease in Trade and other receivables	(19 016 948)	(18 215 147)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(5 901 317)	(274 862)
Cash generated/(absorbed) by operations	47 508 913	48 009 482
38 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 22	11 613 549	38 818 515
Cash Floats - Note 22	8 195	8 195
Bank - Note 22	10 252 347	4 675 642
Total cash and cash equivalents	21 874 091	43 502 352
39 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 38	21 874 091	43 502 352
Investments - Note 16	23 025	23 025
Less:	21 897 116	43 525 377
Unspent Committed Conditional Grants - Note 10	15 205 593	25 027 226
VAT - Note 12	386 582	1 077 807
Resources available for working capital requirements	6 304 940	17 420 344
Allocated to:		
Capital Replacement Reserve	5 636 990	7 172 401
Employee Benefits Reserve	61 231 121	45 703 563
Non-Current Provisions Reserve	19 609 632	18 387 722
Resources available for working capital requirements	(80 172 804)	(53 843 342)
40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	59 671 240	66 912 486
Used to finance property, plant and equipment - at cost	(59 671 240)	(66 912 486)
	-	-

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

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

41 BUDGET COMPARISONS

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%) (Variance)
41.1 Operational				
Revenue by source				
Property Rates	30 681 075	28 355 605	2 325 470	8%
Property Rates - penalties imposed and collection charges	746 355	292 661	453 694	155%
Government Grants and Subsidies - Capital	46 706 732	58 754 934	(12 048 202)	-21%
Government Grants and Subsidies - Operating	53 584 639	50 055 067	3 529 572	7%
Public Contributions and Donations	87 329	429 000	(341 671)	-80%
Actuarial Gains	19 316	-	19 316	100%
Fines	558 976	850 001	(291 025)	-34%
Service Charges	155 680 875	159 327 080	(3 646 205)	-2%
Rental of Facilities and Equipment	6 483 446	6 579 617	(96 171)	-1%
Interest Earned - external investments	2 888 492	2 376 941	511 551	22%
Interest Earned - outstanding debtors	4 065 990	3 595 352	470 638	13%
Licences and Permits	193 678	215 785	(22 107)	-10%
Agency Services	2 666 670	2 549 174	117 496	5%
Other Income	3 563 799	3 050 465	513 334	17%
Unamortised Discount - Interest	4 379	-	4 379	100%
Gain on disposal of Property, Plant and Equipment	-	-	-	0%
	<u>307 931 751</u>	<u>316 431 682</u>	<u>(8 499 931)</u>	<u>-3%</u>
Expenditure by nature				
Employee Related Costs	76 907 923	86 149 753	9 241 830	-11%
Remuneration of Councillors	5 577 034	6 062 653	485 619	-8%
Debt Impairment	12 887 170	10 116 212	(2 770 958)	27%
Collection Costs	333 472	513 620	180 148	-35%
Depreciation and Amortisation	8 789 312	11 676 744	2 887 432	-25%
Actuarial losses	11 495 612	-	(11 495 612)	100%
Unamortised Discount - Interest paid	1 874 434	3 107 415	1 232 981	-40%
Repairs and Maintenance	11 004 672	12 096 658	1 091 986	-9%
Stock Adjustments	17 430	-	(17 430)	100%
Finance Charges	12 054 182	9 648 982	(2 405 200)	25%
Bulk Purchases	79 826 385	76 426 037	(3 400 348)	4%
Contracted services	9 141 617	10 488 008	1 346 391	-13%
Grants and Subsidies	652 614	632 600	(20 014)	3%
Operating Grant Expenditure	11 198 492	9 992 038	(1 206 454)	12%
General Expenses	24 269 122	25 310 772	1 041 650	-4%
	<u>266 029 471</u>	<u>262 221 492</u>	<u>(3 807 979)</u>	<u>1%</u>
Net Surplus for the year	<u>41 902 280</u>	<u>54 210 190</u>	<u>(12 307 910)</u>	<u>-23%</u>
41.2 Operating expenditure by Vote				
Budget & Treasury Office	25 503 685	25 777 669	(273 984)	-1%
Civil Services	53 210 832	54 181 383	(970 551)	-2%
Community & Social Services	12 908 748	15 537 657	(2 628 909)	-17%
Corporate Services	27 464 519	16 152 838	11 311 681	70%
Electro Technical Services	94 662 155	94 588 598	73 557	0%
Executive & Council	16 750 472	19 003 299	(2 252 827)	-12%
Housing	12 377 711	9 204 805	3 172 906	34%
Planning	2 777 842	3 707 148	(929 306)	-25%
Public Safety	5 681 576	8 329 921	(2 648 345)	-32%
Sport & Recreation	14 691 931	15 738 174	(1 046 243)	-7%
	<u>266 029 471</u>	<u>262 221 492</u>	<u>3 807 979</u>	<u>1%</u>
41.3 Capital expenditure by vote				
Budget & Treasury Office	1 372 518	1 857 534	(485 016)	-26%
Civil Services	45 592 104	47 250 910	(1 658 806)	-4%
Community & Social Services	477 198	748 620	(271 422)	-36%
Corporate Services	5 771 681	8 183 264	(2 411 583)	-29%
Electro Technical Services	2 834 846	3 763 781	(928 935)	-25%
Housing	713 727	676 157	37 570	6%
Planning	133 856	205 500	(71 644)	-35%
Public Safety	776 047	889 172	(113 125)	-13%
Sport & Recreation	4 314 117	7 153 339	(2 839 222)	-40%
	<u>61 986 095</u>	<u>70 728 277</u>	<u>(8 742 183)</u>	<u>-12%</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

41 BUDGET COMPARISONS (CONTINUE)

The under spending on capital votes are due to:

- Swimming pool Nduli – delay on community decision on location, construction tender in process of awarding;
- Community Hall Pine Valley – funding approved from PGWC but approval of business plan outstanding;
- Computer hardware & software – implementation of SAMRAS +, project ongoing with savings;
- Stormwater Op-Die-Berg, Netwerk Stormwater – delays in project result of contractor performance;
- Ceres Roads (Retiefstr) – delay in procurement process and severe impact of weather, ongoing;
- Upgrade sewer works Wolseley – project not implemented;
- Upgrade Nduli hostels (main sewer line) – project underway, delay caused by weather and severe underground conditions.

41.4 Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance

Net surplus/deficit per the statement of financial performance	41 902 280	
Adjusted for:		
Fair value adjustments	11 489 348	a)
Impairments recognised / reversed	(2 887 432)	b)
Increases / decreases in provisions	2 770 958	c)
Employee related cost	(9 727 449)	d)
Other Expenditure	2 138 860	e)
Rates & Service Charges	867 041	f)
Grants & Donations	8 860 301	g)
Other Income	(1 203 717)	h)
Net surplus/deficit per approved budget	54 210 190	

- a) Actuarial losses on Employee Benefits
- b) Depreciation less than expected due to slow capital spending
- c) Collection ratio less than expected.
- d) Employee cost less than budget due to vacancies not filled timeously
- e) Bulk purchases more than expected.
- f) Property rates increase due to adjustment of rebates.
- g) Slow spending of Grants received.
- h) More interest earned than expected.

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

42.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	13 192 216	-
Unauthorised expenditure current year - capital	37 570	-
Unauthorised expenditure current year - operating	14 558 144	13 192 216
Condoned by council	(13 192 216)	-
Unauthorised expenditure awaiting authorisation	<u>14 595 714</u>	<u>13 192 216</u>

Unauthorised expenditure on operating votes are due to:

- Unforeseen actuarial losses on employee benefits,
- Unexpected increase in bulk purchases from Eskom,
- Debt impairment of old housing loans.

Unauthorised expenditure on capital votes are due to:

- Over expenditure on the upgrading of the Kluitjieskraal houses.

42.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	248 872	-
Irregular expenditure current year	110 720	248 872
Transfer to receivables for recovery	(248 872)	-
Irregular expenditure awaiting further action	<u>110 720</u>	<u>248 872</u>

Incident	Disciplinary steps/criminal proceedings		
Non-compliance with internal controls	Recovered from salary and pensioen fund of employee	-	248 872
Refer to Note 43.8	Investigated report to Council	110 720	-
		<u>110 720</u>	<u>248 872</u>

Balance previously reported

Amount incorrectly included in irregular expenditure.

Balance as reported

758 366

(509 494)

248 872

An item was erroneously included in irregular expenditure as in the 2009/2010 financial statements. This misstatement is now corrected.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42.3 <u>Material Losses</u>	2011	2010
Water distribution losses		
- Kilotres purified	6 454 910	6 194 283
- Kilotres lost during distribution	2 214 512	2 143 847
- Percentage lost during distribution	34.31%	34.61%
- Value of kilolitres lost during distributor	1 860 190	2 194 094
- The value of kilolitres lost is based on The treatment cost of water		
Electricity distribution losses		
- Units purchased (Kwh)	185 072 560	181 084 088
- Units lost during distribution (Kwh)	14 713 497	15 335 328
- Percentage lost during distribution	7.95%	8.47%
- Value of units lost during distribution (Kwh)	6 346 198	5 619 666

43 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

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

Opening balance	-	-
Council subscriptions	485 830	385 500
Amount paid - current year	(485 830)	(385 500)
Balance unpaid (included in Payables from exchange transactions)	-	-

43.2 **Audit fees - [MFMA 125 (1)(b)]**

Opening balance	1 459	58 137
Current year audit fee	3 233 725	2 564 451
External Audit - Auditor-General	1 717 120	1 743 604
Internal Audit	1 489 312	739 699
Audit Committee	27 293	81 148
Amount paid - current year	(2 941 736)	(2 562 992)
Amount paid - previous year	(1 459)	(58 137)
Balance unpaid (included in Payables from exchange transactions)	291 988	1 459

43.3 **VAT - [MFMA 125 (1)(b)]**

Opening balance	678 043	(275 218)
Amounts received - current year	(19 593 009)	(18 754 378)
Amounts claimed - current year (payable)	16 324 400	16 538 086
Amount paid - current year	2 280 012	2 894 335
Amount paid - previous year	(678 043)	275 218
Closing balance	(988 597)	678 043
Vat in suspense due to cash basis of accounting		
Input VAT	3 107 920	1 731 482
Receivable	(386 582)	(1 077 807)

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

43.4 **PAYE, SDL and UIF - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year payroll deductions and Council Contributions	8 483 448	7 168 570
Amount paid - current year	(8 483 448)	(7 168 570)
Balance unpaid (included in Payables from exchange transactions)	-	-

43.5 **Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year payroll deductions and Council Contributions	19 421 855	16 893 315
Amount paid - current year	(19 421 855)	(16 893 315)
Balance unpaid (included in Payables from exchange transactions)	-	-

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
43	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)		
43.6	Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2011:		
		Outstanding more than 90 days	Outstanding more than 90 days
	Godden, TT&C	38 602	-
	Heradien, P	3 844	-
	Mouton, JS	1 338	-
	Phungula, SL&JT	670	-
	Veschini, JA	3 376	-
	Total Councillor Arrear Consumer Accounts	47 831	-

During the year the following Councillors had arrear accounts outstanding for more than 90 days.

		Highest Amount Outstanding	Highest Amount Outstanding
	Godden, TT&C	38 602	
	Heradien, P	3 844	
	Mouton, JS	1 338	
	Phungula, SL&JT	670	
	Veschini, JA	3 376	
	R Sikondlo	14 850	
		62 682	-

43.7 **Disclosers in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)

	Amount	Type of deviation				Emergency
		Single Supplier	Impossible	Impractical		
July	444 242	15	-	11	2	
August	419 973	18	-	15	2	
September	502 897	21	3	16	2	
October	565 346	24	-	11	3	
November	737 010	28	-	19	6	
December	613 336	36	-	13	12	
January	715 608	21	1	15	8	
February	725 315	24	-	20	3	
March	1 433 890	18	-	14	5	
April	464 522	11	-	14	3	
May	429 568	10	-	25	5	
June	820 909	16	-	17	5	
	7 872 617	242	4	190	56	

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Witzenberg Builders and Painters	G Hanse	Father	T Davids	Cape Winelands District Municipality Health inspector	R 133 629
Girly's Catering Services	G De Bruyn	Mother	M De Bruyn	Witzenberg Municipality Clerk Debt collection	R 18 328
Williams Loodgieters	SR Williams	Husband	R Williams	Department of Health Nurse	R 154 617
L & E Blinds	AHE De Jongh	Husband	E De Jongh	Department of Correctional Services Correctional officer	R 2 850
Queens Cake	M Zimri	Wife	JJ Zimri	Department of Correctional Services Correctional officer	R 156 395

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2011
R

2010
R

43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

Regulation 45 - Details of awards made to persons in the service of the State during the previous 12 months:

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Value of transactions
Osastin t/a RPL Intelligence Services	RP Lottering	Member / Shareholder	2010/05/07	Stellenbosch Municipality Director	R 28 032

43.8 Non-compliance with MFMA (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 45 as detailed below:

Name of supplier	Name of person in service of the state	Position occupied in company	Employer and capacity of person	Value of transactions
Protea Earthmoving	JM Abrahams	Member / Shareholder	Department of Health Nurse	R 82 228
AV Mouldings	Bernice Lizelle Adams	Director	Western Cape: Health: Director	R 23 873
Well Earned Trading 62CC	Rene Emerine Schuurman	Member	Western Cape: Education: Member	R 1 390
Witzenberg Brandblussers	Jacobus Cornelius Nel	Member	South African Police Service: Member	R 3 229

44 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure
Community
Other

	12 125 037	21 382 812
	12 125 037	10 425 567
	-	2 950 000
	-	8 007 245

Approved but not yet contracted for

Infrastructure
Community
Other

	55 571 778	50 973 118
	47 613 125	45 969 081
	5 161 579	1 178 037
	2 797 074	3 826 000

Total

	67 696 815	72 355 930
--	-------------------	-------------------

This expenditure will be financed from:

External Loans
Capital Replacement Reserve
Government Grants
Own Resources
District Council Grants

	-	470 000
	-	14 980 308
	57 360 391	51 164 546
	10 336 424	3 190 000
	-	2 551 076

Total

	67 696 815	72 355 930
--	-------------------	-------------------

		2011 R	2010 R
45	FINANCIAL RISK MANAGEMENT		
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
	(a) Foreign Exchange Currency Risk		
	The municipality does not engage in foreign currency transactions.		
	(b) Price risk		
	The municipality is not exposed to price risk.		
	(c) Interest Rate Risk		
	As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
	The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
	The municipality did not hedge against any interest rate risks during the current year.		
	The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
	1% (2010 - 0.5%) Increase in interest rates	(146 074)	(64 772)
	0.5% (2010 - 0.5%) Decrease in interest rates	146 074	64 772
	(d) Credit Risk		
	Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.		
	Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.		
	Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.		
	All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 19 for balances included in receivables that were re-negotiated for the period under review.		

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

			2011 R	2010 R
45	FINANCIAL RISK MANAGEMENT (CONTINUE)			
Balances past due not impaired:				
	2011 %	2011 R	2010 %	2010 R
<u>Non-Exchange Receivables</u>				
Rates & other charges	100.00%	2 934 334	100.00%	2 282 813
<u>Exchange Receivables</u>				
Electricity	48.54%	10 267 045	13.46%	7 086 077
Water	50.91%	10 767 098	17.97%	9 458 585
Housing Rentals	2.62%	554 754	1.11%	582 512
Refuse	31.23%	6 606 106	11.32%	5 960 017
Sewerage	23.20%	4 908 002	8.59%	4 522 801
Other	3.22%	680 761	1.08%	570 313
	159.72%	33 783 765	53.53%	28 180 306
No receivables are pledged as security for financial liabilities.				
Due to the short term nature of receivables the carrying value disclosed in note 19 and 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.				
The provision for bad debts could be allocated between the different classes of debtors as follows:				
	2011 %	2011 R	2010 %	2010 R
<u>Long Term Receivables</u>				
Rates & other	100.00%	172 170	100.00%	2 896 151
<u>Non-Exchange Receivables</u>				
Rates & other	100.00%	9 069 481	100.00%	7 792 420
<u>Exchange Receivables</u>				
Electricity	30.39%	12 094 097	25.15%	13 238 790
Water	31.87%	12 683 136	33.56%	17 671 303
Housing Rentals	1.64%	653 475	2.07%	1 088 297
Refuse	19.55%	7 781 683	21.15%	11 134 992
Sewerage	14.53%	5 781 396	16.05%	8 449 868
Other	2.02%	801 904	2.02%	1 065 505
	100.00%	39 795 690	100%	52 648 755

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

45 FINANCIAL RISK MANAGEMENT (CONTINUE)

The provision for bad debts could be allocated between the different categories of debtors as follows:

			2011 R	2010 R
Residential	80.96%	39 699 645	80.96%	51 276 625
Commercial	0.13%	62 711	0.13%	80 999
Business	9.51%	4 662 715	9.51%	6 022 429
Government	3.18%	1 557 669	3.18%	2 011 907
Other	6.23%	3 054 601	6.23%	3 945 367
	100.00%	49 037 341	100.00%	63 337 327

	2011 %	2011 R	2010 %	2010 R
--	-----------	-----------	-----------	-----------

Bad debts written off per debtor class:

Non-Exchange Receivables

Rates	100.00%	(1 350 315)	100.00%	(1 481 457)
-------	---------	-------------	---------	-------------

Exchange Receivables

Electricity	30.39%	6 427 958	25.15%	2 533 171
Water	31.87%	6 741 029	33.56%	3 381 309
Housing Rentals	1.64%	347 319	2.07%	208 240
Refuse	19.55%	4 135 930	21.15%	2 130 621
Sewerage	14.53%	3 072 786	16.05%	1 616 837
Other	2.02%	426 208	2.02%	203 879
	100.00%	21 151 230	100.00%	10 074 055

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

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

Long term receivables	308 647	464 301
Receivables from exchange transactions	33 783 765	28 180 306
Receivables from non-exchange transactions	1 539 706	989 497
Cash and Cash Equivalents	21 874 091	43 502 352
Non-Current Investments	23 025	23 025
Unpaid conditional grants and subsidies	6 176 179	274 862
	63 705 413	73 434 343

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
--	--	-----------	-----------

45 FINANCIAL RISK MANAGEMENT (CONTINUE)

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2011				
Long Term liabilities	14 082 984	50 411 824	22 518 038	3 422 750
Capital repayments	7 193 411	31 710 342	17 819 927	3 078 963
Interest	6 889 573	18 701 482	4 698 112	343 787
Trade and Other Payables	26 292 901	-	-	-
Unspent conditional government grants and receipts	15 205 593	-	-	-
	69 664 462	100 823 648	45 036 076	6 845 499
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2010				
Long Term liabilities	14 457 538	52 418 351	32 801 507	5 215 737
Capital repayments	6 999 447	30 060 659	25 238 363	4 503 620
Interest	7 458 092	22 357 692	7 563 144	712 118
Trade and Other Payables	24 016 934	-	-	-
Unspent conditional government grants and receipts	25 027 226	-	-	-
	63 501 699	52 418 351	32 801 507	5 215 737

46 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

46.1 Financial Assets	<u>Classification</u>		
Long-term Receivables			
Officials Housing Loans	Financial instruments at amortised cost	383 664	3 248 019
Rates (Re-negotiated terms)	Financial instruments at amortised cost	82 294	102 045
Councillor Allowances	Financial instruments at amortised cost	24 693	23 491
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	33 783 765	28 180 306
Receivables from non-exchange transactions	Financial instruments at amortised cost	1 539 706	989 497
Other Receivables			
Government Subsidies and Grants	Financial instruments at amortised cost	6 176 179	274 862
Current Portion of Long-term Receivables			
Officials Housing Loans	Financial instruments at amortised cost	53 730	-
Sport Club Loans	Financial instruments at amortised cost	-	38 542
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	11 613 549	38 818 515
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	10 252 347	4 675 642
Cash Floats and Advances	Financial instruments at amortised cost	8 195	8 195
		63 918 122	76 359 113

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
46 FINANCIAL INSTRUMENTS (CONTINUE)		
SUMMARY OF FINANCIAL ASSETS		
Financial instruments at amortised cost	63 918 122	76 359 113
At amortised cost	63 918 122	76 359 113

FINANCIAL INSTRUMENTS (CONTINUE)

46.2 <u>Financial Liability</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	67 461 531	74 133 528
Capitalised Lease Liability	Financial instruments at amortised cost	381 490	697 467
Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	21 593 799	19 168 859
Retentions	Financial instruments at amortised cost	1 519 311	1 814 829
Deposits	Financial instruments at amortised cost	656 725	553 125
Other	Financial instruments at amortised cost	2 523 066	2 480 121
Other Payables			
Government Subsidies and Grants	Financial instruments at amortised cost	15 205 593	25 027 226
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	(7 981 036)	(7 665 148)
Capitalised Lease Liability	Financial instruments at amortised cost	(190 745)	(253 361)
		101 169 735	115 956 646
SUMMARY OF FINANCIAL LIABILITY			
Financial instruments at amortised cost		101 169 735	115 956 646

47 EVENTS AFTER THE REPORTING DATE

The district management area will be incorporated into the Witzenberg Municipality as promulgated in an Extraordinary Provincial Gazette number 6852 dated 25 February 2011. The incorporation is effective from 1 July 2011 in terms of an agreement reached between the Witzenberg Municipality and the Cape Winelands District Municipality.

Witzenberg Municipal Council in principle decided on 28 September 2011 under item (7/1/4/1) to continue with the proposed Public Private Partnership for the Pine Forest Resort in terms of Section 120 of the Municipal Finance Management Act 56 of 2003.

48 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

49 PRIVATE PUBLIC PARTNERSHIPS

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

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
50 CONTINGENT LIABILITY		
Claims against Council	<u>25 314 485</u>	<u>16 302 000</u>
Estimate legal Fees	<u>518 354</u>	<u>625 700</u>
The municipality is currently engaged in litigation which could result in damages/costs		
GP Bezuidenhout	864 000	864 000
Daniels & Norman	237 000	228 000
WH Robinson	15 150 000	15 150 000
Ceres Inn	823	-
Sightfull Co (Pty) Ltd	-	60 000
F Daniels	9 000 000	-
D C Louw	62 662	-
	<u>25 314 485</u>	<u>16 302 000</u>

The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure.

The municipality is the defendant in three matters where the claims are substantial. It needs to be noted that these matters are all more than two years old. The plaintiffs have failed to apply to court for trial dates. Management believe that the matters of William Robinson, Frank Daniels and Gert Bezuidenhout are malicious, trivial and without any merits. In the case of Mr. Robinson he alleged that he was an employee of the municipality and that he injured himself whilst on duty. This is vehemently denied by the municipality and will be proven. Mr. Frank Daniels is an ex-employee who was convicted in a disciplinary case by external Presiding Officers. He alleges that he was wrongly dismissed as an employee. In the matter of Gert Bezuidenhout judgement was rescinded and Mr. Bezuidenhout also failed to bring the matter to finality. We are respectfully of opinion that these matters will be successfully defended.

51 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

51.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 17 to the Annual Financial Statements.

51.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

51.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

A payment was made to Klaasen Attorney's who acted as correspondent attorney for HM Smith attorneys who did transfers of properties. Monies were deposited in terms of the attorneys act in a specific trust account for the benefit of the instructing attorney. Councillor Bernito Klaasen is a director of Klaasen Attorney's	13 540
--	--------

	2011 R	2010 R
52 TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES		
52.1 GRAP 19 - Provisions, contingent liabilities and contingent Assets		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.		
* Refuse tip-sites financed by way of a provision		
The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011/2012 financial statements.		
52.2 GRAP 100 - Non-current assets and discontinued operations		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not measured in terms of the transitional provisions relating to those standards.		
52.3 GRAP 16 - Investment Properties		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Investment Properties.		
The municipality is currently in the process of identifying all Investment Properties and have valued them in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011/2012 financial statements.		
52.4 GRAP 102 - Intangible Assets		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:		
* Computer Software;		
* Intangible assets financed by way of finance leases;		
* Intangible assets transferred as a result of the transfer of functions; and		
* Servitudes.		
The municipality is currently in the process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011/2012 financial statements. It is possible that certain intangible assets are currently being measured as Property, Plant and Equipment.		
52.5 GRAP 12 - Inventories		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the following inventories:		
Land held for sale		
Water		
The municipality is currently in the process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011/2012 financial statements.		

**APPENDIX A - Unaudited
WITZENBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at	Correction	Balance at	Received during the period	Corrections during the period	Redeemed / written off during the period	Balance at
				30 JUNE 2010		30 JUNE 2010 Restated				30 JUNE 2011
				R	R	R	R	R	R	R
ANNUITY LOANS										
ABSA	14.50%	30-0814-4283	2011/11/25	250 809		250 809			161 132	89 677
ABSA	13.05%	30-0969-8128	2013/02/14	147 230		147 230			42 868	104 362
ABSA	12.80%	30-0969-8770	2013/02/14	21 168		21 168			6 180	14 988
ABSA	12.80%	30-0969-9043	2013/02/14	348 615		348 615			101 778	246 837
ABSA	10.21%	90-9200-8212	2010/12/30	7 326		7 326			7 326	0
ABSA	10.21%	90-9200-8204	2015/12/30	57 195		57 195			8 315	48 880
ABSA	10.21%	70-9200-8678	2010/12/30	5 395		5 395			5 395	(0)
ABSA	10.21%	60-9200-8205	2010/12/30	10 018		10 018			10 018	(0)
ABSA	10.21%	20-9201-0018	2010/12/30	10 018		10 018			10 018	(0)
ABSA	10.21%	20-9200-9990	2015/12/30	97 800		97 800			14 218	83 582
ABSA	10.21%	0-9205-8859	2015/12/30	26 867		26 867			3 906	22 961
NED BANK	8.00%	5032172 0001	2013/05/30	2 279 487		2 279 487			699 508	1 579 979
NED BANK	8.00%	5032156 0001	2015/05/30	1 062 787		1 062 787			180 396	882 391
NED BANK	8.00%	5032113 0001	2018/05/30	1 473 774		1 473 774			138 294	1 335 480
NED BANK	8.00%	5032032 0001	2023/05/30	10 475 543		10 475 543			483 984	9 991 559
CERES GOLF CLUB	18.00%	49	2018/06/30	37 915		37 915			2 400	35 515
DBSA	12.00%	10478/102	2017/09/30	3 161 463		3 161 463			345 192	2 816 271
DBSA	12.00%	10525/104	2017/03/31	31 351 044		31 351 044		11 561	2 968 982	28 393 623
DBSA	15.25%	11188/101	2018/09/30	8 553 951		8 553 951			545 503	8 008 448
DBSA	15.50%	10772/101	2018/09/30	1 934 231		1 934 231			122 045	1 812 186
DBSA	9.50%	102040/1	2021/09/30	304 509		304 509			15 546	288 963
DBSA	9.49%	102040/2	2013/09/30	943 576		943 576			239 229	704 347
DBSA	9.38%	102040/3	2011/03/31	142 713		142 713			142 713	(0)
DBSA	15.79%	11484/101	2011/12/31	73 748		73 748			47 281	26 467
DBSA	15.79%	11485/101	2011/12/31	78 059		78 059			50 045	28 014
DBSA	15.79%	11487/101	2011/12/31	354 442		354 442			227 238	127 204
DBSA	15.79%	11488/101	2011/12/31	22 692		22 692			14 549	8 143
DBSA	15.79%	11490	2011/12/31	79 875		79 875			51 209	28 666
DBSA	15.79%	1811491	2011/12/31	72 613		72 613			46 553	26 060
DBSA	15.79%	1911492	2011/12/31	7 035		7 035			4 510	2 525
DBSA	14.65%	12977/101	2012/12/31	3 503		3 503			1 255	2 248
DBSA	14.35%	12978/101	2013/12/31	143 389		143 389			34 171	109 218
DBSA	11.25%	13160/101	2011/12/31	69 480		69 480			45 045	24 435
DBSA	10.75%	13161/101	2014/12/31	16 310		16 310			2 992	13 318
DBSA	15.25%	13164/101	2014/12/31	9 788		9 788			1 654	8 134
DBSA	8.59%	100605/1	2023/06/30	2 834 017		2 834 017			218 000	2 616 017
Total Annuity Loans				66 468 382	-	66 468 382	-		6 999 448	59 480 495
LEASE LIABILITY										
Office Equipment		Various	2012/02/29	444 106		444 106			253 361	190 745
Total Lease Liabilities				444 106	-	444 106	-		253 361	190 745
TOTAL EXTERNAL LOANS				66 912 488	-	66 912 488	-		7 252 809	59 671 240

APPENDIX B - Unaudited
WITZENBERG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Expenses for year	Disposals	
Land and Buildings									
Under construction	348 649	676 486	-	-	1 025 135	-	-	-	1 025 135
Land	40 660 510	-	-	-	40 660 510	597 000	-	-	40 063 510
Buildings	61 659 805	86 781	-	-	61 746 586	9 466 351	1 863 724	-	50 416 511
	102 668 965	763 267	-	-	103 432 231	10 063 351	1 863 724	-	91 505 156
Infrastructure									
Under construction	10 783 200	37 534 495	-	-	48 317 695	-	-	-	48 317 695
Drains	23 460 988	1 450 574	-	-	24 911 563	16 321 803	401 384	-	8 188 376
Roads and Streets	25 396 423	8 186 805	-	-	33 583 227	14 170 416	1 381 620	-	18 031 191
Other infrastructure	1 643 180	21 890	-	-	1 665 070	1 047 375	234 093	-	383 602
Sewerage Mains and Purification	24 000 147	51 599	-	-	24 051 746	22 717 272	73 149	-	1 261 325
Electricity mains	50 624 158	-	-	-	50 624 158	46 471 885	222 571	-	3 929 702
Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-
Water Mains & Purification	15 990 509	-	-	-	15 990 509	11 788 995	225 311	-	3 976 203
Water Reservoirs	54 143 733	-	-	-	54 143 733	52 530 765	85 643	-	1 527 326
Water Meters	570 638	-	-	-	570 638	184 195	34 857	-	351 586
Water Mains	-	-	-	-	-	-	-	-	-
Landfill Sites	993 682	-	-	-	993 682	960 894	1 103	-	31 685
	207 606 658	47 245 363	-	-	254 852 021	166 193 601	2 659 730	-	85 998 690
Community Assets									
Under construction	1 657 296	2 039 166	-	-	3 696 461	-	-	-	3 696 461
Parks and Gardens	848 936	519 671	-	-	1 368 607	848 936	7 048	-	512 623
Libraries	2 733 617	-	-	-	2 733 617	2 432 617	10 756	-	290 244
Caravan parks	384 733	-	-	-	384 733	384 733	-	-	-
Sport and Recreation Grounds	14 367 023	-	-	-	14 367 023	13 500 140	45 397	-	821 486
Civic Buildings	15 554 896	3 874 978	-	-	19 429 874	15 111 917	170 993	-	4 146 965
	35 546 502	6 433 814	-	-	41 980 316	32 278 344	234 193	-	9 467 779
Heritage Assets	-	-	-	-	-	-	-	-	-
Total carried forward	345 822 125	54 442 444	-	-	400 264 568	208 535 296	4 757 648	-	186 971 624

**APPENDIX B - Unaudited
WITZENBERG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Expenses for year	Disposals		Closing Balance
Total brought forward	345 822 125	54 442 444	-	-	400 264 568	208 535 296	4 757 648	-	213 292 944	186 971 624
Lease Assets										
Office Equipment (Lease)	728 997	-	-	-	728 997	323 999	242 999	-	566 998	161 999
Other Assets										
Computer and Office Equipment	4 846 821	953 896	-	80 380	5 720 337	2 610 817	928 492	71 824	3 467 485	2 252 852
Furniture and Fittings	2 505 949	320 150	-	27 054	2 799 045	1 113 164	332 288	18 197	1 427 255	1 371 790
Bins and Containers	4 885 159	-	-	44 053	4 841 107	4 370 565	216 758	41 096	4 546 227	294 880
Emergency equipment	1 183 276	-	-	56 262	1 127 013	702 118	193 111	52 995	842 235	284 778
Motor Vehicles	13 713 290	2 525 972	-	359 062	15 880 201	7 045 094	903 077	353 175	7 594 996	8 285 205
Fire Engines	251 689	346 226	-	-	597 915	1 189	21 652	-	22 841	575 074
Plant and equipment	714	413 372	-	-	414 086	286	36 131	-	36 417	377 668
Refuse Tankers	-	-	-	-	-	-	-	-	-	-
Councillors Regalia	-	-	-	-	-	-	-	-	-	-
Conservancy Tankers	-	-	-	-	-	-	-	-	-	-
Other	1 073 232	2 140 504	-	1 620	3 212 116	141 614	318 308	510	459 412	2 752 704
	28 460 131	6 700 120	-	568 431	34 591 819	15 984 847	2 949 817	537 797	18 396 867	16 194 953
Total	375 011 252	61 142 564	-	568 431	435 585 385	224 844 142	7 950 464	537 797	232 256 808	203 328 576

APPENDIX C - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Expense for year	Disposals	Closing Balance	
Executive & Council	452 293	-	-	9 104	443 188	237 813	76 483	8 461	305 835	137 353
Budget & Treasury Office	2 794 081	409 407	117 651	53 802	3 267 336	1 462 276	357 513	44 094	1 775 694	1 491 642
Corporate Services	102 190 954	4 794 338	977 343	57 788	107 904 848	6 331 212	2 505 798	57 036	8 779 974	99 124 874
Planning & Development	332 803	133 776	-	-	466 580	150 248	48 917	-	199 166	267 414
Health	1 275 883	-	-	-	1 275 883	1 275 883	-	-	1 275 883	-
Community & Social Services	13 687 316	417 481	60 244	10 605	14 154 435	12 088 802	463 358	7 686	12 544 475	1 609 960
Housing	1 441 696	262 933	450 794	-	2 155 423	1 423 647	23 113	-	1 446 761	708 662
Public Safety	3 394 393	776 047	-	6 500	4 163 941	2 529 761	178 681	5 938	2 702 504	1 461 436
Sport & Recreation	20 061 868	847 599	3 467 922	63 146	24 314 243	17 730 808	585 457	53 544	18 262 720	6 051 522
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Management	4 720 726	1 880 584	98 006	74 639	6 624 677	2 394 862	319 332	68 753	2 645 441	3 979 236
Waste Water Management	57 382 793	1 545 965	7 750 131	82 493	66 596 397	44 522 116	960 048	81 983	45 400 180	21 196 216
Road Transport	21 319 419	8 708 501	8 692 182	67 592	38 652 509	12 313 721	1 362 201	67 593	13 608 330	25 044 179
Water	88 962 436	983 840	15 932 975	-	105 879 251	73 746 687	474 980	-	74 221 667	31 657 584
Electricity	56 994 589	131 946	2 702 900	142 761	59 686 674	48 636 306	594 582	142 710	49 088 178	10 598 497
	375 011 252	20 892 418	40 250 146	568 431	435 585 385	224 844 142	7 950 464	537 797	232 256 808	203 328 576

**APPENDIX D - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
36 694 434	(26 152 275)	10 542 159	Budget & Treasury Office	44 775 309	(25 503 685)	19 271 624
66 714 964	(55 655 862)	11 059 102	Civil Services	90 634 156	(53 210 832)	37 423 324
29 386 094	(11 445 967)	17 940 127	Community & Social Services	36 802 639	(12 908 748)	23 893 891
2 606 167	(16 718 870)	(14 112 703)	Corporate Services	4 482 969	(27 464 519)	(22 981 551)
91 357 565	(75 257 038)	16 100 527	Electro Technical Services	108 346 928	(94 662 155)	13 684 773
1 058 488	(15 759 910)	(14 701 422)	Executive & Council	1 182 300	(16 750 472)	(15 568 172)
-	-	-	Health	-	-	-
25 839 411	(26 866 275)	(1 026 865)	Housing	7 852 476	(12 377 711)	(4 525 235)
820 726	(2 119 957)	(1 299 231)	Planning	936 405	(2 777 842)	(1 841 437)
3 365 322	(4 879 928)	(1 514 606)	Public Safety	3 470 458	(5 681 576)	(2 211 118)
6 127 518	(12 296 779)	(6 169 262)	Sport & Recreation	9 448 113	(14 691 931)	(5 243 817)
263 970 687	(247 152 861)	16 817 826	Total	307 931 751	(266 029 471)	41 902 280

**APPENDIX E - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
1 058 488	(14 361 594)	(13 303 106)	Executive & Council	1 182 300	(15 572 119)	(14 389 819)
36 694 434	(26 152 275)	10 542 159	Budget & Treasury Office	44 775 309	(25 503 685)	19 271 624
2 606 167	(18 450 597)	(15 844 430)	Corporate Services	4 482 969	(29 484 310)	(25 001 341)
820 726	(4 059 003)	(3 238 278)	Planning & Development	936 405	(4 650 942)	(3 714 537)
29 324 429	(9 145 612)	20 178 818	Community & Social Services	36 714 008	(10 196 263)	26 517 744
25 839 411	(26 866 275)	(1 026 865)	Housing	7 852 476	(12 377 711)	(4 525 235)
643 823	(3 628 645)	(2 984 822)	Public Safety	693 803	(4 096 183)	(3 402 380)
6 127 518	(12 296 779)	(6 169 262)	Sport & Recreation	9 448 113	(14 691 931)	(5 243 817)
-	(445 433)	(445 433)	Environmental Protection	-	(606 329)	(606 329)
14 495 817	(17 295 211)	(2 799 394)	Waste Management	15 515 552	(17 568 717)	(2 053 165)
15 999 752	(15 990 403)	9 349	Waste Water Management	19 271 073	(14 180 280)	5 090 793
6 340 378	(7 190 473)	(850 094)	Road Transport	18 941 311	(9 419 990)	9 521 321
32 600 516	(16 431 059)	16 169 457	Water	39 682 874	(13 627 238)	26 055 636
91 357 565	(74 381 892)	16 975 673	Electricity	108 346 928	(93 537 513)	14 809 414
61 665	(457 610)	(395 945)	Other	88 631	(516 260)	(427 629)
						-
263 970 687	(247 152 861)	16 817 826	Total	307 931 751	(266 029 471)	41 902 280

**APPENDIX F - Unaudited
WITZENBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2010	Grants Received	Write Offs / Transfers	Other Income	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2011	Unspent 2011 (Payable)	Unpaid 2011 (Receivable)
	R	R	R	R	R	R	R	R	R
<u>National Government Grants</u>									
Finance Management Grant	(274 862)	3 000 000	-	-	(2 164 236)	(889 572)	(328 669)	-	328 669
Transformation funds	290 264	-	-	-	(15 937)	(107 139)	167 188	167 188	-
DWAF - Drought relief	2 265 394	-	-	-	(53 195)	(379 967)	1 832 232	1 832 232	-
Municipal Systems Improvement Grant	630 247	1 200 000	-	-	(1 366 464)	(441 953)	21 831	21 831	-
Municipal Infrastructure Grant - Tulbagh Main Supply	13 945	-	-	-	-	-	13 945	13 945	-
Municipal infrastructure Grant	1 209 965	10 160 000	-	-	(1 528 893)	(11 048 127)	(1 207 055)	-	1 207 055
Regional Bulk Infrastructure Grant	338 753	11 000 001	-	-	(1 642 216)	(11 812 883)	(2 116 345)	-	2 116 345
Housing - Kluitjieskraal	411 961	-	-	-	(46 871)	(450 794)	(85 704)	-	85 704
Integrated National Electricity Program	626 309	2 000 000	-	-	(78 502)	(1 774 912)	772 895	772 895	-
DWAF - Drought relief	6 300 971	-	-	-	-	-	6 300 971	6 300 971	-
Equitable share	-	36 682 814	-	-	(36 682 814)	-	-	-	-
Department of Rural Development	-	-	-	-	(253 640)	(2 018 473)	(2 272 114)	-	2 272 114
<u>Provincial Government Grants</u>									
Library services	-	578 000	-	-	(495 380)	-	82 620	82 620	-
CDW	33 117	225 000	-	-	(127 903)	(114 801)	15 413	15 413	-
Main roads	-	616 000	-	-	(616 000)	-	-	-	-
Wolseley Landbouprojek	59 411	-	-	-	-	-	59 411	59 411	-
Hand Crafts Project	42 760	-	-	-	-	-	42 760	42 760	-
Aqua Culture Project	21 134	-	-	-	-	-	21 134	21 134	-
Planning	65 599	-	-	-	(73 750)	-	(8 151)	-	8 151
Housing	3 770 685	17 476 606	-	-	(6 840 157)	(10 643 388)	3 763 746	3 763 746	-
Sport	1 000 000	-	-	-	(107 027)	(783 516)	109 458	109 458	-
Library Capital	1 982	-	-	-	-	-	1 982	1 982	-
Public Transport Infrastructure Grant	410 366	-	-	-	(40 578)	(289 843)	79 945	79 945	-
Multipurpose Centre	4 308 802	-	-	-	(544 091)	(3 886 364)	(121 653)	-	121 653
CDW Capital	-	-	-	-	-	-	-	-	-
Cleanest Town Award	-	30 000	-	-	-	-	30 000	30 000	-
<u>District Municipality</u>									
Performance Management	-	-	-	-	-	-	-	-	-
Asset Investigation - Electricity	57 508	-	-	-	-	-	57 508	57 508	-
Water & Sanitation Informal Areas	581 302	-	-	-	(617 791)	-	(36 489)	-	36 489
Housing Consumer Education Training	35 675	-	-	-	(23 075)	(6 925)	5 675	5 675	-
Hawkers Sites (Op die Berg)	251 076	-	-	-	-	-	251 076	251 076	-
Upgrading of Streets & Sidewal	2 300 000	1 300 000	-	-	(266 119)	(2 058 077)	1 275 805	1 275 805	-
Solid Waste	-	300 000	-	-	-	-	300 000	300 000	-
Total	24 752 364	84 568 421	-	-	(53 584 639)	(46 706 732)	9 029 414	15 205 593	6 176 179

Annexure B: Report of the Auditor General

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND COUNCIL ON WITZENBERG MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Witzenberg 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, as set out on pages 3 to 65.

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, 2010 (Act No. 1 of 2010) (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 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 Witzenberg Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Significant uncertainties

9. With reference to note 50 to the financial statements, the municipality is the defendant in six legal claims with an estimated financial exposure of R25 314 485. The municipality is defending the claims. The ultimate outcome of the matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

10. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of errors discovered during the 2010-11 financial year in the financial statements of the Witzenberg Municipality at, and for the year ended 30 June 2010.

Material losses/impairments

11. As disclosed in note 42.3 to the financial statements, water and electricity distribution losses of 34,3 % and 8,0% amounting to R1 860 190 and R6 346 198 respectively (2009-10: 34,6% and 8,5% amounting to R2 194 094 and R5 619 666) were incurred during the year.
12. As disclosed in note 19 to the financial statements, an amount of R21 151 230 (2009-10: R10 074 055) was written-off during the year in respect of irrecoverable consumer debtors.

Material underspending of the capital budget

13. As disclosed in note 41.3 to the financial statements, the municipality has materially underspent on its capital budget to the amount of R8 742 183 (12%). As a consequence, the municipality has not achieved the objectives set for certain directorates as set out in note 41.3.

Additional matters

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

Unaudited supplementary schedules

15. The supplementary information set out in appendix A to F on pages 66 to 72 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

16. 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 73 to 85 and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Usefulness of information

17. The reported performance information was deficient in respect of the following criteria:

- Measurability: Indicators are not well defined and verifiable and targets are not specific and measurable.

18. The following audit findings relate to the above criteria:

- Planned and reported key performance indicators (KPIs) are not well defined as the unit of measurement is disclosed as a percentage and the numerator and denominator were not disclosed for 23 out of 72 KPIs selected, representing an error rate of 31,9%.

Reliability of information

19. The reported performance information was deficient in respect of the following criteria:

- Accuracy: The amounts, numbers, and other data relating to reported actual performance have not been recorded and reported appropriately.

20. The following audit findings relate to the above criteria:

- The reported performance against the indicators was not accurate when compared to the source information in respect of the following strategic objectives selected:
 - Productive Human Settlements: Six of the 16 key performance indicators selected, representing an error rate of 37%.
 - Good Governance and Public Participation: Five of the 13 key performance indicators selected, representing an error rate of 38%.

21. Although amendments were subsequently made by management to the report on predetermined objectives, it should be noted that it was limited to the errors identified by audit during the limited testing and that similar errors may exist in the rest of the report which have not been subjected to audit and thus not corrected.

Compliance with laws and regulations

Annual financial statements

22. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of capital assets, current assets, long-term liabilities, receivables and the accounting policy were identified during the audit and subsequently corrected by management.

Expenditure management

23. The accounting officer did not take effective steps to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. As disclosed in note 42.1 to the financial statements, unauthorised expenditure of R14 558 144 and R37 570 has been incurred during the year due to the exceeding of the approved operating and capital budgets, respectively.

Asset management

24. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained an effective system of internal control for assets, including an asset register, as required by section 63(2)(c) of the MFMA.

Procurement and contract management

25. 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 the Municipal Supply Chain Management (SCM) Regulations (GNR. 868 of 30 May 2005), regulation 44 and the municipality's SCM policy, as implemented in terms of section 111 of the MFMA. Furthermore, the providers failed to declare that they are in the service of the state, as required by SCM regulation 13(c).

Audit committees

26. The audit committee appointed in terms of section 166 of the MFMA is utilised in terms of the Local Government: Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) read with regulation 14(2)(c) of the Local Government: Municipal Planning and Performance Management Regulations, 2001, *issued in Government Gazette 22605 of 24 August 2001*, to fulfil the function of the performance audit committee, but the committee's composition does not consist of at least one person with expertise in performance management.

INTERNAL CONTROL

27. 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 findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

28. The council and municipal manager did not compile standard operating procedures 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 the roles of the different role players. Consequently the results of the monitoring process are not routinely communicated to all managers and staff to ensure that employees at all levels of the municipality understand their responsibility with regard to collecting and collating information for the report on predetermined objectives. This has resulted in data collection for reporting on predetermined objectives not being fully implemented, resulting in incomplete and inaccurate reporting.
29. The council and municipal manager have not taken steps to ensure that the audit committee's composition includes at least one person with expertise in performance management as required by the Performance Management Regulation 16(2)(c).

Financial and performance management

30. The financial statements submitted to audit were not adequately reviewed for accuracy and completeness by the accounting officer and the chief financial officer and were not always supported by and agreed to underlying documentation, resulting in material misstatements identified during the audit, impacting on the fair presentation of the financial statements.
31. The municipal manager has prepared a GRAP readiness plan to address the full implementation of GRAP in the 2011-12 financial year. This plan was however, not continuously monitored and updated, resulting in material misstatements that were corrected on the asset register and the financial statements. This would also hamper the municipality from addressing the emerging risk of measurement of assets relating to full GRAP implementation.
32. Management did not adequately review and monitor compliance with applicable laws and regulations relating to the MFMA, MSA and the SCM regulations, resulting in the non-compliance findings as set out under paragraphs 23 to 26 above. This mainly arose due to the lack of standard operating procedures being developed to address the compliance in this regard.
33. Adequate processes have not been implemented to ensure that the key performance indicators in the report on predetermined objectives is accurate and complete and that the actual performance reported is adequately supported by sufficient appropriate evidence.

OTHER REPORTS

Investigations completed during the financial year

35. A forensic investigation was completed during the year relating to the misappropriation of cash receipts amounting to R90 999 by an official at the municipal office in Ceres. The matter has been reported to the South African Police Service and although the official has subsequently resigned, an amount of R49 510 was recovered from his pension and salary.

Auditor - General
Cape Town

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure C: Report of the Performance Audit Committee

Report of the Audit Committee

We are pleased to present our Report for Witzenberg Municipality for the financial year ended June 2011.

Performance, Risk and Audit Committee Members and Attendance

The Performance, Risk and Audit Committee (PRAC) consists of four independent persons. All members of the Audit Committee have the required expertise and experience in business and financial matters with limited experience in performance management. The Committee met six (6) times during the year to 30 June 2011 and performed their duties in accordance with MFMA and the Audit Committee Charter.

2011	Name of Member		Number of Meetings Scheduled	Attended
			Year to 30 June 2011	Since 1 July 2010
	Meetings Scheduled	Meetings Attended		
	Mr SA Redelinghuys (Chairman)	6	6	6
	Mr JP Snyman	6	4	4
	Mr SP Claassen	6	4	4
	Mr Jonathan George	6	6	6

Other invited members by the Audit Committee during the year under review include the Municipal Manager, Chief Finance Officer, Auditor-General, Internal Auditors and Deputy Director: Finance.

The Audit Committee members participated in discussions with the Auditor-General in reviewing the 2011 audit experience and held further discussions with the Auditor-General, Municipal Manager, Internal Auditors and other officials to gain further understanding of the issues and challenges facing the municipality.

PRAC Responsibility

The PRAC reports that it has complied with its responsibilities according to the MFMA and the PRAC Charter as far as reasonably possible.

The PRAC further reports that it reviewed and reaffirmed the PRAC Charter during the year and has regulated its affairs in compliance with this charter.

During the year under review the PRAC has taken on responsibility for performance and risk responsibilities.

Internal audit

The PRAC reviewed its three year risk based audit plan adopted in 2010 as required by regulation. The Audit Committee reviewed the actual internal audit work that was conducted by Ernst and Young in relation to the one year internal audit plan.

The PRAC is satisfied that the internal audit function operated effectively and that it has addressed the risks pertinent to the municipality. To this extend the Audit Committee expressed their appreciation to the Internal Auditor for the work done.

Internal control

Internal control is the system of controls and directives that are designed to provide cost effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that the municipality fulfils its mandate, in compliance with all relevant statutory and governance duties and requirements.

The PRAC notes from the internal audit reports, the Auditor-general's management report and the Audit Reports in the Annual Financial Statements that no significant or material non-compliance with prescribed policies and procedures has been reported and the PRAC is accordingly able to report that the system of internal control for the year under review was effective and efficient.

Evaluation of Financial Statements

The PRAC has:

- reviewed and discussed the audited annual financial statements to be included in the Annual Report with the Auditor-General, the Municipal Manager, the Chief Finance Officer and other officials as the Municipality's accounting authority
- reviewed the Auditor -General's management report and management's response
- reviewed changes in accounting policies and practices as applicable.

The PRAC accordingly concurs with and supports the Auditor-General's conclusion on the annual financial statements, and is of the opinion that the audited annual financial statements can be accepted and read together with the Auditor-General's report.

Concerns

Although steps were taken the PRAC is still concerned about certain aspects:

- (a) The collection of long outstanding debt remains a concern and has a serious negative affect on the cashflow and sustainability of the municipality;
- (b) Electricity and water losses;
- (c) Administration of the holiday resorts and the
- (d) Administration of the Traffic Department.

Conclusion

The Audit Committee congratulates the municipality on achieving an unqualified Audit Report. This is due to the commitment of management and officials.

The Audit Committee expresses their appreciation for the cooperation of all the officials who have engaged with them during the year.



S A Redelinghuys

Chairperson of the Audit Committee

Date: 24 February 2012

